

Shabbir Tiles and Ceramics Limited

2022
annual report



Shabbir Tiles and Ceramics Limited

15th Milestone,
National Highway,
Landhi, Karachi-75120
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Email: info@stile.com.pk



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COMPANY INFORMATION

BOARD OF DIRECTORS	Rafiq M. Habib Syed Masood Abbas Jaffery Muhammad Salman Burney Imran Ali Habib Abdul Hai M. Bhaimia Feroze Jehangir Cawasji Farhana Mowjee Khan	Chairman Chief Executive Officer Director Director Director Director Director
AUDIT COMMITTEE	Feroze Jehangir Cawasji Abdul Hai M. Bhaimia Farhana Mowjee Khan Imran Ali Habib	Chairman Member Member Member
HUMAN RESOURCES AND REMUNERATION COMMITTEE	Feroze Jehangir Cawasji Muhammad Salman Burney Syed Masood Abbas Jaffery Farhana Mowjee Khan	Chairman Member 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 Fax: (021) 38183615 E-mail: info@stile.com.pk URL: http://www.stile.com.pk	
REGISTRAR AND SHARE TRANSFER OFFICE	CDC Share Registrar Services Limited, CDC House, 99-B, Block 'B', S.M.C.H.S Main Shahr-ah-e-Faisal, Karachi-74400. Phone: (92-21) 111 111 500 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	

STILE EMPORIUM AND DESIGN STUDIOS AND SALES OFFICES	
STAR GATE EMPORIUM, KARACHI	Metro Cash & Carry, CAA, Near Star Gate, Main Shahr-ah-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: 0300-8269689
DHA EMPORIUM, LAHORE	Plot 164, CCA , DHA 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 METRO EMPORIUM	Metro Islamabad, Plot No. 1-A, Sector 1-11/4, Near Sabzi Mandi, Islamabad Phone: (051) 8469524
PESHAWAR EMPORIUM	162/408 Tahkal Payan, University Road , Peshawar Phone: (091) 3028068
FAISALABAD EMPORIUM	Talha Heights , Main Susan Road, P-243, 2A, Faisalabad Phone: (041) 8739988
HYDERABAD EMPORIUM	Shop no. 13 & 14, Fortune Arcade, Jamshoro Road, 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: 0300-2032142
WAH CANTT EMPORIUM	Khan Plaza, Khasra No 434, GT Road, near Raja Saab Mall, Wah Cantt Phone: (051) 4926280-81
SUKKUR SALES OFFICE	Tooba Plaza, Mezzanine Floor, Workshop Road, Sukkur Phone: (071) 5615560



**EMPORIUM & DESIGN STUDIO
HYDERABAD**

VISION

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

MISSION

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

- We are Committed to Quality Products and will Provide our Customers with Innovative Sizes, Designs and Color Scheme that they will be Delighted to have and Shall Provide them with Excellent Services to Earn their Loyalty.
- We Shall Treat our Employees Fairly and shall Provide Conducive Working Environment for them to Learn and to Grow with the Company.
- The Company shall Earn Adequate Profits for its Progress and Growth and for Providing Reasonable Return to its Shareholders.



**EMPORIUM & DESIGN STUDIO
LAHORE**

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the 44th Annual General Meeting of SHABBIR TILES AND CERAMICS LIMITED will be held on Thursday, October 20, 2022 at 1:00 p.m. at Institute of Chartered Accountants of Pakistan (ICAP), Near Three Swords, Clifton, Karachi 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, 2022, together with the Chairman's Review Report, Report of the Directors and Auditors thereon.
2. To consider and approve final cash dividend of Rs. 0.75 per share (@15%) for the year ended June 30, 2022 as recommended by the Board of Directors.
3. To appoint auditors and fix their remuneration for the year ending June 30, 2023. The present auditors – M/s. EY Ford Rhodes, Chartered Accountants, retire and being eligible have offered themselves for re-appointment.
4. To consider any other business of the Company with the permission of the Chairman.

By Order of the Board



OVAIS JAMANI
Company Secretary

Karachi: September 28, 2022

NOTES:

1. Closure of Share Transfer Books:

The Share Transfer Books of the Company will remain closed from October 14, 2022 to October 20, 2022 (both days inclusive) for the purpose of Annual General Meeting. Transfers requests received by CDC Share Registrar Services Limited, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahr-e-Faisal, Karachi-74400, Telephone # 111111500, email: cdcsr@cdcsrsl.com at the close of business on October 13, 2022 will be treated in time for the purpose to attend the Annual General Meeting.

2. Proxy:

A member entitled to attend and vote at this General Meeting may appoint a Proxy to attend, speak and vote in his place at the Meeting. Instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notary certified copy of the power or authority must be deposited at the Registered Office of the Company at least 48 hours before the time of the meeting.

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

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

B. For Appointing Proxies:

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

3. Online Participation in AGM:

To facilitate and ensure the safety and health of the shareholders the company will also be providing the online platform / facility to participate in the AGM in the shape of zoom.

The shareholders will be able to login and participate in the AGM proceedings through their smartphones or computer devices after completing all the formalities required for the verification and identification of the shareholders.

In this regard, shareholders are required to update their valid e-mail addresses with the Share Registrar, latest by October 14, 2022. A detailed procedure shall be communicated through e-mail directly to the shareholders who have provided their valid e-mail IDs and same shall be placed at the company's website www.stile.com.pk in investor relation section.

The shareholders who have already updated their valid email addresses with the company or its Share Registrar and are interested to attend AGM may send their folio number at corporate@stile.com.pk for their appointed proxy's verification. Such information should be sent from duly registered valid e-mail address for the registration purposes latest by the October 14, 2022.

4. Change of Address:

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

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

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

6. Submission of Information to Share Registrar:

According to Section 119 of the Companies Act, 2017 and Regulation 19 of the Companies (General Provisions and Forms) Regulations, 2018, all physical shareholders are advised to provide their mandatory information such as CNIC number, address, email address, contact mobile / telephone numbers, occupation, etc. to CDC Share Registrar Services Limited immediately to avoid any non compliance of law or any inconvenience in future.

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

The audited accounts of the Company for the year ended June 30, 2022 have been placed on the Company's website at www.stile.com.pk

8. Transmission of Annual Financial Statements Through Email:

In pursuance of the directions given by SECP vide SRO 787(I)/2014 dated: September 8, 2014, those shareholders who desire to receive Annual Financial Statements in future through email instead of receiving the same by Post are advised to give their formal consent along with their valid email address on a standard request form which is available at the Company's website i.e. www.stile.com.pk and send the said form duly filled in and signed along with copy of his/her/its CNIC/Passport or other such information in the case of a body corporate to the Company's share registrar. The Company's Annual Financial Statements for the year ended June 30, 2022 is also being circulated to the shareholders through CD / DVD in compliance of section 223(6) of the Companies Act, 2017.

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

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

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

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

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

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

11. Deposit of Physical Shares In CDC Account:

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

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

12. Unclaimed / Unpaid Shares and Dividends

In compliance of Section 244 of the Companies Act 2017, once the company has completed stipulated formalities, any unclaimed dividend and /or shares that have remained outstanding for a period of three years from the date of becoming due and payable or more shall be credited to the Federal Government (in case of dividend) or delivered to the SECP (in case of physical shares). Shareholders who by any reason could not collect and remain their unclaimed dividend/shares are advised to contact our Shares Registrar of the Company, M/s. CDC Share Registrar Services Limited (CDCSRSL), CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400 to collect/inquire about their unclaimed dividend or shares, if any.

13. Status of Active Taxpayers List (ATL)

All the shareholders are advised to check their status on Active Taxpayer List (ATL) available on FBR Website and if required take necessary actions for the inclusion of their name in ATL. In case a person's name does not appear in the ATL, the applicable tax rate will be increased by hundred percent.

In case of join account, please intimate proportion of shareholding of each account holder along with their individual status on the ATL.

Withholding Tax exemption from the dividend income shall only be allowed if copy of the valid tax exemption certificate is made available to CDC Share Registrar Services Limited by first day of Book Closure.

14. Postal Ballot

Members may exercise their right to vote by means of postal ballot i.e. by post or through electronic mode subject to the requirements of section 143 and 144 of the Companies Act, 2017 and applicable clauses of Companies (Postal Ballot) Regulations, 2018.

CHAIRMAN'S REVIEW REPORT

Dear Shareholders,

I have great pleasure in presenting the Chairman's review report for the year ended June 30, 2022.

MACRO ECONOMIC OVERVIEW

The current fiscal year under review started with Pakistan's economy registering impressive GDP growth. This was later overshadowed by growing fiscal and current account deficits, which led to measures to slow down the economy. During the later part of fiscal year due to political uncertainty and these twin deficits, the economy had to undergo severe correction, making it more difficult to sustain the growth outlook.

The current account and trade deficits and significant increases in energy and edible oil bills, and the pass-through impact of increase in global commodity prices also created severe inflationary and balance of payment pressures and the government has been forced to tighten monetary policy further curtail demand and putting reservations over imports. This has further curtailed the rate of growth, specially in the construction sector.

BUSINESS OVERVIEW

During the year under review, the Company continued to implement its core strategy of supplying quality products and maintaining financial prudence. The company continues its journey to transform itself into a lifestyle brand and deliver a unique experience to its customers. By establishing Stile Emporiums & Design Studios nationwide, the management is working towards offering our customers, a unique experience of lifestyle products.

The Company managed to achieve satisfactory financial results in a very challenging scenario which included un-precedented gas shortages, upsurge in energy prices on the back of continuous volatility in international coal prices, exorbitantly high freight costs, global supply chain disruptions and the depreciation of the rupee. Our plants are mainly reliant and designed on natural gas and therefore faced acute operational challenges from the start of the second quarter of FY-22. This also resulted in a massive increase in the input costs due to a shift to expensive alternate fuels to keep the plant running. However, the team continued to keep focus on producing best in class quality and an efficient product mix despite the unavoidable and inescapable disruptions.

PERFORMANCE SCORECARD

Your Company registered a revenue of Rs. 11,899 million for the year which was higher by 20% compared to previous year mainly due to an improved product mix. However, gross margins reduced to 25% as compared to 31% of last year because of extreme pressures on input costs due to the reasons mentioned above.

CHAIRMAN'S REVIEW REPORT AND DIRECTORS' REPORT

LIQUIDITY AND CASH FLOW MANAGEMENT

To manage its working capital in the most efficient manner, the Company has a proactive treasury management system in place. Cash generation from sales, effective controls on credit and securing advance payments have helped in managing its liquidity position. The Company invests any surplus funds at the competitive rates a return.

COMMERCIAL STRATEGY

“STILE”, through its company operated emporiums has positioned itself as a well-established brand offering high-quality ceramic and porcelain tiles for small and large-scale projects. Our emporiums offer a unique experience to customers with exclusive products, designing facility and after sales services. We have a vision to take our Stile brand forward for providing good designs, and quality craftsmanship. Engagement with the end consumers is the key for enhancing brand image and constant efforts are being made to maintain Stile as a premium brand.

HUMAN CAPITAL

The Company strongly believes in valuing its people, and recognizes them as its most valuable assets. People development has always been our priority, and we understand that satisfied and motivated employees personify the Company's values, ensuring continued excellence which is the foundation for a sustainable business.

The Company has also been leading change towards building a more diverse, equitable, and inclusive culture, firmly focused on diversity empowerment.

The COVID-19 pandemic has transformed the way people work. The team bravely faced unique challenges, mainly arising from the uncertainty brought about as a result of COVID-19. With resolve the Company not only managed safe and sustainable plant operations under strict control measures but also managed its front end operations at emporiums in the most efficient ways by establishing stringent set of COVID-19 protocols on the guidelines of Government issued from time to time and available best practice procedures.

BOARD EVALUATION

STCL complies with all the requirements set out in the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 with respect to the composition, procedures and meetings of the Board of Directors and its committees.

BUSINESS RISKS AND CHALLENGES

The construction industry of Pakistan has experienced uninterrupted growth in recent years primarily due to strong investment in infrastructure development. This industry not only helps in improving the lifestyle of a country by providing better infrastructure and other facilities but also plays a key responsibility in boosting country's GDP. In addition the withdrawal of incentives to this sector will have a negative impact on the company's business following are the risks and challenges may affect the performance of the tiles industry and the Company:

- Fluctuation / interruption in gas supply due to curtailment, gas reserve depletion
- Revision in gas allocation policy and increased gas tariff exerting pressures on input cost
- Devaluation of rupee.
- Freight cost upsurge due to supply chain disruption, diesel prices.
- New local players entering the market and the absence of a level playing field for established local industries
- Irrational tax burden on compliant companies

With domestic gas reserves in decline, Pakistan's vulnerability to surges in global fuel / energy prices is continuously growing. As regards alternate sources of energy. The team has worked tirelessly to keep the plant up and running by using LPG, coal, solar and diesel.

It has been highlighted to authorities' multiple times that through Finance Act 2019, section 108B, requiring the manufacturer of items listed under Third Schedule of the Sales Tax Act 1990 to bear the dealer's margin and pay tax, is completely irrational. The tiles manufacturers established in Special Economic Zones are exempt from this clause, and not providing a level playing field to already established manufacturing units impacts their operations negatively.

FUTURE OUTLOOK

Austerity measures are being taken by the government in order to reduce fiscal and current account deficits within manageable limits. This is expected to result in curtailment of GDP growth and construction activity. Political instability and The Russia-Ukraine conflict may also continue to exert pressure on foreign exchange reserves. This will also impact purchasing power and market demand.

Energy remains a key concern, with depleting indigenous natural gas deposits jeopardizing the sustainability of the industrial sector. A strong Governmental resolve to address this risk is now more critical than ever and the government should look to formulate a policy to exploit shale gas and oil reserves in the country.

ACKNOWLEDGEMENT

I would like to thank my fellow board members for their active contributions in this year which enabled the Company in achieving its objectives while continuing to create long term value for the shareholders. The board members have been instrumental in stewarding the Company through their guidance to the team during a year of significant turbulence.

Equally, we remain extremely grateful to all employees and workers who have worked diligently to help our business sustained and moving forward.

Lastly, on behalf of the Board of Directors, I would like to thank all the shareholders for their continued trust and confidence in the Company despite the difficult times.



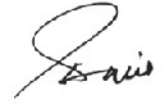
Rafiq M. Habib
Chairman

اعتراف

میں بورڈ میں اپنے ساتھی ممبران کی متحرک معاونت پر مشکور ہوں جس کی وجہ سے کمپنی اپنے مقاصد کے حصول کے ساتھ ساتھ مسلسل حصص یافتگان کے لئے طویل مدتی قدر فراہم کرنے میں کامیاب رہی۔ بورڈ کے ممبران نے کمپنی کی سمت بندی کے لئے ایک قابل ذکر دشوار گزار سال میں ٹیم کو رہنمائی فراہم کرنے میں کلیدی کردار کیا۔

اسی طرح میں اپنے تمام ملازمین اور مزدوروں کا انتہائی مشکور ہوں جنہوں نے شائستگی سے کام کیا جس سے کاروبار کو پائیدار ملی اور آگے بڑھا۔

آخر میں میں بورڈ آف ڈائریکٹرز کی جانب سے اس مشکل وقت میں تمام حصص یافتگان کے کمپنی پر مسلسل اعتماد اور بھروسے پر ان کا مشکور ہوں۔



رفیق ایم حبیب

چیئرمین

کاروباری خطرات اور چیلنجز

پاکستان میں تعمیراتی صنعت میں حالیہ برسوں میں بلا رکاوٹ نمو ہوئی ہے جس کی بنیادی وجہ بنیادی ڈھانچہ کی ترقی میں مضبوط سرمایہ کاری ہے۔ یہ صنعت بہتر بنیادی ڈھانچے اور سہولیات کے ذریعہ نہ صرف ملک میں طرز زندگی میں بہتری لانے میں مددگار ہے بلکہ ملک کی GDP کو بڑھانے میں ایک بنیادی کردار ادا کرتی ہے۔ مزید برآں اس شعبہ سے ترغیبات کو واپس لینے سے کمپنی کے کاروبار پر منفی اثرات مرتب ہو گئے، ٹائل کی صنعت اور کمپنی کی کارکردگی کو لاحق خطرات اور دشواریاں درج ذیل ہیں:

- ☆ گیس کی قلت اور ذخائر میں کمی سے گیس کی سپلائی میں تنزلی/رکاوٹ
- ☆ گیس مختص کرنے کی پالیسی اور گیس کے نرخوں میں تبدیلی سے خام لاگتوں پر دباؤ
- ☆ روپے کی قدر میں کمی
- ☆ طلب و رسد میں رکاوٹ، ڈیزل کی قیمتوں سے مال برداری کی لاگتوں میں اضافہ
- ☆ مارکیٹ میں نئے داخل ہونے والوں کی آمد اور موجودہ قائم شدہ مقامی صنعتوں کے لئے سازگار ماحول کی غیر موجودگی
- ☆ پاسدار کمپنیوں پر نامعقول ٹیکس کا بوجھ

گیس کے گرتے ہوئے مقامی ذخائر پاکستان میں ایندھن/توانائی کی قیمتوں کی کمزوری مسلسل بڑھا رہے ہیں۔ جہاں تک توانائی کے متبادل وسائل کا تعلق ہے تو پلانٹ کو چلانے کے لئے ٹیم انھک محنت کر رہی ہے اور اسے LPG، کوئلے، سورج کی روشنی اور ڈیزل پر چلا رہی ہے۔

مزید یہ کہ کئی مرتبہ مجاز اداروں کے روبرو یہ معاملہ اٹھایا گیا ہے جس میں فنانس ایکٹ 2019 کے تحت ایک نئی دفعہ 108B شامل کی گئی ہے جس کے تحت تیار کنندہ کے لئے ضروری ہے کہ سیلر ٹیکس ایکٹ 1990 کے تھرڈ شیڈول کی اشیاء پر ڈیٹر کا مارجن برداشت کرے اور ٹیکس ادا کرے، جو کہ مکمل طور پر غیر منصفانہ ہے۔ ٹائلوں کے تیار کنندگان جو خصوصی معاشی زون میں قائم ہیں انہیں اس شق سے استثناء دے دیا گیا ہے اور پہلے سے موجودہ پیداواری یونٹوں کو سازگار ماحول فراہم نہیں کیا جا رہا جس سے ان کے کاروبار پر منفی اثرات مرتب ہو رہے ہیں۔

مستقبل کی پیش بینی

مالیاتی اور رواں کھاتے کے خسارے کو حد میں رکھنے کے لئے کے لئے حکومت نے سادگی کے قدامت اٹھائے ہیں۔ اندازہ ہے کہ GDP نمو اور تعمیراتی سرگرمی کم رہے گی۔ سیاسی صورت حال کی غیر یقینی اور روس یوکرین کے تنازعہ سے بھی زرمبادلہ کے ذخائر پر مسلسل دباؤ رہے گا۔ اس سے بھی قوت خرید اور مارکیٹ کی طلب پر اثرات مرتب ہو گئے۔

توانائی ایک بنیادی تشویش کا معاملہ ہے جبکہ گرتے ہوئے قدرتی گیس کے ذخائر سے صنعتی شعبہ کی پائیداری کو خطرہ لاحق ہے۔ حکومت کا ایک مضبوط عزم اس خطرے کے ازالے کے لئے ایک انتہائی اہمیت کا حامل ہے اور حکومت کو ملک میں شیل گیس اور تیل کے ذخائر سے استفادہ کے لئے ایک پالیسی وضع کرنی ہوگی۔

چیرمین کی جائزہ رپورٹ

معزز حصص یافتگان،

چیرمین کی جائزہ رپورٹ برائے مختتم مدت 30 جون 2022 پیش کرتے ہوئے مسرت محسوس کرتا ہوں۔

معاشی جائزہ

زیر جائزہ مالیاتی سال کے آغاز میں پاکستان کی معیشت میں شاندار GDP نمو ہوئی۔ اس کے بعد اس پر بڑھتے ہوئے مالیاتی اور رواں کھاتے کے خساروں کے بادل چھا گئے، جس کے نتیجے میں معیشت میں سست روی ہوئی۔ مالیاتی سال کے آخری حصے میں غیر یقینی سیاسی صورتحال اور دونوں خساروں کی وجہ سے معیشت میں شدید اصلاح ہو گئی جس سے نمو کے منظر نامہ کو قائم رکھنا دشوار ہو گیا۔

رواں کھاتوں، تجارتی خسارے اور توانائی اور کھانے کے تیل کی قیمتوں میں قابل ذکر اضافہ اور اشیائے صرف کی عالمی قیمتیں بڑھنے کے نتیجے میں پڑنے والے اثرات سے افراط زر اور توازن ادا ایگے کے شدید باؤ ظاہر ہوئے اور حکومت کو مالیاتی پالیسی کو مزید سخت کرنا پڑا جس سے طلب میں مزید کمی ہوئی اور درآمدات محدود ہو گئیں۔ جس کے نتیجے میں نمو میں کمی ہوئی خاص طور پر تعمیراتی شعبہ کی نمو میں کمی ہوئی۔

کاروباری جائزہ

زیر جائزہ سال کے دوران کمپنی نے تسلسل کے ساتھ معیاری مصنوعات کو فراہم کرنے اور مالیاتی طور پر محتاط رہنے کی اپنی بنیادی حکمت عملی کو برقرار رکھا گیا۔ کمپنی نے اپنے آپ کو طرز زندگی کے برانڈ میں ڈھالنے کا سفر جاری رکھا اور ملک بھر میں اسٹائل کے ایمپو ریم اور ڈیزائن اسٹوڈیوز قائم کر کے صارفوں کو منفرد طہانیت فراہم کرتی ہے، انتظامیہ صارفوں کو طرز زندگی کی مصنوعات کے منفرد مواقعوں کی پیشکش کرنے پر کام کر رہی ہے۔

انتہائی دشوار گزار ماحول بشمول گیس کی غیر معمولی قلت، کوئلہ کی متزلزل عالمی قیمتوں کی وجہ سے توانائی کی لاگتوں میں ہوشربا اضافہ، مال برداری کی لاگتوں میں بنیادی بے پناہ اضافہ، عالمی طلب و رسد میں رکاوٹیں اور روپے کی قدر میں کمی کے باوجود کمپنی تسلی بخش مالیاتی نتائج حاصل کرنے میں کامیاب رہی۔ ہمارے پلانٹ کا بنیادی انحصار قدرتی گیس پر ہے اور اس طرح 2021-22 کی دوسری سہ ماہی کے آغاز سے شدید پیداواری دشواریوں کا سامنا رہا۔ لہذا پلانٹ کو چلتا سہوار رکھنے کے لئے مہنگے متبادل ایندھن پر منتقل ہونا پڑا جس کے نتیجے میں خام لاگتوں میں شدید اضافہ ہوا۔ تاہم ناگزیر اور ناقابل اعتنا رکاوٹوں کے باوجود کمپنی نے تسلسل کے ساتھ معیاری درجہ کی مصنوعات اور مصنوعات کے بہتر مرکب پر توجہ مرکوز رکھی۔

کارکردگی کا اسکور کارڈ

سال کے دوران آپ کی کمپنی کی فروخت 11,899 ملین روپے رہی جو کہ گزشتہ سال کے مقابلے میں 20 فیصد زیادہ ہیں جس کی بنیادی وجہ مصنوعات کے مرکب میں بہتری تھی۔ تاہم کمپنی کا مجموعی منافع کم ہو کر 25 فیصد رہا جو کہ گزشتہ سال 31 فیصد تھا جس کی وجہ مذکورہ بالا خام لاگتوں کے شدید باؤ تھے۔

سرمائے کا انتظام اور کاروباری افعال

رواں سرمائے کا انتظام بہت مستعد انداز میں کیا گیا، کمپنی کے پاس مالیات کے انتظام کے لئے ایک متحرک نظام موجود ہے۔ فروخت سے حاصل ہونے والے لیکش، قرضوں پہ مضبوط گرفت اور پیشگی ادائیگیوں نے روانیت کی صورتحال کو بہتر رکھنے میں مدد کی۔ مسابقتی نرخوں پر منافع کے حصول کے لئے کمپنی نے اپنے اضافی فنڈز کی سرمایہ کاری کی ہے۔

تجارتی حکمت عملی

کمپنی نے اپنے ایمپو ریمز کے ذریعے اپنے آپ کو ایک بہترین تسلیم شدہ برانڈ بنادیا ہے جو کہ چھوٹے اور بڑے پروجیکٹس کے لئے اعلیٰ معیاری سراک اور پورسلین ٹائلز پیش کرتا ہے۔ ہمارے ایمپو ریم میں نمایاں مصنوعات، ڈیزائن کی سہولت اور بعد از فروخت خدمات سے صارفوں کو ایک منفرد طہانیت حاصل ہوتی ہے۔ صارفین کے ساتھ مشغولیت برانڈ کی ساکھ کو بڑھانے میں بنیادی حیثیت رکھتی ہے اور اسٹائل کو ایک بہترین برانڈ کے طور پر برقرار رکھنے کی مسلسل کوششیں ہو رہی ہیں۔

انسانی سرمایہ

کمپنی اپنے لوگوں کی قدر کرنے پر یقین رکھتی ہے اور انہیں اپنا ایک انتہائی قابل قدر اثاثہ سمجھتی ہے۔ لوگوں کی ترقی ہمیشہ سے ہماری ترجیح رہی ہے اور ہم سمجھتے ہیں کہ مطمئن اور متحرک ملازمین کمپنی کے اقدار کی بنیاد ہیں جس سے مسلسل بہتری آتی ہے جو کہ کاروبار کی پائیدار اساس ہے۔

کمپنی ایک مزید متنوع، معقول اور مشتملہ ثقافت کی تعمیر کی جانب بڑھ رہی ہے جس میں اس کی توجہ متنوع طور پر باختیار بنانے پر مرکوز ہے۔

COVID-19 کی وبا نے لوگوں کے کام کے انداز کو تبدیل کیا۔ ٹیم نے بہادری سے ان نمایاں دشواریوں کا سامنا کیا جو کہ COVID-19 کے نتیجے میں آنے والی غیر یقینی صورتحال کی وجہ سے پیدا ہو گئی تھیں۔ اپنے عزم کے ساتھ کمپنی نہ صرف سخت گرفتی اقدامات کے ذریعے پلانٹ کی محفوظ اور پائیدار پیداوار میں کامیاب رہی بلکہ اپنے ایمپو ریمز میں حکومت کے وقتاً فوقتاً جاری کردہ رہنما اصولوں اور دستیاب بہترین طریقوں کے تحت COVID-19 کے ضابطوں کو سختی سے نافذ کرتے ہوئے انہیں مستعد انداز میں چلانے میں کامیاب رہی۔

بورڈ کی تشخیص

STCL کمپنیز ایکٹ 2017 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) کے تحت تشکیل بندی، طریقہ کار اور بورڈ آف ڈائریکٹرز اور اس کی کمیٹیوں کے اجلاس سے متعلق تمام تقاضوں کی پاسداری کرتا ہے۔



**EMPORIUM & DESIGN STUDIO
BAHAWALPUR**

DIRECTORS' REPORT

The Directors of the Company are pleased to present their report together with the Annual Report of the Company along with Audited Financial Statements for the year ended June 30, 2022.

CHAIRMAN'S REVIEW REPORT:

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

BUSINESS ENVIRONMENT:

Pakistan continues to face number of economic challenges including but not limited to continued reliance on external funding from international financial institutions and other friendly countries, persistent fiscal deficits and rising inflation due to a rapidly devaluing currency, impeding its economic growth. The economy also, has remained the prey of political unrest. Despite its vast economic resources, the country has faced severe economic stagnation due to the menace of political instability.

The construction industry has always been of economic and social significance to the country being a prime source of employment generation offering job opportunities to millions of unskilled, semi-skilled and skilled work force. However, following a meteoric rise in the prices of construction materials used to form grey structures, the projects developments have resulted in a slow-down in construction activities.

During the period under review, despite significant challenges at the backend operations, your Company managed to achieve an adequate bottom line in the most difficult and unprecedented conditions. The plant being designed to operate on natural gas, was forced to shift to alternate energy sources (LPG, coal and diesel) which not only were costly but also had operational issues to tackle with. The team worked day and night to come up with the most effective manufacturing cost in the given scenario while managing the quality of the product efficiently.

FINANCIAL PERFORMANCE:

A comparison of the operating results of the Company for the financial year ended June 30, 2022 against the same period last year is shown hereunder:

	2022	2021
	Rs. in '000	
Turnover – net	11,898,966	9,904,498
Gross profit	2,994,999	3,060,227
Earnings before interest, taxes and depreciation (EBITDA)	1,812,243	2,267,720
Depreciation	689,614	710,534
Finance cost	115,840	107,444
Profit before taxation	1,006,789	1,449,742
Profit after taxation	497,322	924,888
Earnings per share (Rs.)	2.08	3.86

Sales:

The topline of the Company showed a tremendous growth by 18% partly due to the continuous efforts to shift to high margin products and to counter against the increase in production costs.

Production:

The second quarter of the fiscal year posed intense challenges for sustained manufacturing operations, where the plant activities were shifted to expensive liquified petroleum gas (LPG) with constant surges and spikes in natural gas pressures affecting the final output, while the power requirement, dependent on cogeneration facility (being single source), was shifted to diesel gensets. This resulted in substantial cost increases thereby margins were shrunk. Despite the challenges, production activities were planned effectively and adjusted to cater to the customer preferences.

Profitability:

Gross profit for the year under review decreased from Rs. 3,060 million to Rs. 2,995 million due to reduced margins (reasons mentioned above). Selling and distribution expenses increased by Rs. 207 million, mainly on account of outward freight costs. Administrative expenses increased by Rs. 47 million on the back of inflationary impacts. Due to better liquidity position, income from short term investments increased by Rs. 42 million.

CAPITAL STRUCTURE AND FINANCIAL POSITION:

The Company primarily manages its capital expenditure requirements and short-term working capital requirements from its internally generated cash-flows; however, it takes advantage of any short-term financing available at subsidized rates as part of any scheme announced by the Government or central bank. Healthy cash flows and prudent liquidity management aids the Company to maintain its strong liquidity position. The Company believes that it is maintaining an optimal capital structure.

CONTRIBUTION TO NATIONAL EXCHEQUER:

Your company approximately contributed Rs. 2,829 million (2021: Rs. 2,587 million) into the Government Treasury on account of income taxes, sales tax, custom duties and other government levies.

CORPORATE AND SOCIAL RESPONSIBILITY:

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

HEALTH, SAFETY & ENVIRONMENT:

The Company always endeavors to build a safe and secure work environment for associates. Under the fundamental safety guidelines, the Company seeks to realize a work environment that brings the joy to the people of working with a true sense of safety & security. The Health & Safety Division has been established by the Company for preventing industrial accidents and their recurrence, as well as ensuring the health of associates.

Though the pandemic recedes towards end of the year, the social distancing and basic precautions for Covid-19 safety were observed throughout the year. All workstations & lunch tables were protected.

We are proud to state that all the employees, workers and contractors are fully vaccinated against COVID-19.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

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

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

AUDITORS:

The present auditors M/s EY Ford Rhodes, Chartered Accountants, retire and being eligible, have offered themselves for re-appointment. The Board has recommended the re-appointment of the retiring auditors for the year ending 30 June 2023, for approval of the shareholders in the forthcoming Annual General Meeting.

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE:

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

- 1) The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity;
- 2) Proper books of account have been maintained by the Company;
- 3) Appropriate accounting policies have been consistently applied in preparation of these financial statements and accounting estimates are based on reasonable and prudent judgment;
- 4) International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of these financial statements;
- 5) The system of internal control is sound in design and has been effectively implemented and monitored. The process of monitoring internal controls will continue with the objective to further strengthen the controls and improve the system;
- 6) There are no significant doubts upon the Company's ability to continue as a growing concern;
- 7) A summary of key operating and financial data of the Company of the last six years is annexed in the report on page No. 37.
- 8) There has been no material departure from the best practices of Corporate Governance, as detailed in the Regulations of Rule Book of Pakistan Stock Exchange.

- 9) The Company operates a contributory provident fund scheme for all permanent employees. The value of Provident Fund Investments as per the unaudited accounts of STCL Provident Fund Trust for the year ended June 30, 2022 was Rs. 291.497 million (2021: Rs. 244.716 million);

- 10) There are no outstanding statutory payments due on account of taxes, levies and charges except as those disclosed in these financial statements.

BOARD OF DIRECTORS & ITS COMMITTEES:

Election of Directors

On April 29, 2022, election of directors took place wherein all the retiring directors were re-elected. The Board acknowledges the valuable contributions made by all the Directors.

The Board:

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

During the year, five 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	Status	No. of meetings attended
Mr. Rafiq M. Habib	Chairman	3
Syed Masood Abbas Jaffery	Executive Director & CEO	5
Mr. Feroze Jehangir Cawasji	Independent Director	5
Mr. Abdul Hai M. Bhaimia	Non-Executive Director	5
Mrs. Farhana Mowjee Khan	Independent Director	5
Mr. Muhammad Salman Burney	Non-Executive Director	5
Mr. Imran Ali Habib	Non-Executive Director	5

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

Board Audit Committee:

The Board Audit Committee assists the Board in fulfilling its oversight responsibilities, primarily in reviewing and reporting financial and non-financial information to share-holders, systems of internal control and risk management and the audit process. It has the autonomy to call for information from management and to consult directly with the external auditors or advisors as considered appropriate. The Chief Financial Officer regularly attends the Board Audit Committee meetings by invitation to present the accounts. After each meeting, the Chairman of the Committee reports to the Board. The Committee comprises of two non-executive director and two independent directors (including one female director) and the Chairman of the committee is an independent director.

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

Name of Director	Status	No. of meetings attended
Mr. Feroze Jehangir Cawasji	Independent Director	4
Mr. Abdul Hai M. Bhaimia	Non-Executive Director	4
Mrs. Farhana Mowjee Khan	Independent Director	4
Mr. Imran Ali Habib (w.e.f. May 6, 2022)	Non-Executive Director	-

Human Resource And Remuneration Committee:

The Committee meets to review and recommend all elements of the compensation, organization and employee development policies relating to the senior executives' remuneration. The CEO of the Company and the Head of HR of the Company attended the Human Resource and Remuneration Committee meeting. The Committee met twice during 2021-22. The attendance and composition of the Committee is as follows:

Name of Director	Status	No. of meetings attended
Mr. Feroze Jehangir Cawasji	Independent Director	2
Mr. Salman Burney	Non-Executive Director	2
Syed Masood Abbas Jaffery	Executive Director	2
Mrs. Farhana Mowjee Khan (w.e.f. from May 6, 2022)	Independent Director	1

DIVIDEND:

The Board of Directors following the policy of fair distribution of profits amongst the shareholders, strengthening the balance sheet and future capital needs, have recommended a dividend of Rs. 0.75/per share (15% of paid up capital) for the year ended June 30, 2022.

PATTERN OF SHAREHOLDING:

Statements showing the pattern of shareholding as at June 30, 2022 required under Section 227 (2) (f) of the Companies Act, 2017 and the Code of Corporate Governance, is annexed to this report.

The Directors, CEO, CFO, Company Secretary, Head of Internal Audit and their spouses or minor children did not carry out any trade in the shares of the Company during the year.

SUBSEQUENT EVENTS

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

RELATED PARTY TRANSACTIONS:

The transactions between the related parties were carried out on the basis of arm's length prices. The Company has fully complied with the best practices on transfer pricing as contained Act and Code. The details of all related party transactions were placed before the Audit Committee and upon its recommendation the same were approved by the Board of Directors.

BUSINESS CONTINUITY PLANS:

As part of Business Continuity Plan, remote disaster recovery sites have been adequately set up for maintaining backup server and data in case our primary server encounters any issues.

PERFORMANCE EVALUATION OF THE BOARD OF DIRECTORS AND ITS COMMITTEES:

The Board of the Company, in compliance with the requirement of the Code of Corporate Governance and the Companies Act, 2017, annually undertakes a formal process of self-evaluation of performance of the Board as a whole and its committees. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company. The 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.

An annual evaluation questionnaire developed in conformity with the Listed Companies (Code of Corporate Governance) Regulations, 2019 is circulated to the Directors for performance evaluation. Strict level of confidentiality is exercised by the Company Secretary upon receipt of completed questionnaires. These are then evaluated to identify areas that require improvement and highlight differences of opinion, if any. For the financial year ended June 30, 2022, the Board's overall performance and effectiveness has been assessed as 'Satisfactory'.

Review of CEO's Performance

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

DIRECTORS' REMUNERATION:

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

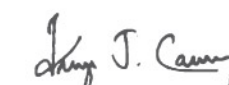
ACKNOWLEDGEMENT:

The Board of Directors of your Company take pleasure in expressing their sincere gratitude and appreciation for the outstanding commitment and contribution of all the employees. We would also like to thank our bankers, vendors, dealers, architects and shareholders for their continued trust and reliance placed in the Company.

On behalf of the Board



SYED MASOOD ABBAS JAFFERY
Chief Executive Officer



FEROZE JEHangir CAWASJI
Director

Karachi: September 13, 2022

کاروباری تسلسل کے منصوبے

کاروباری تسلسل کے منصوبے کے تحت ریویٹ ڈیزائنز ریکوری سائنس کو مناسب انداز میں قائم کیا گیا ہے تاکہ اگر ہمارے بنیادی سرور میں کوئی مسائل پیدا ہوا تو ہمیں توبیک اپ سرور اور ڈیٹا کو برقرار رکھا جاسکے۔

بورڈ آف ڈائریکٹرز اور اس کی کمیٹیوں کی کارکردگی کی تشخیص

کوڈ آف کارپوریٹ گورننس اور کمپنی ایکٹ 2017 کی ضروریات کے تحت کمپنی کا بورڈ سالانہ بنیاد پر باضابطہ طریقہ کار کے مطابق مجموعی طور پر اپنی اور اپنی کمیٹیوں کی کارکردگی کی از خود تشخیص کرتا ہے۔ اس تشخیص کا مقصد بورڈ کی مجموعی کارکردگی اور اثر پذیری اور کمپنی کے طے کردہ مقاصد کے تناظر میں بیج مارک کے تناسب سے توقعات کی پیمائش کرنا ہے۔ جن بنیادی شعبوں پر توجہ دی جاتی ہے وہ درج ذیل ہیں:

☆ اداراتی مقاصد اور کمپنی کے مشن و نصب العین سے مطابقت

☆ پائیدار آپریشن کے لئے حکمت عملی کی تشکیل

☆ بورڈ کی خود مختاری، اور

☆ بورڈ کی کمیٹیوں کی طے کردہ ذمہ داریوں کے مطابق ان کی اپنی ذمہ داریوں سے عہدہ براہ ہونے کی کارکردگی کا جائزہ

ایک سالانہ تشخیصی سوالنامہ لکچرینز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے تحت ڈائریکٹران کی کارکردگی کی تشخیص کے لئے نہیں تقسیم کیا گیا ہے۔ مکمل شدہ سوالناموں کی موصولی پر کمپنی بیکریٹری سخت رازداری برقرار رکھتا ہے۔ تجزیہ کرتے ہوئے ان شعبوں کی شناخت کی جاتی ہے جن میں بہتری کی ضرورت ہوتی ہے اور اگر کوئی اختلاف رائے ہوتا ہے تو اسے اجاگر کیا جاتا ہے۔ مالیاتی سال ختم 30 جون 2022 کے لئے بورڈ کی مجموعی کارکردگی اور اثر پذیری ”تسلیمی بخش“ قرار دی گئی ہے۔

CEO کی کارکردگی کا جائزہ

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

ڈائریکٹرز کا معاوضہ

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

اعتراف

بورڈ آف ڈائریکٹرز اپنے تمام ملازمین کے عزم اور محنت کو سراہتے ہیں اور صارفین، بینک، سپلائرز اور حصص یافتگان اور آرکائیو زکاشکر یہ ادا کرتے ہیں جنہوں نے ہم پر اعتماد کیا۔

برائے و منجانب

Shabbir J. Cassim

فیروز جہانگیر کاوچی

ڈائریکٹر

S. M. M. M. M. M.

سید مسعود عباس جعفری

چیف ایگزیکٹو آفیسر

انسانی وسائل اور معاوضہ کمیٹی

یہ کمیٹی اعلیٰ انتظامیہ کے ملازمین سے متعلق معاوضہ، نظم و ضبط اور ترقی کی پالیسیوں کے تمام عناصر کی سفارش کرتی ہے اور ان کا جائزہ لیتی ہے۔ کمپنی کے CEO اور کمپنی کے HR کا سربراہ انسانی وسائل اور معاوضہ کمیٹی کے اجلاس میں شرکت کرتے ہیں۔ 2021-22 میں کمیٹی کے دو اجلاس ہوئے جس میں تمام ممبران نے شرکت کی۔ کمیٹی ان افراد پر مشتمل ہے:

ڈائریکٹر کا نام	عہدہ	حاضر اجلاسوں کی تعداد
جناب فیروز جہانگیر کاوچی	آزاد ڈائریکٹر	2
جناب محمد سلمان برنی	نان ایگزیکٹو ڈائریکٹر	2
سید مسعود عباس جعفری	ایگزیکٹو ڈائریکٹر	2
محترمہ فرحانہ ماؤجی خان (6 مئی 2022 سے)	آزاد ڈائریکٹر	1

منافع منقسمہ

بورڈ آف ڈائریکٹرز حصص یافتگان کے مابین منافع جات کی شفاف تقسیم، میزائے کی پائیداری اور مستقبل کی سرمایہ جاتی ضروریات کو پورا کرنے کی پالیسی پر گامزن ہے، جس کے تحت اس نے سال ختم 30 جون 2022 کے لئے 0.75 روپے فی حصص (15 فیصد ادا شدہ سرمایہ) کے حساب سے منافع منقسمہ کی سفارش کی ہے۔

حصص داری کی ساخت

کمپنیز ایکٹ 2017 کی دفعہ (f)(2) اور اداراتی نظم و ضبط کے تحت سال ختم 30 جون 2022 کی حصص داری کی ساخت پر مشتمل گوشوارے اس رپورٹ کے ساتھ منسلک ہیں۔

ڈائریکٹرز، CEO، CFO، کمپنی بیکریٹری، ہیڈ آف انٹرنل آڈٹ اور ان کے شریک حیات یا چھوٹے بچوں نے سال کے دوران کمپنی کے حصص میں کوئی خرید و فروخت نہیں کی۔

بعد ازاں واقعات

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

لاحقہ فریقین کے سودے

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

بورڈ آف ڈائریکٹرز اور اس کی کمیٹیاں

ڈائریکٹرز کے انتخابات

29 اپریل 2022 کو ڈائریکٹرز کے انتخابات ہوئے جس میں سبکدوش ہونے والے تمام ڈائریکٹرز دوبارہ منتخب ہو گئے۔

بورڈ

بورڈ دو آزاد ڈائریکٹرز (بشمول ایک خاتون ڈائریکٹر)، چار نان ایگزیکٹو ڈائریکٹرز اور ایک ایگزیکٹو ڈائریکٹر پر مشتمل ہے۔ سال کے دوران بورڈ آف ڈائریکٹرز کے پانچ اجلاس منعقد ہوئے۔ تمام اجلاس پاکستان میں منعقد ہوئے۔ بورڈ آف ڈائریکٹرز کی تشکیل بندی اور حاضری درج ذیل ہے:

ڈائریکٹر کا نام	عہدہ	حاضر اجلاسوں کی تعداد
جناب رفیق ایم حبیب	چیئر مین	3
سید مسعود عباس جعفری	ایگزیکٹو ڈائریکٹر اور CEO	5
جناب فیروز جہانگیر کاؤنجی	آزاد ڈائریکٹر	5
جناب عبدالحی ایم بھائی میاں	نان ایگزیکٹو ڈائریکٹر	5
محترمہ فرحانہ ماؤجی خان	آزاد ڈائریکٹر	5
جناب محمد سلمان برنی	نان ایگزیکٹو ڈائریکٹر	5
جناب عمران علی حبیب	نان ایگزیکٹو ڈائریکٹر	5

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

بورڈ کی آڈٹ کمیٹی

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

سال کے دوران آڈٹ کمیٹی کے چار اجلاس ہوئے۔ جس کی حاضری اور تشکیل بندی درج ذیل رہی:

ڈائریکٹر کا نام	عہدہ	حاضر اجلاسوں کی تعداد
جناب فیروز جہانگیر کاؤنجی	آزاد ڈائریکٹر	4
جناب عبدالحی ایم بھائی میاں	نان ایگزیکٹو ڈائریکٹر	4
محترمہ فرحانہ ماؤجی خان	آزاد ڈائریکٹر	4
جناب عمران علی حبیب (6 مئی 2022 سے)	نان ایگزیکٹو ڈائریکٹر	-

اندرونی گرفت کے نظام کی موزونیت

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

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

آڈیٹرز:

موجودہ آڈیٹرز میسرز EY Ford Rhodes، چارٹرڈ اکاؤنٹنٹس سبکدوش ہو چکے ہیں اور اہلیت کے باعث انہوں نے اپنی دوبارہ تقرری کی پیشکش کی ہے۔ بورڈ نے سبکدوش ہونے والے آڈیٹرز کی سال 30 جون 2023 کے لئے دوبارہ تقرری کی سفارش کی ہے تاکہ آنے والے سالانہ اجلاس عام میں ان کی تقرری کی منظوری لی جاسکے۔

ادارائی نظم و ضبط کے ضابطے کی پاسداری

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

- کمپنی کی انتظامیہ کے تیار کردہ مالیاتی گوشوارے، کمپنی کے معاملات، اس کے کاروباری نتائج، نقدی کے بہاؤ اور ایکویٹی میں تبدیلیوں کو شفافیت کے ساتھ پیش کرتے ہیں۔
- کمپنی میں حسابات کی کتابیں مناسب انداز میں تیار کی گئی ہیں۔
- 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 حقائق فیصلوں پر ہے۔
- مالیاتی گوشواروں کی تیاری کے دوران عالمی مالیاتی رپورٹنگ معیارات، جو پاکستان میں لاگو ہیں، کو ملحوظ خاطر رکھا گیا ہے۔
- اندرونی گرفت کے نظام کی شکل مضبوط ہے اور موثر انداز میں نافذ العمل ہے اور اس کی نگرانی کی جاتی ہے۔ اندرونی گرفت کی نگرانی کا یہ عمل اس مقصد سے ساتھ جاری رکھا جائے گا تاکہ گرفت کو مزید مستحکم اور نظام کو بہتر بنایا جاسکے۔
- کمپنی کی بروہتی ہوئی کاروباری صلاحیت کے تسلسل میں کوئی قابل ذکر شک و شبہ نہیں ہے۔
- کمپنی کے گزشتہ چھ سالوں کے اہم کاروباری اور مالیاتی اعداد و شمار کا خلاصہ اس رپورٹ کے صفحہ نمبر 37 پر موجود ہے۔
- 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۔
- کمپنی اپنے ملازمین کے لئے پروویڈنٹ فنڈ چلا رہی ہے اور STCL کے پروویڈنٹ فنڈ کے غیر آڈٹ شدہ کھاتوں کے مطابق سال ختمہ 30 جون 2022 میں پروویڈنٹ فنڈ سے کی گئی سرمایہ کاریوں کی مالیت 291.497 ملین روپے ہے (جو کہ 2021 میں 244.716 ملین روپے تھی)۔
- ٹیکسوں اور دیگر محصولات کی مد میں کمپنی پر کوئی آئینی واجبات نہیں ہیں سوائے ان کے جنہیں مالیاتی گوشواروں میں منکشف کیا گیا ہے۔

ڈائریکٹر رپورٹ

آپ کے ڈائریکٹر اپنی سالانہ رپورٹ اور کمپنی کے مالیاتی گوشوارے برائے مختتم سال 30 جون 2022 پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

چیئر مین کی جائزہ رپورٹ

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

کاروباری ماحول:

پاکستان کو مسلسل کئی ایک معاشی چیلنجوں کا سامنا ہے جن میں دیگر کے علاوہ عالمی مالیاتی اداروں اور دیگر دوست ممالک سے بیرونی قرضوں پر انحصار، مسلسل مالیاتی خسارے اور کرنسی کی قدر میں تیزی سے کمی کی وجہ سے بڑھتا ہوا افراط زر، معاشی نمو کی زبوں حالی شامل ہیں۔ معیشت بھی سیاسی بے چینی کا شکار رہی ہے۔ وسیع تر وسائل کے باوجود ملک کو سیاسی عدم استحکام کی وجہ سے شدید معاشی جمود کا سامنا ہے۔

تعمیراتی صنعت ملک کے لئے ہمیشہ سے معاشی اور سماجی اہمیت کی حامل رہی ہے جو کہ غیر ہنرمند، نیم ہنرمند اور ہنرمند افرادی قوت کے لئے لاکھوں کی تعداد میں روزگار کے وسائل پیدا کرنے کا بنیادی ذریعہ ہے۔ تاہم ترقیاتی منصوبوں کے لئے بنیادی ڈھانچے میں استعمال ہونے والے تعمیراتی سامان کی قیمتوں میں ہوشربا اضافہ کے نتیجے میں تعمیراتی سرگرمیاں سست ہو گئی ہیں۔

زیر جائزہ مدت کے دوران پیداواری عمل میں قابل ذکر دشواریوں کے باوجود آپ کی کمپنی انتہائی مشکل اور غیر معمولی حالات میں ایک مناسب خالص منافع حاصل کرنے میں کامیاب رہی۔ پلانٹ کو قدرتی گیس پر چلانے کے لئے ڈیزائن کیا گیا ہے لیکن اسے متبادل توانائی کے ذرائع (LPG، کوئلہ اور ڈیزل) پر منتقل کرنا پڑا جو کہ نہ صرف مہنگے ہیں بلکہ ان سے پیداواری مسائل کا سامنا ہوتا ہے۔ ٹیم نے دن رات کام کر کے انتہائی موثر انداز میں پیداواری لاگت کو قابو کرنے کے ساتھ ساتھ مستعد انداز میں مصنوعات کے معیار کو بھی برقرار رکھا۔

مالیاتی نتائج

مالیاتی سال مختتم 30 جون 2022 میں کمپنی کے کاروباری نتائج کا گزشتہ سال کے ساتھ مقابلہ جائزہ درج ذیل ہے:

2021	2022	
روپے "ہزاروں" میں		
9,904,498	11,898,966	خالص فروخت
3,060,227	2,994,999	مجموعی منافع
2,267,720	1,812,243	آمدن قبل از سود، ٹیکس اور فرسودگی (EBITDA)
710,534	689,614	فرسودگی
107,444	115,840	مالیاتی لاگت
1,449,742	1,006,789	منافع قبل از ٹیکس
924,888	497,322	منافع بعد از ٹیکس
3.86	2.08	فی حصص منافع / (روپے)

فروخت

کمپنی کی مجموعی فروخت میں 18 فیصد کا اضافہ ہوا ہے جس کی وجہ سے کسی حد تک بلند منافع کی حامل مصنوعات پر منتقلی اور پیداواری لاگتوں میں اضافے کو قابو کرنے کی کوششیں تھیں۔

پیداوار

مالیاتی سال کی دوسری سہ ماہی میں پائیدار پیداواری آپریشنز میں شدید مشکلات رہیں جس میں پلانٹ کی سرگرمیوں کو مہنگے مائع پیٹرولیم گیس (LPG) کے ساتھ ساتھ قدرتی گیس کے پریشور میں مستقل اتار چڑھاؤ رہا جس سے مصنوعات پر اثرات مرتب ہوئے جبکہ توانائی جس کا انحصار کو جزیشن سہولت پر ہے (واحد وسائل) کو ڈیزل جزیشن پر منتقل کرنا پڑا۔ ان دشواریوں کی وجہ سے لاگت میں قابل ذکر اضافہ ہوا جس سے منافع سکڑ گیا۔ چیلنجز کے باوجود، پیداواری سرگرمیوں کی موثر منصوبہ بندی کی گئی اور انہیں صارفین کی ترجیحات کے مطابق ڈھالا گیا۔

منافع

زیر جائزہ مدت کے دوران مجموعی منافع 3,060 ملین روپے سے کم ہو کر 2,995 ملین روپے رہ گیا، کم منافع کی وجوہات اور پر بیان کی گئی ہیں۔ فروخت اور تقسیمی اخراجات میں 207 ملین روپے اضافہ ہوا جس کی بنیادی وجہ بیرونی مال برداری کی لاگتیں تھیں۔ افراط زر کے اثرات کی وجہ سے انتظامی اخراجات میں 47 ملین روپے اضافہ ہوا۔ روانیت کی بہتر صورتحال کی وجہ سے قلیل مدتی سرمایہ کاروں سے آمدن میں 42 ملین روپے کا اضافہ ہوا۔

سرمایہ جاتی ساخت اور مالی حالت

کمپنی بنیادی طور پر اندرونی طور پر پیدا شدہ نقدی کے بہاؤ کے ذریعے سرمایہ جاتی اخراجات کی ضروریات اور قلیل مدتی رواں سرمائے کی ضروریات کو پورا کرتی ہے، تاہم یہ حکومت یا مرکزی بینک کی اعلان کردہ قلیل مدتی اسکیموں دستیاب ارزاء نزخوں پر سرمایہ کاری سے بھی استفادہ کرتی ہے۔ مستحکم نقدی کے بہاؤ اور روانیت کے محتاط انتظام سے کمپنی کو اپنی روانیت کی پوزیشن برقرار رکھنے میں مدد ملی ہے۔ کمپنی کو یقین ہے کہ اس کی سرمایہ جاتی ساخت بہترین ہے۔

قومی خزانے میں معاونت

آپ کی کمپنی نے اس سال سرکاری خزانے میں انکم ٹیکس، سیلز ٹیکس، کسٹم ڈیوٹی اور دیگر حکومتی محصولات کی مد میں ایک 2,829 ملین روپے جمع کروائے (جبکہ 2021 میں 2,587 ملین روپے جمع کروائے تھے)۔

اداراتی اور سماجی ذمہ داری

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

صحت، تحفظ اور ماحول

کمپنی اپنے لوگوں کے لئے ایک محفوظ اور حفاظتی کام کا ماحول بنانے کے لئے ہمیشہ سے کوشاں رہی ہے۔ بنیادی حفاظتی رہنما اصولوں کے تحت کمپنی ایسے ماحول کو تسلیم کرتی ہے جو کہ کام کے دوران لوگوں کے لئے خوشی کے ساتھ ساتھ احساس تحفظ و حفاظت فراہم کرے۔ کمپنی نے صحت اور تحفظ کے ڈویژن قائم کر دیئے ہیں تاکہ صنعتی حادثات اور ان کے بار بار رونما ہونے سے بچنے کے ساتھ لوگوں کی صحت کو یقینی بنایا جاسکے۔

اگرچہ کہ دو سال کے اختتام کے قریب کم ہو گئی تھی تاہم سماجی فاصلہ اور Covid-19 سے تحفظ کی بنیادی احتیاطی تدابیر پر سال بھر عمل کیا گیا۔ تمام ورک اسٹیشنز اور کھانے کی میزوں کو محفوظ بنایا گیا۔

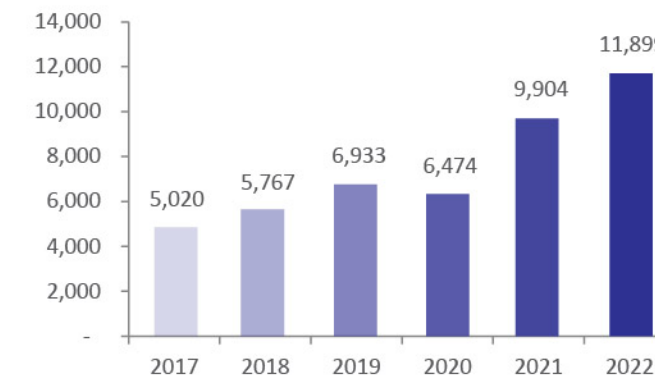
ہم یہ بتاتے ہوئے فخر محسوس کرتے ہیں کہ ہمارے تمام ملازمین، مزدوروں اور ٹھیکیداروں کو COVID-19 کے خلاف ویکسین لگ چکی ہے۔

PERFORMANCE OF LAST SIX YEARS

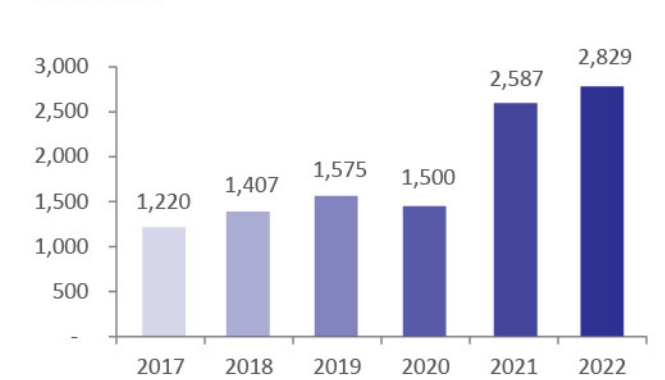
	30TH JUNE 2022	30TH JUNE 2021	30TH JUNE 2020	30TH JUNE 2019	30TH JUNE 2018	30TH JUNE 2017
(Rs. in '000)						
Turnover - net	11,898,966	9,904,498	6,474,469	6,933,077	5,767,082	5,020,008
% of Growth	20.14%	52.98%	-6.61%	20.22%	14.88%	8.85%
Gross profit	2,994,999	3,060,227	1,096,746	1,611,867	1,257,217	534,901
Gross profit (%)	25.17%	30.90%	16.94%	23.25%	21.80%	10.66%
Selling and distribution Costs	1,602,220	1,394,662	1,036,180	927,447	748,488	514,307
% of Turnover -net	13.47%	14.08%	16.00%	13.38%	12.98%	10.25%
Administrative Expenses	335,856	289,144	255,767	250,660	157,764	110,868
% of Turnover -net	2.82%	2.92%	3.95%	3.62%	2.74%	2.21%
Allowance / (Reversal)for expected credit loss	19,546	(18,731)	37,093	7,259	20,364	44,625
% of Turnover -net	0.16%	-0.19%	0.57%	0.10%	0.35%	0.89%
Finance Cost	115,840	107,444	87,078	86,946	98,121	93,426
% of Turnover -net	0.97%	1.08%	1.34%	1.25%	1.70%	1.86%
Profit / (loss) before taxation	1,006,789	1,449,742	(280,817)	372,504	247,183	(189,770)
% of Turnover -net	8.46%	14.64%	-4.34%	5.37%	4.29%	-3.78%
Profit / (loss) after taxation	497,322	924,888	(325,774)	234,341	194,406	(151,484)
% of Turnover -net	4.18%	9.34%	-5.03%	3.38%	3.37%	-3.02%
EBITDA	1,812,243	2,267,720	512,598	1,053,005	740,314	209,135
% of Turnover -net	15.23%	22.90%	7.92%	15.19%	12.84%	4.17%
Cash dividend	179,490	299,150	-	59,830	119,660	-
Cash dividend (%)	15.00%	25.00%	-	5.00%	10.00%	-
Ratio Analysis						
Break-up value of Rs. 5/= share	11.88	11.05	7.18	8.79	8.32	7.50
Earnings / (Loss) per share (Rs.)	2.08	3.86	(1.36)	0.98	0.81	(0.63)
Receivables no. of days	9	12	20	13	20	65
Current ratio	0.98	1.20	0.77	0.86	0.85	0.80
Number of employees (Permanent)	745	742	766	869	888	939

FINANCIAL HIGHLIGHTS

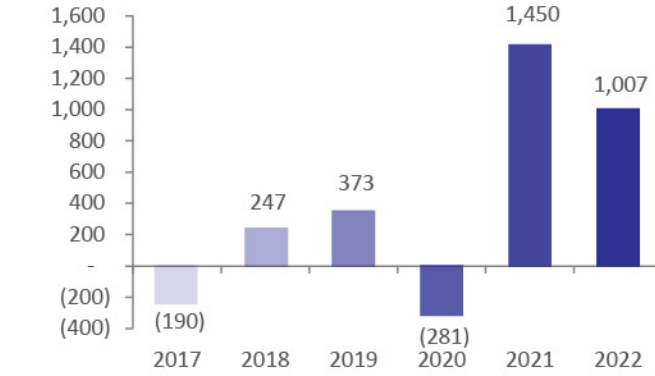
Rs. in Million Turnover - Net



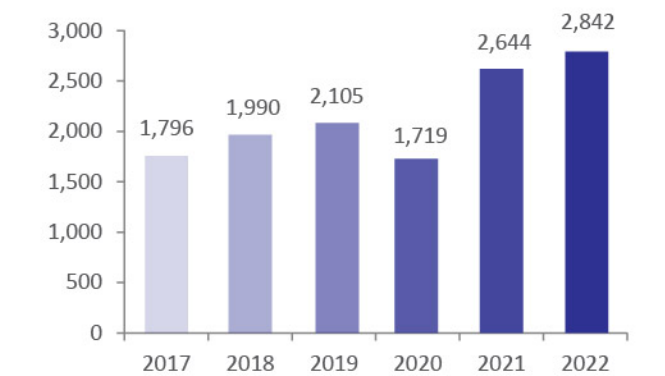
Rs. in Million Contribution to National Exchequer



Rs. in Million Profit / (Loss) before tax



Rs. in Million Shareholder's Equity



Rs. Breakup value per share



Rs. Earnings / (Loss) per share



VERTICAL ANALYSIS

(Rs. in '000)												
STATEMENT OF FINANCIAL POSITION	2022	%	2021	%	2020	%	2019	%	2018	%	2017	%
Property , plant & Equipment	3,456,004	45.7	2,696,148	38.4	2,672,266	49.6	3,116,316	55.8	3,375,273	61.6	2,840,968	53.8
Right of use assets	263,363	3.5	240,668	3.4	267,718	5.0						
Investment properties	5,793	0.1	7,035	0.1	8,277	0.2	9,519	0.2	10,761	0.2	12,003	0.2
Long-term loans, advances & deposits	32,149	0.4	27,375	0.4	23,070	0.4	20,312	0.4	14,242	0.3	7,386	0.1
Current assets	3,804,261	50.3	4,052,399	57.7	2,417,550	44.9	2,440,767	43.7	2,076,768	37.9	2,419,175	45.8
Total Assets	7,561,570	100.0	7,023,625	100.0	5,388,881	100.0	5,586,914	100.0	5,477,044	100.0	5,279,532	100.0
Share Capital	1,196,600	15.8	1,196,600	17.0	1,196,600	22.2	1,196,600	21.4	1,196,601	21.8	1,196,601	22.7
Share Premium	449,215	5.9	449,215	6.4	449,215	8.3	449,215	8.0	449,215	8.2	449,215	8.5
Reserves	1,196,293	15.8	998,121	14.2	73,233	1.4	458,837	8.2	344,156	6.3	149,750	2.8
Shareholders' equity	2,842,108	37.6	2,643,936	37.6	1,719,048	31.9	2,104,652	37.7	1,989,972	36.3	1,795,566	34.0
Long Term Financing - Secured	223,825	3.0	149,670	2.1	209,300	3.9	449,100	8.0	905,219	16.5	375,000	7.1
Lease liabilities	198,725	2.6	173,289	2.5	198,284	3.7	-	-	-	-	-	-
Deferred tax liability - net	34,733	0.5	54,157	0.8	132,511	2.5	200,013	3.6	138,287	2.5	85,510	1.6
Other long term liability	374,940	4.9	608,130	8.6								
Current liabilities	3,887,239	51.4	3,394,443	48.3	3,129,738	58.0	2,833,149	50.7	2,443,566	44.6	3,023,456	57.3
Total Equities and Liabilities	7,561,570	100.0	7,023,625	100.0	5,388,881	100.0	5,586,914	100.0	5,477,044	100.0	5,279,532	100.0
STATEMENT OF PROFIT OR LOSS												
Turnover - net	11,898,966	100.0	9,904,498	100.0	6,474,469	100.0	6,933,077	100.0	5,767,082	100.0	5,020,008	100.0
Cost of Sales	(8,903,967)	(74.8)	(6,844,271)	(69.1)	(5,377,723)	(83.1)	(5,321,210)	(76.8)	(4,509,865)	(78.2)	(4,485,107)	(89.3)
Gross profit	2,994,999	25.2	3,060,227	30.9	1,096,746	16.9	1,611,867	23.2	1,257,217	21.8	534,901	10.7
Selling and distribution Costs	(1,602,220)	(13.5)	(1,394,662)	(14.1)	(1,036,180)	(16.0)	(927,447)	(13.4)	(748,488)	(13.0)	(514,307)	(10.2)
Administrative Expenses	(335,856)	(2.8)	(289,144)	(2.9)	(255,767)	(4.0)	(250,660)	(3.6)	(157,764)	(2.7)	(110,868)	(2.2)
Reversal / (Allowance) for expected credit loss	(19,546)	(0.2)	18,731	0.2	(37,093)	(0.6)	(7,259)	(0.1)	(20,364)	(0.4)	(44,625)	(0.9)
Other Income	181,188	1.5	299,663	3.0	43,899	0.7	66,017	1.0	35,603	0.6	38,555	0.8
Operating Profit / (Loss)	1,218,565	10.2	1,694,815	17.1	(188,395)	(2.9)	492,518	7.1	366,204	6.3	(96,344)	(1.9)
Finance costs	(115,840)	(1.0)	(107,444)	(1.1)	(87,078)	(1.3)	(86,946)	(1.3)	(98,121)	(1.7)	(93,426)	(1.9)
Other expenses	(95,936)	(0.8)	(137,629)	(1.4)	(5,344)	(0.1)	(33,068)	(0.5)	(20,900)	(0.4)	-	-
Profit / (Loss) before taxation	1,006,789	8.5	1,449,742	14.6	(280,817)	(4.3)	372,504	5.4	247,183	4.3	(189,770)	(3.8)
Taxation	(509,467)	(4.3)	(524,854)	(5.3)	(44,957)	(0.7)	(138,163)	(2.0)	(52,777)	(0.9)	38,286	0.8
Profit / (Loss) after taxation	497,322	4.2	924,888	9.3	(325,774)	(5.0)	234,341	3.4	194,406	3.4	(151,484)	(3.0)

HORIZONTAL ANALYSIS

(Rs. in '000)												
STATEMENT OF FINANCIAL POSITION	2022	%	2021	%	2020	%	2019	%	2018	%	2017	%
Property , plant & Equipment	3,456,004	28.2	2,696,148	0.9	2,672,266	(14.2)	3,116,316	(7.7)	3,375,273	18.8	2,840,968	3.4
Right of use assets	263,363	9.4	240,668	(10.1)	267,718	-	-					
Investment properties	5,793	(17.7)	7,035	(15.0)	8,277	(13.0)	9,519	(11.5)	10,761	(10.3)	12,003	77.8
Long-term loans, advances & deposits	32,149	17.4	27,375	18.7	23,070	13.6	20,312	42.6	14,242	92.8	7,386	(2.7)
Current assets	3,804,261	(6.1)	4,052,399	67.6	2,417,550	(1.0)	2,440,767	17.5	2,076,768	(14.2)	2,419,175	27.4
Total Assets	7,561,570	7.7	7,023,625	30.3	5,388,881	(3.5)	5,586,914	2.0	5,477,044	3.7	5,279,532	13.3
Share Capital	1,196,600	-	1,196,600	-	1,196,600	-	1,196,600	-	1,196,601	-	1,196,601	-
Share Premium	449,215	-	449,215	-	449,215	-	449,215	-	449,215	-	449,215	-
Reserves	1,196,293	19.9	998,121	1,262.9	73,233	(84.0)	458,837	33.3	344,156	129.8	149,750	(50.3)
Shareholders' equity	2,842,108	7.5	2,643,936	53.8	1,719,048	(18.3)	2,104,652	5.8	1,989,972	10.8	1,795,566	(7.8)
Long Term Financing - Secured	223,825	49.5	149,670	(28.5)	209,300	(53.4)	449,100	(50.4)	905,219	141.4	375,000	(40.0)
Lease liabilities	198,725	14.7	173,289	(12.6)	198,284	-	-		-		-	
Deferred tax liability - net	34,733	(35.9)	54,157	(59.1)	132,511	(33.7)	200,013	44.6	138,287	61.7	85,510	(37.0)
Other long term liability	374,940	(38.3)	608,130	-								
Current liabilities	3,887,239	14.5	3,394,443	8.5	3,129,738	10.5	2,833,149	15.9	2,443,566	(19.2)	3,023,456	54.8
Total Equities and Liabilities	7,561,570	7.7	7,023,625	30.3	5,388,881	(3.5)	5,586,914	2.0	5,477,044	3.7	5,279,532	13.3
STATEMENT OF PROFIT OR LOSS												
Turnover - net	11,898,966	20.1	9,904,498	53.0	6,474,469	(6.6)	6,933,077	20.2	5,767,082	14.9	5,020,008	8.9
Cost of Sales	(8,903,967)	30.1	(6,844,271)	27.3	(5,377,723)	1.1	(5,321,210)	18.0	(4,509,865)	0.6	(4,485,107)	9.9
Gross profit	2,994,999	(2.1)	3,060,227	179.0	1,096,746	(32.0)	1,611,867	28.2	1,257,217	135.0	534,901	0.5
Selling and distribution Costs	(1,602,220)	14.9	(1,394,662)	34.6	(1,036,180)	11.7	(927,447)	23.9	(748,488)	45.5	(514,307)	5.3
Administrative Expenses	(335,856)	16.2	(289,144)	13.0	(255,767)	2.0	(250,660)	58.9	(157,764)	42.3	(110,868)	13.3
Reversal / (Allowance) for expected credit loss	(19,546)	204.4	18,731	(150.5)	(37,093)	411.0	(7,259)	(64.4)	(20,364)	(54.4)	(44,625)	59.9
Other Income	181,188	(39.5)	299,663	582.6	43,899	(33.5)	66,017	85.4	35,603	(7.7)	38,555	(20.5)
Operating Profit / (Loss)	1,218,565	(28.1)	1,694,815	999.6	(188,395)	(138.3)	492,518	34.5	366,204	480.1	(96,344)	190.2
Finance costs	(115,840)	7.8	(107,444)	23.4	(87,078)	0.2	(86,946)	(11.4)	(98,121)	5.0	(93,426)	12.7
Other expenses	(95,936)	(30.3)	(137,629)	2,475.4	(5,344)	(83.8)	(33,068)	58.2	(20,900)		-	-
Profit / (Loss) before taxation	1,006,789	(30.6)	1,449,742	616.3	(280,817)	(175.4)	372,504	50.7	247,183	230.3	(189,770)	63.5
Taxation	(509,467)	(2.9)	(524,854)	1,067.5	(44,957)	(67.5)	(138,163)	161.8	(52,777)	237.8	38,286	(7,125.0)
Profit / (Loss) after taxation	497,322	(46.2)	924,888	383.9	(325,774)	(239.0)	234,341	20.5	194,406	228.3	(151,484)	29.9



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Statement of Compliance with Listed Companies (Code Of Corporate Governance) Regulations, 2019



EY Ford Rhodes
Chartered Accountants
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INDEPENDENT AUDITOR'S REVIEW REPORT

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

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Shabbir Tiles and Ceramics Limited for the year ended 30 June 2022 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2022.

Chartered Accountants
Place: Karachi
Date: 22 September 2022
UDIN: CR202210078dSp007kK6

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

FOR THE YEAR ENDED JUNE 30, 2022

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

1. The total number of directors are 7 as per the following:

a. Male:	- 06
b. Female:	- 01

2. The composition of Board is as follows:

a) Independent Directors (including a female director)	- Mr. Feroze Jehangir Cawasji - Mrs. Farhana Mowjee Khan
b) Other Non-executive Directors	- Mr. Rafiq M. Habib - Mr. Muhammad Salman Burney - Mr. Abdul Hai M. Bhaimia - Mr. Imran Ali Habib
c) Executive Director	- Syed Masood Abbas Jaffery

*In a board comprising of 7 members, one third works out to be 2.33 in which fraction is below half (i.e. 0.5). The fraction contained in such one-third is not rounded up to one. Company has qualified and experienced independent directors on the board who perform and carry out their responsibility diligently.

- The Directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company;
- 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;
- The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of significant policies along with their date of approval or updating is maintained by the Company;
- All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Act and these Regulations;
- 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 meeting of the Board;
- The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;

- All the directors on the board have either acquired training program or are exempt from the requirement.
- The Board has approved the appointment of Chief Financial Officer including terms and conditions of his employment. The Board has also approved change in remuneration Company Secretary and Head of Internal Audit. The Board has complied with relevant requirements of the Regulations.
- Chief financial officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
- The Board has formed committees comprising of members given below:

a) Audit Committee

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

b) H.R. and Remuneration Committee

- Mr. Feroze Jehangir Cawasji	Chairman
- Mr. Muhammad Salman Burney	Member
- Syed Masood Abbas Jaffery	Member
- Mrs. Farhana Mowjee Khan	Member

- The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
- The frequency of meetings of the committee were as per following:

a) Audit Committee	- Four quarterly meetings
b) HR and Remuneration Committee	- Two meetings
- The Board has outsourced the internal audit function to M/s. Noble Computer Services (Private) Limited who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company;
- The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (Spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or director of the Company;
- 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;
- We confirm that all requirements of the regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.



SYED MASOOD ABBAS JAFFERY
Chief Executive Officer



Rafiq M. Habib
Chairman

FINANCIAL STATEMENTS





EY Ford Rhodes
Chartered Accountants
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INDEPENDENT AUDITOR'S REPORT

To the members of Shabbir Tiles and Ceramics Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Shabbir Tiles and Ceramics Limited (the Company), which comprise the statement of financial position as at 30 June 2022, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2022 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

S. No.	Key audit matter	How our audit addressed the key audit matter
1.	<p>Existence and valuation of stock-in-trade</p> <p>As discussed in note 13 to the accompanying financial statements, the stock-in-trade balance constitutes approximately 21% of total assets of the Company as at the reporting date. This comprises raw and packing material, work-in-process (WIP), finished goods and stock-in-transit.</p> <p>As disclosed in note 6.7 to the accompanying financial statements, the cost of finished goods is determined on weighted average cost of direct material and labour including a proportion of production overheads.</p> <p>The Net Realizable Value (NRV) of stock-in-trade is determined mainly keeping in view the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.</p> <p>We have considered this area to be a key audit matter due to its materiality and judgments involved in estimating the NRV of underlying stock-in-trade as well as the management's judgment involved in determining an appropriate costing basis.</p>	<p>Our key audit procedures among others included the following:</p> <ul style="list-style-type: none"> Obtained an understanding of the Company's process with respect to purchase and consumption of raw and packing material. Also tested design and operating effectiveness of controls relevant to such process. Observed stock counts at year end to ascertain the existence and condition of stock-in-trade and evaluated the appropriateness of the basis of identification of the obsolete stock-in-trade. Reviewed management's procedures for evaluating the NRV of stock-in-trade, performed testing on sample basis to assess the NRV and evaluated the adequacy of write down of stock-in-trade to NRV by performing a review of sales close to and subsequent to the year-end and comparing with the cost for a sample of products. Tested the accuracy of ageing analysis of stock-in-trade, on a sample basis, to evaluate provision for slow moving stock-in-trade assessed by the management. Assessed the appropriateness of management's basis for the allocation of cost and production overheads and tested the calculations of per unit cost of finished goods, on a sample basis. Reviewed relevant documents, including but not limited to supplier's invoices, letters of credits and shipping documents to verify the valuation of stock-in-transit as at the reporting date as well as inspected subsequent goods receipt note, on a sample basis. Assessed the adequacy of related financial statement disclosures in accordance with the applicable financial reporting framework.

S. No.	Key audit matter	How our audit addressed the key audit matter
2.	<p>Capital expenditure</p> <p>As disclosed in note 7.1 and 7.5 to the accompanying financial statements, the Company incurred significant amount of capital expenditure during the year amounting to Rs. 1,347.79 million and Rs. 701.51 million transferred to operating fixed assets.</p> <p>We have identified this as a key audit matter as this represents a significant transaction for the year and involves management's evaluation of components of cost to be capitalized in accordance with applicable financial reporting framework.</p>	<p>Our key audit procedures among others included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of the Company's process with respect to capital expenditure and tested design and operating effectiveness of controls relevant to such process. • Reviewed whether the components of cost capitalized meet the recognition criteria of an asset, in accordance with the applicable financial reporting standards. • Performed substantive audit procedures including physical verification, on a sample basis, of fixed assets acquired, assessment of nature of costs capitalized through testing of amounts and review of related third-party invoices, contracts, delivery notes, letter of credits, shipping documents and supporting documents. • Reviewed timing of capitalization by examining, on a sample basis, the completion / transfer certificates from the Company's technical department. • Reviewed management's estimates about the useful life of assets so capitalized and consequent depreciation rates used by the Company. • Assessed the adequacy of related financial statement disclosures in accordance with the applicable financial reporting framework.



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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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



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

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

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

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

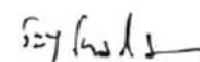
From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes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

Report on Other Legal and Regulatory Requirements

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

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is **Riaz A. Rehman Chamdia**.



Chartered Accountants

Place: Karachi

Date: 22 September 2022

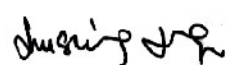
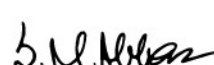
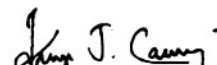
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STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2022

	Note	June 30 2022	June 30 2021
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	3,456,004	2,696,148
Right-of-use assets	8	263,363	240,668
Investment properties	9	5,793	7,035
Long-term loans	10	-	350
Long-term security deposits	11	32,149	27,025
		<u>3,757,309</u>	<u>2,971,226</u>
CURRENT ASSETS			
Stores and spare parts	12	503,682	440,609
Stock-in-trade	13	1,584,510	1,465,862
Trade debts	14	175,043	234,251
Loans and advances	15	50,847	37,901
Prepayments and other receivables	16	15,308	15,395
Short-term investments	17	1,348,374	1,679,595
Cash and bank balances	18	126,497	178,786
		<u>3,804,261</u>	<u>4,052,399</u>
		<u>7,561,570</u>	<u>7,023,625</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
240,000,000 (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	19	1,196,600	1,196,600
Reserves		<u>1,645,508</u>	<u>1,447,336</u>
		<u>2,842,108</u>	<u>2,643,936</u>
NON-CURRENT LIABILITIES			
Long-term financing - secured	20	223,825	149,670
Deferred Income	20	58,271	41,765
Lease liabilities	21	198,725	173,289
Gas Infrastructure Development Cess (GIDC) payable	22	316,669	566,365
Deferred tax liability - net	23	34,733	54,157
		<u>832,223</u>	<u>985,246</u>
CURRENT LIABILITIES			
Trade and other payables	24	2,549,399	2,203,255
Unclaimed dividend	25	3,279	3,281
Unpaid dividend	25	2,942	1,130
Current maturity of long-term financing	20	8,712	9,520
Current maturity of deferred income	20	5,494	-
Current maturity of lease liabilities	21	111,355	108,156
Current maturity of GIDC payable	22	463,229	231,200
Taxation - net		354,403	422,641
Sales tax payable	26	388,426	415,260
		<u>3,887,239</u>	<u>3,394,443</u>
CONTINGENCIES AND COMMITMENTS			
	27	<u>7,561,570</u>	<u>7,023,625</u>

The annexed notes from 1 to 48 form an integral part of these financial statements.

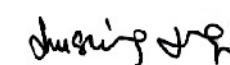
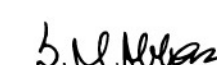
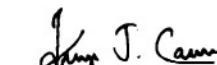

MUSTAFA JAFAR
Chief Financial Officer

SYED MASOOD ABBAS JAFFERY
Chief Executive Officer

FEROZE JEHANGIR CAWASJI
Director**STATEMENT OF PROFIT OR LOSS**

FOR THE YEAR ENDED JUNE 30, 2022

	Note	June 30 2022	June 30 2021
Turnover - net			
28		11,898,966	9,904,498
Cost of sales			
29		(8,903,967)	(6,844,271)
Gross profit			
		<u>2,994,999</u>	<u>3,060,227</u>
Selling and distribution costs			
30		(1,602,220)	(1,394,662)
Administrative expenses			
31		(335,856)	(289,144)
(Allowance) / reversal for expected credit loss			
14.3		(19,546)	18,731
		<u>(1,957,622)</u>	<u>(1,665,075)</u>
Other income			
32		181,188	299,663
Operating profit			
		<u>1,218,565</u>	<u>1,694,815</u>
Finance costs			
33		(115,840)	(107,444)
Other expenses			
34		(95,936)	(137,629)
		<u>(211,776)</u>	<u>(245,073)</u>
Profit before taxation			
		<u>1,006,789</u>	<u>1,449,742</u>
Taxation			
35		(509,467)	(524,854)
Profit after taxation			
		<u>497,322</u>	<u>924,888</u>
Earnings per share - basic and diluted			
36		<u>2.08</u>	<u>3.86</u>

(Rupees)

The annexed notes from 1 to 48 form an integral part of these financial statements.


MUSTAFA JAFAR
Chief Financial Officer

SYED MASOOD ABBAS JAFFERY
Chief Executive Officer

FEROZE JEHANGIR CAWASJI
Director

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2022

	June 30 2022	June 30 2021
	----- (Rupees in '000) -----	
Profit after taxation	497,322	924,888
Other comprehensive income	-	-
Total comprehensive income for the year	<u>497,322</u>	<u>924,888</u>

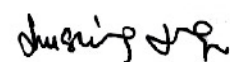
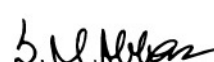
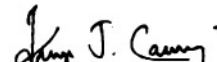
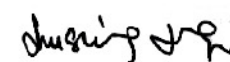
The annexed notes from 1 to 48 form an integral part of these financial statements.

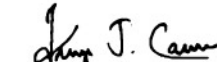
STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2022

		Reserves					
	Issued, subscribed and paid-up capital	Capital reserve	Revenue reserves		Total reserves	Total equity	
		Share premium	General reserve	(Accumulated loss) / unappropriated profit			

The annexed notes from 1 to 48 form an integral part of these financial statements.


MUSTAFA JAFAR
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Chief Executive Officer

FEROZE JEHANGIR CAWASJI
Director

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Chief Financial Officer

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Chief Executive Officer

FEROZE JEHANGIR CAWASJI
Director

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation

Adjustments for non-cash and other items:

Depreciation on

- operating fixed assets

- right-of-use assets

- investment properties

Finance costs

Dividend income on mutual funds

Allowance / (reversal) for expected credit loss

Allowance / (reversal) for slow moving stores and spare parts

Allowance / (reversal) for slow moving stock-in-trade

Unrealized gain on short-term investments - mutual fund units

Amortization of deferred income

Gain on remeasurement of GIDC payable

Gain on disposal of operating fixed assets

Gain on disposal of lease assets

Operating profit before working capital changes

(Increase) / decrease in current assets

Stores and spare parts

Stock-in-trade

Trade debts

Loans and advances

Prepayments and other receivables

Increase / (decrease) in current liabilities

Trade and other payables

Sales tax payable

Cash generated from operations

Income tax paid

Finance costs paid

Long-term loans - net

Long-term security deposits - net

GIDC paid

Net cash generated from operating activities

CASH FLOWS FROM INVESTING ACTIVITIES

Capital expenditure

Proceeds from disposal of operating fixed assets

Short-term investments redeemed / (made) during the year - TDRs

Short-term investments made during the year - mutual fund units

Short-term investments redeemed during the year - mutual fund units

Dividend on mutual funds received

Net cash used in investing activities

CASH FLOWS FROM FINANCING ACTIVITIES

Long-term financing obtained during the year

Repayment of long-term financing

Repayment of lease liabilities

Dividend paid

Net cash used in financing activities

Net (decrease) / increase in cash and cash equivalents

Cash and cash equivalents at the beginning of the year

Cash and cash equivalents at the end of the year

The annexed notes from 1 to 48 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

1. THE COMPANY AND ITS OPERATIONS

1.1 Shabbir Tiles and Ceramics Limited (the Company) was incorporated in Pakistan as a public limited company, under the repealed Companies Act 1913 (now the Companies Act, 2017) on November 7, 1978 and listed on the Pakistan Stock Exchange Limited. The Company is primarily engaged in the manufacture and sale of tiles and trading of allied building products.

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

Business Unit	Address	Production Facility
Registered office & production plant (Unit 1):	15th Milestone, National Highway, Landhi, Karachi.	Tiles & building material products
Production plant (Unit 2):	Deh Khanto Tappo, Landhi, District Malir, Bin Qasim Town Karachi.	Tiles
Production plant (Islamabad):	Plot No. 01, ANF Road, Yamaha Chowk, 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 make sales through various sales outlets located across the country. Considering the quantum, the geographical locations and addresses of all the locations are not presented in these financial statements.

2. STATEMENT OF COMPLIANCE

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

3. BASIS OF MEASUREMENT

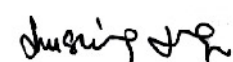
3.1 These financial statements have been prepared under the historical cost convention, unless otherwise specifically stated.

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

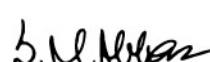
4. AMENDMENTS AND IMPROVEMENTS TO APPROVED ACCOUNTING STANDARDS

4.1 Amendments to approved accounting standards effective during the year

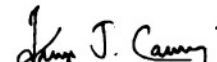
The company has adopted the following amendments to IFRSs for financial reporting which became effective for the current year:



MUSTAFA JAFAR
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, 2022

Amendments to approved accounting standards

IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform (Amendments)
IFRS 16 - Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments)

The adoption of the above amendments to the approved accounting standards did not have any material effect on the Company's financial statements.

4.2 Amendments and improvements to approved accounting standards that are not yet effective

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

Amendments		Effective date (annual periods beginning on or after)
IFRS 3	Reference to the Conceptual Framework (Amendments)	January 01, 2022
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use (Amendments)	January 01, 2022
IAS 37	Onerous Contracts – Costs of Fulfilling a Contract (Amendments)	January 01, 2022
IAS 1	Classification of Liabilities as Current or Non-current (Amendments)	January 01, 2023
IAS 1	Disclosure of Accounting Policies (Amendments)	January 01, 2023
IAS 8	Definition of Accounting Estimates (Amendments)	January 01, 2023
IAS 12	Deferred tax related to Assets and Liabilities arising from a single transaction (Amendments)	January 01, 2023
IFRS 10 / IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalised

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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

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

5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

	Notes
a) determining the method of depreciation, residual values and useful lives of operating fixed assets, right-of-use assets and investment property	6.1.1, 6.2, 6.3, 7.1, 7.3 & 8.2
b) determining the provision for slow moving stores and spare parts and stock-in-trade and adjustment of stock-in-trade to their net realizable value (NRV)	6.6, 6.7, 12 & 13
c) determining the allowance for expected credit loss on trade debts	6.8 & 14
d) recognition of current and deferred taxation	6.14, 23 & 35
e) leases	6.13 & 21
f) contingent liabilities	6.17
g) gas infrastructure development cess (GIDC) payable	22
h) deferred income	6.12 & 20

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

6.1 Property, plant and equipment

6.1.1 Operating fixed assets

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

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

Depreciation is charged to statement of profit or loss on straight line basis, other than freehold land which is determined to have an indefinite life, at the rates specified in note 7.1 to the financial statements. Depreciation on additions is charged from the month in which the asset is available for use and on disposals upto the month immediately preceding the month of deletion.

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

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

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

6.1.2 Capital work-in-progress

These are stated at cost less any impairment in value. All expenditure connected with specific assets incurred during installation and construction period including advances to suppliers and contractors are carried under this head. These are transferred to operating fixed assets as and when these assets are available for use.

6.2 Right-of-use assets

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

6.3 Investment properties

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

Depreciation is charged to the statement of profit or loss applying the straight line method at the rate specified in note 9 to the financial statements. Depreciation on additions is charged from the month in which an asset is put to use and on deletions up to the month immediately preceding the deletion.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

6.4 Borrowing costs

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

6.5 Research and development costs

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

6.6 Stores and spare parts

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

6.7 Stock-in-trade

Stock-in-trade, except stock in transit are valued at the lower of cost and NRV determined as follows:

Raw and packing material	weighted average cost.
Work-in-process and finished goods	cost of direct materials and labour plus attributable overheads.

Stock in transit are valued at invoice price plus other charges paid thereon up to the reporting date.

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

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

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

6.9 Cash and cash equivalents

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

6.10 Trade and other payables

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

6.11 Provisions

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

6.12 Deferred income

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

6.13 Lease liabilities

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

6.13.1 Short-term leases

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

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

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

6.14 Taxation**6.14.1 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, if any. Current tax is charged to the statement of profit or loss except to the extent it relates to items recognised directly in other comprehensive income in which case it is recognised in the statement of comprehensive income.

6.14.2 Deferred

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

6.15 Staff retirement benefit - Defined contribution plan

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

6.16 Employees' leave encashment

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

6.17 Contingent liabilities

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

- there is a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measure with sufficient reliability.

6.18 Foreign currency translation

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

6.19 Financial Instruments

6.19.1 Financial assets

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

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

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

Derecognition

A financial asset, a part of a financial asset or part of a group of similar financial assets is primarily derecognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either the Company has transferred substantially all the risks and rewards of the asset or the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

6.19.2 Financial Liabilities

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

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Loans and borrowings

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

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

6.19.3 Impairment of financial assets

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

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

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

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

6.19.4 Offsetting of financial instruments

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

6.20 Unclaimed dividend

This is recognised at the amount of dividend declared and unclaimed by shareholders from the date it became due and payable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

6.21 Unpaid dividend

This is recognised at the amount of dividend declared and claimed by shareholders but remained unpaid for the period of 3 years from the date it became due and payable.

6.22 Operating segments

For management purposes, the activities of the Company are organised into one reportable operating segment. The Company operates in the said reportable operating segment based on the nature of the products, risks and returns, organisational and management structure, and internal financial reporting systems. Accordingly, the figures reported in these financial statements are related to the Company's only reportable segment.

6.23 Share capital and reserves

Ordinary shares are classified as equity and recognised at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Reserves comprise of capital and revenue reserves. Capital reserves represent share premium while revenue reserves comprise of general reserves and unappropriated profit. The purpose of general reserves includes, but not limited to, fulfilling various business needs like meeting contingencies, offsetting future losses, enhancing the working capital, etc.

6.24 Impairment of non-financial assets

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

6.25 Revenue

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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

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

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

Dividend income is recognised when the Company's right to receive the dividend is established.

6.26 Dividend and appropriation to reserves

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

6.27 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.

7. PROPERTY, PLANT AND EQUIPMENT

	Note	June 30 2022	June 30 2021
		(Rupees in '000)	
Operating fixed assets	7.1	2,390,644	2,237,914
Capital work-in-progress	7.4	1,065,360	458,234
		<u>3,456,004</u>	<u>2,696,148</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

7.1 Operating fixed assets

	COST			ACCUMULATED DEPRECIATION			NET BOOK VALUE	
	As at July 01, 2021	Additions / transfers*	As at June 30, 2022	As at July 01, 2021	Charge for the year (note 7.3)	(On Disposals)	As at June 30, 2022	Depreciation rate %
(Rupees in '000)								
2022								
Freehold land (note 7.2)	266,135	-	266,135	-	-	-	266,135	-
Building on freehold land (note 7.2)	1,001,467	29,563*	1,031,030	589,202	80,301	-	669,503	5 - 33
Plant and machinery	5,530,541	23,618	5,554,159	4,037,855	472,365	(12,470)	4,497,750	5 - 33
Furniture and fixture	24,310	-	24,310	24,061	-	-	24,061	20
Office equipment	59,494	12,901	72,395	36,508	9,838	(1,733)	44,613	20 - 33
Computers and accessories	18,972	2,631	21,603	14,998	2,509	(50)	17,457	33 - 50
Vehicles (note 7.7)	52,511	127,717*	180,228	12,892	21,636	(3,442)	31,086	20
	6,953,430	39,150	7,012,580	4,715,516	586,649	(17,695)	5,284,470	
	701,509*						2,390,644	
2021								
Freehold land (note 7.2)	266,135	-	266,135	-	-	-	266,135	-
Building on freehold land (note 7.2)	933,007	68,460*	1,001,467	517,958	71,244	-	589,202	5 - 33
Plant and machinery	5,490,815	18,912	5,509,727	3,579,890	536,740	(78,775)	4,037,855	5 - 33
	101,441*						1,492,686	
Furniture and fixture	24,310	-	24,310	24,061	-	-	24,061	20
Office equipment	47,608	14,889	62,497	32,260	7,221	(2,973)	36,508	20 - 33
Computers and accessories	18,711	3,263	21,974	15,051	2,919	(2,972)	14,998	33 - 50
Vehicles (note 7.7)	21,543	35,403*	56,946	13,599	2,860	(3,567)	12,892	20
	6,802,129	37,064	6,839,193	4,182,819	620,984	(88,287)	4,715,516	
	205,304*						2,237,914	

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

7.2 Particulars of immovable fixed assets:	Freehold land		Building on freehold land	
	Total area	Cost as at June 30, 2022	Total area	Cost as at June 30, 2022
Location (Rupees in '000)				
15th Milestone, National Highway, Landhi, Karachi.	12 acre 19 ghunta	553	201,339 sq. ft.	281,032
Deh Khanto Tappo, Landhi, District Malir, Bin Qasim Town Karachi.	28 acre 14 ghunta	265,582	403,617 sq. ft.	749,998
Total		266,135		1,031,030

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

	Note	June 30 2022	June 30 2021
(Rupees in '000)			
Cost of sales - manufacturing	29.1	567,015	614,128
Selling and distribution costs	30	11,763	3,736
Administrative expenses	31	7,871	3,120
		586,649	620,984

7.4 Capital work-in-progress:

Plant and machinery		1,060,552	321,096
Civil works		-	58,813
Office equipment		-	676
Advance against vehicles		4,808	77,649
	7.5	1,065,360	458,234

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

Balance at beginning of the year		458,234	52,956
Additions during the year		1,308,635	610,582
Transferred to operating fixed assets	7.1	(701,509)	(205,304)
Balance at end of the year		1,065,360	458,234

7.6 Include vehicles of Rs. 63.682 million (2021: 33.406 million) purchased from Indus Motor Company Limited, a related party.

	Note	June 30 2022	June 30 2021
(Rupees in '000)			
Cost	8.1	496,947	407,394
Accumulated depreciation	8.2	(233,584)	(166,726)
		263,363	240,668

8. RIGHT-OF-USE ASSETS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

	Note	June 30 2022	June 30 2021
----- (Rupees in '000) -----			
8.1 COST			
Balance at beginning of the year		407,394	346,136
Additions during the year		148,044	70,725
Disposals during the year		(61,923)	-
Remeasurement of lease liabilities		3,432	(9,467)
Balance at end of the year		<u>496,947</u>	<u>407,394</u>
8.2 ACCUMULATED DEPRECIATION			
Balance at beginning of the year		166,726	78,418
Charge for the year	8.3	101,723	88,308
On disposals during the year		(34,865)	-
Balance at end of the year		<u>233,584</u>	<u>166,726</u>
Depreciation rate %		<u>11-67</u>	<u>11-67</u>
8.3 Depreciation charge for the year has been allocated as follows:			
Cost of sales - manufacturing	29.1	31,965	24,211
Selling and distribution costs	30	69,758	64,097
		<u>101,723</u>	<u>88,308</u>

9. INVESTMENT PROPERTIES

	COST			ACCUMULATED DEPRECIATION			NET BOOK VALUE	
	As at July 01, 2021	Additions	As at June 30, 2022	As at July 01, 2021	Charge for the year (note 30)	As at June 30, 2022	As at June 30, 2022	Depreciation rate %
(Rupees in '000)								
Freehold land	3	-	3	-	-	-	3	-
Building on freehold land	1,083	-	1,083	1,083	-	1,083	-	10
Showroom	7,800	-	7,800	4,563	702	5,265	2,535	10
Apartments	6,000	-	6,000	2,205	540	2,745	3,255	10
2022	<u>14,886</u>	<u>-</u>	<u>14,886</u>	<u>7,851</u>	<u>1,242</u>	<u>9,093</u>	<u>5,793</u>	
2021	<u>14,886</u>	<u>-</u>	<u>14,886</u>	<u>6,609</u>	<u>1,242</u>	<u>7,851</u>	<u>7,035</u>	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

9.1 The forced sales values and fair values of investment properties based on the latest valuation carried out by an independent valuer on June 30, 2022, as at the statement of financial position date, are as under:

	Forced sales values		Fair values	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
----- (Rupees in '000) -----				
Freehold land	6,906	5,843	8,632	7,304
Building on freehold land	2,391	2,152	2,989	2,690
Showroom	4,368	4,992	5,460	6,240
Apartments	5,280	5,280	6,600	6,600
	<u>18,945</u>	<u>18,267</u>	<u>23,681</u>	<u>22,834</u>

9.2 Particulars of immovable investment properties:

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

10. LONG-TERM LOANS

	Note	June 30 2022	June 30 2021
----- (Rupees in '000) -----			
Secured			
Employees	10.1	2,382	2,653
Executives	10.1	1,113	450
		<u>3,495</u>	<u>3,103</u>
Current maturity of long-term loans	15	(3,495)	(2,753)
		<u>-</u>	<u>350</u>

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

11. LONG-TERM SECURITY DEPOSITS

	Note	June 30 2022	June 30 2021
----- (Rupees in '000) -----			
Rent	11.1	28,099	23,121
Utilities		2,943	2,943
Others		1,107	961
	11.2	<u>32,149</u>	<u>27,025</u>

11.1 Includes security deposit against rent to the following related parties:

Thal Limited	709	709
Habib Metro Pakistan Pvt Limited	1,266	1,266
	<u>1,975</u>	<u>1,975</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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

		June 30 2022	June 30 2021
	Note	(Rupees in '000)	
12. STORES AND SPARE PARTS			
Stores		195,205	190,975
Spare parts			
- in hand		424,236	324,408
- in transit		13,902	27,737
		438,138	352,145
		633,343	543,120
Provision for slow moving stores and spare parts	12.1	(129,661)	(102,511)
		503,682	440,609
12.1 Movement of provision for slow moving stores and spare parts:			
Balance at beginning of the year		102,511	114,431
Charge / (reversal) for the year	29.1	27,150	(11,920)
Balance at end of the year		129,661	102,511
13. STOCK-IN-TRADE			
Raw and packing material			
- in hand		924,784	627,920
- in transit		147,048	190,566
	29.1	1,071,832	818,486
Work-in-process	29.1	42,804	42,108
Finished goods			
- manufacturing	29.1	484,701	613,959
- trading	29.2	12,267	16,035
	13.1	496,968	629,994
		1,611,604	1,490,588
Provision for slow moving stock-in-trade	13.2	(27,094)	(24,726)
		1,584,510	1,465,862
13.1 Includes stock-in-trade costing Rs. 177.866 million (2021: Rs. 229.558 million) which has been written down to its net realizable value (NRV) amounting to Rs. 56.975 million (2021: Rs. 73.363 million) during the year.			
13.2 Movement of provision for slow moving stock-in-trade:	Note	June 30 2022	June 30 2021
		(Rupees in '000)	
Balance at beginning of the year	29.1	24,726	46,212
Charge / (reversal) for the year		2,368	(21,486)
Balance at end of the year		27,094	24,726
14. TRADE DEBTS			
Unsecured			
- Considered good	14.1&14.2	175,043	234,251
- Considered doubtful		177,719	158,236
		352,762	392,487
Allowance for expected credit loss	14.3	(177,719)	(158,236)
		175,043	234,251

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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

Indus Motor Company Limited	1,999	882
Agriauto Industries Limited	-	288
Thal Limited	-	30

- 14.2** The maximum aggregate amount due from the related parties at the end of any month during the year was Rs. 5.062 million (2021: Rs. 4.599 million).

		June 30, 2022	June 30, 2021
	Note	(Rupees in '000)	
14.3 Movement in allowance for expected credit loss:			
Balance at beginning of the year		158,236	177,964
Allowance / (reversal) for expected credit loss for the year		19,546	(18,731)
Written-off during the year		(63)	(997)
Balance at end of the year		177,719	158,236

15. LOANS AND ADVANCES

Considered good

Loans

Current maturity of long-term loans	10	3,495	2,753
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Advances

Employees		295	62
Suppliers and contractors		38,142	15,282
Collector of customs		8,915	19,804
		47,352	35,148
		50,847	37,901

16. PREPAYMENTS AND OTHER RECEIVABLES

Prepayments

Insurance		5,559	3,744
Letter of guarantee margin		2,165	1,324
Others		5,355	7,841
		13,079	12,909
Other receivables		2,229	2,486
		15,308	15,395

17. SHORT-TERM INVESTMENTS

At amortised cost

Term deposit receipts (TDRs)			
- up to three months	17.1	416,000	600,000
- more than three months		-	56,000
		416,000	656,000

Treasury bills			
- up to three months	17.2	48,359	-
		464,359	656,000

At fair value through profit or loss

Mutual fund units	17.3	884,015	1,023,595
		1,348,374	1,679,595

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

17.1 Represents term deposit receipts (TDRs) ranging from 15 days to 3 months term (2021: 15 days to 1 Year) with various commercial banks under conventional banking relationship carrying profit at the rate of 9% to 18.5% (2021: 7% to 9%) per annum, having latest maturity up to July 15, 2022.

17.2 This carries mark-up rate of 14.5% (2021: Nil) per annum with latest maturity in July 2022.

	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
	Units		NAV in Rupees		(Rupees in '000)	
17.3 MCB Arif Habib Cash Management Optimizer	1,485,442	1,488,827	101.299	100.959	150,475	150,311
Meezan Rozana Amdani Fund	1,621,005	4,031,039	50	50	81,050	201,552
Faysal Islamic Cash Fund	473,963	1,231,212	100	100	47,396	123,121
Al Hamra Islamic Money Market Fund	55,199	1,012,172	99.51	99.51	5,493	100,721
UBL Liquidity Plus Fund	1,246,539	1,519,988	101.088	101.021	126,010	153,551
HBL Cash Fund	1,150,792	1,012,018	101.498	101.202	116,804	102,418
Alfalah GHP Money Market Fund	544,106	1,028,150	98.371	98.239	53,525	101,004
Alfalah Islamic Rozana Amdani Fund	169,132	8,424	100	100	16,913	842
Lakson Investment Money Market Fund	558,655	595,959	101.397	100.804	56,646	60,075
UBL Al Ameen Islamic Cash Plan - 1	13,892	300,000	100	100	1,389	30,000
Pakistan Cash Management Fund	1,362,824	-	50.467	-	68,779	-
NBP Money Market Fund	13,041,238	-	9.931	-	129,514	-
MCB Pakistan Fixed Return Plan	300,209	-	100	-	30,021	-
	<u>22,022,996</u>	<u>12,227,789</u>			<u>884,015</u>	<u>1,023,595</u>

18. CASH AND BANK BALANCES

	Note	June 30, 2022	June 30, 2021
		(Rupees in '000)	
Cash in hand		5,567	3,261
Cash at banks:			
Current accounts with:			
- conventional banks	18.1	78,951	85,122
- islamic banks	18.2	22,620	32,552
Saving accounts		19,359	57,851
		<u>120,930</u>	<u>175,525</u>
		<u>126,497</u>	<u>178,786</u>

18.1 Includes balance of Rs. 11.685 million (2021: Rs. 14.013 million) maintained with Bank Al Habib Limited, a related party.

18.2 These carry profit rates ranging from 5.5% to 12.25% per annum (2021: 5.5% to 7.5% per annum). These balances are held in accounts maintained under conventional banking.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

19. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

	2022 (Number of shares in '000)	2021	June 30, 2022 (Rupees in '000)	June 30, 2021
Ordinary shares of Rs. 5/- each	199,627	199,627	998,135	998,135
Fully paid-up in cash	1,150	1,150	5,750	5,750
Issued for consideration other than cash	38,543	38,543	192,715	192,715
Issued as bonus shares	<u>239,320</u>	<u>239,320</u>	<u>1,196,600</u>	<u>1,196,600</u>

19.1 Voting rights and board selection are in proportion to the shareholding.

20. LONG-TERM FINANCING - SECURED

	Note	June 30, 2022 (Rupees in '000)	June 30, 2021
SBP refinance scheme for renewable energy	20.1	232,537	159,190
Current maturity of long-term financing	20.2	(8,712)	(9,520)
		<u>223,825</u>	<u>149,670</u>

20.1 This represents long term financing facility obtained from a conventional bank under State Bank of Pakistan (SBP) refinance scheme for renewable energy, recognised initially at fair value. The total facility amounts to Rs. 500 million (2021: 500 million) and carries mark-up at the rate of 3% plus 0.45% (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 rate for the purposes of discounting adjustment for recognition at fair value is taken at 3 month KIBOR plus 0.5% (2021: 3 month KIBOR plus 0.5%) per annum.

	Note	June 30, 2022 (Rupees in '000)	June 30, 2021
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20.2 Movement of long-term financing:

Balance at beginning of the year		159,190	269,100
Financing received during the year		91,418	200,321
Repayment made during the year		(9,624)	(269,100)
Recognised as deferred income	20.3 & 20.4	(24,195)	(41,765)
Unwinding of finance cost		15,748	634
Balance at end of the year		<u>232,537</u>	<u>159,190</u>
Current maturity of long-term financing		(8,712)	(9,520)
		<u>223,825</u>	<u>149,670</u>

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

	Note	June 30, 2022	June 30, 2021
20.4 Movement of deferred income:			
Balance at beginning of the year		41,765	-
Recognised during the year	20.2	24,195	41,765
Amortized during the year		(2,195)	-
Balance at end of the year		63,765	41,765
Current maturity of deferred income		(5,494)	-
		58,271	41,765
21. LEASE LIABILITIES			
Lease liabilities	21.1	310,080	281,445
Current maturity of lease liabilities		(111,355)	(108,156)
		198,725	173,289
21.1 Movement of lease liabilities:			
Balance at beginning of the year		281,445	289,681
Additions during the year		148,044	70,725
Disposal during the year		(32,666)	-
Remeasurement of lease liabilities		3,432	(9,467)
Unwinding of finance cost during the year	33	29,352	34,896
Payments made during the year		(119,527)	(104,390)
Balance at end of the year		310,080	281,445
21.2 The maturity analysis of lease liabilities as at the statement of financial position date is as follows:			
Up to one year		111,355	108,156
After one year		198,725	173,289
Total lease liabilities		310,080	281,445
22. 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	22.1	-	(1,138,843)
		797,565	-
Recognition of new liability	22.1	-	977,095
Unwinding of finance cost		53,511	57,730
Payments made during the year		(71,178)	(237,260)
		779,898	797,565
Current maturity of GIDC payable		(463,229)	(231,200)
Balance at end of the year		316,669	566,365

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

22.1 The Honorable Supreme Court of Pakistan (SCP), through its judgment dated August 13, 2020 has declared GIDC Act, 2015 a valid legislation. Under the judgement, all gas consumers including the Company were ordered to pay the outstanding GIDC liability as at July 31, 2020 to the Government in 24 equal monthly installments. GIDC was declared payable on the presumption that burden of same has been passed to the customers. Aggrieved by the Judgement, the Company, along with other industries, filed a review petition before the SCP, which was dismissed by the SCP on November 2, 2020. However, while deciding the review petition, the SCP stated that the Government of Pakistan (GoP) is agreeable to recover the arrears in 48 monthly installments instead of 24 monthly installments.

The Company also filed a Suit with the Honorable High Court of Sindh (HCS) in September 2020 against collection of GIDC installments, before a factual determination of GIDC pass on is carried out, and the HCS granted a stay in September 2020 against recovery of GIDC payable from the Company till the finalization of matter by HCS. The matter is currently pending in the HCS.

Pursuant to the above decisions of the SCP, the management of the Company, in the prior year, derecognised the liability for GIDC and recognised new liability for GIDC at the present value of future cashflows considering 48 installments. The Company started making payments from November 2020 in 48 equal monthly installments. However, the installments for the period from October 2021 to June 2022 amounting to Rs. 213.533 million were not paid by the Company under the aforementioned stay order from HCS as SSGC started recovering GIDC as per 24 equal installments instead of 48 equal installments from October 2021.

Based on the legal advice obtained by the management, the Company is confident that there are strong grounds to support that recovery in 48 equal installments remains applicable and accordingly, no adjustment is required to be made in the measurement of financial liability in these financial statements. Further, the Company has also not accounted for the late payment surcharge based on the recovery stay granted by the HCS in line with the advice of its legal advisor. The current and non-current portion of GIDC in the financial statements have been segregated based on recovery in 48 equal monthly installments and the unpaid installments from October 2021 to June 2022 are included in the current maturity of GIDC.

	Note	June 30, 2022	June 30, 2021
23. DEFERRED TAX LIABILITY - net			
Deferred tax liabilities on taxable temporary differences:			
- accelerated tax depreciation		187,700	171,062
Deferred tax asset on deductible temporary differences:			
- provisions		(136,044)	(105,080)
- lease liabilities and right of use assets		(15,417)	(11,825)
- long-term financing and deferred income		(1,506)	-
		(152,967)	(116,905)
		34,733	54,157
24. TRADE AND OTHER PAYABLES			
Creditors	24.1	696,867	639,657
Accrued liabilities and levies	24.2	1,365,120	1,229,271
Advance from customers		278,834	147,725
Book over-draft	24.3	86,580	115,171
Payable to provident fund	24.4	5,148	4,323
Advance from employees against vehicles	24.5	14,168	3,352
Withholding tax payable		7,235	5,091
Workers' Profit Participation Fund	24.6	48,191	8,614
Workers' Welfare Fund	24.7	47,256	50,051
		2,549,399	2,203,255

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

24.1 Includes payable due to the following related parties:

Thal Limited	<u>33,410</u>	<u>11,105</u>
Razaque Steels (Private) Limited	<u>-</u>	<u>1,723</u>
Habib Metro Pakistan (Private) Limited	<u>190</u>	<u>190</u>

24.2 Includes accrual for leave encashment of Rs. 10.663 million (2021: Rs. 15.184 million) and bonus of Rs. 75.430 million (2021: Rs. 106.981 million).

24.3 Represents book overdraft balance against the un-presented cheques as at the statement of financial position date.

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

24.5 Represents amount received from employees against Company provided vehicles and will be adjusted on entitlement of vehicle to the employee as per the Company policy.

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
	----- (Rupees in '000) -----	

24.6 Workers' Profit Participation Fund

Balance at beginning of the year	<u>8,614</u>	-
Allocation for the year	<u>48,191</u>	<u>78,614</u>
	<u>56,805</u>	<u>78,614</u>
Payment made during the year	<u>(8,614)</u>	<u>(70,000)</u>
Balance at end of the year	<u>48,191</u>	<u>8,614</u>

24.7 Workers' Welfare Fund

Balance at beginning of the year	<u>50,051</u>	<u>5,862</u>
Allocation for the year	<u>31,926</u>	<u>44,189</u>
	<u>81,977</u>	<u>50,051</u>
Payment made during the year	<u>(34,721)</u>	<u>-</u>
Balance at end of the year	<u>47,256</u>	<u>50,051</u>

25. UNPAID DIVIDEND / UNCLAIMED DIVIDEND

The Company has opened separate bank accounts as required under the provision of section 244 of the Act and the required amounts have been transferred accordingly.

26. SALES TAX PAYABLE

Includes an amount of Rs. 6.769 million (2021: 7.601 million), 29.228 million (2021: 59.910 million) and 352.429 million (2021: 352.429 million) in respect of withholding provincial sales tax, sales tax payable (federal) and further tax (not charged to the customers) respectively as at the statement of financial position date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

27. CONTINGENCIES AND COMMITMENTS**27.1 Contingencies**

The taxation authorities passed amended assessment orders for the tax years 2018 and 2019 during the year ended June 30, 2022 wherein disallowances were made in respect of various matters 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 respectively were created. The Company has filed appeals against the aforesaid orders before the Commissioner Inland Revenue (Appeals-II), Karachi, which are pending adjudication. Further, automatic stay from the recovery of tax has been obtained in terms of section 140 of the Income Tax Ordinance, 2001 by making payment of 10% of the tax demands created above. Based on the management's assessment and tax advisor's opinion, the Company is confident that ultimate outcome will be in favour of the Company and accordingly, no provision is required to be recorded in these financial statements in respect of this matter.

27.2 Commitments

- (i) Commitments in respect of outstanding letters of credit against raw materials and spares amounting to Rs. 514.696 million (2021: Rs. 236.770 million), issued by commercial banks.
- (ii) Commitments in respect of capital expenditure amounting to Rs. 51.950 million (2021: Rs. 132.950 million) for the import of machinery, issued by commercial banks.
- (iii) Commitment in respect of bank guarantees issued by a commercial bank in favour of:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
	----- (Rupees in '000) -----	
Note		
Sui Southern Gas Company Limited	<u>432,576</u>	<u>368,775</u>
Nazir of Sindh High Court	<u>341,065</u>	<u>281,842</u>
Pakistan State Oil Company Ltd	<u>40,000</u>	<u>40,000</u>
Excise and Taxation Department	<u>108,381</u>	<u>73,381</u>
K-Electric	<u>16,516</u>	<u>-</u>
	<u>938,538</u>	<u>763,998</u>

28. TURNOVER - net

Local		
Manufacturing	<u>14,191,998</u>	<u>11,982,814</u>
Trading	<u>34,591</u>	<u>29,382</u>
	<u>14,226,589</u>	<u>12,012,196</u>
Trade discount	<u>(33,939)</u>	<u>(131,786)</u>
Sales tax		
Manufacturing	<u>(2,288,658)</u>	<u>(1,971,643)</u>
Trading	<u>(5,026)</u>	<u>(4,269)</u>
	<u>(2,293,684)</u>	<u>(1,975,912)</u>
28.1	<u>11,898,966</u>	<u>9,904,498</u>

28.1 Revenue recognised from amounts included in advance from customers at beginning of the year amounted to Rs. 130.616 million (2021: Rs. 61.486 million).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

		June 30, 2022	June 30, 2021
	Note	----- (Rupees in '000) -----	
29. COST OF SALES			
Manufacturing	29.1	8,883,014	6,825,666
Trading	29.2	20,953	18,605
		8,903,967	6,844,271
29.1 Cost of sales - manufacturing			
Raw and packing materials consumed			
Opening stock		818,486	661,176
Purchases		3,969,654	3,058,513
Closing stock		(1,071,832)	(818,486)
		3,716,308	2,901,203
Manufacturing expenses			
Salaries, wages and other benefits	29.1.1	943,165	867,173
Fuel and power		2,726,007	1,856,650
Stores and spare parts consumed		510,788	531,624
Provision / (reversal) for slow moving stores and spare parts	12.1	27,150	(11,920)
Provision / (reversal) for slow moving stock-in-trade	13.2	2,368	(21,486)
Depreciation on			
- operating fixed assets	7.3	567,015	614,128
- right-of-use assets	8.3	31,965	24,211
Repairs and maintenance		170,243	75,261
Insurance		12,894	15,165
Vehicle running expenses		22,530	22,896
Travelling and conveyance		2,967	4,011
Printing and stationery		6,551	6,840
Communication		4,780	3,880
Rates and taxes		1,651	945
Research costs		2,814	2,624
Legal and professional charges		2,915	3,406
Others		2,341	1,763
		5,038,144	3,997,171
Work-in-process			
Opening stock		42,108	28,711
Closing stock	13	(42,804)	(42,108)
Cost of goods manufactured		8,753,756	6,884,977
Finished goods			
Opening stock		613,959	554,648
Closing stock	13	(484,701)	(613,959)
		8,883,014	6,825,666
29.1.1 Includes Rs. 15.245 million (2021: Rs. 13.109 million) in respect of staff retirement benefits.			
29.2 Cost of sales - trading			
Opening stock		16,035	20,723
Purchases		17,185	13,917
Closing stock	13	(12,267)	(16,035)
		20,953	18,605

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

		June 30, 2022	June 30, 2021
	Note	----- (Rupees in '000) -----	
30. SELLING AND DISTRIBUTION COSTS			
Salaries, wages and other benefits	30.1	232,101	227,724
Freight		1,038,743	880,724
Advertisement and sales promotion		92,432	78,304
Travelling and conveyance		38,246	16,336
Rates and taxes		9,908	8,696
Communication		6,364	6,536
Insurance		8,598	7,570
Depreciation on			
- operating fixed assets	7.3	11,763	3,736
- right-of-use assets	8.3	69,758	64,097
- investment properties	9	1,242	1,242
Vehicle running expenses		16,049	13,218
Repairs and maintenance		28,674	53,463
Utilities		33,491	20,283
Printing and stationery		10,233	8,613
Entertainment		2,502	1,577
Legal and professional charges		1,871	2,265
Others		245	278
		1,602,220	1,394,662
30.1 Includes Rs. 7.465 million (2021: Rs. 5.679 million) in respect of staff retirement benefits.			
31. ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits	31.1	270,939	232,385
Travelling and conveyance		5,674	4,251
Printing and stationery		13,315	16,670
Legal and professional charges		5,702	3,076
Depreciation on operating fixed assets	7.3	7,871	3,120
Vehicle running expenses		12,311	10,656
Communication		2,333	1,949
Repair and maintenance		8,686	10,368
Auditors' remuneration	31.2	2,776	2,871
Subscriptions		433	305
Insurance		2,398	887
Others		3,418	2,606
		335,856	289,144
31.1 Includes Rs. 7.534 million (2021: Rs. 5.938 million) in respect of staff retirement benefits.			
31.2 Auditors' remuneration			
Audit fee		1,150	1,150
Half-yearly review fee		290	290
Taxation services		90	68
Other certifications and reviews		612	668
Out of pocket expenses and taxes		634	695
		2,776	2,871

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

		June 30, 2022	June 30, 2021
	Note	(Rupees in '000)	
32. OTHER INCOME			
Income from financial assets			
Profit on bank deposits / saving accounts	32.1	3,938	9,479
Interest income on TDRs		37,462	37,603
Dividend income on mutual fund units		81,679	34,763
Income from Treasury Bills		567	-
		123,646	81,845

Income from non-financial assets

Rental income from investment property		792	792
Gain on disposal of operating fixed assets		3,011	10,565
Gain on disposal of right-of-use assets		5,608	-
Income from scrap sales		38,926	40,715
Gain on remeasurement of GIDC payable		-	161,749
Unrealised gain on short-term investments - mutual fund units		1,034	482
Amortization of deferred income		2,195	-
Others		5,976	3,515
		57,542	217,818
		181,188	299,663

32.1 Represents profit on bank accounts under conventional banking relationship.

33. FINANCE COSTS

		June 30, 2022	June 30, 2021
	Note	(Rupees in '000)	
Mark-up on long-term financing		15,748	4,291
Unwinding of finance cost of lease liabilities	21.1	29,352	34,896
Unwinding of finance cost of GIDC	22	53,511	57,730
		98,611	96,917
Bank charges and commission		17,229	10,527
		115,840	107,444

34. OTHER EXPENSES

Workers' Profit Participation Fund		48,191	78,612
Workers' Welfare Fund		31,926	44,191
Donations	34.1	10,000	14,440
Exchange loss - net		5,819	386
		95,936	137,629

34.1 Donation to following parties exceeds the higher of 10% of the Company's total donations or Rs. 1 million:

		June 30, 2022	June 30, 2021
		(Rupees in '000)	
Habib Education Trust		-	4,000
The Indus Hospital		3,000	-
Muhammad Ali Habib Welfare Trust		3,845	-
Patients' Aid Foundation		1,500	2,000

34.2 None of the directors or their spouses had any interest in the donees except for Mr. Rafiq M. Habib who is a trustee of Muhammad Ali Habib Welfare Trust, a related party.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

		June 30, 2022	June 30, 2021
		(Rupees in '000)	
35. TAXATION			
Current		528,891	603,949
Prior		-	(741)
Deferred		(19,424)	(78,354)
		509,467	524,854

35.1 Reconciliation between tax expense and accounting profit:**Profit before tax**

Tax at applicable rate of 29% (2021: 29%)

Tax effects of:

super tax for the year

prior year tax

expenses inadmissible for tax purposes

income subject to reduced rate of tax

tax rebate on donations

others

35.2 The income tax assessment of the Company has been assessed up to and for the year 2019 corresponding to the financial year ended June 30, 2019. The Company has filed appeals before the commissioner appeals against orders of Tax year 2018 and 2019 which are pending. The income tax assessment for the year 2020 has not been assessed as the Company has obtained a stay order on the notice of tax audit for the year 2020.

36. EARNINGS PER SHARE - basic and diluted

Profit for the year (Rupees in '000)

Weighted average number of ordinary shares outstanding during the year (shares in '000)

Earnings per share (Rupees) - basic and diluted

36.1 There is no dilutive effect of basic earnings per share of the Company.

37. CASH AND CASH EQUIVALENTS

Short-term investments - TDRs

Cash and bank balances

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The Board of Directors have overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. No changes were made in the objectives, policies or processes and assumptions during the year ended 30 June 2022 which are summarized below:

38.1 Market risk

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

(i) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rate relates primarily to the Company's certain saving accounts, short-term investments in TDRs and treasury bills, long-term financing and short-term running finance. The company manages its interest rate risk by placing its excess funds in saving accounts in banks and by investing in TDRs and treasury bills. Management of the Company estimates that 1% increase in the market interest rate, with all other factors remaining constant, would increase the Company's profit before tax by Rs. 2.513 million and a 1% decrease would result in the decrease in the Company's profit before tax by the same amount. However, in practice, the actual result may differ from the sensitivity analysis.

(ii) Foreign currency risk

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

The following is the foreign currency exposure as at the statement of financial position date:

	June 30, 2022	June 30, 2021
Trade payables - USD	782,852	588,080
Trade payables - Euro	2,015	246,825
	June 30, 2022	June 30, 2021
The following significant exchange rates have been applied at statement of financial position date:	----- (Rupees) -----	
Exchange rate – USD	204.85	157.54
Exchange rate – Euro	213.81	187.27

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

A ten percent strengthening / weakening of the Pakistani Rupee against the above foreign currencies at the reporting date would increase / decrease profit before tax for the year by Rs. 16.08 million (2021: Rs. 13.89 million). This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for the previous year.

(iii) Equity price risk

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

38.2 Credit risk and concentration of credit risk

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

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

	Note	June 30, 2022 ----- (Rupees in '000) -----	June 30, 2021
Long-term security deposits	11	32,149	27,025
Trade debts	14	175,043	234,251
Other receivables	16	2,229	2,486
Short-term investments	17	1,348,374	1,679,595
Bank balances	18	120,930	175,525
		<u>1,678,725</u>	<u>2,118,882</u>

Quality of financial assets

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

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

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

	June 30, 2022 ----- (Rupees in '000) -----	June 30, 2021
Customers with no defaults in the past one year		
Trade debts	<u>175,043</u>	<u>234,251</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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

	June 30, 2022				
	Not yet due	Days Past Due			Total
		31-90 days	91-180 days	Over 180	
Expected credit loss rate	2%	6%	21%	98%	
Estimated total gross carrying amount at default	90,350	49,698	44,770	167,944	352,762
Expected credit loss	(1,536)	(3,011)	(9,180)	(163,992)	(177,719)
Unimpaired trade debts	88,814	46,687	35,590	3,952	175,043
June 30, 2021					
	Not yet due	Days Past Due			Total
		31-90 days	91-180 days	Over 180	
Expected credit loss rate	2%	5%	18%	97%	
Estimated total gross carrying amount at default	108,784	99,098	36,081	148,524	392,487
Expected credit loss	(1,768)	(5,347)	(6,660)	(144,461)	(158,236)
Unimpaired trade debts	107,016	93,751	29,421	4,063	234,251

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

Ratings	June 30, 2022	June 30, 2021
	(Rupees in '000)	(Rupees in '000)
A-1+	120,930	175,525
	120,930	175,525

38.3 Liquidity risk

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

2022	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	Rupees in '000					
Long-term financing	-	2,461	7,377	161,814	170,298	341,950
Lease liabilities	-	31,858	78,870	238,930	15,317	364,975
Trade and other payables	278,811	1,118,896	97,562	-	-	1,495,269
Unclaimed / unpaid dividends	6,221	-	-	-	-	6,221
GIDC payable	213,533	71,178	213,533	332,162	-	830,406
	498,565	1,224,393	397,342	732,906	185,615	3,038,821
2021						
Long-term financing	-	4,839	5,038	91,515	141,330	242,722
Lease liabilities	-	31,006	82,148	277,813	39,668	430,635
Trade and other payables	147,725	990,891	58,665	-	-	1,197,281
Unclaimed / unpaid dividends	4,411	-	-	-	-	4,411
GIDC payable	-	71,178	213,534	616,876	-	901,588
	152,136	1,097,914	359,385	986,204	180,998	2,776,637

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

38.4 Capital Risk Management

The Company's objective when managing capital is to safeguard the Company's ability to continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. As of the reporting date, the gearing ratio is as follows:

	2022	2021
	(Rupees in '000)	(Rupees in '000)
Total debt	282,096	191,435
Total equity	2,842,108	2,643,936
Total debt plus equity	3,124,204	2,835,371
Gearing ratio	9.03%	6.75%

38.5 Unavailed Credit Facilities

38.5.1 The facility for short-term running finance, opening letters of credit and letters of guarantees amounted to Rs. 2,250 million (2021: Rs. 2,250 million), Rs. 950 million (2021: Rs. 1,800 million) and Rs. 1,400 million (2021: Rs. 1,400 million) respectively, of which Rs. 2,250 million (2021: Rs. 2,250 million), Rs. 114 million (2021: Rs. Nil) and Rs. 461 million (2021: Rs. 636 million) respectively, remained unutilized as at the statement of financial position date.

38.5.2 Mark-up rates on running finance facilities range from three month KIBOR + 0.5% to six months KIBOR + 0.35% to 1% (2021: three month KIBOR + 0.5% to six months KIBOR + 1%) per annum.

38.6 Financial Instruments by category

Financial assets

at amortised cost

Long-term deposits	11	32,149	27,025
Trade debts	14	175,043	234,251
Current maturity of long term loans	15	3,495	2,753
Other receivables	16	2,229	2,486
Short-term investments - TDRs and Treasury bills	17	464,359	656,000
Cash and bank balances	18	126,497	178,786
		803,772	1,101,301

at fair value through profit or loss

Short-term investments - mutual fund units	17	884,015	1,023,595
		1,687,787	2,124,896

Financial liabilities at amortised cost

Lease liabilities	21	310,080	281,445
Long-term financing	20	223,825	149,670
Trade and other payables	24	2,153,715	1,988,422
Unclaimed dividend	25	3,279	3,281
Unpaid dividend	25	2,942	1,130
		2,693,841	2,423,948

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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

	2022		
	Unclaimed/ unpaid dividend	Lease liabilities	Long-term financing including deferred income
	(Rupees in '000)		
Balance at beginning of the year	4,411	281,445	200,955
Changes from financing cash flows			
Dividend paid during the year	(297,340)	-	-
Financing obtained during the year	-	-	91,418
Payments made during the year	-	(119,527)	(9,624)
	(297,340)	(119,527)	81,794
Other changes			
Dividend declared during the year	299,150	-	-
Remeasurement of lease liabilities	-	3,432	-
Unwinding of finance cost during the year	-	29,352	15,748
Amortization of deferred income	-	-	(2,195)
Additions during the year	-	148,044	-
Disposals during the year	-	(32,666)	-
	299,150	148,162	13,553
Balance at end of the year	6,221	310,080	296,302

	2021		
	Unclaimed/ unpaid dividend	Lease liabilities	Long-term financing including deferred income
	(Rupees in '000)		
Balance at beginning of the year	4,456	289,681	269,100
Changes from financing cash flows			
Dividend paid during the year	(45)	-	-
Financing obtained during the year	-	-	200,321
Payments made during the year	-	(104,390)	(269,100)
	(45)	(104,390)	(68,779)
Other changes			
Dividend declared during the year	-	-	-
Remeasurement of lease liabilities	-	(9,467)	-
Unwinding of finance cost during the year	-	34,896	634
Additions during the year	-	70,725	-
	-	96,154	634
Balance at end of the year	4,411	281,445	200,955

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

40. TRANSACTIONS WITH RELATED PARTIES

40.1 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 as approved by the Board of Directors of the Company. 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:

	June 30, 2022	June 30, 2021
	(Rupees in '000)	
Associated companies / other related parties		
Sales	24,491	16,139
Purchases of goods, material and services	170,596	126,111
Insurance premium	26,250	27,140
Insurance claims received	1,370	21,198
Lease rentals and service charges paid	17,676	15,796
Donation paid	3,845	-
Key management personnel		
Remuneration and other benefits of Chief Financial Officer and Company Secretary	41,333	19,156
Staff retirement benefits		
Contribution to provident fund	30,245	24,725

40.2 Following are the details of related parties and associated companies with whom the Company had entered into transactions or has arrangement / agreement in place.

Company Name	Basis of relationship	Aggregate % of shareholding in the Company
Habib Insurance Company Limited	Common Directorship	0.35
Indus Motor Company Limited	Common Directorship	N/A
Muhammad Ali Habib Welfare Trust	Common Directorship	N/A
Thal Limited	Common Directorship	1.3
Habib Metro Pakistan (Private) Limited	Common Directorship	N/A
Razaque Steels (Private) Limited	Common Directorship	N/A
Shabbir tiles and ceramics limited - Employees' Provident Fund	Staff retirement benefits	N/A

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

41. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

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

	2022		2021	
	Chief Executive Officer	Executives	Chief Executive Officer	Executives
	Rupees in '000			
Managerial remuneration	18,278	61,054	16,145	56,372
Housing and utilities	12,963	49,996	12,863	51,263
Leave fare assistance, leave encashment and bonus	35,385	25,964	25,989	18,748
Reimbursement of medical expenses	1,828	5,671	1,614	5,050
Retirement benefits	1,705	5,109	1,506	4,295
	<u>70,159</u>	<u>147,794</u>	<u>58,117</u>	<u>135,728</u>
Number of persons	<u>1</u>	<u>33</u>	<u>1</u>	<u>23</u>

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

41.3 Fee amounting to Rs. 2.3 million (2021: Rs. 0.675 million) was paid to 4 non-executive (2021: 3 non-executive directors) of the Company for attending meetings of the Board of Directors and its committee during the year.

42. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

Fair value hierarchy

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

Level 1: Quoted market price

Level 2: Valuation techniques (market observable); and

Level 3: Valuation techniques (non-market observables)

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

43. PRODUCTION CAPACITY

During the year, the tile production attained was 11.90 million sq. meters (2021: 12.37 million sq. meters) against annual manufacturing capacity of 14.04 million sq. meters (2021: 14.04 million sq. meters).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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

The Board of Directors in its meeting held on September 13, 2022 proposed final cash dividend of Rs. 0.75 per share (2021: Rs. 1.25 per share) for the year ended 30 June 2022 amounting to Rs. 179.490 million (2021: Rs. 299.150 million) for approval of the members at the Annual General Meeting to be held on October 20, 2022.

45. NUMBER OF EMPLOYEES

	June 30, 2022	June 30, 2021
Total number of employees as at year end	<u>745</u>	<u>742</u>
Average number of employees during the year	<u>746</u>	<u>750</u>

46. OPERATING SEGMENTS

These financial statements have been prepared on the basis of a single reportable segment.

All sales of the Company comprise of sale of wall tiles, floor tiles and other building material products.

All non-current assets of the Company at the end of the current and preceding year were located in Pakistan.

Sales to five major customers of the Company are around 15% of the Company's total sales during the year (2021: 15%).

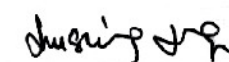
47. GENERAL

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

47.2 Certain prior year's figures have been reclassified for better presentation, wherever necessary. However, there are no material reclassifications to report.

48. DATE OF AUTHORISATION FOR ISSUE

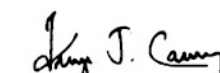
These financial statements were authorized for issue on September 13, 2022 by the Board of Directors of the Company.



MUSTAFA JAFAR
Chief Financial Officer



SYED MASOOD ABBAS JAFFERY
Chief Executive Officer



FEROZE JEHangir CAWASJI
Director

PATTERN OF SHAREHOLDING

as at June 30, 2022

Categories of Shareholders	Shareholders	Shares Held	Percentage
DIRECTORS AND THEIR SPOUSE (S) AND CHILDREN			
Rafiq M. Habib	1	4,162,522	1.74
Syed Masood Abbas Jaffery	1	43,000	0.02
Muhammad Salman Burney	1	1,000	0.00
Abdul Hai Mehmood Bhai Mian	1	663,594	0.28
Feroze Jehangir Cawasji	1	1,000	0.00
Farhana Mowjee Khan	1	1,000	0.00
Imran Ali Habib	1	1,000	0.00
Jamila Rafiq	1	1,377,752	0.58
Rukhsana Bibi	1	781,774	0.33
ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES			
Thal Limited	1	3,121,549	1.30
PUBLIC SECTOR COMPANIES AND CORPORATIONS	5	823,883	0.34
INSURANCE COMPANIES	4	1,206,210	0.50
MODARABAS AND MUTUAL FUNDS	40	43,352,859	18.11
GENERAL PUBLIC			
a. Local	3439	41,867,311	17.49
b. Foreign	53	213,892	0.09
FOREIGN COMPANIES	21	131,167,292	54.81
OTHERS	68	10,534,837	4.40
Totals	3640	239,320,475	100.00

Share holders holding 5% or more	Shares Held	Percentage
ROBERT FINANCE CORPORATION	72,102,223	30.13
AG AYLESBURY INTERNATIONAL LTD	16,009,983	6.69
ASAD LIMITED	12,840,786	5.37
MUSTAFA LIMITED	12,418,386	5.19

PATTERN OF SHAREHOLDING

as at June 30, 2022

# Of Shareholders	Shareholdings'Slab	Total Shares Held
928	1 to	100 25,117
804	101 to	500 249,117
473	501 to	1000 394,497
780	1001 to	5000 1,976,182
222	5001 to	10000 1,722,383
80	10001 to	15000 1,018,859
52	15001 to	20000 953,209
41	20001 to	25000 939,801
22	25001 to	30000 606,787
14	30001 to	35000 462,337
9	35001 to	40000 348,324
11	40001 to	45000 468,938
18	45001 to	50000 878,210
8	50001 to	55000 421,805
8	55001 to	60000 463,928
4	60001 to	65000 257,500
4	65001 to	70000 279,912
2	70001 to	75000 147,000
8	75001 to	80000 622,441
5	80001 to	85000 414,619
3	85001 to	90000 268,500
5	90001 to	95000 461,420
15	95001 to	100000 1,490,040
5	100001 to	105000 517,681
2	105001 to	110000 215,500
2	110001 to	115000 223,000
3	115001 to	120000 357,273
1	120001 to	125000 122,000
2	130001 to	135000 268,000
3	135001 to	140000 416,932
1	145001 to	150000 150,000
2	150001 to	155000 306,500
1	160001 to	165000 160,816
1	165001 to	170000 170,000
1	170001 to	175000 174,751
3	175001 to	180000 532,742
4	180001 to	185000 728,528
1	185001 to	190000 186,250
2	190001 to	195000 382,500
4	195001 to	200000 797,743
1	200001 to	205000 204,500
1	210001 to	215000 213,000
1	220001 to	225000 222,000
1	235001 to	240000 240,000
2	240001 to	245000 485,216
1	250001 to	255000 251,447
1	260001 to	265000 263,500
1	265001 to	270000 265,900
1	285001 to	290000 287,239
1	290001 to	295000 292,618
3	295001 to	300000 900,000
1	320001 to	325000 320,763

PATTERN OF SHAREHOLDING

as at June 30, 2022

# Of Shareholders	Shareholdings'Slab		Total Shares Held	
1	325001	to	330000	329,137
1	335001	to	340000	339,433
1	340001	to	345000	343,500
1	345001	to	350000	350,000
2	365001	to	370000	734,000
1	430001	to	435000	435,000
1	440001	to	445000	441,558
1	450001	to	455000	455,000
1	455001	to	460000	460,000
1	500001	to	505000	500,375
1	520001	to	525000	522,500
1	585001	to	590000	589,691
1	595001	to	600000	600,000
2	655001	to	660000	1,316,660
1	660001	to	665000	663,594
1	705001	to	710000	708,884
1	715001	to	720000	718,000
2	735001	to	740000	1,477,382
1	745001	to	750000	750,000
1	750001	to	755000	755,000
1	775001	to	780000	776,000
2	780001	to	785000	1,565,263
1	805001	to	810000	807,500
1	890001	to	895000	892,500
2	960001	to	965000	1,925,500
1	965001	to	970000	966,000
1	995001	to	1000000	1,000,000
1	1120001	to	1125000	1,122,631
1	1135001	to	1140000	1,139,322
1	1325001	to	1330000	1,326,500
1	1375001	to	1380000	1,377,752
1	1415001	to	1420000	1,416,500
1	1555001	to	1560000	1,556,500
1	1675001	to	1680000	1,675,695
1	1915001	to	1920000	1,917,500
1	2090001	to	2095000	2,095,000
1	2140001	to	2145000	2,142,000
1	2290001	to	2295000	2,294,000
1	2310001	to	2315000	2,311,168
1	2355001	to	2360000	2,358,762
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	3075001	to	3080000	3,079,468
1	3120001	to	3125000	3,121,549
1	3290001	to	3295000	3,295,000
3	3450001	to	3455000	10,364,667

PATTERN OF SHAREHOLDING

as at June 30, 2022

# Of Shareholders	Shareholdings'Slab		Total Shares Held	
1	3460001	to	3465000	3,460,497
1	3465001	to	3470000	3,469,471
1	3660001	to	3665000	3,663,993
1	3955001	to	3960000	3,957,422
1	4160001	to	4165000	4,162,522
1	4170001	to	4175000	4,174,641
1	5870001	to	5875000	5,871,000
1	6205001	to	6210000	6,207,788
1	7030001	to	7035000	7,030,157
1	10615001	to	10620000	10,619,000
1	16005001	to	16010000	16,009,983
1	60895001	to	60900000	60,897,425
3640				239,320,475



Shabbir Tiles and Ceramics Limited

PROXY FORM

I/We _____ of _____
being a member(s) of **SHABBIR TILES AND CERAMICS LIMITED** and a holder of _____
_____ ordinary shares as per Share Register Folio No. _____
or CDC Participant ID No. _____ Account No. _____
hereby appoint _____ of _____
who is also member of **SHABBIR TILES AND CERAMICS LIMITED** Vide Folio No. _____
or CDC Participant ID No. _____ Account No. _____
or failing him/her _____ of _____
who is also member of **SHABBIR TILES AND CERAMICS LIMITED** vide Folio No. _____
or CDC Participant ID No. _____ Account No. _____
as my / our proxy in my / our absence to attend and vote for me / us and on my / our behalf at the Annual
General Meeting of the Company to be held on Thursday, 20th day of October 2022, and at any adjournment
thereof.

As witness my / our hand / seal this _____ day of _____ 2022
signed by the said

Witness _____ (Signature)	Witness _____ (Signature)
Name _____	Name _____
Address _____	Address _____
CNIC No. _____	CNIC No. _____

Please affix
Rs. 5/-
Revenue
Stamp

SIGNATURE OF MEMBER(S)

NOTES:

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

P.T.O.



Shabbir Tiles and Ceramics Limited

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

FOR CDC ACCOUNT HOLDERS / CORPORATE ENTITIES

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

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