

# Shabbir Tiles and Ceramics Limited

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2018  
annual report













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## Vision Statement

While Maintaining our "Stile" Brand as Market Leader, We Continue to Delight our Customers by also Bringing in International Brands in the Field of Building Materials, By Offering the Best Quality and Innovative Products at Competitive Prices, Taking into Account the Stakeholders' Interest.





## Mission Statement

Our Mission is to Maintain our Position as the Leader in the tile Industry in Pakistan and for this Purpose we will Continue to Focus on:

- We are Committed to Quality Products and will Provide our Customers with Innovative Sizes, Designs and 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.





## Company Information

BOARD OF DIRECTORS	Rafiq M. Habib Ali Suleman Habib Syed Masood Abbas Jaffery Owais-ul-Mustafa Abdul Hai M. Bhaimia Salim Azhar Feroze Jehangir Cawasji	Chairman Director Chief Executive Officer Director Director Director Director
AUDIT COMMITTEE	Feroze Jehangir Cawasji Abdul Hai M. Bhaimia Salim Azhar	Chairman Member Member
HUMAN RESOURCES AND REMUNERATION COMMITTEE	Feroze Jehangir Cawasji Salim Azhar 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	
REGISTERED OFFICE	15th Milestone, National Highway, Landhi, Karachi-75120 Phone: (021) 38183610-3 Fax: (021) 38183615 E-mail: info@stile.com.pk URL: http://www.stile.com.pk	
STILE EMPORIUM AND DESIGN STUDIO AND SALES OFFICE- STARGATE	Metro Cash & Carry, CAA, Near StarGate, Main Shahrah-e-Faisal, Karachi. Phone: (021) 34601372-74 Fax: (021) 34601375	
STILE EMPORIUM AND DESIGN STUDIO - FACTORY OUTLET	15th Milestone, National Highway, Landhi, Karachi-75120 Phone: (021) 38183610-3 Fax: (021) 38183615	
STILE EMPORIUM AND DESIGN STUDIO - DHA	Plot 22-C, Lane 4, Bukhari Commercial DHA, Karachi Phone: (021) 37249564	
STILE EMPORIUM AND DESIGN STUDIO AND SALE OFFICE- LAHORE	Plot No. 90-CCA, DHA-4, Lahore Phone: (042) 37185710-12	



## Company Information

STILE EMPORIUM AND DESIGN  
STUDIO & SALE OFFICE- ISLAMABAD

Al Shareef Plaza, First Floor,  
Shamsabad, Murree Road  
Rawalpindi.  
Phone No. (051) 4935521-23  
Fax No. (051) 4935524

PESHAWAR SALES OFFICE

Main Ring Road,  
Near Kohat Road, Peshawar  
Opp: Mujaddid CNG  
Phone: (091) 2325012

SUKKUR SALES OFFICE

Tooba Tower, Mezzanine Floor,  
Opposite Hira Medical Center, Sukkur  
Phone: (071) 5615560

MULTAN SALES OFFICE

Jalil Centre, 2nd Floor,  
Abdali Road, Multan  
Phone: (061) 4546439 / 4783097

REGISTRAR AND SHARE  
TRANSFER OFFICE

Central Depository  
Company Limited  
CDC House, 99-B,  
Block 'B', S.M.C.H.S.  
Main Shahrah-e-Faisal, Karachi-74400  
Phone: 111 111 500  
Fax: 34326053  
URL: [www.cdcpakistan.com](http://www.cdcpakistan.com)  
Email: [info@cdcpak.com](mailto:info@cdcpak.com)

FACTORY:

UNIT-I

15th Milestone, National Highway,  
Landhi, Karachi-75120  
Phone: (021) 38183610-3  
Fax: (021) 38183615

UNIT-II

Deh Khanto, Tappo Landhi,  
District Malir, Bin Qasim Town, Karachi.  
Phones: (021) 34102702  
Fax: (021) 34102709





## Notice of the Annual General Meeting

NOTICE is hereby given that the Fortieth Annual General Meeting of SHABBIR TILES AND CERAMICS LIMITED will be held on October 22, 2018 at 11:30 a.m. at Institute of Chartered Accountants of Pakistan (ICAP) to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Annual Audited Financial statements of the Company for the year ended June 30, 2018, together with the Chairman's Review Report, Report of the Directors and Auditors thereon.
2. To approve final cash dividend of Rs. 0.50 per share for the year 2017-18 i.e. 10%, as recommended by the Board of Directors.
3. To appoint Auditors for the year 2018-19 and to fix their remuneration. The present auditors – M/s EY Ford Rhodes, Chartered Accountants, being eligible, have offered themselves for reappointment.

By Order of the Board

Company Secretary  
OVAIS JAMANI

Karachi: October 01, 2018

### NOTES:

1. The Share Transfer Books of the Company will remain closed from October 16, 2018 to October 22, 2018 (both days inclusive) and the dividend will be paid to the Members whose names will appear in the Register of Members on October 15, 2018. Members (Non-CDC) are requested to promptly notify the Company's Registrar of any change in their addresses and submit, if applicable to them, the Non-deduction of Zakat Form CZ-50 with the Registrar of the Company M/s. Central Depository Company Limited, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400, Telephone # 021-111-111-500. All the Members holding the shares through the CDC are requested to please update their addresses and Zakat status with their Participants.
  2. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote for him / her. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the time of holding the meeting. A proxy must be a member of the Company.
  3. Members holding shares in physical form are requested to promptly notify Share Registrar of the Company of any change in their addresses. Shareholders maintaining their shares in electronic form should have their addresses updated with their participant or CDC Investor Accounts Service.
  4. CDC Accounts Holders will further have to follow the guidelines as laid down in Circular 1 dated the January 26, 2000 issued by the Securities & Exchange Commission of Pakistan.
  5. The Annual Audited Financial statements for the year ended June 30, 2018 shall be uploaded on Company's website on or before October 1, 2018.
- A. For Attending the Meeting
- i) In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration detail is uploaded as per the Regulations, shall authenticate their identity by showing his/her original National Identity Card ("CNIC") or original passport at the time of attending the meeting.
  - ii) In case of corporate entity, Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless provided earlier) at the time of the meeting.





B. For Appointing Proxies

- a) In case of individuals, the account holder or sub-account holder is and / or the person whose securities are in group account and their registration detail is uploaded as per the CDC Regulations, shall submit the proxy form as per the above requirement.
- b) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- c) Attested copies of the CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- d) The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
- e) In case of corporate entities, board of directors' resolution/power of attorney with specimen signature of the nominee shall be submitted (unless provided earlier) along with the proxy form to Company.

Submission of copies of CNIC and NTN Certificate (Mandatory)

Individual Shareholders are once again reminded to submit a copy of their valid CNIC, if not provided earlier to the Company's Share Registrar, Central Depository Company of Pakistan Limited. In case of non-availability of a valid copy of the Shareholders' CNIC in the records of the Company, the company shall be constrained to withhold the Dividend, under the provisions of Section 243 of the Companies Act 2017.

Withholding Tax on Dividend

Currently Section 150 of the Income Tax Ordinance, 2001 prescribed following rates for deduction of withholding tax on the amount of dividend paid by the companies:

(a)	For filers of income tax returns	15%
(b)	For non-filers of income tax returns:	20%

Shareholders who are filers, are advised to make sure that their names are entered into latest Active Tax Payers List (ATL) provided on the website of FBR at the time of dividend payment, otherwise they shall be treated as non-filers and tax on their cash dividend will be deducted at the rate of 20% instead of 15%.

Withholding Tax on Dividend in case of Joint Account Holders

- a) According to clarification received from Federal Board of Revenue (FBR), with-holding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint-holder(s) based on their shareholding proportions, in case of joint accounts.
- b) In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of Principal shareholder and Joint-holder(s) in respect of shares held by them to our Share Registrar, in writing as follows:

Company Name	Folio / CDC Account No.	Total Shares	Principal Shareholder		Joint Shareholder	
			Name & CNIC	Shareholding proportion (No. of Shares)	Name & CNIC	Shareholding proportion (No. of Shares)

- c) The required information must reach our Share Registrar within 10 days of this notice, otherwise it will be assumed that the shares are equally held by Principal Shareholder and Joint Holder(s).
- d) As per FBR Circulars C. No.1 (29) WHT/2006 dated 30 June 2010 and C. No.1 (43) DG (WHT)/2008-Vol. II -66417-R dated 12 May 2015, the valid exemption certificate is mandatory to claim exemption of withholding tax U/S 150 of the Income Tax Ordinance, 2001 (tax on dividend amount) where the statutory exemption under clause 47B of Part -IV of Second Schedule is available. The shareholders who fall in the category mentioned in above clause and want to avail exemption U/S 150 of the Ordinance, must provide valid Tax Exemption Certificate to our Share Registrar before book closure otherwise tax will be deducted on dividend as per applicable rates.



- e) For any query/problem/information, the investors may contact M/s. Central Depository Company Limited at phone 021-111-111-500 and email address: info@cdcpak.com
- f) The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or M/s. Central Depository Company Limited. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.
- e) For any query/problem/information, the investors may contact M/s. Central Depository Company Limited at phone 021-111-111-500 and email address: info@cdcpak.com
- f) The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or M/s. Central Depository Company Limited. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.

#### Payment of Dividend through Electronic Mode only

In accordance with the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed company to pay cash dividend to its shareholder only through electronic mode directly into their bank account designated by the entitled shareholders instead of issuing physical dividend warrants.

SECP, vide Circular No. 18 of 2017 dated August 01, 2017 has advised all listed companies to ensure that with effect from November 01, 2017 cash dividends shall be paid through electronic mode only as also provided in the Companies (Distribution of Dividends) Regulations, 2017. Therefore, shareholders are requested to provide the details of their bank mandate specifying: (a) title of account, (b) account number (c) IBAN number (d) bank name and (e) branch name, code and address to the Company or Share Registrar. Those shareholders who hold shares with participants / Central Depository Company of Pakistan (CDC) are advised to provide the same to their concerned participant / CDC.

Please note that as per Section 243(3) of the Companies Act, 2017, listed companies are entitled to withhold payment of dividend, if necessary information is not provided by shareholders.

For the convenience of shareholders, e-Dividend Mandate Form is available on Company's website <http://www.stile.com.pk>

#### Distribution of Annual Report through E-mail

Pursuant to the provision of section 223(6) of the Companies Act 2017, the companies are permitted to circulate their annual financial statements, along with auditor's report, directors' report and chairman's review report etc. ("Annual Report") and the notice of annual general meeting ("Notice"), to its shareholders by email. Shareholders of the Company who wish to receive the Company's Annual Report and Notices of annual general meeting by email are requested to provide the completed Electronic Communication Consent Form (available on Company's website), to the Company's Share Registrar, Central Depository Company of Pakistan Limited.

#### Consent for the Facility of Video-link

Pursuant to the provisions of the Companies Act 2017, the company may on the demand of members at least 7 days before the general meeting, residing in a city, who hold at least 10% of the total paid up capital of the Company, provide the facility of video-link (Optional) to the such members enabling them to participate in its annual general meeting. If you wish to take the benefit of this facility, please fill the form available on the Company's Website and submit it to the Company at its registered address at least 10 days prior to the date of meeting.

The Company will intimate the members the venue of the video conference facility, if required criteria have been fulfilled, at least 7 days before the date of general meeting along with complete information necessary to enable them to access such facility.

#### 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 this regard, a Notice dated December 28, 2017 was sent by Registered Post (Acknowledgement Due) on the last known addresses of the shareholders to submit their claims within 90 days to the Company. In compliance of Section 244(1)(b) of the Companies Act, 2017 Final Notices had also been published on January 18, 2018 in two daily newspapers i.e. (i) Business Recorder and (ii) Daily Nawa-i-waqt in English and Urdu languages respectively.

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.









## Chairman's Review Report

On behalf of the Board, I welcome you all to the 40th Annual General Meeting of the Company and feel pleased to present the annual review of the Company's performance and the audited financial statements for the year ended June 30, 2018.

I am delighted to report that the business plan set out for 2017-18, based on new investment in technology and penetration into mid-high end markets with quality and value added products proved to be the right way forward. In the fiscal year 2017-18 the Company made a substantial investment of Rs. 910 million in balancing and modernization of its manufacturing facilities. The resulting quality and product improvements helped secure profit growth and re-establish its position in the market as an unmatched quality manufacturer.

The Company's performance & results for the financial year 2017-18 are satisfying. The business achieved a net turnover of Rs. 5,767 million showing a growth of 15% over last year. The gross margin was recorded at Rs. 1,257 million (22% of the turnover) against last year of Rs. 535 million (11% of the turnover). Consequently operating profit improved from a loss of Rs. 96 million to a profit of Rs. 366 million & profit before taxation was Rs. 247 million compared to a loss Rs. 190 million of last year. The Company achieved earnings per share of Rs. 0.81 (Loss per share Rs. 0.63 in FY 2017).

Cash generation and reduction of debt was a key focus for the Company, in order to strengthen the business, generate cash flows and to yield the necessary fund for growth investments. As a result, our debtor's collection period improved compared with previous fiscal year, from 65 days to 20 days as on June 30, 2018 and receivables reduced from Rs. 1,070 million to Rs. 385 million. Cautious cash flow management is being done taking into account the ability to repay capital project specific liabilities and requirements of funds to sustain the business & growth plans of the Company. The Board is satisfied that there are no short or long term financial constraints at the close of the year.

The Board realizes that the brand name associated with our products is one of our most valuable assets. Your Company worked at improving its marketing strategies during the year, especially on building brand equity. The team meaningfully improved displays at retail outlets and opened highly innovative and visionary emporiums & design studios in Karachi and Lahore. Our new showrooms, now showcase the finest quality porcelain and ceramic tiles. Ranging from classic to contemporary tiles, we aim to cater for every taste and budget. Our friendly and knowledgeable team are always available to offer, expert advice on current trends & tile choices, serving as a 'trusted advisor' to our beloved customers. In addition to displaying & propagating our product quality, engaging with architects, designers and consumers, your Company plans to open more emporiums in different cities of the country.

The Board and the management strive to follow a defined strategy to overcome strategic risks and continuously seek dialogue with the policy makers through various business forums in the overall interest of the domestic industry. Enhancement of regulatory duty and imposition of anti-dumping duty on cheap tiles has given some breathing space to the Company to sustain market share. However, heavy smuggling of tiles from bordering countries, in addition to evasion of Government revenue, is again increasing due to depreciation of regional currencies and is detrimental to local concerns. High input energy cost is also damaging the competitiveness of local industries and putting pressure on the stability of gross margins. The Government should rationalize both energy and gas rates bringing them at par with regional countries to give a boost to the national industrial sector.

Our employees are our greatest assets and the key strength of our business. We aim to attract, develop and retain talented people who possess all the characteristics necessary to drive the Company forward - helping it to achieve its current and future objectives. We treat all employees and contractors fairly, compensate them according to industry standards and provide them with a safe working environment. We also offer continuous development opportunities to our staff members so they develop personally as well as professionally.



The Board of Directors governs the Company, acting in the interests of the shareholders with the aim of achieving sustainable growth in value. The interests of employees and other stakeholders are also taken into account in the pursuit of this aim. The composition of the Board of Directors of the Company reflects a blend of diverse credentials and rich knowledge in the fields of business, finance, banking and regulations which helps in providing guidance and strategic direction to the management. The Board meets frequently to adequately discharge its responsibilities. As required under the Code of Corporate Governance, an annual evaluation of the Board of Directors of your Company is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked in the context of objectives set for the Company. The foremost emphasis remained on strategic growth planning, risk management and giving higher level oversight to the management.

As we move forward, we are certain to face increased competition and challenges due to ever changing economic and marketing conditions. The just-ended fiscal year has seen the rupee depreciate by over 15% against the US dollar which has adversely impacted many of our production costs. The recent announcement of construction of low cost houses by the Government though is a positive initiative. This should stimulate the economy by job creation and uplift all industries linked to the housing sector. However, the timing of the progression of implementation, would be a critical factor.

On behalf of the Board, I would like to take this opportunity to thank our people, the leadership team, all of our retailers, suppliers and our shareholders for your continued support as we navigate this process of change for the long term success of the Company.

A handwritten signature in cursive script, appearing to read "Rafiq M. Habib".

Rafiq M. Habib  
Chairman



بورڈ آف ڈائریکٹرز کمپنی کا نظم و ضبط برقرار رکھتا ہے، پائیدار نمو کے ذریعے حصص یافتگان کے مفاد میں کام کرتا ہے۔ ملازمین اور دیگر مستفیدان کے مفادات کو بھی ہمارے عزم میں ملحوظ خاطر رکھا جاتا ہے۔ بورڈ آف ڈائریکٹرز میں مختلف النوع شعبوں جیسے کاروبار، مالیات، بینکنگ اور گمرانی میں بہتر علم رکھنے والے افراد موجود ہیں۔ اپنی ذمہ داریوں سے عہدہ برآں ہونے کے لئے بورڈ کے اجلاس باقاعدگی سے منعقد ہوتے ہیں۔ ادارتی نظم و ضبط کے ضابطہ کے تحت کمپنی کے بورڈ آف ڈائریکٹرز کی سالانہ تشخیص کی جاتی ہے۔ اس تشخیص کا مقصد بورڈ کی مجموعی کارکردگی اور اثر پذیری کو جانچنا اور اسے کمپنی کے مقاصد کے تناظر میں لانا ہے۔ سب سے زیادہ تاکید حکمت عملی سے بھرپور ترقیاتی منصوبہ بندی، خطرات کا مقابلہ اور انتظامیہ کو اعلیٰ سطح کی نگرانی سونپنے پر کی جاتی ہے۔

ہم دیکھ رہے ہیں کہ مستقبل قریب میں ہمیں بڑھتی ہوئی مسابقت اور تغیر پذیر معاشی اور بازاری صورتحال جیسے چیلنجز کا سامنا کرنا پڑے گا۔ حالیہ ختم ہونے والے سال میں یو ایس ڈالر کے مقابلے میں روپے کی قدر میں 15 فیصد فروغ دیکھی گئی جس کی وجہ سے ہماری پیداواری لاگوں پر برا اثر پڑا۔ حکومت کے سستے گھروں کی تعمیر کا اعلان ایک مثبت قدم ہے۔ اس سے نہ صرف معیشت کو تقویت ملے گی بلکہ روزگار کے مواقع پیدا ہونگے اور تعمیری صنعت سے ملحق تمام صنعتوں کو ترقی ملے گی۔ تاہم اس پر عملدرآمد کے لئے درکار وقت ایک بنیادی عنصر ہوگا۔

بورڈ کی جانب سے میں اس موقع پر اپنے ملازمین، قائدانہ ٹیم، ہمارے تمام خوردہ فروشوں، سپلائرز اور ہمارے حصص یافتگان کے مسلسل تعاون پر ان کا مشکور ہوں کیونکہ اس کے بغیر کمپنی کی طویل مدتی کامیابی کا عمل جاری نہ رہتا۔

رفیق اے حبیب  
چیئر مین





## چیرمین کی جائزہ رپورٹ

بورڈ کی جانب سے میں آپ کو 40 ویں اجلاس عام میں خوش آمدید کہتا ہوں اور کمپنی کی کارکردگی پر جائزہ رپورٹ اور آڈٹ شدہ مالیاتی گوشوارے برائے سال 30 جون 2018 پیش کرتے ہوئے مسرت محسوس کرتا ہوں۔

میں اس بات پر مسرور ہوں کہ 2017-2018 کے لئے جو کاروباری منصوبہ بندی طے کی گئی جس کی بنیاد ٹیکنالوجی میں سرمایہ کاری کر کے درمیانی اور اونچے درجے کی مارکیٹ میں معیاری اور قیمتی مصنوعات کو داخل کرنا تھا جو صحیح سمت میں بہتر ثابت ہوئی۔ مالیاتی سال 2017-18 میں کمپنی نے اپنی پیداواری سہولیات کو جدید بنانے اور انہیں مستحکم کرنے کے لئے 910 ملین روپے کی بھاری سرمایہ کاری کی۔ جس کی وجہ سے معیار اور مصنوعات میں بہتری آئی اور جس کے نتیجے میں منافع میں اضافہ ہوا اور مارکیٹ میں ہمارے برانڈ کا کوئی ثانی نہ رہا۔

مالیاتی سال 2017-18 میں کمپنی کی کارکردگی اور نتائج تسلی بخش رہے۔ کاروبار میں خالص فروخت 5,767 ملین روپے رہیں جو کہ گزشتہ سال کی نسبت 15 فیصد اضافہ کی نشاندہی کرتی ہے۔ خام منافع 1,257 ملین روپے (فروخت کا 22 فیصد) رہا جبکہ گزشتہ سال 535 ملین روپے (فروخت کا 11 فیصد) تھا۔ جس کے نتیجے میں گزشتہ سال 96 ملین روپے کے کاروباری خسارہ کی نسبت موجودہ سال میں 366 ملین روپے کے کاروباری منافع میں تبدیل ہو گیا اور گزشتہ سال کے بعد از ٹیکس خسارہ 190 ملین روپے کے مقابلے میں بعد از ٹیکس منافع 247 ملین روپے ہو گیا۔ کمپنی کی فی شخص آمدنی 0.81 روپے ہو گئی (مالیاتی سال 2017 میں خسارہ فی شخص 0.63 روپے تھا)

نقدی کی پیداوار اور قرضوں میں کمی کمپنی کی توجہ کا مرکز رہے تاکہ کاروبار کو مستحکم کیا جاسکے، نقدی کا بہاؤ پیدا کیا جاسکے اور ضروری فنڈ کی سرمایہ کاری کر کے نمو حاصل کی جاسکے۔ جس کے نتیجے میں 30 جون 2018 کو ہمارے گاہکوں سے رقومات اکٹھا کرنے کی مدت 65 دن سے کم ہو کر 20 دن رہ گئی اور واجب الوصولیاں 1070 ملین روپے سے کم ہو کر 385 ملین روپے رہ گئیں۔ نقدی کے بہاؤ کے لحاظ انعام سے سرمایہ جاتی مخصوص واجبات کی ادائیگی ہوئی اور کاروبار اور ترقیاتی منصوبوں کے لئے فنڈز کی ضروریات پورا کرنے میں مدد ملی۔ بورڈ اس بات سے مطمئن ہے کہ سال کے اختتام پر کوئی قلیل یا طویل مدتی مالیاتی رکاوٹیں موجود نہیں ہیں۔

بورڈ اس بات کو تسلیم کرتا ہے کہ برانڈ کا نام جو کہ ہماری مصنوعات کے ساتھ منسلک ہے ہمارا ایک بہت قیمتی اثاثہ ہے۔ آپ کی کمپنی نے سال کے دوران اپنی مارکیٹ کی حکمت عملیوں کو بہتر بنانے پر کام کیا ہے خاص طور پر اپنے برانڈ کی ایکویٹی پر توجہ مرکوز کی۔ ٹیم نے بہترین انداز میں اپنی مصنوعات کی اپنے خوردہ فروشی کے شورومز میں نمائش کی اور کراچی اور لاہور میں اپنے تجریدی اور تخیلاتی ایمپوریم اور ڈیزائن اسٹوڈیوز کا آغاز کیا۔ ہمارے نئے شورومز میں اعلیٰ معیار کی سرائس اور پورسلین کی ٹائلیں بھی ہوئی ہیں۔ جدید ترین سے قدیم ترین تک تمام ٹائلز کے ذریعے ہم ہر ڈائلے اور بجٹ کی ضروریات پوری کرتے ہیں۔ ہماری دوستانہ اور باخبر ٹیم ٹائل کے انتخاب میں جدید رجحانات کی پیشکش اور ماہرانہ مشورہ کے لئے ہمہ وقت موجود ہے، جس کی وجہ سے انہیں ہمارے گاہک ایک ”قابل اعتماد شریک“ سمجھتے ہیں۔ ہماری مصنوعات کی نمائش کے ساتھ ان کے معیار کے متعلق معلومات فراہم کرنے کے علاوہ معماروں، ڈیزائنرز اور صارفین کی صلاحیتوں کو استعمال کرتے ہوئے آپ کی کمپنی کا منصوبہ ہے کہ ملک کے مختلف شہروں میں مزید ایمپوریم قائم کئے جائیں۔

بورڈ اور انتظامیہ واضح طور پر تشکیل شدہ حکمت عملی پر عمل پیرا ہے تاکہ بڑے خطرات پر قابو پایا جاسکے اور پالیسی بنانے والوں کے ساتھ مسلسل گفت و شنید کی جائے تاکہ مختلف کاروباری اداروں کے ذریعے مقامی صنعت کے مجموعی مفاد میں کام کیا جاسکے۔ ریگولیٹری ڈیوٹی میں اضافے اور سستے ٹائلز پر اینٹی ڈمپنگ ڈیوٹی عائد کرنے سے کمپنی کو کسٹھ کا سانس لینے کا موقع ملا ہے جس سے اس کے مارکیٹ میں شیئر کو تقویت ملی ہے۔ تاہم علاقائی کرنسیوں کی فرسودگی کی وجہ سے بڑے پیمانے پر پڑوسی ملکوں سے ٹائلوں کی اسمگلنگ کے علاوہ حکومتی محصولات کی چوری میں ایک مرتبہ پھر اضافہ ہو رہا ہے اور مقامی خدشات بڑھ رہے ہیں۔ توانائی کی بھاری لاگت بھی مقامی صنعت کی مسابقتی اہلیت کو متاثر کر رہی ہے اور ان کے خام منافع پر دباؤ بڑھ رہا ہے۔ حکومت کو بجلی اور گیس کے نرخ پڑوسی ملکوں کے برابر لانے چاہئیں تاکہ قومی صنعتی شعبہ کو ترقی و تقویت دی جاسکے۔

ہمارے ملازمین ہمارا عظیم اثاثہ ہیں اور ہمارے کاروبار کی بنیادی طاقت ہیں۔ ہمارا عزم ہے کہ ایسے باصلاحیت افراد کو پرکشش مراعات اور ترقی کے مواقع فراہم کر کے بھرتی کیا جائے جن کے پاس کمپنی کو آگے لے جانے کی صلاحیت ہو اور وہ کمپنی کے موجودہ اور مستقبل کے مقاصد کے حصول میں معاون ہوں۔ ہم تمام ملازمین اور ٹھیکیداروں کے ساتھ برابری کا سلوک کرتے ہیں اور صنعتی معیارات کے عین مطابق ان کو معاوضہ دیتے ہیں اور انہیں کام کے دوران محفوظ ماحول فراہم کرتے ہیں۔ اس کے علاوہ ہم تسلسل کے ساتھ اپنے اسٹاف ممبران کو ترقی کے مواقع پیش کرتے ہیں تاکہ وہ نہ صرف ذاتی طور پر بلکہ پیشروانہ طور پر بھی ترقی کر سکیں۔









## Directors Report

Your Directors have pleasure in submitting their report and financial statements of the Company for the year ended 30 June 2018.

The Chairman's Review, which is an integral part of this report, deals with the year's activities, financial affairs and future prospects of the Company; the contents of which are endorsed by the directors.

### OPERATING RESULTS:

A comparison of the operating results of the Company for the financial year ended June 30, 2018 against the same period last year is shown hereunder:

	2018	2017
	Rs. in '000	
Turnover – net	5,767,082	5,020,008
Earnings before interest, taxes and depreciation (EBITDA)	740,314	209,135
Depreciation	395,010	305,479
Finance cost	98,121	93,426
Profit / (loss) before tax	247,183	(189,770)
Profit / (loss) for the year	194,406	(151,484)
Earnings / (loss) per share (Rs.)	0.81	(0.63)

### DEBT OBLIGATION:

By the grace of Almighty Allah, your Company not only met all its financial commitments and debt obligations but also made early repayment of a long term loan. It is very pleasing to report that the debt equity ratio of the Company has dropped to 31% as against 47% of last year.

### CONTRIBUTION TO NATIONAL EXCHEQUER:

Your company contributed Rs. 1,407 million (2017: Rs. 1,220 million) into the Government Treasury on account of income taxes, sales tax, custom duties and other government levies.

### CORPORATE AND SOCIAL RESPONSIBILITY:

The Company considers social, environmental, and ethical matters in the context of the overall business environment. The Company is committed to work in the best interest of all the stakeholders, in particular the community in which we live and forms our customer base. Your Company being a responsible corporate citizen is always conscious to discharge its obligations towards the people who work for the Company, people around its work place and to the society as a whole.

### 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 2019, for approval of the shareholders in the forthcoming Annual General Meeting.





## COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE:

As required under the Code of Corporate Governance incorporated in the Rule Book of the Pakistan Stock Exchange Limited (PSX), the Directors are pleased to state as follows:

- 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. 27.
- 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 value of Provident Fund Investments as per the unaudited accounts of STCL Provident Fund Trust for the year ended June 30, 2018 was Rs. 173.897 million (2017: Rs. 156.514 million).
- 10) There are no outstanding statutory payments due on account of taxes, levies and charges except as those disclosed in these financial statements.

## BOARD OF DIRECTORS MEETINGS:

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	Gender	Designation	No. of meetings attended
Mr. Rafiq M. Habib	Male	Chairman	4
Mr. Ali S. Habib	Male	Non-Executive Director	6
Mr. Abdul Hai M. Bhaimia	Male	Non-Executive Director	6
Mr. Masood Jaffery	Male	Executive Director & CEO	6
Mr. Salim Azhar	Male	Non-Executive Director	6
Mr. Feroze Jehangir Cawasji	Male	Independent Director	5
Ms. Roshan Mehri	Female	Alternate Director to Mr. Rafiq M. Habib	2
(Vacated office on June 29, 2018 on return of Mr. Rafiq M. Habib)			

Leave of absence was granted to 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 audit committee comprises of two non-executive directors and one independent director who is also a Chairman.

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

Directors	Number of meetings attended
Mr. Feroze Jehangir Cawasji	4
Mr. Abdul Hai M. Bhaimia	4
Mr. Salim Azhar	4

#### HUMAN RESOURCE AND REMUNERATION COMMITTEE:

In compliance with the requirements of code of corporate governance, the Board of Directors has established this Committee comprising three members, the Chairman of which is an independent director. The Committee meets to review and recommend all elements of the compensation, and to approve all matters relating to the remunerations of the Chief Executive Officer, Chief Financial Officer and Head of Internal Audit. The Committee met once during the year ended June 30, 2018.

#### TRAINING PROGRAM OF DIRECTORS:

In terms of 19 of the CCG 2017, the Board of your Company has taken requisite steps to comply with the requirements of this clause within the time specified in the CCG. During the year, one of our Directors have completed the Director's Training Program from PICG and only two directors have to do the training which will be completed by the end of June 2019.

#### APPROPRIATION:

As a result of turnaround of the Company into a profitable organization, the Board of Directors is pleased to announce 62% of profit after tax to the shareholders as dividend for the financial year ended June 30, 2018 which is Rs. 0.5 per share.

#### PATTERN OF SHAREHOLDING:

Statements showing the pattern of shareholding as at June 30, 2018 required under the Companies Act 2017 and the Code of Corporate Governance as given in page number 71.

The Directors, CEO, CFO, Company Secretary, Head of Internal Audit and their spouses or minor children did not carry out any trade in the shares of the Company during the year, except one of the seven directors, who bought 42,000 shares which was duly reported to the stock exchanges as per the requirements of Code of Corporate Governance.

**PERFORMANCE EVALUATION OF THE BOARD OF DIRECTORS AND ITS COMMITTEES:**

The evaluation of Board's role of oversight and its effectiveness 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.

**ACKNOWLEDGEMENT:**

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

On behalf of the Board

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

SYED MASOOD ABBAS JAFFERY  
Chief Executive Officer

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

FEROZE JEHANGIR CAWASJI  
Director

Karachi: September 11, 2018



- بورڈ آف ڈائریکٹرز اور ان کی کمیٹیوں کی کارکردگی کی جانچ  
 بورڈ کی نگرانی کے کردار کی جانچ اور اس کی تسلسل کے ساتھ اثر اندازی کے عمل جن کا تخمینہ بورڈ خود لگاتا ہے وہ درج ذیل اہم امور پر مرکوز ہے:
- ☆ اداراتی مقاصد اور کمپنی کے مشن و نصب العین کی صف بندی
  - ☆ پائیدار عملداری کے لئے حکمت عملی کی تشکیل
  - ☆ بورڈ کی خود مختاری اور
  - ☆ بورڈ کی کمیٹیوں کی مروجہ اصول کے حوالے سے ذمہ داریوں کی ادائیگی سے متعلق کارکردگی کی جانچ۔

#### اعتراف

ہم تمام حصص یافتگان، صارفین، سپلائرز اور ملازمین کے مسلسل تعاون پر ان کے مشکور اور اس کا اعتراف کرتے ہیں۔

*Imry J. Canny*

برائے و منجانب  
 فیروز جہانگیر کاوٹی  
 ڈائریکٹر

*S. M. Abbas*

سید مسعود عباس جعفری  
 چیف ایگزیکٹو آفیسر

کراچی

مورخہ: 11 ستمبر 2018





### بورڈ آڈٹ کمیٹی

بورڈ آڈٹ کمیٹی، بورڈ کی ذمہ داریوں میں فروگشت، ابتدائی مالیاتی امور کی رپورٹ کے جائزے، غیر مالیاتی معلومات کی شیئر ہولڈرز کو فراہمی، اندرونی گرفت کے نظام، ملحق خطرات کے انتظام اور آڈٹ جیسے معاملات کی ادائیگی میں مدد فراہم کرتے ہیں۔ یہ ایک خود اختیاری طریقہ کار ہے جس میں انتظامیہ سے معلومات حاصل کی جاتی ہے اور معاملات کی مناسبت سے بیرونی آڈیٹرز یا ایڈوکیٹس سے براہ راست مشاورت کی جاتی ہے۔ چیف فنانشل آفیسر باقاعدگی سے بورڈ آڈٹ کمیٹی کی ان میٹنگز (اجلاس) میں شریک ہوتے ہیں جن میں 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 دو نان ایگزیکٹو ڈائریکٹرز اور ایک آزاد (انڈپنڈنٹ) ڈائریکٹر جو کہ چیئر مین بھی ہوتا ہے پر مشتمل ہے۔

زیر جائزہ سال آڈٹ کمیٹی کے چار اجلاس منعقد ہوئے۔ ہر ممبر کی شرکت کی تفصیل درج ذیل ہے:

ڈائریکٹر	اجلاس میں شرکت کی تعداد
جناب فیروز جہانگیر کاؤنجی	4
جناب عبدالحی ایم بھائی میاں	4
جناب سلیم اظہر	4

انسانی وسائل اور معاوضہ کمیٹی (H.R. & R. Committee)

ادارتی نظم و ضبط کے قوانین کے تعیل کے تحت بورڈ آف ڈائریکٹرز نے یہ کمیٹی تشکیل دی ہے جو کہ تین ممبران پر مشتمل ہے جس کا چیئر مین ایک آزاد ڈائریکٹر ہے۔ اس کمیٹی کی ذمہ داری معاوضوں سے متعلق تمام امور اور ترقی کی پالیسیوں جن کا تعلق چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، کمپنی سیکریٹری اور ہیڈ آف انٹرئل آڈٹ کے معاوضوں سے ہے جائزہ لینا اور سفارش کرنا ہے۔ اس کمیٹی کا سال مختتمہ 30 جون 2018 کے دوران ایک اجلاس ہوا۔

### ڈائریکٹران کا تربیتی پروگرام:

CCG 2017 کے شق 19 کے مطابق کمپنی کے بورڈ نے CCG میں واضح کردہ وقت پر اس شق کے مطلوبات کے مطابق تعیل کرتے ہوئے مطلوبہ اقدامات کی پرمٹل درآد کیا ہے۔ زیر جائزہ سال ہمارے ایک ڈائریکٹر نے PICG کا ڈائریکٹر کا تربیتی پروگرام مکمل کیا ہے اور صرف دو ڈائریکٹر جون 2019 کے اختتام سے قبل اس تربیتی پروگرام کو مکمل کرنا ہے۔

### مصارف (اختصاص)

کمپنی کا ایک منافع بخش ادارے کی حیثیت سے ابھرنے کے نتیجے میں بورڈ آف ڈائریکٹرز کا شیئر ہولڈرز (حصص یافتگان) کے لئے بطور منافع منقسمہ 62 فیصد منافع بعد از ٹیکس برائے سال مختتمہ 30 جون 2018 کا اعلان کرتے ہوئے مسرت کا اظہار کرتے ہیں۔ جو کہ 0.50 روپے فی حصص ہے۔

### حصص داری کی ساخت (پیٹرن آف شیئر ہولڈنگ)

کمپنیز ایکٹ 2017 اور اداراتی نظم و ضبط کے قوانین کے تحت برائے سال مختتمہ 30 جون 2018 میں حصص داری کی ساخت پر مشتمل گوشوارے صفحہ نمبر 71 پر مذکور ہیں۔

ڈائریکٹران، CFO، CEO، کمپنی سیکریٹری، ہیڈ آف انٹرئل آڈٹ اور ان کی شریک حیات یا نابالغ بچوں نے اس سال کمپنی کے شیئر کے کاروبار کی خرید و فروخت نہیں کی سوائے سات میں سے ایک ڈائریکٹر کے جنہوں نے 42000 شیئر خریدے جس کی اداراتی نظم و ضبط کے قوانین کے مطابق اسٹاک ایکسچینج کو اطلاع دی گئی۔



آڈیٹرز:

موجودہ آڈیٹر مینسز EY Ford Rhodes، چارٹرڈ اکاؤنٹینٹس، ریٹائرڈ ہو گئے اور اہل ہونے کی باعث انہوں نے دوبارہ تقرری کی پیشکش کی ہے۔ بورڈ نے ریٹائرڈ آڈیٹرز کی برائے ختمہ سال 30 جون 2019 کے لئے دوبارہ تقرری کی سفارش کی ہے تاکہ عنقریب منعقد ہونے والے سالانہ اجلاس عام میں ان کی تقرری کی منظوری جاسکے۔

اداراتی نظم و ضبط کے قوانین پر عملدرآمد:

- ۱) پاکستان اسٹاک ایکسچینج کی قوانین کی کتاب میں درج ادارتی نظم و ضبط کے اصولوں کے مطابق ڈائریکٹران درج ذیل اقرار کرتے ہوئے خوشی محسوس کرتے ہیں:
- ۲) 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 کیا گیا ہے۔
- ۳) کمپنی میں حسابات کی کتابیں باقاعدگی سے مناسب انداز میں رکھی گئی ہیں۔
- ۴) 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۔
- ۵) مالیاتی گوشواروں کی تیاری کے دوران عالمی مالیاتی رپورٹنگ معیارات، جو پاکستان میں لاگو ہیں، کو ملحوظ خاطر رکھا گیا ہے۔
- ۶) 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 جاتا ہے تاکہ گرفت مزید مستحکم اور نظام کو بہتر بنایا جاسکے۔
- ۷) کمپنی کی بڑھتے ہوئی کاروباری صلاحیت کے تسلسل میں کوئی قابل ذکر شک و شبہ نہیں ہے۔
- ۸) کمپنی کے پچھلے چھ سالوں کے اہم عملیاتی اور مالیاتی امور کا خلاصہ اس رپورٹ کے ساتھ صفحہ 27 پر منسلک ہے۔
- ۹) 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۔
- ۱۰) STCL پروڈیٹ فنڈ کے غیر آڈٹ شدہ کھاتوں کے مطابق سال ختمہ 30 جون 2018 کو پروڈیٹ فنڈ کی رقومات سے کی گئی سرمایہ کاری کی مالیت 173.897 ملین روپے ہے (جو کہ 2017 میں 156.514 ملین روپے تھی)۔
- ۱۱) ٹیکسوں اور دیگر محصولات کی مد میں کمپنی پر کوئی موضوعی واجبات نہیں ہیں سوائے ان کے جن کا ذکر مالیاتی گوشواروں میں کیا جا چکا ہے۔

بورڈ آف ڈائریکٹرز کی میٹنگ:

جائزہ سال کے دوران بورڈ آف ڈائریکٹرز کے چھ اجلاس منعقد ہوئے۔ تمام اجلاس پاکستان میں منعقد ہوئے۔ بورڈ کے اجلاسوں کی حاضری کی تفصیل درج ذیل ہے:

ڈائریکٹر کا نام	جنس	عہدہ	اجلاس کی تعداد جن میں شرکت کی۔
جناب رفیق ایم حبیب	مرد	چیئر مین	4
جناب علی ایس حبیب	مرد	نان ایگزیکٹو ڈائریکٹر	6
جناب عبداللہ ایم بھائمیاں	مرد	نان ایگزیکٹو ڈائریکٹر	6
جناب مسعود جعفری	مرد	ایگزیکٹو ڈائریکٹر اور CEO	6
جناب سلیم اظہر	مرد	نان ایگزیکٹو ڈائریکٹر	6
جناب فیروز جہانگیر کاؤنجی	مرد	انڈپنڈنٹ (آزاد) ڈائریکٹر	5
مس روشن مہری (جناب رفیق ایم حبیب کے واپس آنے کے بعد مورخہ 29 جون 2018 کو واپس چھوڑ دیا)	عورت	متبادل ڈائریکٹر برائے جناب رفیق ایم حبیب	2

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



## ڈائریکٹرز رپورٹ

آپ کے ڈائریکٹرز کمپنی کی رپورٹ اور مالیاتی گوشوارے برائے سال ختمہ 30 جون 2018 پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

چیرمین کا جائزہ، جو کہ اس رپورٹ کا جزو لازم ہے کمپنی کی سالانہ کارکردگی، مالیاتی معاملات اور مستقل کے امکانات کا احاطہ کرتی ہے۔ جس کے مندرجات کی ڈائریکٹران نے توثیق کی ہے۔

2017	2018	کاروباری نتائج:
’روپے ہزاروں میں‘		
5,020,008	5,767,082	کاروباری حجم (خالص فروخت)
209,135	740,314	آمدنی (قبل از سود، ٹیکس اور فرسودگی)
305,479	395,010	فرسودگی
93,426	98,121	مالیاتی لاگت
(189,770)	247,183	منافع / (نقصان) قبل از ٹیکس
(151,484)	194,406	منافع / (نقصان) بعد از ٹیکس
(0.63)	0.81	آمدنی / (نقصان) فی حصص (روپے)

### قرض کی ذمہ داری

اللہ جل شانہ کی مدد سے کمپنی نہ صرف اپنے مالیاتی وعدوں اور قرضہ جاتی ذمہ داریوں سے خوش اسلوبی سے عہدہ براہوئی بلکہ اپنے طویل مدتی قرضوں کی بھی قبل از وقت ادائیگی کو ممکن بنایا۔ یہ بات باعث مسرت ہے کہ کمپنی کے قرضوں کا تناسب کم ہو کر 31 فیصد رہ گیا ہے جو کہ پچھلے سال 47 فیصد تھا۔

### قومی خزانے میں حصہ:

آپ کی کمپنی نے حکومتی خزانے میں اس سال انکم ٹیکس، سیلز ٹیکس، کسٹم ڈیوٹی اور دیگر حکومت محصولات کی مد میں ایک 1407 ملین روپے جمع کروائے ہیں۔ (جبکہ 2017 میں 1220 ملین روپے جمع کروائے گئے تھے)۔

### اداراتی سماجی ذمہ داریاں:

کمپنی اپنے تمام تر کاروباری معاملات میں سماجی، ماحولیاتی، اخلاقی ذمہ داریوں کو ملحوظ خاطر رکھتی ہے۔ کمپنی تمام متعلقہ اکائیوں کے بہترین مفاد کو بروئے کار لانے کے لئے پر خلوص جدوجہد کرتی ہے۔ خاص طور پر اس کمیونٹی کے لئے جس میں ہم رہتے ہیں اور جو کہ ہمارے صارفین کی بنیاد ہے۔ آپ کی کمپنی ایک مستند اجتماعی شہری کی حیثیت سے ان تمام ذمہ داریوں سے آگاہی رکھتی ہے جن کا تعلق ان افراد سے ہے جو کہ کمپنی میں خدمات انجام دے رہے ہیں یا ان افراد سے جو ہمارے اطراف رہتے ہیں اور پورے معاشرے سے۔



Performance of Last Six Years

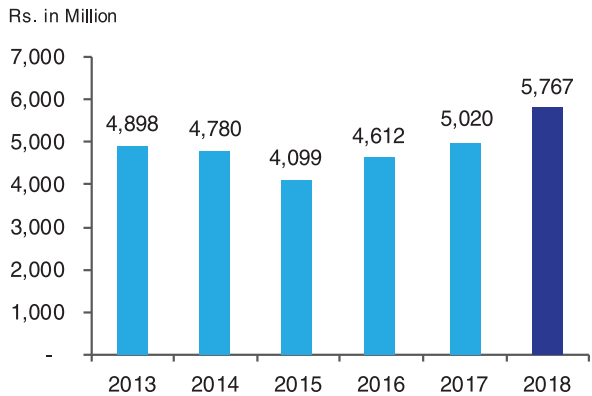
FINANCIAL SUMMARY

	30 <sup>th</sup> JUNE 2018	30 <sup>th</sup> JUNE 2017	30 <sup>th</sup> JUNE 2016	30 <sup>th</sup> JUNE 2015	30 <sup>th</sup> JUNE 2014	30 <sup>th</sup> JUNE 2013
-----Amounts in PKR (000)-----						
Turnover (Net)	5,767,082	5,020,008	4,611,670	4,098,691	4,779,969	4,898,217
% of Growth	14.88%	8.85%	12.52%	-14.25%	-2.41%	5.78%
Gross profit	1,257,217	534,901	532,345	701,491	1,034,677	1,178,055
Gross profit ( % )	21.80%	10.66%	11.54%	17.12%	21.65%	24.05%
Administrative Expenses	178,128	155,493	125,775	104,166	117,158	84,149
% of Turnover -net	3.09%	3.10%	2.73%	2.54%	2.45%	1.72%
Selling and Distribution Cost	748,488	514,307	488,260	429,821	631,449	646,662
% of Turnover -net	12.98%	10.25%	10.59%	10.49%	13.21%	13.20%
Financial Charges	98,121	93,426	82,888	226,295	238,903	303,097
% of Turnover -net	1.70%	1.86%	1.80%	5.52%	5.00%	6.19%
Profit / (loss) before taxation	247,183	(189,770)	(116,087)	(45,082)	47,229	130,874
% of Turnover -net	4.29%	-3.78%	-2.52%	-1.10%	0.99%	2.67%
Profit / (loss) for the year	194,406	(151,484)	(116,632)	(62,142)	(26,036)	82,322
% of Turnover -net	3.37%	-3.02%	-2.53%	-1.52%	-0.54%	1.68%
EBITDA	740,314	209,135	235,284	451,127	577,079	700,246
% of Turnover -net	12.84%	4.17%	5.10%	11.01%	12.07%	14.30%
Cash dividend		-	-	-	-	72,128
Cash dividend ( % )		-	-	-	-	10%
Bonus Shares		-	-	-	-	36,064
Bonus Shares ( % )		-	-	-	-	5%
Ratio Analysis						
Break-up value of Rs. 5/= share	8.32	7.50	8.14	8.62	7.08	7.49
Earnings / (loss) per share (Rs.)	0.81	(0.63)	(0.49)	(0.32)	(0.15)	0.47
Receivables no. of days	20	65	66	80	62	54
Current ratio	0.85	0.80	0.97	1.11	0.74	0.89
Number of employees (Permanent)	888	939	927	892	888	908

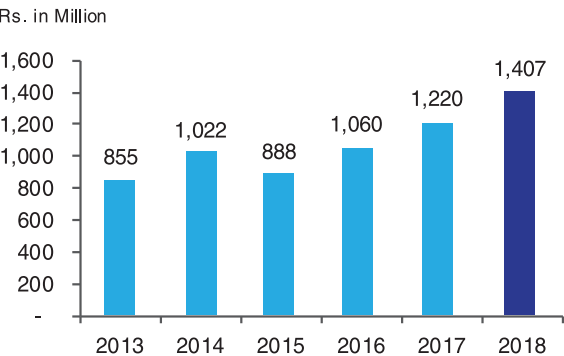


Financial Highlights

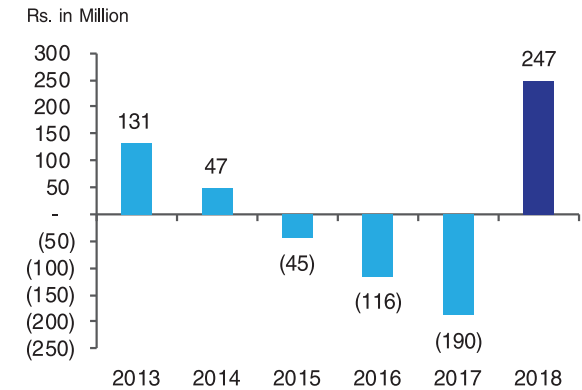
Turnover -Net



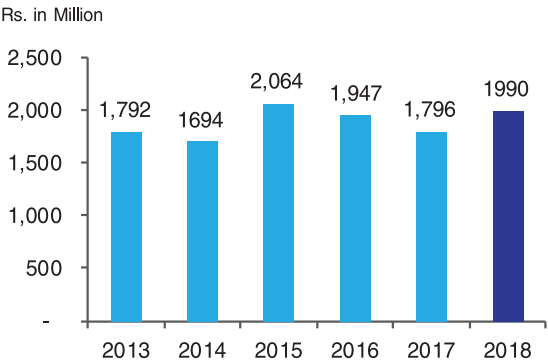
Contribution to National Exchequer



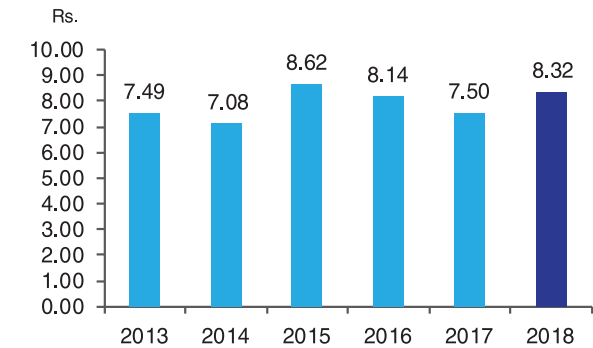
Profit / (Loss) before tax



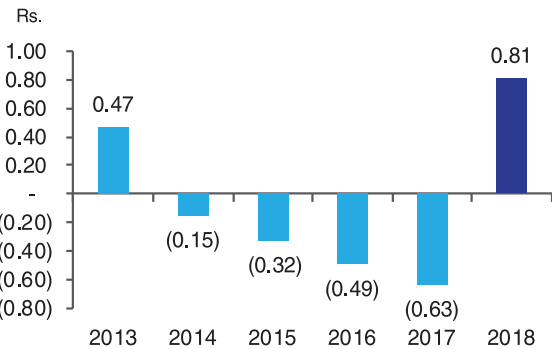
Shareholder's Equity



Breakup value per share



Earnings / (Loss) per share





Vertical Analysis

-----Amounts in PKR (000)-----												
	2018	%	2017	%	2016	%	2015	%	2014	%	2013	%
<b>STATEMENT OF FINANCIAL POSITION</b>												
Property , plant & Equipment	3,375,273	61.6	2,840,968	53.8	2,748,115	59.0	2,756,649	56.8	2,945,072	61.7	3,163,042	66.5
Investment property	10,761	0.2	12,003	0.2	6,750	0.145	7,452	0.154	100	0.002	207	0.00
Long-term loans, advances & deposits	14,242	0.3	7,386	0.1	7,591	0.2	9,563	0.2	9,445	0.2	10,919	0.2
Current assets	2,076,768	37.9	2,419,175	45.8	1,898,162	40.7	2,076,318	42.8	1,814,964	38.1	1,581,957	33.3
<b>Total Assets</b>	<b>5,477,044</b>	<b>100.0</b>	<b>5,279,532</b>	<b>100.0</b>	<b>4,660,618</b>	<b>100.0</b>	<b>4,849,982</b>	<b>100.0</b>	<b>4,769,581</b>	<b>100.0</b>	<b>4,756,125</b>	<b>100.0</b>
Share Capital	1,196,601	21.8	1,196,601	22.7	1,196,601	25.7	1,196,601	24.7	757,341	15.9	721,277	15.2
Share Premium	449,215	8.2	449,215	8.5	449,215	9.6	449,215	9.3	456,288	9.6	456,288	9.6
Reserves	344,156	6.3	149,750	2.8	301,234	6.5	417,866	8.6	480,008	10.1	614,236	12.9
<b>Shareholders' equity</b>	<b>1,989,972</b>	<b>36.3</b>	<b>1,795,566</b>	<b>34.0</b>	<b>1,947,050</b>	<b>41.8</b>	<b>2,063,682</b>	<b>42.6</b>	<b>1,693,637</b>	<b>35.5</b>	<b>1,791,801</b>	<b>37.7</b>
Long Term Finance	905,219	16.5	375,000	7.1	625,000	13.4	750,000	15.5	447,649	9.4	1,023,682	21.5
Liabilities against assets												
subj. to Fin. Lease	-	-	-	-	-	-	-	-	-	-	2,606	0.1
Deferred tax liabilities	138,287	2.5	85,510	1.6	135,783	2.9	171,794	3.5	184,839	3.9	155,564	3.3
Current liabilities	2,443,566	44.6	3,023,456	57.3	1,952,785	41.9	1,864,506	38.4	2,443,456	51.2	1,782,472	37.5
<b>Total Equities and Liabilities</b>	<b>5,477,044</b>	<b>100.0</b>	<b>5,279,532</b>	<b>100.0</b>	<b>4,660,618</b>	<b>100.0</b>	<b>4,849,982</b>	<b>100.0</b>	<b>4,769,581</b>	<b>100.0</b>	<b>4,756,125</b>	<b>100.0</b>
<b>STATEMENT OF PROFIT OR LOSS</b>												
Net Sales	5,767,082	100.0	5,020,008	100.0	4,611,670	100.0	4,098,691	100.0	4,779,969	100.0	4,898,217	100.0
Cost of Sales	(4,509,865)	(78.2)	(4,485,107)	(89.3)	(4,079,325)	(88.5)	(3,397,200)	(82.9)	(3,745,292)	(78.4)	(3,720,162)	(75.9)
<b>Gross profit</b>	<b>1,257,217</b>	<b>21.8</b>	<b>534,901</b>	<b>10.7</b>	<b>532,345</b>	<b>11.5</b>	<b>701,491</b>	<b>17.1</b>	<b>1,034,677</b>	<b>21.6</b>	<b>1,178,055</b>	<b>24.1</b>
Selling and Distribution Cost	(748,488)	(13.0)	(514,307)	(10.2)	(488,260)	(10.6)	(429,821)	(10.5)	(631,449)	(13.2)	(646,662)	(13.2)
Administrative Expenses	(178,128)	(3.1)	(155,493)	(3.1)	(125,775)	(2.7)	(104,166)	(2.5)	(117,158)	(2.5)	(84,149)	(1.7)
Other Income	35,603	0.6	38,555	0.8	48,491	1.1	14,229	0.3	8,663	0.2	3,857	0.1
Other Charges	(20,900)	(0.4)	-	-	-	-	(520)	(0.01)	(8,601)	(0.2)	(17,130)	(0.3)
<b>Operating Profit / (loss)</b>												
<b>before Finance Costs</b>	<b>345,304</b>	<b>6.0</b>	<b>(96,344)</b>	<b>(1.9)</b>	<b>(33,199)</b>	<b>(0.7)</b>	<b>181,213</b>	<b>4.4</b>	<b>286,132</b>	<b>6.0</b>	<b>433,971</b>	<b>8.9</b>
Financial Charges	(98,121)	(1.7)	(93,426)	(1.9)	(82,888)	(1.8)	(226,295)	(5.5)	(238,903)	(5.0)	(303,097)	(6.2)
<b>Profit/(Loss) before taxation</b>	<b>247,183</b>	<b>4.3</b>	<b>(189,770)</b>	<b>(3.8)</b>	<b>(116,087)</b>	<b>(2.5)</b>	<b>(45,082)</b>	<b>(1.1)</b>	<b>47,229</b>	<b>1.0</b>	<b>130,874</b>	<b>2.7</b>
Taxation	(52,777)	(0.9)	38,286	0.8	(545)	(0.0)	(17,060)	(0.4)	(73,265)	(1.5)	(48,552)	(1.0)
<b>Profit/(Loss) for the year</b>	<b>194,406</b>	<b>3.4</b>	<b>(151,484)</b>	<b>(3.0)</b>	<b>(116,632)</b>	<b>(2.5)</b>	<b>(62,142)</b>	<b>(1.5)</b>	<b>(26,036)</b>	<b>(0.5)</b>	<b>82,322</b>	<b>1.7</b>



Horizontal Analysis

-----Amounts in PKR (000)-----												
	2018	%	2017	%	2016	%	2015	%	2014	%	2013	%
<b>STATEMENT OF FINANCIAL POSITION</b>												
Property , plant & Equipment	3,375,273	18.8	2,840,968	3.4	2,748,115	(0.3)	2,756,649	(6.4)	2,945,072	(6.9)	3,163,042	(5.1)
Investment property	10,761	(10.3)	12,003	77.8	6,750	(9.4)	7,452	7,352.0	100	(51.7)	207	(34.1)
Long-term loans, advances & deposits	14,242	92.8	7,386	(2.7)	7,591	(20.6)	9,563	1.2	9,445	(13.5)	10,919	8.3
Current assets	2,076,768	(14.2)	2,419,175	27.4	1,898,162	(8.6)	2,076,318	14.4	1,814,964	14.7	1,581,957	(1.1)
<b>Total Assets</b>	<b>5,477,044</b>	<b>3.7</b>	<b>5,279,532</b>	<b>13.3</b>	<b>4,660,618</b>	<b>(3.9)</b>	<b>4,849,982</b>	<b>1.7</b>	<b>4,769,581</b>	<b>0.3</b>	<b>4,756,125</b>	<b>(3.8)</b>
Share Capital	1,196,601	-	1,196,601	-	1,196,601	-	1,196,601	58.0	757,341	5.0	721,277	-
Share Premium	449,215	-	449,215	-	449,215	-	449,215	(1.6)	456,288	-	456,288	-
Reserves	344,156	129.8	149,750	(50.3)	301,234	(27.9)	417,866	(12.9)	480,008	(21.9)	614,236	15.5
<b>Shareholders' equity</b>	<b>1,989,972</b>	<b>10.8</b>	<b>1,795,566</b>	<b>(7.8)</b>	<b>1,947,050</b>	<b>(5.7)</b>	<b>2,063,682</b>	<b>21.8</b>	<b>1,693,637</b>	<b>(5.5)</b>	<b>1,791,801</b>	<b>4.8</b>
Long Term Finance	905,219	141.4	375,000	(40.0)	625,000	(16.7)	750,000	67.5	447,649	(56.3)	1,023,682	(33.1)
Liabilities against assets subj. to Fin. Lease	-	-	-	-	-	-	-	-	-	(100.0)	2,606	(61.3)
Deferred tax liabilities	138,287	61.7	85,510	(37.0)	135,783	(21.0)	171,794	(7.1)	184,839	18.8	155,564	21.7
Current liabilities	2,443,566	(19.2)	3,023,456	54.8	1,952,785	4.7	1,864,506	(23.7)	2,443,456	37.1	1,782,472	13.5
<b>Total Equities and Liabilities</b>	<b>5,477,044</b>	<b>3.7</b>	<b>5,279,532</b>	<b>13.3</b>	<b>4,660,618</b>	<b>(3.9)</b>	<b>4,849,982</b>	<b>1.7</b>	<b>4,769,581</b>	<b>0.3</b>	<b>4,756,125</b>	<b>(3.8)</b>
<b>STATMENT OF PROFIT OR LOSS</b>												
Net Sales	5,767,082	14.9	5,020,008	8.9	4,611,670	12.5	4,098,691	(14.3)	4,779,969	(2.4)	4,898,217	5.8
Cost of Sales	(4,509,865)	0.6	(4,485,107)	9.9	(4,079,325)	20.1	(3,397,200)	(9.3)	(3,745,292)	0.7	(3,720,162)	11.5
<b>Gross profit</b>	<b>1,257,217</b>	<b>135.0</b>	<b>534,901</b>	<b>0.5</b>	<b>532,345</b>	<b>(24.1)</b>	<b>701,491</b>	<b>(32.2)</b>	<b>1,034,677</b>	<b>(12.2)</b>	<b>1,178,055</b>	<b>(8.9)</b>
Distribution Cost	(748,488)	45.5	(514,307)	5.3	(488,260)	13.6	(429,821)	(31.9)	(631,449)	(2.4)	(646,662)	(0.9)
Administrative Expenses	(178,128)	14.6	(155,493)	23.6	(125,775)	20.7	(104,166)	(11.1)	(117,158)	39.2	(84,149)	18.0
Other Income	35,603	(7.7)	38,555	(20.5)	48,491	240.8	14,229	64.3	8,663	124.6	3,857	(54.0)
Other Charges	(20,900)	-	-	-	-	(100.0)	(520)	(94.0)	(8,601)	(49.8)	(17,130)	(19.6)
<b>Operating Profit / (loss) before Finance Costs</b>	<b>345,304</b>	<b>458.4</b>	<b>(96,344)</b>	<b>190.2</b>	<b>(33,199)</b>	<b>(118.3)</b>	<b>181,213</b>	<b>(36.7)</b>	<b>286,132</b>	<b>(34.1)</b>	<b>433,971</b>	<b>(22.0)</b>
Financial Charges	(98,121)	5.0	(93,426)	12.7	(82,888)	(63.4)	(226,295)	(5.3)	(238,903)	(21.2)	(303,097)	(17.2)
<b>Profit / (loss) before taxation</b>	<b>247,183</b>	<b>230.3</b>	<b>(189,770)</b>	<b>63.5</b>	<b>(116,087)</b>	<b>157.5</b>	<b>(45,082)</b>	<b>(195.5)</b>	<b>47,229</b>	<b>(63.9)</b>	<b>130,874</b>	<b>(31.2)</b>
Taxation	(52,777)	237.8	38,286	(7,125.0)	(545)	(96.8)	(17,060)	(76.7)	(73,265)	50.9	(48,552)	(58.1)
<b>Profit / (loss) for the year</b>	<b>194,406</b>	<b>228.3</b>	<b>(151,484)</b>	<b>29.9</b>	<b>(116,632)</b>	<b>87.7</b>	<b>(62,142)</b>	<b>138.7</b>	<b>(26,036)</b>	<b>(131.6)</b>	<b>82,322</b>	<b>10.4</b>



## Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017

For the year ended June 30, 2018

Shabbir Tiles and Ceramics Limited (the Company) has complied with the requirements of the Regulations, 2017 in the following manner:

- 1) The total number of directors are 7 as per following:
  - a. Male: 7
  - b. Female: Nil
- 2) The composition of board of directors (the Board) is as follows:
  - a) Independent Director : Mr. Feroze Jahangir Cawasji
  - b) Executive Director : Mr. Syed Masood Abbas Jaffery
  - c) Non-Executive Directors : Mr. Rafiq M. Habib  
Mr. Ali Suleman Habib  
Mr. Owais-ul-Mustafa  
Mr. Abdul Hai M. Bhaimia  
Mr. Salim Azhar
- 3) The Directors have confirmed that none of them is serving as a director on more than five listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable)
- 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. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
- 6) All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by board/shareholders as empowered by the relevant provisions of the Companies Act 2017 (the Act) and these Regulations.
- 7) The meetings of the Board were presided over by the Chairman and in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of board.
- 8) The board of directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
- 9) The Board has arranged Directors' Training Programme for Mr. Salim Azhar during the period ended June 30, 2018.
- 10) The Board has approved appointment of Head of Internal Auditor, including his remuneration and terms and conditions of employment. No new appointment or change in remuneration or employment terms of CFO and Company Secretary has been made during the year and the Board complied with relevant requirements of the Regulations.
- 11) CFO and CEO 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   |
| Mr. Salim Azhar                  | Member   |
| b) HR and Remuneration Committee |          |
| Mr. Feroze J. Cawasji            | Chairman |
| Mr. Salim Azhar                  | Member   |
| Mr. Syed 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 committees were as per following:
- a) Audit Committee: Four quarterly meetings during the financial year ended June 30, 2018.
- b) HR and Remuneration Committee: One meeting during the financial year ended June 30, 2018.
- 15) The board has outsourced the internal audit function to M/s. Noble Computer Services (Pvt.) Ltd. who are considered suitable, 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 (ICAP) and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
- 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 other requirements of the Regulations have been complied with.

On behalf of the Board

SYED MASOOD ABBAS JAFFERY  
Chief Executive Officer

FEROZE JEHANGIR CAWASJI  
Director

Date: September 11, 2018

## INDEPENDENT AUDITORS' REVIEW REPORT

### To the members of Shabbir Tiles & Ceramics Limited (the Company)

### Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Shabbir Tiles & Ceramics Limited for the year ended 30 June 2018 in accordance with the requirements of regulation 40 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2018.



Chartered Accountants

Place: Karachi

Date: 26 September 2018



# FINANCIAL STATEMENTS

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## INDEPENDENT AUDITORS' 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 2018**, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, 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 2018 and of the profit and 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 *Auditors' 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.



Following are the key audit matters:

S No.	Key audit matters	How our audit addressed the key audit matter
1.	<b>Capital expenditure</b>	
	<p>As disclosed in note 2.1 and 8.1 to the accompanying financial statements, the Company has incurred significant amount of capital expenditure during the year for balancing, modernization and replacement of plant and machinery.</p> <p>We focused on capital expenditure incurred during the year as this represents a significant transaction for the year and involves certain judgmental areas, such as capitalization of elements of eligible components of cost as per the applicable financial reporting standards, therefore, we have identified this as a key audit matter.</p>	<p>Our key audit procedures in this area included, amongst others, obtaining an understanding of the Company's process with respect to capital expenditure and testing controls relevant to such process.</p> <p>We performed substantive audit procedures through inspection of related documents supporting various components of the capitalized costs.</p> <p>We also considered whether the items of cost capitalized meet the recognition criteria of an asset in accordance with the applicable financial reporting standards.</p> <p>We reviewed management's estimates about the useful life of assets so capitalized and consequent depreciation rates used by the Company.</p> <p>We further assessed the adequacy of financial statement disclosures in accordance with the applicable financial reporting framework.</p>
2.	<b>Long-term financing for capital expenditure</b>	
	<p>As disclosed in notes 2.2 and 19 to the accompanying financial statements, the Company has obtained long-term financing facility during the year to finance the balancing, modernization and replacement of plant and machinery.</p> <p>The Company's key operating / performance indicators including liquidity, gearing and finance costs are directly influenced by its portfolio of borrowings. Further, financing arrangements entail covenants that the Company is subject to compliance.</p> <p>We have considered long-term financing as a key audit matter due to the significance of the financing obtained during the year along with the sensitivity of the compliance with underlying loan covenants.</p>	<p>Our key audit procedures in this area included amongst others, a review of all the significant terms and conditions contained in the bank's facility letter and financing agreement executed during the year.</p> <p>We also inquired from management about future compliance with the loan covenants and any challenges expected in this regard.</p> <p>We circularized confirmations to the financing banks with outstanding loan balances at the reporting date. We also reviewed the maturity analysis of the financing obtained to ascertain the classification of loans as per their remaining maturities.</p> <p>We further assessed the adequacy of financial statement disclosures in accordance with the applicable financial reporting framework.</p>



3.	Existence and valuation of stock-in-trade
	<p>As disclosed in note 13 to the accompanying financial statements, the stock-in-trade balance constitutes 20% of total assets of the Company. The cost of finished goods is determined at weighted average cost including a proportion of production overheads.</p> <p>The obsolescence is calculated by taking into account the Net Realisable Value (NRV) of related stock-in-trade while mainly keeping in view the estimated selling price, forecasted stock-in-trade usage and forecasted sales volume.</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 judgment in determining an appropriate costing basis and assessing its valuation.</p> <p>Our audit procedures included, amongst others, reviewing the management's procedures for evaluating the NRV of stock-in-trade, observing physical stock counts to ascertain the condition and existence of stock-in-trade and performing testing on a sample of items to assess the NRV of the stock-in-trade held and evaluating the adequacy of allowance of write down of stock-in-trade to NRV as at the year end.</p> <p>Further, we evaluated the appropriateness of the basis of identification of the obsolete stock-in-trade and the accuracy of allowance of write down of inventories to NRV assessed by the management, on a sample basis.</p> <p>We tested the accuracy of the ageing analysis of stock-in-trade, on a sample basis and cost of goods with underlying invoices and expenses incurred in accordance with stock-in-trade valuation method.</p> <p>We also tested the calculations of per unit cost of finished goods and assessed the appropriateness of management's basis for the allocation of cost and production overheads.</p> <p>We further tested the NRV of stock-in-trade by performing a review of sales close to and subsequent to the year-end and compared with the cost for a sample of products.</p> <p>We further assessed the adequacy of financial statement disclosures in accordance with the applicable financial reporting framework.</p>

*pm*

4.	New Companies Act, 2017 and its impact on the financial statements
	<p>As referred to in note 3.1 to the accompanying financial statements, the Companies Act, 2017 (the Act) became applicable for the first time for the preparation of the Company's annual financial statements for the year ended 30 June 2018.</p> <p>The Act forms an integral part of the statutory financial reporting framework as applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements.</p> <p>In the case of the Company, specific additional disclosures and changes to the existing disclosures have been included in the financial statements as referred to in note 3.2 to the accompanying financial statements.</p> <p>The above changes and enhancements in the financial statements are considered important as a key audit matter because of the volume and significance of the changes in the financial statements resulting from the transition to the new reporting requirements under the Act.</p> <p>We assessed the procedures applied by the management for identification of the changes required in the financial statements due to application of the Act.</p> <p>We considered the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures based on the requirements as envisaged under the Act. We also evaluated the sources of information used by the management for the preparation of the above referred disclosures and the internal consistency of such disclosures with other elements of the financial statements.</p>

#### Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the Chairman's Review Report, Directors' Report, Performance of last 6 years, Financial Highlights, Vertical Analysis and Horizontal Analysis included in the Annual Report, but does not include the financial statements and our auditors' 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.

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.

#### **Auditors' 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 auditors' 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 auditors' 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 auditors' 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:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) 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;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) 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 **Shabbir Yunus**.



**Chartered Accountants**

**Date:** 26 September 2018

**Place:** Karachi



## Statement of Financial Position

As at June 30, 2018

(Amounts in PKR '000)

	Note	June 30, 2018	June 30, 2017
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	3,375,273	2,840,968
Investment property	9	10,761	12,003
Long-term loans	10	10	39
Long-term security deposits	11	14,232	7,347
		<b>3,400,276</b>	<b>2,860,357</b>
<b>CURRENT ASSETS</b>			
Stores and spare parts	12	364,876	253,196
Stock-in-trade	13	1,107,933	976,358
Trade debts	14	243,365	948,703
Loans and advances	15	13,383	17,575
Deposits, prepayments and other receivables	16	8,115	9,105
Taxation - net		234,622	150,923
Cash and bank balances	17	104,474	63,315
		<b>2,076,768</b>	<b>2,419,175</b>
		<b>5,477,044</b>	<b>5,279,532</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorised capital</b>			
240,000,000 (2017: 240,000,000) Ordinary shares of Rs.5/- each		<b>1,200,000</b>	<b>1,200,000</b>
Issued, subscribed and paid-up capital	18	1,196,601	1,196,601
Reserves		793,371	598,965
		<b>1,989,972</b>	<b>1,795,566</b>
<b>NON-CURRENT LIABILITIES</b>			
Long-term loan	19	905,219	375,000
Deferred tax liability - net	20	138,287	85,510
		<b>1,043,506</b>	<b>460,510</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	21	2,163,702	1,621,267
Unclaimed dividends		3,324	3,328
Accrued mark-up		28,476	14,035
Current maturity of long-term loan	19	-	250,000
Short-term borrowings		-	990,265
Sales tax payable		248,064	144,561
		<b>2,443,566</b>	<b>3,023,456</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	22	<b>5,477,044</b>	<b>5,279,532</b>

The annexed notes from 1 to 41 form an integral part of these financial statements.

**WAQUAS 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, 2018

(Amounts in PKR '000)			
	Note	June 30, 2018	June 30, 2017
Turnover - net	23	5,767,082	5,020,008
Cost of sales	24	(4,509,865)	(4,485,107)
<b>Gross profit</b>		<b>1,257,217</b>	534,901
Selling and distribution costs	25	(748,488)	(514,307)
Administrative expenses	26	(178,128)	(155,493)
		(926,616)	(669,800)
Other income	27	35,603	38,555
<b>Operating profit / (loss)</b>		<b>366,204</b>	(96,344)
Finance costs	28	(98,121)	(93,426)
Other expenses	29	(20,900)	-
		(119,021)	(93,426)
<b>Profit / (loss) before taxation</b>		<b>247,183</b>	(189,770)
Taxation	30	(52,777)	38,286
<b>Profit / (loss) for the year</b>		<b>194,406</b>	(151,484)
-----Rupee-----			
<b>Earnings / (loss) per share - basic and diluted</b>	31	<b>0.81</b>	(0.63)

The annexed notes from 1 to 41 form an integral part of these financial statements.

**WAQUAS 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, 2018

(Amounts in PKR '000)	
June 30, 2018	June 30, 2017
Profit / (loss) for the year	194,406 (151,484)
Other comprehensive income	- -
Total comprehensive income / (loss) for the year	194,406 (151,484)

The annexed notes from 1 to 41 form an integral part of these financial statements.

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, 2018

(Amounts in PKR '000)

	Note	June 30, 2018	June 30, 2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit / (loss) before taxation		247,183	(189,770)
<b>Adjustments for non-cash and other items</b>			
Depreciation on			
operating fixed assets	8.3	393,768	304,732
investment property	9	1,242	747
Finance costs	28	98,121	93,426
Provision for doubtful debts	14.2	20,364	44,625
Provision / (reversal) for slow moving stores and spare parts	12.1	6,030	(1,118)
Provision for slow moving stock-in-trade	13.2	13,243	4,148
Gain on disposal of property, plant and equipment	27	(1,697)	(4,509)
		531,071	442,051
<b>Operating profit before working capital changes</b>		<b>778,254</b>	<b>252,281</b>
<b>(Increase) / decrease in current assets</b>			
Stores and spare parts		(117,710)	(90,051)
Stock-in-trade		(144,818)	(340,636)
Trade debts		684,974	(80,154)
Loans and advances		4,192	(6,524)
Deposits, prepayments and other receivables		990	45
		427,628	(517,320)
<b>Increase in current liabilities</b>			
Trade and other payables		542,432	396,698
Sales tax payable		103,503	82,938
		645,935	479,636
<b>Cash generated from operations</b>		<b>1,851,817</b>	<b>214,597</b>
Income tax paid		(83,699)	(109,901)
Finance costs paid		(83,680)	(82,563)
Long-term loans - net		29	180
Long-term security deposits - net		(6,885)	25
<b>Net cash generated from operating activities</b>		<b>1,677,582</b>	<b>22,338</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure		(933,317)	(399,602)
Proceeds from disposal of property, plant and equipment		6,940	6,526
<b>Net cash used in investing activities</b>		<b>(926,377)</b>	<b>(393,076)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Receipts / (repayment) of long-term loans - net		280,219	(250,000)
<b>Net cash generated from / (used in) financing activities</b>		<b>280,219</b>	<b>(250,000)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>1,031,424</b>	<b>(620,738)</b>
Cash and cash equivalents at the beginning of the year		(926,950)	(306,212)
<b>Cash and cash equivalents at the end of the year</b>	32	<b>104,474</b>	<b>(926,950)</b>

The annexed notes from 1 to 41 form an integral part of these financial statements.

**WAQUAS AHMED**  
Chief Financial Officer

**SYED MASOOD ABBAS JAFFERY**  
Chief Executive Officer

**FEROZE JEHangIR CAWASJI**  
Director



## Statement of Changes in Equity

For the year ended June 30, 2018

Issued, subscribed and paid-up capital	R e s e r v e s				Total reserves	Total equity
	Capital reserve	Revenue reserves				
	Share premium	General reserve	Accumulated losses			

------(Amounts in PKR '000)-----

<b>Balance as at June 30, 2016</b>	1,196,601	449,215	478,000	(176,766)	750,449	1,947,050
Loss for the year	-	-	-	(151,484)	(151,484)	(151,484)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(151,484)	(151,484)	(151,484)
<b>Balance as at June 30, 2017</b>	<b>1,196,601</b>	<b>449,215</b>	<b>478,000</b>	<b>(328,250)</b>	<b>598,965</b>	<b>1,795,566</b>
Profit for the year	-	-	-	194,406	194,406	194,406
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	194,406	194,406	194,406
<b>Balance as at June 30, 2018</b>	<b>1,196,601</b>	<b>449,215</b>	<b>478,000</b>	<b>(133,844)</b>	<b>793,371</b>	<b>1,989,972</b>

The annexed notes from 1 to 41 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, 2018

### 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 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 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# 324, Kahuta Triangle, Industrial Area Islamabad.	Building material products
Production Plant (Lahore):	Godown 21- KM Ferozpur Road, Opp Ahmed CNG Pump Lahore.	Building material products

### 2. SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

- 2.1** During the year, the Company has capitalized Rs. 910 million on account of balancing, modernization and replacement of plant and machinery to increase efficiency and quality of products.
- 2.2** The Company has obtained long-term financing facility from a financial institution under islamic banking terms amounting to Rs. 1,000 million to finance the balancing, modernization and replacement of plant and machinery.
- 2.3** For a detailed discussion about the Company's performance, please refer to the Directors' report and Chairman's review report.

### 3. STATEMENT OF COMPLIANCE

- 3.1** These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of International Financial Reporting Standards (IFRSs), issued by International Accounting Standard Board (IASB) 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, the provisions of and directives issued under the Act have been followed.
- 3.2** The Act has also brought certain changes with regard to the preparation and presentation of these financial statements. These changes, amongst others, included change in respect of nomenclature of these financial statements. Further, the disclosure requirements contained in the fourth schedule of the Act have been revised, resulting in elimination of duplicative disclosure with the IFRS disclosure requirements and incorporation of additional amended disclosures including, but not limited to, particulars of immovable assets of the Company (note 8.2 and 9.4), management assessment of sufficiency of tax provision in the financial statements (note 30.2), additional disclosure requirements for related parties (note 34), change in threshold for identification of executives (note 35) etc.

### 4. BASIS OF MEASUREMENT

- 4.1** These financial statements have been prepared under the historical cost convention, unless otherwise specifically stated.
- 4.2** These financial statements have been presented in Pakistani rupee, which is the Company's functional and presentation currency.





## 5. STANDARDS, INTERPRETATIONS AND AMENDMENTS APPLICABLE TO FINANCIAL STATEMENTS

### 5.1 New Standards, Interpretations and Amendments

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

IAS 7 — Statement of Cash Flows - Disclosure Initiative - (Amendment)

IAS 12 Income Taxes — Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

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

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

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

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 2 — Share Based Payments - Classification and Measurement of Share Based Payment Transactions (Amendments)	01 January 2018
IFRS 4 — Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts — (Amendments)	01 January 2018
IFRS 9 — Financial Instruments	01 July 2018
IFRS 9 — Prepayment Features with Negative Compensation — (Amendments)	01 January 2018
IFRS 15 — Revenue from Contracts with Customers	01 July 2018
IFRS 16 — Leases	01 January 2019
IAS 19 — Plan Amendment, Curtailment or Settlement (Amendments)	01 January 2019
IAS 28 - Long-term Interests in Associates and Joint Ventures – (Amendments)	01 January 2019
IAS 40 Investment Property: Transfers of Investment Property (Amendments)	01 January 2018
IFRIC 22 — Foreign Currency Transactions and Advance Consideration	01 January 2018
IFRIC 23 — Uncertainty over Income Tax Treatments	01 January 2019

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

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016 and December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018 and 01 January 2019 respectively. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.



The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 1 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

	<b>IASB Effective date (annual periods beginning on or after)</b>
<b>Standards</b>	
IFRS 14— Regulatory Deferral Accounts	01 January 2016
IFRS 17— Insurance Contracts	01 January 2021

## 6. 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:

	<b>Notes</b>
a) determining the method of depreciation, residual values and useful lives of operating fixed assets and investment property	7.1.1, 7.2, 8 & 9
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)	7.6, 7.7, 12 & 13
c) determining the provision for trade debts	7.8 & 14
d) recognition of current and deferred taxation	7.16, 20 & 30
e) determining the provision for staff retirement benefit	7.17 & 21.4
f) expected outcome of contingencies involving the Company	22

## 7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 7.1 Property, plant and equipment

#### 7.1.1 Operating fixed assets

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

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

Depreciation is charged on straight line basis, other than freehold land which is determined to have an indefinite life, at the rates specified in note 8.1 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. No depreciation is charged if asset's residual value exceeds its carrying amount.



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

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 recognized in the statement of profit or loss in the period in which they arise.

### **7.1.2 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.

## **7.2 Investment property**

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.

## **7.3 Impairment**

### **7.3.1 Financial assets**

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

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

### **7.3.2 Non-financial assets**

The carrying amounts of non-financial assets other than inventories and deferred tax assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognised, as an expense in the 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.

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



**7.4      Borrowing costs**

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

**7.5      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".

**7.6      Stores and spare parts**

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

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

**7.7      Stock-in-trade**

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

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

Provision is made for slow moving items, if any.

**7.8      Trade debts**

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

**7.9      Ijarah rentals**

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

**7.10     Cash and cash equivalents**

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

**7.11     Financial instruments**

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



## 7.12 Offsetting of financial assets and financial liabilities

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

## 7.13 Long-term loan and short-term borrowings

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

## 7.14 Trade and other payables

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

## 7.15 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 reporting date and adjusted to reflect current best estimate.

## 7.16 Taxation

### 7.16.1 Current

Provision for current taxation is based on the taxable income for the year determined in accordance with Income Tax Ordinance, 2001. The charge for current tax is calculated using prevailing tax rates. The charge for current tax also includes adjustments for prior years or otherwise considered necessary for such years. Current tax is charged to the 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 other comprehensive income.

### 7.16.2 Deferred

Deferred taxation is provided, proportionate to local sales, on all temporary differences at the reporting 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 reporting date.

## 7.17 Staff retirement benefit - Defined contribution plan

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

## 7.18 Employees' compensated absences

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





## 7.19 Foreign currency translation

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

## 7.20 Revenue

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

- Sales are recognised when goods are dispatched to the customers;
- Return on bank deposits / saving accounts is recognised on accrual basis;
- Rental income on investment property is accounted for on a straight-line basis over the lease term; and
- Other income, if any, is recognized on accrual basis.

## 7.21 Dividend and appropriation to reserves

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

## 7.22 Earnings per share

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

## 8. PROPERTY, PLANT AND EQUIPMENT

	Note	(Amounts in PKR '000)	
		June 30, 2018	June 30, 2017
Operating fixed assets	8.1	<b>3,277,313</b>	2,707,126
Capital work-in-progress	8.4	<b>97,960</b>	133,842
		<b><u>3,375,273</u></b>	<b><u>2,840,968</u></b>

### 8.1 Operating fixed assets

	COST			ACCUMULATED DEPRECIATION				NET BOOK VALUE	Depreciation rate %	
	As at July 01, 2017	Additions / transfers	Disposals	As at June 30, 2018	As at July 01, 2017	Charge for the year (note 8.3)	On disposals	As at June 30, 2018		As at June 30, 2018
2018	(Amounts in PKR '000)									
Freehold land (note 8.2)	266,135	-	-	266,135	-	-	-	-	266,135	-
Building on freehold land (note 8.2)	830,750	41,119	-	871,869	366,215	38,529	-	404,744	467,125	5-20
Plant and machinery	4,362,583	910,391	(2,883)	5,270,091	2,404,878	349,766	(2,854)	2,751,790	2,518,301	5-20
Furniture and fixture	24,310	-	-	24,310	24,061	-	-	24,061	249	20
Office equipment	24,296	5,260	(1,130)	28,426	20,998	1,927	(1,119)	21,806	6,620	20-33
Computers and accessories	14,089	4,151	(269)	17,971	11,961	1,336	(169)	13,128	4,843	33 - 50
Vehicles	34,587	4,466	(5,168)	33,885	21,511	2,210	(3,876)	19,845	14,040	20
	5,556,750	965,387*	(9,450)	6,512,687	2,849,624	393,768	(8,018)	3,235,374	3,277,313	



2017	COST				ACCUMULATED DEPRECIATION				NET BOOK VALUE	Depreci- ation rate %
	As at July 01, 2016	Additions / transfers	Disposals	As at June 30, 2017	As at July 01, 2016	Charge for the year (note 8.3)	On disposals	As at June 30, 2017	As at June 30, 2017	
	(Amounts in PKR '000)									
Freehold land (note 8.2)	266,135	-	-	266,135	-	-	-	-	266,135	-
Building on freehold land (note 8.2)	809,450	21,300	-	830,750	328,929	37,286	-	366,215	464,535	5-20
Plant and machinery	3,990,063	393,521	(21,001)	4,362,583	2,162,397	262,888	(20,407)	2,404,878	1,957,705	5-20
Furniture and fixture	24,310	-	-	24,310	24,061	-	-	24,061	249	20
Office equipment	22,192	2,104	-	24,296	19,651	1,347	-	20,998	3,298	20-33
Computers and accessories	13,278	2,001	(1,190)	14,089	12,491	648	(1,178)	11,961	2,128	33 - 50
Vehicles	38,883	4,409	(8,705)	34,587	26,242	2,563	(7,294)	21,511	13,076	20
	5,164,311	423,335*	(30,896)	5,556,750	2,573,771	304,732	(28,879)	2,849,624	2,707,126	

\*Includes transfers from capital work-in-progress during the year amounting to Rs. 882.732 million (2017: Rs. 181.508 million).

## 8.2 Particulars of immovable fixed assets:

Location	Freehold land		Building on freehold land	
	Total area	Cost as at 30 June 2018	Total area	Cost as at 30 June 2018
	(Amounts in PKR '000)		(Amounts in PKR '000)	
15th Milestone, National Highway, Landhi, Karachi.	12 Acre 19 Ghunta	553	201,339 sq. ft.	214,199
Deh Khanto, Tappo Landhi, District Malir, Bin Qasim Town Karachi.	28 Acre 14 Ghunta	265,582	403,617 sq. ft.	657,670
Total		<u>266,135</u>		<u>871,869</u>

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

	Note	(Amounts in PKR '000)	
		June 30, 2018	June 30, 2017
Cost of sales - manufacturing	24.1	<b>391,009</b>	302,187
Distribution costs	25	<b>1,591</b>	1,524
Administrative expenses	26	<b>1,168</b>	1,021
		<u><b>393,768</b></u>	<u>304,732</u>

## 8.4 Capital work-in-progress:

Plant and machinery		<b>84,442</b>	132,359
Civil works		<b>13,518</b>	1,483
	8.4.1	<u><b>97,960</b></u>	<u>133,842</u>

### 8.4.1 Movement in capital work-in-progress is as follows:

Opening balance	<b>133,842</b>	157,575
Additions during the year	<b>850,662</b>	157,775
Transferred to operating fixed assets	<b>(882,732)</b>	(181,508)
Disposal during the year	<b>(3,812)</b>	-
Closing balance	<u><b>97,960</b></u>	<u>133,842</u>



## 9. INVESTMENT PROPERTY

	COST			ACCUMULATED DEPRECIATION			NET BOOK VALUE	
	As at July 01, 2017	Additions	As at June 30, 2018	As at July 01, 2017	Charge for the year (note 25)	As at June 30, 2018	As at June 30, 2018	Deppreciation rate %
	(Amounts in PKR '000)							
Freehold land	3	-	3	-	-	-	3	-
Building on freehold land	1,083	-	1,083	1,083	-	1,083	-	10
Showroom	7,800	-	7,800	1,755	702	2,457	5,343	10
Apartments	6,000	-	6,000	45	540	585	5,415	10
2018	14,886	-	14,886	2,883	1,242	4,125	10,761	
2017	8,886	6,000	14,886	2,136	747	2,883	12,003	

9.1 The fair values of investment properties as at the reporting date are as under:

	(Amounts in PKR '000)	
	June 30, 2018	June 30, 2017
Freehold land	5,478	4,980
Building on freehold land	2,242	2,242
Showroom	7,800	7,800
Apartments	6,000	6,000
	<b>21,520</b>	<b>21,022</b>

9.2 The forced sale values of investment properties as at the reporting date are as under:

Freehold land	4,382	3,984
Building on freehold land	1,794	1,793
Showroom	6,240	6,240
Apartments	4,800	4,800
	<b>17,216</b>	<b>16,817</b>

9.3 The latest valuation was carried out by an independant valuer on 23 July 2018.

9.4 Particulars of immovable investment property:

Particulars	Location	Total area / Covered area
Freehold land	15th Milestone, National Highway, Landhi, Karachi.	332 sq. yd.
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

## 10. LONG-TERM LOANS

	Note	(Amounts in PKR '000)	
		June 30, 2018	June 30, 2017
<b>Unsecured, considered good</b>			
Employees	10.1	3,238	4,541
Executives	10.1 & 10.2	175	-
		<b>3,413</b>	4,541
Current maturity of long-term loans	15	(3,403)	(4,502)
		<b>10</b>	39



**10.1** Represent loans given for the purchase of household equipment which are repayable within two years of disbursement. These loans carry markup at the rate of KIBOR +3% per annum (2017: KIBOR +3% per annum).

**10.2 Reconciliation of the carrying amount of long-term loans to Executives:**

		(Amounts in PKR '000)	
		June 30, 2018	June 30, 2017
	Opening balance	-	308
	Disbursements	500	-
	Repayments	(325)	(308)
	Closing balance	175	-
<b>11.</b>	<b>LONG-TERM SECURITY DEPOSITS</b>		
	Utilities	2,956	2,893
	Rent	10,921	4,099
	Ijarah	285	285
	Central Depository Company	25	25
	Lockers deposit with a commercial bank	45	45
		14,232	7,347
<b>12.</b>	<b>STORES AND SPARE PARTS</b>		
	Stores	129,834	95,358
	Spare parts		
	in hand	278,653	181,837
	in transit	7,339	20,921
		285,992	202,758
		415,826	298,116
	Provision for slow moving stores and spare parts	(50,950)	(44,920)
		364,876	253,196
<b>12.1</b>	<b>Movement of provision for slow moving stores and spare parts:</b>		
	Opening balance	44,920	46,038
	Charge for the year	6,030	-
	Reversal during the year	-	(1,118)
	Closing balance	50,950	44,920
<b>13.</b>	<b>STOCK-IN-TRADE</b>		
	Raw and packing material		
	in hand	534,209	458,350
	in transit	48,031	25,879
		582,240	484,229
	Work-in-process		
	Finished goods	24,562	27,578
	Manufacturing	526,057	475,217
	Trading	13,681	14,698
		539,738	489,915
		1,146,540	1,001,722
	Provision for slow moving stock-in-trade	(38,607)	(25,364)
		1,107,933	976,358

**13.1** Includes stock-in-trade costing Rs. 100.457 million (2017: Rs. 79.210 million) which has been written down to its net realizable value (NRV) amounting to Rs. 55.856 million (2017: Rs. 61.137 million).

**13.2 Movement of provision for slow moving stock-in-trade:**

(Amounts in PKR '000)			
	Note	June 30, 2018	June 30, 2017
Opening balance		25,364	21,216
Charge for the year	24.1	13,243	4,148
Closing balance		<u>38,607</u>	<u>25,364</u>

**14. TRADE DEBTS**

(Amounts in PKR '000)			
	Note	June 30, 2018	June 30, 2017
<b>Unsecured</b>			
Considered good	14.1	243,365	948,703
Considered doubtful		142,086	121,722
		<u>385,451</u>	<u>1,070,425</u>
Provision for doubtful debts	14.2	(142,086)	(121,722)
		<u>243,365</u>	<u>948,703</u>

**14.1** Includes receivables from the following related parties that are neither past due nor impaired and are aged within 90 days:

(Amounts in PKR '000)			
		June 30, 2018	June 30, 2017
Indus Motor Company Limited		5,464	4,294
Agriauto Industries Limited		332	45
Thal Limited		5,815	4
		<u>11,611</u>	<u>4,343</u>

**14.1.1** The maximum aggregate amount due from the related parties at the end of any month during the year was Rs.12.129 million (2017: Rs. 7.727 million).

(Amounts in PKR '000)			
	Note	June 30, 2018	June 30, 2017

**14.2 Movement of provision for doubtful debts:**

Opening balance		121,722	77,097
Charge for the year	26	20,364	44,625
Closing balance		<u>142,086</u>	<u>121,722</u>

**15. LOANS AND ADVANCES****Unsecured, considered good****Loans**

Current maturity of long-term loans	10	3,403	4,502
-------------------------------------	----	-------	-------

**Advances**

Employees		225	79
Suppliers and contractors		9,755	12,994
		<u>9,980</u>	<u>13,073</u>
		<u>13,383</u>	<u>17,575</u>



**16. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**

(Amounts in PKR '000)

	June 30, 2018	June 30, 2017
<b>Deposits - interest free</b>	<b>100</b>	200
<b>Prepayments</b>		
Rent	3,608	6,943
Insurance	2,538	1,062
Others	1,869	652
	<b>8,015</b>	8,657
<b>Other receivables</b>	-	248
	<b>8,115</b>	<b>9,105</b>

**17. CASH AND BANK BALANCES**

Cash in hand	<b>7,186</b>	723
Cash at banks:		
Current accounts		
Conventional banking	74,393	45,321
Islamic banking	10,023	9,395
	<b>84,416</b>	54,716
Saving accounts	<b>12,872</b>	7,876
	<b>104,474</b>	<b>63,315</b>

**17.1** Includes balance of Rs. 22.335 million (2017: Rs. 24.548 million) maintained with Habib Metropolitan Bank Limited, a related party.

**17.2** These carry profit rates ranging from 4% to 5% per annum (2017: 3.75% to 4% per annum). These balances are held in accounts maintained under conventional banking. These include balance of Rs. 4.572 million (2017: Rs. 3.843 million) maintained with Habib Metro Bank Limited, a related party.

**18. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL**

(Number of shares in '000)

(Amounts in PKR '000)

June 30, 2018	June 30, 2017	Note	June 30, 2018	June 30, 2017
<b>199,627</b>	199,627	Ordinary shares of Rs. 5/- each	<b>998,140</b>	998,140
<b>1,150</b>	1,150	Fully paid-up in cash	<b>5,750</b>	5,750
<b>38,543</b>	38,543	Issued for consideration other than cash	<b>192,711</b>	192,711
<b>239,320</b>	239,320	Issued as fully paid bonus shares	<b>1,196,601</b>	1,196,601

**19. LONG-TERM LOAN****Secured**

From a banking company

Faysal Bank Limited

Habib Bank Limited

Current maturity of long-term loan

19.1

<b>905,219</b>	-
-	625,000
-	(250,000)
<b>905,219</b>	<b>375,000</b>



- 19.1** Represents diminishing musharaka facility amounting to Rs. 1,000 million (2017: Nil) under islamic banking terms which carries markup at rate of three months KIBOR + 0.70% per annum, payable quarterly with two years grace period. The loan is repayable within five years in ten equal semi annual installments commencing from September 2019. The facility is secured against first pari passu mortgage and hypothecation over all present and future fixed assets (Land, building, plant and machinery).

**20. DEFERRED TAX LIABILITY - net**

(Amounts in PKR '000)			
	Note	June 30, 2018	June 30, 2017
<b>Deferred tax liabilities on taxable temporary differences:</b>			
Accelerated tax depreciation		452,107	445,133
<b>Deferred tax asset on deductible temporary differences:</b>			
Provisions		(82,315)	(69,995)
Carried forward tax credit	20.1	(17,808)	-
Unused tax losses	20.2	(213,697)	(289,628)
		(313,820)	(359,623)
		<b>138,287</b>	<b>85,510</b>

- 20.1** Represents deferred tax asset against carried forward tax credit u/s 65B(5) of Income Tax Ordinance, 2001 amounting to Rs. 17.808 million (2017: Nil) which is adjustable against tax liability of subsequent 2 years.

- 20.2** As of the reporting date, accumulated carry forward tax losses amounted to Rs. 736.887 million (2017: Rs. 965.426 million).

**21. TRADE AND OTHER PAYABLES**

(Amounts in PKR '000)			
	Note	June 30, 2018	June 30, 2017
Creditors	21.1	227,008	208,213
Accrued liabilities	21.1 & 21.2	1,848,107	1,371,495
Advance from customers		63,057	31,932
Payable to provident fund	21.3	3,380	2,744
Security deposits	21.4	2,125	1,993
Withholding tax payable		1,519	4,666
Workers' Profit Participation Fund	29	13,275	-
Workers' Welfare Fund	29	5,045	-
Others		186	224
		<b>2,163,702</b>	<b>1,621,267</b>
<b>21.1 Includes payable to the following related parties:</b>			
Thal Limited		8,514	19,067
Habib Insurance Company Limited		40	-
Habib Metro Pakistan (Private) Limited		205	205
Habib University Foundation		-	417
		<b>8,759</b>	<b>19,689</b>

- 21.2** Include accrual for leave encashment of Rs. 54.061 million (2017: Rs. 43.913 million) and bonus of Rs. 64.499 million (2017: Rs. 32.680 million).

**21.3 Payable to provident fund:**

		(Amounts in PKR '000)	
	Note	June 30, 2018 (Unaudited)	June 30, 2017 (Audited)
<b>General disclosures</b>			
Size of the Fund		<b>184,678</b>	160,132
Investments - at cost		<b>146,000</b>	140,250
Investment - at fair value	21.3.1	<b>173,897</b>	156,514
Percentage of investments made	21.3.1	<b>94.16%</b>	97.74%

**21.3.1 Categories of investments as a percentage of total assets of provident fund:**

	June 30, 2018 ----- (Unaudited) -----		June 30, 2017 ----- (Audited) -----	
	Amount in PKR '000	Percentage	Amount in PKR '000	Percentage
Fixed deposits	<b>164,097</b>	<b>88.86%</b>	148,218	92.56%
Mutual funds	<b>9,800</b>	<b>5.31%</b>	8,296	5.18%
	<b>173,897</b>	<b>94.16%</b>	<b>156,514</b>	<b>97.74%</b>

**21.3.2** Investments out of provident fund have been made in accordance with the provisions of the section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

**21.4** These represent interest free deposits received from employees against company provided vehicles.

**22. CONTINGENCIES AND COMMITMENTS****22.1 Contingencies**

There are no material contingencies to report as at the reporting date.

**22.2 Commitments**

- (i) Commitments in respect of outstanding letters of credit against raw materials and spares amounted to Rs. 83.228 million (2017: Rs. 96.118 million), issued by Habib Metropolitan Bank Limited, a related party.
- (ii) Commitments in respect of capital expenditure amounted to Rs. 59.051 million (2017: Rs. 424.905 million) for the import of machinery, including Rs. 2.045 million (2017: Rs. 200.692 million) issued by Habib Metropolitan Bank Limited, a related party.
- (iii) Bank guarantees issued by Habib Metropolitan Bank Limited, a related party, to Sui Southern Gas Company Limited and Excise & Taxation Department amounted to Rs. 456.980 (2017: Rs. 270.528) million and Rs. 60.381 (2017: Rs. 49.381) million respectively.
- (iv) Commitments for rentals under Ijarah finance agreements:

		(Amounts in PKR '000)	
		June 30, 2018	June 30, 2017
Within one year		<b>631</b>	631
Later than one year but not later than five years		<b>974</b>	1,605
		<b>1,605</b>	<b>2,236</b>

Represent Ijarah agreements entered into with First Habib Modaraba in respect of vehicles. Total Ijarah payments due under the agreements are Rs. 1.605 million and are payable in monthly installments latest by January 2021. These commitments are secured by on-demand promissory notes of Rs. 3.156 million.

**23. TURNOVER - net**

(Amounts in PKR '000)			
	Note	June 30, 2018	June 30, 2017
<b>Local</b>			
Manufacturing		6,901,777	6,004,836
Trading		41,868	43,409
		<u>6,943,645</u>	<u>6,048,245</u>
<b>Sales tax</b>			
Manufacturing		(1,172,195)	(1,025,621)
Trading		(6,083)	(6,307)
		<u>(1,178,278)</u>	<u>(1,031,928)</u>
		5,765,367	5,016,317
<b>Exports</b>		1,715	3,691
	23.1	<u>5,767,082</u>	<u>5,020,008</u>

**23.1** Revenue earned from the normal operations of the Company is Shariah Compliant.

**24. COST OF SALES**

(Amounts in PKR '000)			
	Note	June 30, 2018	June 30, 2017
Manufacturing	24.1	4,484,989	4,457,884
Trading	24.2	24,876	27,223
		<u>4,509,865</u>	<u>4,485,107</u>
<b>24.1 Cost of sales - manufacturing</b>			
<b>Raw and packing materials consumed</b>			
Opening stock		484,229	328,735
Purchases		1,726,630	1,772,115
Closing stock		(582,240)	(484,229)
		<u>1,628,619</u>	<u>1,616,621</u>
<b>Manufacturing expenses</b>			
Salaries, wages and other benefits	24.1.1	768,217	851,461
Fuel and power		1,045,347	1,186,116
Stores and spare parts consumed		424,682	476,841
Provision / (reversal) for slow moving stores and spare parts	12.1	6,030	(1,118)
Provision for slow moving stock-in-trade	13.2	13,243	4,148
Depreciation	8.3	391,009	302,187
Repairs and maintenance		144,078	128,532
Insurance		13,870	14,951
Vehicle running expenses		31,174	29,262
Travelling and conveyance		34,568	8,826
Printing and stationery		8,085	7,237
Communication		4,313	3,343
Rent, rates and taxes		5,065	5,148
Research costs		11,590	2,857
Legal and professional charges		1,196	1,531
Ijarah rentals		627	642
Others		1,100	879
		<u>2,904,194</u>	<u>3,022,843</u>
<b>Work-in-process</b>			
Opening stock		27,578	37,392
Closing stock		(24,562)	(27,578)
<b>Cost of goods manufactured</b>		<u>4,535,829</u>	<u>4,649,278</u>
<b>Finished goods</b>			
Opening stock		475,217	283,823
Closing stock		(526,057)	(475,217)
		<u>4,484,989</u>	<u>4,457,884</u>

**24.1.1** Includes Rs. 12.301 million (2017: Rs. 11.621 million) in respect of staff retirement benefits.

**24.2 Cost of sales - trading**

(Amounts in PKR '000)			
	Note	June 30, 2018	June 30, 2017
Opening stock		14,698	11,136
Purchases		23,860	30,785
Closing stock		(13,681)	(14,698)
		<u>24,876</u>	<u>27,223</u>

**25. SELLING AND DISTRIBUTION COSTS**

Salaries, wages and other benefits	25.1	124,731	88,300
Freight		463,074	281,822
Advertisement and sales promotion		40,284	43,431
Travelling and conveyance		14,712	13,544
Rent, rates and taxes		47,140	37,129
Communication		3,449	3,677
Insurance		4,470	4,994
Depreciation			
on operating fixed assets	8.3	1,591	1,524
on investment property	9	1,242	747
Vehicle running expenses		10,775	12,036
Repairs and maintenance		17,939	8,628
Utilities		7,873	7,032
Printing and stationery		3,999	2,061
Entertainment		2,199	4,062
Legal and professional charges		4,826	4,959
Others		184	361
		<u>748,488</u>	<u>514,307</u>

**25.1** Includes Rs. 3.269 million (2017: Rs. 2.532 million) in respect of staff retirement benefits.

**26. ADMINISTRATIVE EXPENSES**

(Amounts in PKR '000)			
	Note	June 30, 2018	June 30, 2017
Salaries, wages and other benefits	26.1	124,658	82,609
Travelling and conveyance		4,748	3,387
Printing and stationery		2,241	2,000
Legal and professional charges		12,071	10,483
Depreciation	8.3	1,168	1,021
Vehicle running expenses		6,638	6,068
Communication		1,277	1,110
Auditors' remuneration	26.2	1,813	1,692
Subscriptions		258	58
Insurance		720	478
Provision for doubtful debts	14.2	20,364	44,625
Others		2,172	1,962
		<u>178,128</u>	<u>155,493</u>

**26.1** Includes Rs. 3.585 million (2017: Rs. 2.662 million) in respect of staff retirement benefits.



**26.2 Auditors' remuneration**

(Amounts in PKR '000)		
	Note	
		June 30, 2018
		June 30, 2017
Audit fee		961
Half-yearly review fee		243
Tax services		65
Other certifications		366
Out of pocket expenses		178
		<u>1,813</u>
		<u>1,692</u>

**27. OTHER INCOME**

(Amounts in PKR '000)		
	Note	
		June 30, 2018
		June 30, 2017
<b>Income from financial assets</b>		
Profit on bank deposits / saving accounts	27.1	222
		222
<b>Income from non-financial assets</b>		
Rental income from investment property		732
Gain on disposal of operating fixed assets		1,697
Income from sale of scrap		31,790
Exchange gain - net		133
Others		1,029
		<u>35,381</u>
		<u>35,603</u>
		<u>38,333</u>
		<u>38,555</u>

**27.1** Represents markup on bank accounts under conventional banking relationship.

**28. FINANCE COSTS**

(Amounts in PKR '000)		
	Note	
		June 30, 2018
		June 30, 2017
Mark-up / interest on:		
Long-term loan	28.1	67,051
Short-term borrowings	28.2	24,998
		<u>92,049</u>
Bank charges and commission		6,072
		<u>98,121</u>
		<u>93,426</u>

**28.1** Includes markup amounting to Rs. 38.771 million (2017: Nil) on facilities under Islamic mode.

**28.2** Includes markup amounting to Rs. 6.054 million (2017: Rs. 8.794 million) on facilities under Islamic mode.

**29. OTHER EXPENSES**

(Amounts in PKR '000)		
	Note	
		June 30, 2018
		June 30, 2017
Workers' Profit Participation Fund	21	13,275
Workers' Welfare Fund	21	5,045
Donations		2,580
		<u>20,900</u>
		<u>-</u>

**30. TAXATION**

		(Amounts in PKR '000)	
	Note	June 30, 2018	June 30, 2017
Current		-	11,985
Deferred		52,777	(50,271)
		<u>52,777</u>	<u>(38,286)</u>

**30.1** Provision for current taxation has been made on the basis of minimum tax under Section 113 and Final Tax Regime under Section 169 of Income Tax Ordinance, 2001 (the Ordinance). Accordingly, tax expense reconciliation with the accounting profit is not presented. During the year, due to balancing, modernization and replacement (BMR) of plant and machinery, the Company has availed tax credit u/s 65B of the Ordinance. However, the tax credit worked out was higher than the minimum tax u/s 113 of the Ordinance. Hence, tax charge for the current year is Nil and remaining tax credit is carried forward u/s 65B(5).

**30.2** Adequate provision for tax has been provided in these financial statements for the current year in accordance with requirements laid under the Ordinance. The charge for current tax amounted to Nil due to tax credit u/s 65B. The returns of income have been filed on due date and are treated as deemed assessment orders under section 120 of the Ordinance. A comparison of last three years of income tax provision with tax assessed is presented below:

		(Amounts in PKR '000)		
		June 30, 2017	June 30, 2016	June 30, 2015
Income tax provision for the year	11,985	36,558	30,105	
Income tax as per tax assessment	11,979	36,549	29,996	

**31. EARNINGS PER SHARE - basic and diluted**

	June 30, 2018	June 30, 2017
Profit / loss for the year (Rupees in '000)	<u>194,406</u>	<u>(151,484)</u>
Weighted average number of ordinary shares outstanding during the year (in '000)	<u>239,320</u>	<u>239,320</u>
Earnings / (loss) per share (Rupee)	<u>0.81</u>	<u>(0.63)</u>

**32. CASH AND CASH EQUIVALENTS**

		(Amounts in PKR '000)	
	Note	June 30, 2018	June 30, 2017
Cash and bank balances	17	104,474	63,315
Short-term borrowings		-	(990,265)
		<u>104,474</u>	<u>(926,950)</u>

**33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

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

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. No changes were made in the objectives, policies or processes and assumptions during the year ended 30 June 2018 which are summarized below:



### 33.1 Market risk

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

#### (i) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rate relates primarily to the Company's certain bank balances, long-term and short-term borrowings. The company manages its interest rate risk by placing its excess funds in PLS accounts in banks. Management of the Company estimates that 1% increase in the market interest rate, with all other factors remaining constant, would decrease the Company's profit before tax by Rs. 9.052 million and a 1% decrease would result in the increase 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 reporting date:

	June 30, 2018	June 30, 2017
Trade payables - US Dollar	6,844	363,579
Trade payables - Euro	74,825	53,860
The following significant exchange rates have been applied at reporting dates		
Exchange rate – US Dollar	121.50	104.84
Exchange rate – Euro	141.58	115.72

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

		(Amounts in PKR '000)	
	Change in USD / Euro rates (%)	Effect on profit before tax	Effect on Equity
2018	±10	1,143	1,143
2017	±10	4,435	4,435

#### (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 Reporting Date

### 33.2 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 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.



(Amounts in PKR '000)			
	Note	June 30, 2018	June 30, 2017
The maximum exposure to credit risk at reporting date is as follows:			
Long-term loans	10	10	39
Long-term security deposits	11	14,232	7,347
Trade debts - net	14	243,365	948,703
Current portion of long-term loans	15	3,403	4,502
Bank balances	17	97,288	62,592
		<u>358,298</u>	<u>1,023,183</u>

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

#### Trade debts

(Amounts in PKR '000)			
		June 30, 2018	June 30, 2017
The analysis of trade debts is as follows:			
Neither past due nor impaired		63,429	348,514
Past due but not impaired			
31 to 90 days		113,810	386,230
91 to 180 days		47,287	188,975
over 180 days		18,839	24,984
		<u>179,936</u>	<u>600,189</u>
		<u>243,365</u>	<u>948,703</u>

#### Bank balances

#### Ratings

A1+	47,920	36,607
A-1+	48,327	25,985
A-1	1,041	-
	<u>97,288</u>	<u>62,592</u>

### 33.3 Liquidity risk

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

(Amounts in PKR '000)						
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
<b>2018</b>						
Long-term loan	-	-	-	-	905,219	905,219
Trade and other payables	364,328	-	-	-	-	364,328
Unclaimed dividends	3,324	-	-	-	-	3,324
Accrued mark-up	-	28,476	-	-	-	28,476
Short-term borrowings	-	-	-	-	-	-
	<u>367,652</u>	<u>28,476</u>	<u>-</u>	<u>-</u>	<u>905,219</u>	<u>1,301,347</u>
<b>2017</b>						
Long-term loan	-	62,500	187,500	375,000	-	625,000
Trade and other payables	334,530	-	-	-	-	334,530
Unclaimed dividends	3,328	-	-	-	-	3,328
Accrued mark-up	-	14,035	-	-	-	14,035
Short-term borrowings	990,265	-	-	-	-	990,265
	<u>1,328,123</u>	<u>76,535</u>	<u>187,500</u>	<u>375,000</u>	<u>-</u>	<u>1,967,158</u>



### 33.4 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.

(Amounts in PKR '000)			
	Note	June 30, 2018	June 30, 2017
The gearing ratios as at June 30 were as follows:			
Long-term loan	19	905,219	375,000
Current maturity of long term loan	19	-	250,000
Short-term borrowings		-	990,265
Total interest bearing debt		905,219	1,615,265
Total equity		1,989,972	1,795,566
Total capital		2,895,191	3,410,831
Gearing ratio		31.27%	47.36%

### 33.5 Unavailed Credit Facilities

**33.5.1** The facility for short-term borrowings, opening letters of credit and letters of guarantees amounted to Rs. 1,325 million (2017: Rs. 1,075 million), Rs. 250 million (2017: Rs. 950 million) and Rs. 560 million (2017: Rs. 360 million) respectively, of which Rs. 1,325 million (2017: Rs. 84.735 million), Rs. 165 million (2017: Rs. 428.977 million) and Rs. 43 million (2017: Rs. 40.081 million) respectively, remained unutilized as at the reporting date.

**33.5.2** Markup rates on running finance facilities range from three months KIBOR+0.5% to six months KIBOR+1.25% (2017: three months KIBOR+0.5% to six months KIBOR+1.25%) per annum.

### 34. TRANSACTIONS WITH RELATED PARTIES

**34.1** 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:

(Amounts in PKR '000)		
	June 30, 2018	June 30, 2017
<b>Associated companies / other related parties</b>		
Sales	32,374	22,117
Purchases of goods, material and services	56,389	104,427
Insurance premium	21,907	22,548
Insurance claims received	663	5,200
Rent and service charges paid	8,223	7,659
Rent income	732	720
Markup earned	154	187
Markup expense	11,340	16,649
Commission on letter of guarantee	2,967	1,257
<b>Staff retirement benefits</b>		
Contribution to provident fund	19,156	16,815





- 34.2** Following are the related parties 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 Limited	Common Directorship	0.35
Indus Motors Company Limited	Common Directorship	N/A
Habib University Foundation	Common Directorship	N/A
Thal Limited	Common Directorship	1.3
Habib Metro Pakistan (Pvt) Limited	Common Directorship	N/A
Habib Metropolitan Bank Limited	Common Directorship	N/A
Agriauto Industires Limited	Common Directorship	N/A
Auvitronics Limited	Common Directorship	N/A
Provident Fund	Staff retirement benefits	N/A

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

- 35.1** The aggregate amounts charged in the financial statements for the year are as follows:

	June 30, 2018		June 30, 2017	
	Chief Executive Officer	Executives	Chief Executive Officer	Executives
	(Amounts in PKR '000)			
Managerial remuneration	13,749	25,342	7,707	22,909
Housing and utilities	9,441	22,538	6,036	15,865
Leave fare assistance, leave encashment and bonus	13,500	10,926	3,938	4,108
Reimbursement of medical expenses	1,375	2,534	771	2,022
Retirement benefits	841	2,786	691	1,764
	<b>38,906</b>	<b>64,126</b>	<b>19,143</b>	<b>46,668</b>
Number of persons	<b>1</b>	<b>12</b>	<b>1</b>	<b>8</b>

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

- 35.3** Fee amounting to Rs. 0.150 million (2017: Rs. 0.100 million) was paid to one (2017: one) director for attending Board meetings during the year.

### 36. 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 reporting date, the Company does not have any financial assets carried at fair value that required categorization in Level 1, Level 2 and Level 3.



### 37. PRODUCTION CAPACITY

During the year, the tile production capacity attained was 8.315 million sq. meters (2017: 8.811 million sq. meters) against annual manufacturing capacity of 12.76 million sq. meters (2017: 12.76 million sq. meters). The shortfall is due to balancing, modernization and replacement of plant and machinery conducted at one of the units of the Company.

### 38. NON-ADJUSTING EVENT AFTER THE REPORTING DATE

The Board of Directors in its meeting held on Sept, 11, 2018 proposed final cash dividend of Rs. 0.5 /- per share for the year ended 30 June 2018 amounting to Rs. 119,660 million for approval of the members at the Annual General Meeting to be held on October 22, 2018.

### 39. NUMBER OF EMPLOYEES

	June 30, 2018	June 30, 2017
<b>As at year end</b>		
Permanent	888	939
Contractual	208	98
	<b>*1,096</b>	<b>*1,037</b>
* This includes 914 (2017: 852) number of factory employees		
<b>Average during the year</b>		
Permanent	906	956
Contractual	148	96
	<b>*1,054</b>	<b>*1,052</b>
* This includes 869 (2017: 873) number of factory employees		

### 40. GENERAL

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

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

### 41. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on Sept 11, 2018 by the Board of Directors of the Company.

**WAQUAS AHMED**  
Chief Financial Officer

**SYED MASOOD ABBAS JAFFERY**  
Chief Executive Officer

**FEROZE JEHANGIR CAWASJI**  
Director



## Combined Pattern of CDC & Physical Shareholding

As of June 30, 2018

S.NO	Categories of Shareholders	Share holders	Shares Held	Percentage
1	<u>Directors and their spouse(s) and minor children</u>			
	RAFIQ HABIB	1	4,162,522	1.74
	ALI SULEMAN HABIB	1	4,162,522	1.74
	SYED MASOOD ABBAS JAFFERY	1	43,000	0.02
	OWAIS-UL-MUSTAFA	1	1,000	0.00
	ABDUL HAYEE MEHMOOD BHAI MIAN	3	663,594	0.28
	SALIM AZHAR	1	3,318	0.00
	FEROZE JAHANGIR CAWASJI	1	1,000	0.00
	JAMILA RAFIQ	1	1,377,752	0.58
	RUKHSANA ISMAIL	3	781,774	0.33
2	<u>Associated Companies, Undertakings and Related parties</u>			
	HABIB INSURANCE CO.LIMITED	2	840,500	0.35
	THAL LIMITED	1	3,121,549	1.30
3	<u>Executives</u>	-	-	-
4	<u>Public Sector Companies and Corporations</u>	5	1,309,883	0.55
5	<u>Banks, development finance institutions, non-banking finance compaies, insurance companies, takaful, modarabas and pension fund</u>	11	3,349,143	1.40
6	<u>Mutual Funds</u>			
	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	4,294,471	1.79
	CDC - TRUSTEE NAFA STOCK FUND	1	1,936,000	0.81
	CDC - TRUSTEE NAFA MULTI ASSET FUND	1	51,500	0.02
	CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND	1	1,430,500	0.60
	CDC - TRUSTEE NAFA ISLAMIC STOCK FUND	1	1,199,500	0.50
	CDC - TRUSTEE NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND	1	87,000	0.04
	MCBFSL - TRUSTEE JS VALUE FUND	1	950,000	0.40
	CDC - TRUSTEE PICIC INVESTMENT FUND	1	75,000	0.03
	CDC - TRUSTEE JS LARGE CAP. FUND	1	892,500	0.37
	CDC - TRUSTEE PICIC GROWTH FUND	1	125,000	0.05
	CDC - TRUSTEE JS ISLAMIC FUND	1	929,500	0.39
	CDC - TRUSTEE UNIT TRUST OF PAKISTAN	1	1,242,000	0.52
	CDC - TRUSTEE MCB DCF INCOME FUND	1	62,500	0.03
	CDC - TRUSTEE HBL - STOCK FUND	1	481,500	0.20
	MC FSL - TRUSTEE JS GROWTH FUND	1	2,044,100	0.85
	CDC-TRUSTEE HBL ISLAMIC STOCK FUND	1	726,500	0.30
	CDC - TRUSTEE LAKSON INCOME FUND - MT	1	10,000	0.00
	CDC - TRUSTEE NIT INCOME FUND - MT	1	224,000	0.09
	CDC - TRUSTEE FAYSAL SAVINGS GROWTH FUND - MT	1	36,000	0.02
	CDC - TRUSTEE HBL ISLAMIC EQUITY FUND	1	408,500	0.17
	CDC - TRUSTEE FIRST HABIB INCOME FUND - MT	1	79,000	0.03
	CDC - TRUSTEE HBL ISLAMIC ASSET ALLOCATION FUND	1	262,000	0.11
	CDC - TRUSTEE FAYSAL MTS FUND - MT	1	330,000	0.14
	CDC - TRUSTEE PAKISTAN INCOME FUND - MT	1	195,500	0.08
	CDC - TRUSTEE JS ISLAMIC DEDICATED EQUITY FUND (JSIDEF)	1	630,000	0.26



	Categories of Shareholders	Share holders	Shares Held	Percentage
7	General Public			
	a. Local	3566	46,983,718	19.63
	b. Foreign	4	55,447	0.02
	Foreign Companies	21	131,167,292	54.81
8	Others	71	22,593,890	9.44
	Total	3719	239,320,475	100.00
	Shareholders holding 5% or more		Shares Held	Percentage
	ASAD LIMITED		12,840,786	5.37
	AYLESBURY INTERNATIONAL LTD		16,009,983	6.69
	MUSTUFA LIMITED		12,418,386	5.19
	ROBERT FINANCE CORPORATION AG		72,102,223	30.13



Pattern of Shareholding

As of June 30,2018

# Of Shareholders	Shareholdings'Slab			Total Shares Held
924	1	to	100	24,659
787	101	to	500	241,026
440	501	to	1000	355,231
855	1001	to	5000	2,213,529
228	5001	to	10000	1,744,577
91	10001	to	15000	1,144,839
56	15001	to	20000	1,025,531
53	20001	to	25000	1,251,065
15	25001	to	30000	414,565
17	30001	to	35000	567,103
14	35001	to	40000	537,087
6	40001	to	45000	252,438
27	45001	to	50000	1,323,953
13	50001	to	55000	683,801
10	55001	to	60000	582,805
6	60001	to	65000	377,919
4	65001	to	70000	278,877
4	70001	to	75000	298,000
6	75001	to	80000	466,026
6	80001	to	85000	499,619
3	85001	to	90000	263,500
3	90001	to	95000	274,873
14	95001	to	100000	1,389,141
3	100001	to	105000	311,659
1	105001	to	110000	108,500
3	110001	to	115000	341,000
3	115001	to	120000	352,773
2	120001	to	125000	250,000
2	125001	to	130000	253,500
1	130001	to	135000	135,000
1	135001	to	140000	137,932
3	140001	to	145000	427,083
2	145001	to	150000	300,000
1	155001	to	160000	159,500
1	160001	to	165000	160,816
1	165001	to	170000	166,712
2	170001	to	175000	347,500
5	175001	to	180000	891,032
2	180001	to	185000	364,028
2	185001	to	190000	372,750
6	195001	to	200000	1,192,500
2	200001	to	205000	407,710
1	205001	to	210000	208,000
3	210001	to	215000	640,500





Pattern of Shareholding

As of June 30,2018

# Of Shareholders	Shareholdings'Slab			Total Shares Held
3	220001	to	225000	670,500
1	225001	to	230000	230,000
1	235001	to	240000	239,187
1	240001	to	245000	243,216
2	245001	to	250000	500,000
2	250001	to	255000	506,447
2	260001	to	265000	525,500
1	265001	to	270000	265,900
2	285001	to	290000	577,239
1	295001	to	300000	295,500
2	300001	to	305000	609,500
1	310001	to	315000	312,836
3	320001	to	325000	969,763
4	325001	to	330000	1,317,411
1	335001	to	340000	339,433
1	350001	to	355000	354,366
1	355001	to	360000	360,000
1	395001	to	400000	400,000
2	405001	to	410000	814,000
1	415001	to	420000	419,997
1	420001	to	425000	423,000
1	425001	to	430000	426,846
1	440001	to	445000	441,558
1	445001	to	450000	450,000
1	455001	to	460000	458,500
1	480001	to	485000	481,500
1	525001	to	530000	527,000
1	625001	to	630000	630,000
1	645001	to	650000	649,000
1	655001	to	660000	658,386
1	695001	to	700000	700,000
1	700001	to	705000	700,417
1	715001	to	720000	716,000
1	720001	to	725000	723,500
1	725001	to	730000	726,500
1	890001	to	895000	892,500
1	925001	to	930000	929,500
1	945001	to	950000	950,000
1	1120001	to	1125000	1,122,631
1	1130001	to	1135000	1,131,407
1	1195001	to	1200000	1,199,500
1	1240001	to	1245000	1,242,000
1	1290001	to	1295000	1,293,989
1	1375001	to	1380000	1,377,752



Pattern of Shareholding

As of June 30,2018

# Of Shareholders	Shareholdings'Slab			Total Shares Held
1	1430001	to	1435000	1,430,500
1	1495001	to	1500000	1,500,000
1	1675001	to	1680000	1,675,695
1	1815001	to	1820000	1,817,500
1	1935001	to	1940000	1,936,000
1	2040001	to	2045000	2,044,100
1	2310001	to	2315000	2,311,168
1	2440001	to	2445000	2,440,152
1	2505001	to	2510000	2,509,602
1	2570001	to	2575000	2,574,660
1	2775001	to	2780000	2,775,015
4	2985001	to	2990000	11,953,331
1	3120001	to	3125000	3,121,549
3	3450001	to	3455000	10,364,667
1	3460001	to	3465000	3,460,497
1	3660001	to	3665000	3,663,993
1	3730001	to	3735000	3,732,077
1	3955001	to	3960000	3,957,422
2	4160001	to	4165000	8,325,044
1	4170001	to	4175000	4,174,641
1	4290001	to	4295000	4,294,471
1	6205001	to	6210000	6,207,788
1	6240001	to	6245000	6,243,098
1	7030001	to	7035000	7,030,157
1	10325001	to	10330000	10,329,000
1	16005001	to	16010000	16,009,983
1	60895001	to	60900000	60,897,425
3719				239,320,475

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PROXY FORM

I/We \_\_\_\_\_ of \_\_\_\_\_

being a member(s) of **SHABBIR TILES AND CERAMICS LIMITED** and a holder of \_\_\_\_\_  
\_\_\_\_\_ ordinary shares as per Share Register Folio No. \_\_\_\_\_ or

CDC Participant ID No. \_\_\_\_\_ Account No. \_\_\_\_\_ hereby  
appoint \_\_\_\_\_ of \_\_\_\_\_ who is  
also member of **SHABBIR TILES AND CERAMICS LIMITED** Vide Folio No. \_\_\_\_\_  
or CDC Participant ID No. \_\_\_\_\_ Account No. \_\_\_\_\_

\_\_\_\_\_ or failing him/her \_\_\_\_\_ of \_\_\_\_\_  
who is also member of **SHABBIR TILES AND CERAMICS LIMITED** vide Folio No. \_\_\_\_\_  
\_\_\_\_\_ or CDC Participant ID No. \_\_\_\_\_ Account No. \_\_\_\_\_

\_\_\_\_\_ as my / our proxy in my / our absence to attend and vote for me / us and on my / our behalf  
at the Annual General Meeting of the Company to be held on Monday, 22<sup>nd</sup> day of October,  
2018 and at any adjournment thereof.

As witness my / our hand / seal this \_\_\_\_\_ day of \_\_\_\_\_  
\_\_\_\_\_ 2018 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, 15<sup>th</sup> Milestone, National Highway, Landhi, Karachi-75120, not less than 48 hours before the time of holding the Annual General Meeting.

P.T.O.



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

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

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

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





Shabbir Tiles and Ceramics Limited

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Landhi, Karachi-75120  
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