

SHABBIR TILES AND CERAMICS LIMITED

Condensed Interim Financial Statements

For the Second Quarter and Half Year ended
December 31, 2021

(Un-Audited)



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Shabbir Tiles and Ceramics Limited

COMPANY INFORMATION**BOARD OF DIRECTORS**

Rafiq M. Habib
 Syed Masood Abbas Jaffery
 Muhammad Salman Burney
 Imran Ali Habib
 Abdul Hai M. Bhaimia
 Feroze Jehangir Cawasji
 Farhana Mowjee Khan

Chairman
 Chief Executive Officer
 Director
 Director
 Director
 Director
 Director

AUDIT COMMITTEE

Feroze Jehangir Cawasji
 Abdul Hai M. Bhaimia
 Farhana Mowjee Khan

Chairman
 Member
 Member

**HUMAN RESOURCES AND
REMUNERATION COMMITTEE**

Feroze Jehangir Cawasji
 Muhammad Salman Burney
 Syed Masood Abbas Jaffery

Chairman
 Member
 Member

CHIEF FINANCIAL OFFICER

Mustafa Jafar

COMPANY SECRETARY

Ovais Jamani

AUDITORS

EY Ford Rhodes
 Chartered Accountants

LEGAL ADVISOR

Munawar Malik & Co.
 Advocate Supreme Court

BANKERS

Habib Metropolitan Bank Limited
 Habib Bank Limited
 Dubai Islamic Bank Pakistan Limited
 Faysal Bank Limited
 Allied Bank Limited
 Meezan Bank Limited
 Bank Al Falah Limited

**REGISTERED OFFICE
AND FACTORY UNIT-1**

15th Milestone, National Highway
 Landhi Industrial Area, Karachi-75120
 Phone: (021) 38183610-3
 E-mail: info@stile.com.pk

Fax: (021) 38183615
 URL: <http://www.stile.com.pk>

**REGISTRAR AND SHARE TRANSFER
OFFICE**

CDC Share registrar Services Limited, CDC House, 99-B, Block 'B', S.M.C.H.S
 Main Shahrah-e-Faisal, Karachi-74400. Phone: 0800 23275
 URL: www.cdcsrsl.com Email: info@cdcsrsl.com

FACTORY UNIT-2

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

**ISLAMABAD
(BUILDING MATERIAL PRODUCTS)**

Plot No 1, ANF Empty Parking Road, Yamaha Chowk Road, Model Town,
 Humak, Islamabad.

**LAHORE
(BUILDING MATERIAL PRODUCTS)**

78-A , Factory Adda, Dina Nath main Multan Road, 46KM, Lahore

Shabbir Tiles and Ceramics Limited

COMPANY INFORMATION

STILE EMPORIUM AND DESIGN STUDIOS
AND SALES OFFICES

STAR GATE EMPORIUM, KARACHI

Metro Cash & Carry, CAA, Near Star Gate, Main Shahrah-e-Faisal,
Karachi. Phone: (021) 34601372-74

FACTORY EMPORIUM, KARACHI

15th Milestone, National Highway, Landhi Industrial Area, Karachi
Phone: (021) 38183610-3

DHA BUKHARI EMPORIUM, KARACHI

Plot 22-C, Lane 4, Bukhari Commercial, DHA, Phase VI, Karachi.
Phone: (021) 37249564

DHA 26TH STREET EMPORIUM, KARACHI

26th Street Plot C-8-C, DHA Phase 5, Karachi.
Phone: (021) 37228922

BUILD MATE EMPORIUM, KARACHI

Build Mate 82-B, Midway Commercial, Bahria Town, Karachi
Phone: 0309-1202094

DHA EMPORIUM, LAHORE

DHA Lahore 164, CCA, Phase 4, Lahore
Phone: (042) 37185710-12

THOKAR NIAZ BAIG EMPORIUM, LAHORE

Metro Cash & Carry, Thokar Niaz Baig Multan Road, Lahore
Phone: 0301-8282212

MUREE ROAD EMPORIUM, RAWALPINDI

Al Shareef Plaza, Ground Floor, Shamsabad, Murree Road, Rawalpindi
Phone: (051) 4935521-23

ISLAMABAD EMPORIUM

Metro Islamabad, Plot No. 1-A, Sector 1-11/4, Near Sabzi Mandi,
Islamabad Phone: (051) 8469524

PESHAWAR EMPORIUM

162/408 Tahkal Payan, University Road, Peshawar
Phone: (091) 3028068

FAISALABAD EMPORIUM

Talha Heights, Main Susan Road, P-243, 2A, Faisalabad
Phone: (041) 8739988

HYDERABAD EMPORIUM

Shop no. 13 & 14, Fortune Arcade, Jamshoro Road, next to KFC
Near Qasim Chowk, Hyderabad. Phone: 0300-0647227

MULTAN EMPORIUM

Officers Colony, Main Bosan Road, Chungi No. 9, Next to Crystal Mall,
Multan. Phone: (061) 2078492

BAHAWALPUR EMPORIUM

Ground Floor, Commercial Building, Khawat No. 199/197, Moza Bandra
Multan Road, Bahawalpur. Phone: (062) 2720906

SUKKUR SALES OFFICE

Tooba Plaza, Mezzanine Floor, Workshop Road, Sukkur
Phone: Phone: (071) 5615560

SHABBIR TILES AND CERAMICS LIMITED
DIRECTORS' REPORT TO THE SHAREHOLDERS
FOR THE SECOND QUARTER AND HALF YEAR ENDED DECEMBER 31, 2021

The Directors are pleased to present the financial results of your Company for the second quarter and half year ended December 31, 2021.

FINANCIAL PERFORMANCE AND BUSINESS CHALLENGES

The Company continued to show healthy growth in revenue by showing 19% increase as compared to the last year, however, with uncontrolled cost factors, the margins were impacted drastically in face of un-precedented gas shortage amid depleting local gas reserves leaving the industrial sector struggling for survival. This resulted in reduced production volumes and also led to significant increase in costs on account of usage of alternate energy sources like LPG and diesel to keep the two plants operational. The Company generates its own power & is not connected to the electric grid, relying solely on gas gensets for its power generation. Due to gas shortages and consequent power outages the company, was not able to fulfil available orders and demand as it was not possible to run plants to full capacity. At the same time sea freight rates and port congestion levels have also reached record highs resulting in higher input costs and delayed shipments. Yet, with sustained focus on producing best in class quality and with operational capacity utilization addressing market needs, your company has endeavored to achieve a reasonable bottom line.

The financial performance for the half year is summarized below:

Particulars	Rs. in ' 000	
	December 30, 2021	December 30, 2020
Turnover – net	5,774,989	4,855,384
Gross profit	1,685,128	1,576,771
Earnings before interest, tax and depreciation (EBITDA)	1,081,314	1,207,574
Profit before tax	692,290	814,223
Profit after tax	420,725	522,483
Earnings per share (Rs. / share)	1.76	2.18

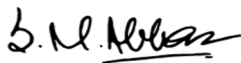
During the period, the gross margins decreased to 29% versus 32%, as a result of the reasons discussed above. The overall profit before tax was Rs. 692 million as against Rs. 814 million in the same period last year. The management of the Company remained focused to attain the best product mix of sales to improve the bottom line.

FUTURE OUTLOOK

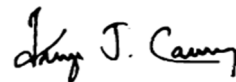
Availability of gas remains an issue of the greatest concern. Industries in Southern region of Pakistan which are reliant on natural gas availability in Karachi have been pushed to the brink of closure due to its non-availability. We feel that the Government should be more proactive and accommodative to the industries with consistent policy measures. We anticipate that tile demand will continue to show healthy growth for the next couple of years. The package announced by the Federal Government for the construction industry coupled with various initiatives taken by the State Bank of Pakistan has supported the housing sector and the reallocation of liquidity available with local banks has supported the tiles demand at retail level. The management is consistently following its objective to increase its share in retail segment which is helping us in achieving marketing initiatives of brand building and advocacy initiatives with key opinion leaders.

The Directors of your Company take pleasure in expressing their sincere gratitude and appreciation for the continued dedication, commitment and contribution by the leadership team and all the employees and the continued trust and reliance placed in the Company by all our stakeholders.

On behalf of the Board of Directors



SYED MASOOD ABBAS JAFFERY
Chief Executive Officer



FEROZE JEHANGIR CAWASJI
Director

شبیر ٹائلز اینڈ سرامکس لمیٹڈ
حصص یافتگان کے لئے ڈائریکٹرز رپورٹ
 برائے دوسری سہ ماہی اور نصف سال اختتامیہ 31 دسمبر 2021

ڈائریکٹرز 31 دسمبر 2021 کو ختم ہونے والی دوسری سہ ماہی اور نصف سال کے لئے آپ کی کمپنی کے مالی نتائج پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

مالیاتی کارکردگی اور کاروباری چیلنجز

کمپنی نے آمدنی میں اضافے کو جاری رکھتے ہوئے پچھلے سال کے مقابلے میں 19% اضافہ حاصل کیا ہے تاہم، لاگت میں بے قابو اضافے کے باعث، مقامی گیس کے ذخائر کی کمی اور گیس کی غیر معمولی قلت کی وجہ سے مارجن پر بہت زیادہ اثر پڑا جس کی وجہ سے صنعتی شعبے کو بقا کی جدوجہد کرنا پڑ رہی ہے۔ اس کے نتیجے میں پیداوار کا حجم کم ہوا اور توانائی کے متبادل ذرائع جیسے ایل پی جی اور ڈیزل کے استعمال کی وجہ سے لاگت میں نمایاں اضافہ ہوا جو کہ دونوں پلانٹ چلانے کے لیے لازم ہے۔

کمپنی اپنی بجلی خود پیدا کرتی ہے اور الیکٹرک گرڈ سے منسلک نہیں ہے، اپنی پاور جنریشن کے لیے مکمل طور پر گیس جنریٹرز پر انحصار کرتی ہے۔ گیس کی قلت اور اس کے نتیجے میں بجلی کی بندش کی وجہ سے کمپنی دستیاب آرڈرز اور ڈیمانڈ کو پورا کرنے کے قابل نہیں تھی کیونکہ پلانٹس کو پوری صلاحیت سے چلانا ممکن نہیں تھا۔ اس کے ساتھ ہی سمندری مال برداری کی شرح اور بندرگاہوں کی بھیڑ کی سطح بھی ریکارڈ بلندیوں پر پہنچ گئی ہے جس کے نتیجے میں لاگت میں اضافہ ہوا ہے اور ترسیل میں تاخیر ہوئی ہے۔ اس کے باوجود کمپنی نے ٹائلز کی بہترین پیداوار پر توجہ مرکوز رکھی اور مارکیٹ کی ضروریات کو پورا کرنے کے لیے آپریشنل صلاحیتوں کا بھرپور استعمال کیا جس کے نتیجے میں آپ کی کمپنی ایک معقول حد تک مالی نتائج حاصل کرنے میں کامیاب ہو گئی ہے۔

نصف سال کی مالیاتی کارکردگی کا خلاصہ ذیل ہے:

روپے ہزاروں میں

تفصیلات	31 دسمبر 2021	31 دسمبر 2020
خالص فروخت	5,774,989	4,855,384
مجموعی منافع	1,685,128	1,576,771
آمدنی قبل از شرح سود، ٹیکس اور فرسودگی (EBITDA)	1,081,314	1,207,574
منافع قبل از ٹیکس	692,290	814,223
منافع بعد از ٹیکس	420,725	522,483
آمدنی فی حصص (روپے / حصص)	1.76	2.18

اس مدت کے دوران، مجموعی مارجن 32% کے مقابلے میں کم ہو کر 29% ہو گیا ہے، جس کی وجوہات اوپر بیان کی گئی ہیں۔ منافع قبل از ٹیکس گزشتہ سال کی اسی مدت کے 814 ملین روپے کے مقابلے میں 692 ملین روپے ہے۔ کمپنی کی انتظامیہ فروخت کو بہتر بنانے کے لیے سیلز کے بہترین پروڈکٹ مکس کو حاصل کرنے پر مرکوز رکھی ہوئی ہے تاکہ منافع کو بہتر کیا جاسکے۔

مستقبل کی پیش بینی:

صنعتیں کے لیے گیس کی دستیابی سب سے بڑا مسئلہ بنی ہوئی ہے۔ پاکستان کے جنوبی علاقے میں وہ صنعتیں جو کراچی میں قدرتی گیس کی دستیابی پر انحصار کرتی ہیں، اس کی عدم دستیابی کی وجہ سے بند ہونے کے دہانے پر ہیں۔ ہم محسوس کرتے ہیں کہ حکومت کو مستقل پالیسی اقدامات کے ساتھ صنعتوں کے لیے زیادہ فعال اور موافق ہونا چاہیے۔ ہم توقع کرتے ہیں کہ ٹائل کی مانگ اگلے کچھ سالوں تک مزید ترقی دکھاتی رہے گی۔

وفاقی حکومت کی جانب سے تعمیراتی صنعت کے لیے اعلان کردہ پیکج کے ساتھ ساتھ اسٹیٹ بینک آف پاکستان کے مختلف اقدامات نے ہاؤسنگ سیکٹر کو مدد فراہم کی ہے اور مقامی بینکوں کے ساتھ دستیاب لیکویڈیٹی کی دوبارہ تقسیم نے ریٹیل سطح پر ٹائلز کی طلب کو مدد فراہم کی ہوئی ہے۔ کمپنی کی انتظامیہ ریٹیل سیکٹر میں اپنا حصہ بڑھانے کے لیے مسلسل کوشش کر رہی ہے جس سے ہمیں اپنے برانڈ کی مارکیٹنگ کے اقدامات اور رائے عامہ کے اہم رہنماؤں کے ساتھ وکالت کے اقدامات کو حاصل کرنے میں مدد حاصل ہوگی۔

آپ کی کمپنی کے ڈائریکٹرز کمپنی کی قیادت اور تمام ملازمین کی طرف سے مسلسل لگن، عزم اور شراکت اور ہمارے تمام حصص یافتگان کی طرف سے کمپنی پر رکھے گئے مسلسل اعتماد اور بھروسہ کے لیے شکریہ اور خوشی محسوس کرتے ہیں۔

برائے و منجانب - بورڈ آف ڈائریکٹرز

Imran J. Canny

فیروز جہانگیر کاوسجی
ڈائریکٹر

S. M. Abbas

سید مسعود عباس جعفری
چیف ایگزیکٹو آفیسر

کراچی: 26 فروری ، 2022



EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

UAN: +9221 111 11 39 37 (EYFR)
Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
ey.khi@pk.ey.com
ey.com/pk

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Shabbir Tiles and Ceramics Limited

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Shabbir Tiles and Ceramics Limited** (the Company) as at **31 December 2021** and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows and notes to the condensed interim financial statements for the half year then ended (here-in-after referred to as "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

The figures of the condensed interim statement of profit or loss, condensed interim statement of comprehensive income and the notes forming part thereof for the three months ended 31 December 2021 and 2020 have not been reviewed, as we are required to review only the cumulative figures for the six months ended 31 December 2021.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

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

EY Ford Rhodes

Chartered Accountants

Place: Karachi

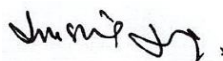
Date: 28 February 2022

UDIN: RR202110166uxP7k1nKG

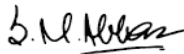
SHABBIR TILES AND CERAMICS LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021

		December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
	Note	------(Rupees in '000)-----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	2,698,320	2,696,148
Right-of-use assets	8	291,905	240,668
Investment properties		6,414	7,035
Long-term loans		56	350
Long-term security deposits		30,597	27,025
Deferred tax asset - net		1,782	-
		<u>3,029,074</u>	<u>2,971,226</u>
CURRENT ASSETS			
Stores and spare parts		529,428	440,609
Stock-in-trade	9	1,612,633	1,465,862
Trade debts	10	191,024	234,251
Loans and advances		92,555	37,901
Deposits, prepayments and other receivables		33,362	15,395
Short-term investments	11	1,685,818	1,679,595
Cash and bank balances		75,041	178,786
		<u>4,219,861</u>	<u>4,052,399</u>
		<u>7,248,935</u>	<u>7,023,625</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
240,000,000 (June 2021: 240,000,000) ordinary shares of Rs. 5/- each		<u>1,200,000</u>	<u>1,200,000</u>
Issued, subscribed and paid-up capital		1,196,600	1,196,600
Reserves		<u>1,568,911</u>	<u>1,447,336</u>
		2,765,511	2,643,936
NON-CURRENT LIABILITIES			
Long-term financing - secured	12	216,034	159,190
Deferred Income		55,874	41,765
Lease liabilities	13	242,933	173,289
Gas infrastructure development cess (GIDC) payable	14	372,740	566,365
Deferred tax liability - net		-	54,157
		887,581	994,766
CURRENT LIABILITIES			
Trade and other payables		2,385,994	2,203,255
Unclaimed dividend		3,281	3,281
Unpaid dividend		3,068	1,130
Current maturity of lease liabilities	13	88,301	108,156
Current maturity of GIDC payable	14	382,626	231,200
Taxation - net		345,836	422,641
Sales tax payable		386,737	415,260
		3,595,843	3,384,923
CONTINGENCIES AND COMMITMENTS			
	15	<u>7,248,935</u>	<u>7,023,625</u>

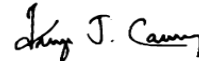
The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.



MUSTAFA JAFAR
Chief Financial Officer



SYED MASOOD ABBAS JAFFERY
Chief Executive Officer

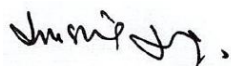


FEROZE JEHangIR CAWASJI
Director

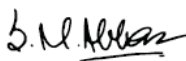
SHABBIR TILES AND CERAMICS LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE HALF YEAR ENDED DECEMBER 31, 2021
(UN-AUDITED)

	Half year ended		Quarter ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
------(Rupees in '000)-----				
Turnover - net	5,774,989	4,855,384	3,109,210	2,550,185
Cost of sales	(4,089,861)	(3,278,613)	(2,225,061)	(1,687,507)
Gross profit	1,685,128	1,576,771	884,149	862,678
Selling and distribution costs	(790,423)	(720,672)	(433,273)	(362,653)
Administrative expenses	(161,422)	(153,048)	(83,281)	(69,495)
(Allowance) / reversal for expected credit loss	(11,434)	20,871	3,424	6,287
	(963,279)	(852,849)	(513,130)	(425,861)
Other income	95,893	215,031	50,121	197,675
Operating profit	817,742	938,953	421,140	634,492
Finance costs	(55,660)	(51,373)	(30,544)	(35,489)
Other expenses	(69,792)	(73,357)	(35,395)	(45,220)
	(125,452)	(124,730)	(65,939)	(80,709)
Profit before taxation	692,290	814,223	355,201	553,783
Taxation				
- Current	(327,504)	(270,534)	(163,347)	(160,489)
- Deferred	55,939	(21,206)	26,215	(17,873)
	(271,565)	(291,740)	(137,132)	(178,362)
Profit after taxation	420,725	522,483	218,069	375,421
----- (Rupee) -----				
Earnings per share – basic and diluted	1.76	2.18	0.91	1.57

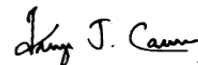
The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.



MUSTAFA JAFAR
Chief Financial Officer



SYED MASOOD ABBAS JAFFERY
Chief Executive Officer

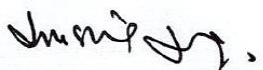


FEROZE JEHangIR CAWASJI
Director

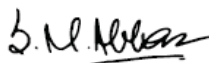
SHABBIR TILES AND CERAMICS LIMITED
 CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
 FOR THE HALF YEAR ENDED DECEMBER 31, 2021
 (UN-AUDITED)

	Half year ended		Quarter ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	----- (Rupees in '000) -----			
Profit after taxation	420,725	522,483	218,069	375,421
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	420,725	522,483	218,069	375,421

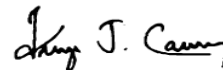
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Chief Financial Officer



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Chief Executive Officer

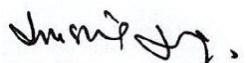


FEROZE JEHANGIR CAWASJI
Director

SHABBIR TILES AND CERAMICS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED DECEMBER 31, 2021
(UN-AUDITED)

	Issued, subscribed and paid-up capital	Capital reserve	Reserves		Total reserves	Total equity
Share premium		Revenue reserves				
		General reserve	Unappropriated profit			
	----- (Rupees in '000) -----					
Balance as at June 30, 2020 (audited)	1,196,600	449,215	478,000	(404,767)	522,448	1,719,048
Profit after taxation	-	-	-	522,483	522,483	522,483
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	522,483	522,483	522,483
Balance as at December 31, 2020 (un-audited)	<u>1,196,600</u>	<u>449,215</u>	<u>478,000</u>	<u>117,716</u>	<u>1,044,931</u>	<u>2,241,531</u>
Balance as at June 30, 2021 (audited)	1,196,600	449,215	478,000	520,121	1,447,336	2,643,936
Profit after taxation	-	-	-	420,725	420,725	420,725
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	420,725	420,725	420,725
Final dividend @ 25% for the year ended June 30, 2021	-	-	-	(299,150)	(299,150)	(299,150)
Balance as at December 31, 2021 (un-audited)	<u>1,196,600</u>	<u>449,215</u>	<u>478,000</u>	<u>641,696</u>	<u>1,568,911</u>	<u>2,765,511</u>

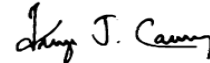
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Chief Financial Officer



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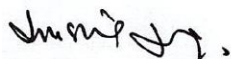


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Director

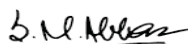
SHABBIR TILES AND CERAMICS LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED DECEMBER 31, 2021
(UN-AUDITED)

	Note	December 31, 2021 ----- (Rupees in '000) -----	December 31, 2020 -----
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		692,290	814,223
Adjustments for:			
Depreciation on:			
operating fixed assets	7.1	284,458	297,355
right-of-use assets	8	48,285	44,002
investment property		621	621
Finance costs		55,660	51,373
Allowance / (Reversal) for expected credit loss		11,434	(20,871)
Provision / (Reversal) for slow moving stores and spare parts		11,904	(10,667)
Provision / (Reversal) for slow moving stock-in-trade		4,427	(13,377)
Unrealized gain on short-term investments - mutual fund units		(1,820)	(226)
Remeasurement gain		-	(161,749)
Gain on disposal of operating fixed assets		(1,349)	(808)
Gain on disposal of lease assets		(5,608)	-
		408,012	185,653
Operating profit before working capital changes		1,100,302	999,876
(Increase) / decrease in current assets			
Stores and spare parts		(100,723)	(34,424)
Stock-in-trade		(151,198)	(52,988)
Trade debts		31,793	13,762
Loans and advances		(54,654)	(26,900)
Deposits, prepayments and other receivables		(17,967)	(13,256)
		(292,749)	(113,806)
(Decrease) / Increase in current liabilities			
Trade and other payables		182,739	600,339
Sales tax payable		(28,523)	29,933
		154,216	630,272
Cash generated from operations		961,769	1,516,342
Income tax (paid) / refund		(404,309)	7,290
Finance costs paid		(10,326)	(12,793)
Long-term loan - net		294	(334)
Long-term security deposits - net		(3,572)	(1,390)
GIDC paid		(71,178)	(94,904)
Net cash generated from operating activities		472,678	1,414,211
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(279,721)	(121,476)
Proceeds from disposal of operating fixed assets		1,613	2,557
Short-term investments made during the period - mutual fund units		(1,585,395)	(1,093,974)
Short-term investments redeemed during the period - mutual fund units		1,582,992	574,956
Net cash used in investing activities		(280,511)	(637,937)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing obtained during the period	12.1	66,894	-
Repayment of long-term financing		(3,114)	(269,100)
Lease rental paid		(60,480)	(49,699)
Dividend paid		(297,212)	-
Net cash used in financing activities		(293,912)	(318,799)
Net increase in cash and cash equivalents		(101,745)	457,475
Cash and cash equivalents at the beginning of the period		778,786	495,592
Cash and cash equivalents at the end of the period	16	677,041	953,067

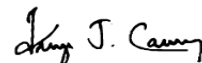
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MUSTAFA JAFAR
Chief Financial Officer



SYED MASOOD ABBAS JAFFERY
Chief Executive Officer



FEROZE JEHangIR CAWASJI
Director

SHABBIR TILES AND CERAMICS LIMITED
 NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
 FOR THE HALF YEAR ENDED DECEMBER 31, 2021
 (UN-AUDITED)

1 THE COMPANY AND ITS OPERATIONS

1.1 Shabbir Tiles and Ceramics Limited (the Company) was incorporated in Pakistan as a public limited company under the repealed Companies Act, 1913 (now the Companies Act, 2017) on November 07, 1978 and listed on the Pakistan Stock Exchange Limited. The Company is primarily engaged in the manufacture and sale of tiles and trading of allied building products.

1.2 Geographical location and addresses of all the business units are as under:

Business	Address	Production Facility
Registered office & production plant (Unit 1):	15th Milestone, National Highway, Landhi, Karachi.	Tiles & building material products
Production plant (Unit 2):	Deh Khanto, Tappo Landhi, District Malir, Bin Qasim Town Karachi.	Tiles
Production plant (Islamabad):	Plot No 01, ANF road, Yamaha Chok Road, Model Town, Humak, Islamabad.	Building material products
Production plant (Lahore):	78-A Factory Adda, Dina Nath main Multan road, 46 KM Road, Lahore	Building material products

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

2 STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting which comprise of International Accounting Standard (IAS) 34 - 'Interim Financial Reporting', issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3 BASIS OF PREPARATION

These condensed interim financial statements are un-audited but subject to limited scope review by the statutory auditors as required under Section 237 of the Companies Act 2017. These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2021.

The figures of the condensed interim statement of profit or loss, condensed interim statement of comprehensive income for the quarters ended December 31, 2021 and December 31, 2020 and notes forming part thereof have not been reviewed by the statutory auditors of the Company, as they are required to review only the cumulative figures for the half year ended December 31, 2021.

These condensed interim financial statements are presented in Pakistan Rupees which is the Company's functional and presentation currency.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended June 30, 2021 except for the adoption of and the amendments to approved accounting standards adopted during the period of as disclosed in note 5.

5 AMENDMENTS TO APPROVED ACCOUNTING STANDARDS ADOPTED DURING THE PERIOD

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

Amendment:

IFRS 9, IAS 39, IFRS 7, - Interest Rate Benchmark Reform - Phase 2 (Amendments)

IFRS 4 & IFRS 16

IFRS 16 - COVID-19 - Related Rent Concessions beyond 30 June 2021 (Amendments)

The adoption of above amendments to IFRSs did not have any material impact on the Company's condensed interim financial statements.

6 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND FINANCIAL RISK MANAGEMENT

The preparation of condensed interim 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.

Judgements and estimates made by the management in the preparation of these condensed interim financial statements are the same as those applied in the Company's annual financial statements for the year ended June 30, 2021.

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements as at and for the year ended June 30, 2021.

			December 31, 2021 (Un-audited) ----- (Rupees in '000) -----	June 30, 2021 (Audited)
7	PROPERTY, PLANT AND EQUIPMENT	Note		
	Operating fixed assets	7.1	2,258,781	2,237,914
	Capital work-in-progress	7.2	439,539	458,234
			<u>2,698,320</u>	<u>2,696,148</u>
7.1	Operating fixed assets			
	Opening Net Book Value (NBV)		2,237,914	2,619,310
	Additions including transfers during the period / year - at cost	7.1.1	305,589	242,368
			<u>2,543,503</u>	<u>2,861,678</u>
	Disposals during the period / year - at NBV	7.1.1	(264)	(2,780)
	Depreciation charged during the period / year		<u>(284,458)</u>	<u>(620,984)</u>
	Closing NBV		<u>2,258,781</u>	<u>2,237,914</u>
7.1.1	Additions and disposals of operating fixed assets			
			Additions at cost / Transfers	Disposals at NBV
			December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
			Note	Note
			(Un-audited)	(Audited)
			----- (Rupees in '000) -----	----- (Rupees in '000) -----
	Building on freehold land		64,965	68,460
	Plant and machinery		132,626	120,353
	Office equipment		5,060	14,889
	Computers and accessories		1,559	3,263
	Vehicles	7.3	101,379	35,403
			<u>305,589</u>	<u>242,368</u>
			<u>264</u>	<u>2,780</u>
7.2	Capital work-in-progress	Note	December 31, 2021 (Un-audited) ----- (Rupees in '000) -----	June 30, 2021 (Audited)
	Plant and machinery		414,268	320,462
	Civil works		8,248	58,813
	Office Equipment		-	676
	Advance against vehicles	7.2.1	9,216	77,649
	Borrowing cost capitalized	7.2.2	<u>7,807</u>	<u>634</u>
			<u>439,539</u>	<u>458,234</u>
7.2.1	Include advance of Rs. 7.370 million (June 2021: Rs. 40.318 million) paid to Indus Motor Company Limited, a related part			

		December 31, 2021 (Un-audited) ------(Rupees in '000)-----	June 30, 2021 (Audited)
7.2.2	Movement in capital work-in-progress		
	Balance at the beginning of the period / year	458,234	52,956
	Additions during the period / year	246,064	574,545
	Transfers to operating fixed assets	7.3 (271,932)	(169,901)
	Borrowing cost capitalized during the period / year	7.2.3 & 12.2 7,173	634
	Balance at the end of the period / year	<u>439,539</u>	<u>458,234</u>
7.2.3	The borrowing costs capitalised during the period amounting to Rs. 7.173 million (June 30, 2021: Rs. 0.634 million). The rate used to determine the amount of borrowing costs eligible for capitalisation ranging between 7.95% to 8.31%, which is the effective interest rate of the specific borrowing.		
7.3	Includes amount of Rs. 48.282 million (June 30, 2021: Rs. 33.406 million) related to purchase of vehicles from Indus Motors Company Limited, a related party.		
8	RIGHT-OF-USE ASSETS	December 31, 2021 (Un-audited) ------(Rupees in '000)-----	June 30, 2021 (Audited)
	Cost		
	Balance at the beginning of the period / year	407,394	346,136
	Additions during the period / year	128,787	70,725
	Disposal during the period / year	(61,923)	-
	Remeasurement of lease liabilities	(2,207)	(9,467)
	Balance at end of the period /	<u>472,051</u>	<u>407,394</u>
	Accumulated Depreciation		
	Balance at beginning of the period / year	166,726	78,418
	Depreciation charged during the period / year	48,285	88,308
	Disposal of depreciation during the period	(34,865)	-
	Balance at end of the period /	<u>180,146</u>	<u>166,726</u>
	Net Book Value	<u>291,905</u>	<u>240,668</u>
9	STOCK-IN-TRADE		
	Includes stock-in-trade costing Rs. 214.099 million (June 2021: Rs. 229.558 million) which has been written down to its net realizable value (NRV) amounting to Rs. 68.865 million (June 2021: Rs. 73.363 million).		
		December 31, 2021 (Un-audited) ------(Rupees in '000)-----	June 30, 2021 (Audited)
10	TRADE DEBTS		
	Unsecured		
	Considered good	191,024	234,251
	Considered doubtful	169,608	158,236
		360,632	392,487
	Allowance for expected credit loss	(169,608)	(158,236)
		<u>191,024</u>	<u>234,251</u>
11	SHORT-TERM INVESTMENTS		
	At amortised cost		
	Term deposit receipts (TDRs)		
	up to three months	602,000	600,000
	more than three months	56,000	56,000
		658,000	656,000
	At fair value through profit or loss		
	Mutual fund units	1,027,818	1,023,595
		<u>1,685,818</u>	<u>1,679,595</u>
11.1	Represents term deposit receipts (TDRs) ranging from 1 month to 6 months term (June 2021: 15 days to 1 years term) with various commercial banks under conventional banking relationship carrying profit at the rate of 7% to 11.2% (June 2021: 7% to 9%) per annum, having latest maturity up to June 07, 2022.		

		December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
	Note	----(Rupees in '000)----	
11.2 Mutual fund units - at fair value through profit or loss			
MCB Arif Habib Cash Management Optimizer (1,488,911.2323 Units at NAV of Rs. 101.0458)		150,448	150,311
Al Meezan Rozana Amdani Fund (1,507,718.1348 Units at NAV of Rs. 50)		75,386	201,552
Faysal Islamic Cash Fund (1,043,311.107 Units at NAV of Rs. 100)		104,331	123,121
MCB Arif Habib Al Hamra Islamic Money Market Fund (28,424.412 Units at NAV of Rs. 99.51)		2,829	100,721
UBL Liquidity Plus Funds (829,799.798 Units at NAV of Rs. 101.3787)		84,124	153,551
HBL Asset Management Ltd - HBL Cash Fund (1,534,885.3211 Units at NAV of Rs. 101.992)		156,546	102,418
Alfalah GHP Money Market Fund (1,274,943.7333 Units at NAV of Rs. 98.3662)		125,411	101,004
Alfalah Islamic Rozana Amdani Fund (8,696.0695 Units at NAV of Rs. 100)		870	842
Lakson Investment Money Market Fund (1,022,022.6971 Units at NAV of Rs. 101.1367)		103,364	60,075
UBL Al Ameen Islamic Cash Plan - 1 (920,132.2421 Units at NAV of Rs. 100)		92,013	30,000
MCB Arif Habib (PCMF) (2,129,515.0526 Units at NAV of Rs. 50.4678)		107,472	-
NBP Money Market Fund (2,524,793.4719 Units at NAV of Rs. 9.9114)		25,024	-
		<u>1,027,818</u>	<u>1,023,595</u>

12 LONG-TERM FINANCING - SECURED

Conventional bank

SBP refinance scheme for renewable energy	12.1	216,034	159,190
Current maturity of long-term financing		-	-
		<u>216,034</u>	<u>159,190</u>

- 12.1** This represents long term financing facility obtained from a conventional bank under State Bank of Pakistan (SBP) refinance scheme for renewable energy, recognised initially at fair value. The total facility amounts to Rs. 500 million and carries mark-up at the rate of 3% plus 0.45% (June 2021: 3% plus 0.45%) per annum payable quarterly. The facility is repayable in ten years with two years grace period from the date of disbursement. The facility is secured against first specific hypothecation charge over present and future plant and machinery related to the solar power project for the disbursed amount in addition to margin of 10% covered through lien over Term Deposit Receipt (TDR). The incremental borrowing rates taken for the purposes of discounting adjustment for recognition at fair value are ranging between 7.95% to 8.31% (June 2021: 7.95%) per annum.

		December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
	Note	----(Rupees in '000)----	
Movement of long-term financing:			
Balance at beginning of the period / year		159,190	269,100
Financing received during the period / year		66,894	200,321
Repayment made during the period / year		(3,114)	(269,100)
Recognised as deferred income	12.2	(14,109)	(41,765)
Unwinding of finance cost	7.2.2	7,173	634
Balance at end of the period / year		<u>216,034</u>	<u>159,190</u>

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

		December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
	Note	----- (Rupees in '000) -----	
13 LEASE LIABILITIES			
Lease liabilities	13.1	331,234	281,445
Currently maturity of lease liabilities		(88,301)	(108,156)
		<u>242,933</u>	<u>173,289</u>

13.1 Movement of lease liabilities:

Balance at beginning of the period / year	281,445	289,681
Additions during the period / year	128,787	70,725
Disposal during the period / year	(32,666)	-
Remeasurement of lease liabilities	(2,207)	(9,467)
Unwinding of finance cost during the period / year	16,355	34,896
Payments made during the period / year	(60,480)	(104,390)
Balance at end of the period / year	<u>331,234</u>	<u>281,445</u>

14 GAS INFRASTRUCTURE DEVELOPMENT CESS (GIDC) PAYABLE

Balance at beginning of the year	797,565	1,124,079
Accrual during the year	-	14,764
Derecognition of existing liability	-	(1,138,843)
	<u>797,565</u>	-
Recognition of new liability	-	977,095
Unwinding of finance cost	28,979	57,730
Payments made during the year	(71,178)	(237,260)
	<u>755,366</u>	<u>797,565</u>
Current maturity of GIDC payable	14.2	(382,626)
Balance at end of the year	<u>372,740</u>	<u>566,365</u>

14.1 Pursuant to the decision of the Honorable Supreme Court of Pakistan in August 2020 in respect of GIDC, and its subsequent judgement on the review petitions in November 2020, the management of the Company, in the prior year, has derecognised the liability for GIDC and recognised new liability for GIDC at the present value of future cashflows.

14.2 The Company also filed a Suit with the Honorable Sindh High Court (SHC) in September 2020 against collection of GIDC installments, preliminary taking the stance that it had not passed on the burden of GIDC to the ultimate customer. The SHC granted a stay in September 2020 against recovery of GIDC payable from the Company until the matter is finalised. The matter is currently pending in the SHC. The Company started making payments under protest from November 2020 in 48 equal monthly installments. However, the installments for the period from October till December 2021 amounting to Rs. 71.177 million were not paid under the aforementioned stay order and are included in current maturity

15 CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

The taxation authorities passed amended assessment orders for the tax years 2018 and 2019 wherein disallowances were made in respect of various issues including excess bank credit entries, excess claim of sales tax, provision against Gas Infrastructure Development Cess and claim of certain expenses. Consequently, tax demands of Rs. 110.116 million and Rs. 148.904 million for the tax years 2018 and 2019 were created. The Company has filed appeals against the aforesaid orders before the Commissioner Inland Revenue (Appeals-II), Karachi, which are pending adjudication. Moreover, automatic stay from recovery of tax has been obtained in terms of section 140 of the Ordinance by making payment of 10% of the tax demands created above.

15.2 Commitments

- (i) Commitments in respect of outstanding letters of credit against raw materials and spares amounting to Rs. 654.855 million (June 2021: Rs. 236.770 million).
- (ii) Commitments in respect of capital expenditure amounting to 460.591 million (June 2021: Rs. 132.950 million) for the import of machinery.

- (iii) Commitment in respect of bank guarantees issued by a commercial bank in favour of:

	December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
	----- (Rupees in '000) -----	
Sui Southern Gas Company Limited	432,076	368,775
Nazir of Sindh High Court	315,997	281,842
Pakistan State Oil	40,000	40,000
Excise and Taxation Department	98,381	73,381
	<u>886,454</u>	<u>763,998</u>

16 CASH AND CASH EQUIVALENTS

Short-term investments - TDRs with maturity upto three months
Cash and bank balances

	December 31, 2021 (Rupees in '000) ----- (Un-audited) -----	December 31, 2020
Short-term investments - TDRs with maturity upto three months	602,000	750,000
Cash and bank balances	75,041	203,067
	<u>677,041</u>	<u>953,067</u>

17 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties of the Company comprise of associated companies, staff retirement benefits, directors and key management personnel. All the transactions with related parties are entered into at agreed terms in normal course of business as approved by the Board of Directors of the Company. Balance due from / to the related parties have been disclosed in respective notes to these condensed interim financial statements wherever applicable. Details of transactions with related parties during the period, other than those which have been disclosed elsewhere in these condensed interim financial statements, are as follows:

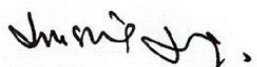
	Half year ended	
	December 30, 2021	December 30, 2020
	(Rupees in '000) ----- (Un-audited) -----	
Associated companies		
Sales	6,341	10,615
Purchases of goods, material and services	87,026	62,376
Insurance premium	14,360	14,815
Insurance claims received	1,100	3,080
Rent and service charges paid	8,680	7,795
Staff retirement benefits		
Contribution to provident fund	14,581	11,538
Key management personnel		
Remuneration and other benefits	45,205	29,355
Fee for attending board meetings	600	350
Balances as at period / year end		
Long-term security deposits	1,974	1,266
Trade debts	531	1,200
Bank balances	10,982	14,013
Trade and other payables	42,642	13,018

18 DATE OF AUTHORIZATION FOR ISSUE

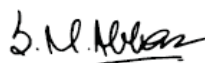
These condensed interim financial statements were authorized for issue on February 26, 2022 by the Board of Directors of the Company.

19 GENERAL

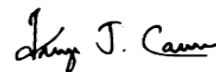
- 19.1 Figures have been rounded off to the nearest rupees in thousands unless otherwise stated.



MUSTAFA JAFAR
Chief Financial Officer



SYED MASOOD ABBAS JAFFERY
Chief Executive Office



FEROZE JEHANGIR CAWASJI
Director



Unmatched Quality Tiles

Shabbir Tiles and Ceramics Limited
15th Milestone, National Highway,
Landhi, Karachi-75120.

Phone: +92-213-818 3610-13

E-mail: info@stile.com.pk

Website: <http://www.stile.com.pk>