

Shabbir Tiles and Ceramics Limited

2013  
annual report





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## **Vision Statement**

While Maintaining Our “Stile” Brand As Market Leader, We Continue To Delight Our Customers By Also Bringing In International Brands In The Field Of Building Materials, By Offering The Best Quality And Innovative Products At Competitive Prices, Taking Into Account The Stakeholders’ Interest.





## **Mission Statement**

Our mission is to maintain our position as the leader in the tile industry in Pakistan and for this purpose we will continue to focus on:

- We are committed to quality products and will provide our customers with innovative sizes, designs and colour scheme that they will be delighted to have and shall provide them with excellent services to earn their loyalty.
- We shall treat our employees fairly and shall provide conducive working environment for them to learn and to grow with the Company.
- The Company shall earn adequate profits for its progress and growth and for providing reasonable return to its shareholders.







## COMPANY INFORMATION

<b>BOARD OF DIRECTORS</b>	RAFIQ M HABIB RAZA ANSARI ALI SULEMAN HABIB ALIREZA M. ALLADIN ABDUL HAI M. BHAIMIA SALIM AZHAR MUHAMMAD FAISAL	<i>Chairman</i> <i>Chief Executive Officer</i> <i>Director</i> <i>Director</i> <i>Director</i> <i>Director</i> <i>Director</i>
<b>AUDIT COMMITTEE</b>	MUHAMMAD FAISAL ABDUL HAI M. BHAIMIA SALIM AZHAR	<i>Chairman</i> <i>Member</i> <i>Member</i>
<b>HUMAN RESOURCES AND REMUNERATION COMMITTEE</b>	SALIM AZHAR ALIREZA M. ALLADIN MUHAMMAD FAISAL	<i>Chairman</i> <i>Member</i> <i>Member</i>
<b>COMPANY SECRETARY</b>	AZIZ AHMED	
<b>AUDITORS</b>	ERNST & YOUNG FORD RHODES SIDAT HYDER Chartered Accountants	
<b>LEGAL ADVISOR</b>	M. AKRAM ZUBERI & CO. Advocate Supreme Court	
<b>BANKERS</b>	Habib Metropolitan Bank Limited Faysal Bank Limited National Bank of Pakistan Bank Al Habib Limited Habib Bank Limited Dubai Islamic Bank Pakistan Limited United Bank Limited Askari Bank Limited Allied Bank Limited Bank Alfalah Limited	
<b>REGISTERED OFFICE</b>	15th Milestone, National Highway, Landhi, Karachi-75120 Phone: (021) 35015024-25, 35014044-45 Fax: (021) 35015545 E-mail: info@stile.com.pk URL: http://www.stile.com.pk	
<b>KARACHI DISPLAY CENTRE &amp; SALES OFFICE</b>	Makro Cash & Carry, CAA, Near Star Gate, Main Shahrah-e-Faisal, Karachi. Phone: (021) 34601372-74 Fax( (021) 34601375	
<b>LAHORE SALES OFFICE</b>	5, Tariq Block, New Garden Town, Lahore Phone: (042) 35914771-75 Fax: (042) 35864211	
<b>ISLAMABAD SALES OFFICE</b>	9th & 10th Lower Ground Floor, Aries Tower, Shamsabad, Muree Road, Rawalpindi. Phone: (051) 4575316-17 Fax: (051) 4575319	
<b>PESHAWAR SALES OFFICE</b>	3-Siyal Flats Opposite Kuwait Hospital, Abdara Chowk University Road, Peshawar. Phone: (091) 5846010/12 Fax: (091) 5846011	
<b>MULTAN SALES OFFICE</b>	17-A Aslam Arcade, Hassan Parwana Colony, Multan Phone: (061) 4783097 Fax: (061) 4546439	
<b>REGISTRAR AND SHARE TRANSFER OFFICE</b>	Noble Computer Services (Pvt.) Limited First Floor, Siddiqsons Towers, House of Habib Building, 3-Jinnah Cooperative Housing Society, Main Shahrah-e-Faisal, Karachi Phone: (021) 34325482-87 Fax: 34325442	
<b>FACTORY:</b>		
<b>UNIT-I</b>	15th Milestone, National Highway, Landhi, Karachi-75120 Phones: (021) 35015024-25 / 35014044-45 Fax: 35015545	
<b>UNIT-II</b>	Plot No. 16, Chaukandi, Deh Khanto, Tappo Landhi, District Malir, Bin Qasim Town, Karachi. Phones: (021) 34102702 Fax: (021) 34102709	



**NOTICE OF ANNUAL GENERAL MEETING**

NOTICE is hereby given that the Thirty Fifth Annual General Meeting of Shabbir Tiles and Ceramics Limited will be held at Pearl Continental Hotel (Ball Room "A") Dr. Ziauddin Ahmed Road, Karachi, on Tuesday, October 29, 2013 at 10:00 a.m. to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2013 alongwith the report of the Directors and the Auditors thereon.
2. To approve the payment of cash dividend to the shareholders @ 10% as recommended by the Directors for the year ended June 30, 2013.
3. To appoint auditors for the year ending June 30, 2014 and to fix their remuneration.

**SPECIAL BUSINESS**

1. To pass with or without modifications, the following resolutions:

**RESOLVED THAT:**

- a) a sum of Rs. 36.064 million out of the reserves be capitalized and applied for issue of 7,212,793 ordinary shares of Rs. 5/- each and allotted as fully paid bonus shares to those members of the Company whose names appear in the Register of members of the Company at the close of business on October 22, 2013 in the ratio of Five shares for every One hundred shares held and that such new shares shall rank pari-passu as regards future dividends and in all other respects with the existing ordinary shares of the Company. The proposed Bonus Shares will not qualify for current dividend to be considered and approved by this meeting.
- b) all fractions of bonus shares arising on such allotment be consolidated and sold and that the proceeds thereof be distributed pro-rata to the members entitled thereto.
- c) for the purpose of giving effect to the above resolutions, the Directors be and are hereby authorized to give such directions as may be necessary and to settle any questions or difficulties that may arise in regard to the distribution of the bonus shares or in the payment of the sale proceeds of the fractions as the Directors in their discretion shall deem fit.

By Order of the Board

**AZIZ AHMED**  
Company Secretary

Karachi : October 01, 2013.

**NOTES:**

1. The share transfer books of the Company will remain closed from October 23, 2013 to October 29, 2013 (both days inclusive). Transfers received in order at the office of the Company's Share Registrar M/s. Noble Computer Services (Pvt.) Limited, First Floor, House of Habib Building (Siddiqsons Tower), 3-Jinnah C. H. Society, Main Shahrah-e-Faisal, Karachi, at the close of business on October 22, 2013 will be treated in time for the entitlement of 10% dividend, 5% bonus shares and to attend the Annual General Meeting.



2. A member eligible to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote on his/her behalf. Proxies to be effective must be received by the Company not less than 48 hours before the time for holding of the meeting.

**CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular No. 1 dated January 26, 2000 issued by Securities & Exchange Commission of Pakistan.**

**A. For Attending the Meeting:**

- (i) In case of individuals, the Account holders and sub-account holders whose 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 and sub-account holder whose registration details are uploaded as per the Regulations, shall submit the proxy form as per 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) Attested copies of CNIC or 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) alongwith proxy form to the Company.

**Statement under section 160(1)(b) of the Companies Ordinance, 1984.**

1. The Board of Directors are of the view that the Company's reserves as on June 30, 2013 justify the capitalization of free reserves by way of issue of bonus shares to the members by ratio of 5 bonus shares for every 100 ordinary shares held. The paid-up capital of the Company after issuance of bonus shares @ 5% shall stand increased to Rs. 757.341 million.

The Directors are interested in this business to the extent of their entitlement to bonus shares in the Company.



## THIRTY FOURTH REPORT OF THE DIRECTORS FOR THE YEAR ENDED JUNE 30, 2013

Dear Shareholder,

The Board of Directors are pleased to submit their Annual Report along with the audited financial statements of the Company for the year ended June 30, 2013.

### **BOARD OF DIRECTORS:**

During the year the shareholders at an Extra Ordinary General Meeting held on May 4, 2013 elected seven Directors Messrs Rafiq M. Habib, Alireza M. Alladin, Ali Suleman Habib, Raza Ansari, Abdul Hai M. Bhaimia, Salim Azhar and Muhammad Faisal for a term of three years commencing from May 6, 2013. The Board of Directors passed a resolution on May 6, 2013 appointing Mr. Raza Ansari as Chief Executive Officer of the Company with effect from May 6, 2013. The CEO will be entitled to annual remuneration of Rs. 7.824 million in addition to the perquisites and other entitlements arising under his contract of employment with the Company and the service rules of the Company.

### **ECONOMIC REVIEW:**

The fiscal year under review was yet another challenging period for the industry. Pakistan's economy continued to face challenges in view of deteriorating economic and social environment, liberal import policy, coupled with energy shortages, poor law and order situation, and frequent calls for strikes. In addition the erosion of rupee, large increase in energy costs, created inflationary pressure, and a host of other structural impediments that have held back investment and growth in the country.

### **BUSINESS OVERVIEW:**

As a consequent to the foregoing adverse conditions profit before tax for the year stood at Rs. 130.874 million as compared to last year profit of Rs. 190.360 million due to lower volumes with downstream demand impacted by the deteriorating security conditions and energy crisis in addition to increasing availability of cheap Chinese and smuggled Irani tiles affecting off takes and sales volumes of the industry and the Company. Due to inflationary pressure and severe competition from cheap imports the Company's margins continued to be eroded.

The sales volume during the year dropped by 3.7% as compared to the last year from 9.360 million square meters to 9.011 million square meters. However, due to better selling prices and product mix, the sales value grew by 5.79% from Rs. 4.630 billion to Rs. 4.898 billion. The gross margins for the period 24.05% decreased by 3.87% from last year due to low gas pressure and frequent outages resulting significant increase in raw material (15%) and energy cost (32%) per square meter. Production volume decreased by 9.13% compared to last year from 9.291 million square meters to 8.443 million square meters. Distribution expenses decreased by Rs. 5.636 million from Rs. 652.298 million to Rs. 646.662 million due to cost cutting measures.



## SUMMARY FINANCIAL PERFORMANCE:

A comparison of the key financial results of the Company for the financial year ended on June 30, 2013 with the same period last year is hereunder:

	<u>2013</u>	<u>2012</u>
	Rs in '000	
Turnover – net	4,898,217	4,630,457
Earnings before interest, taxes and depreciation (EBITDA)	700,246	840,433
Depreciation	266,275	284,133
Finance cost	303,097	365,940
Other operating expenses	17,130	21,309
Profit before tax	130,874	190,360
Profit/(loss) after tax	82,322	74,578
Earnings/(loss) per share (Rs.)	0.57	0.52

## FINANCIAL MANAGEMENT:

The Company has an effective system of procurement, allocation and control of financial resources. The management ensures regular and adequate supply of funds, optimum funds utilization and sound capital structure.

By the grace of Almighty Allah the Company continues to meet its financial commitments and debt obligations on time.

## CONTRIBUTION TO NATIONAL EXCHEQUER:

The Company falls under the jurisdiction of the Large Tax Payers Unit (LTU) and contributed over Rs. 855 million in the form of taxes as compared to Rs. 788 million during the corresponding period.

## HUMAN RESOURCES:

The Human Resource Department at STCL continuously develops strategies to help its employees to grow. It is actively engaged in developing a healthy culture of innovation. The Company employs a dedicated and diverse workforce which plays a key role in the continuing success of the Company. It takes pride in hiring, developing and retaining the best talent through its transparent succession planning, career building and compensation policies. The Company ensures that employees are regularly trained and well looked after to secure their loyalty and performance.

## HEALTH, SAFETY AND ENVIRONMENT:

The Company continued to demonstrate its strong commitment to HSE and completed the year without a reportable occupational illness. We at STCL recognize our legal and moral responsibility for Hygiene and Safety in work place and are committed to constantly improving and providing a well maintained healthy and safe environment to all employees, contractors and visitors. We also endeavor to ensure that our community and its members are not placed at risk by any of our operational activities.



### **INNOVATION AND PRODUCT STEWARDSHIP:**

We are convinced that it will be essential to understand our customers' need. Innovation and customer focus is the key to our business. We permanently develop better and new products and services to add value to our customers. In this direction your Company has introduced in May of this year a new technology for producing ink jet tiles, which will enable the Company to introduce high end ceramic wall tiles. Inshallah this will assist the Company to be in line with the latest technology and products available to its customers.

### **FUTURE OUTLOOK:**

Adverse macroeconomic influences will keep on challenging on the market and business. The energy supply issues run deeper in the industrial sector, causing the cost of production to increase substantially and simultaneously decreasing the downstream demand thereby affecting both the margins and volumes. Further, with the inclusion of tiles in the third schedule items of the sales tax would further aggravate the future profits of the Company. However, the industry as a whole and your Company has taken up a host of issues with the government to take measures against smuggling of Irani tiles and re-evaluate I.T.P of imported tiles from China with particular emphasize on controlling under invoicing. The Company has already filed a petition with the National Tariff Commission, in this regard. In addition the Company is also appealing to the relevant ministry and FBR to remove it from the 3<sup>rd</sup> schedule as it is discriminatory against the local industry. The management is hopeful that economic and political prospects of the country will improve bringing their positive effects on the business of the Company. Your Company is committed to bringing products of highest quality that delight consumers. A focus will be to keep vigilant control on net working capital and cost management.

### **CORPORATE AND SOCIAL RESPONSIBILITY:**

Your Company being a responsible corporate citizen has been always conscious to discharge its obligations towards the people who work for it day and night, people around its work place and to the society as a whole.

### **AUDITORS:**

Present auditors M/s. Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants, retire and being eligible, have offered themselves for re-appointment. The Audit Committee of the Board has also recommended their appointment as Statutory Auditors of the Company for the year ending June 30, 2014.

### **CORPORATE AND FINANCIAL REPORT FRAMEWORK:**

The Directors are pleased to inform that the Company has fully complied with the Code of Corporate Governance as contained in listing regulations of Stock Exchanges.

In compliance with the Code of Corporate Governance, the Directors are pleased to state that:

- 1) The financial statements, prepared by 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 financial statements and accounting estimates are based on reasonable and prudent judgment;
- 4) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of 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 going 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. 13.
- 8) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- 9) The value of Provident Fund Investments as per audited accounts of Provident Fund Trust for the year ended June 30, 2013 was Rs. 128.065 million (2012 : 113.015 million).
- 10) There is no outstanding statutory payment due on account of taxes, levies and charges except of a normal and routine nature.
- 11) During the year, four (4) board meetings were held and the number of meetings attended by each Director is given hereunder:

#### Number of meetings attended

Mr. Rafiq M. Habib	4
Mr. Alireza M. Alladin	4
Mr. Ali S. Habib	4
Mr. Mansoor G. Habib	4
Mr. Abdul Hai M. Bhaimia	4
Mr. Salim Azhar	3
Mr. Ali Sajjad Dharamsey	4

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

#### AUDIT COMMITTEE:

An audit committee of the Board has been in existence since the enforcement of the Code of Corporate Governance. The Board of Directors has appointed new members of the audit committee after the elections of directors which now comprises of two non-executive directors and one independent director who is also a Chairman. During the year, four meetings of the audit committee were held. The attendance of each member is given hereunder:

#### Number of meetings attended

Mr. Mansoor G. Habib	4
Mr. Salim Azhar	2
Mr. Ali Sajjad Dharamsey	4

Leave of absence was granted to the members who could not attend the meetings of the audit committee. The audit committee has its terms of reference which were determined by the Board of Directors in accordance with the guidelines provided in the listing regulations and code of corporate governance.



## HUMAN RESOURCE AND REMUNERATION COMMITTEE:

In compliance with the requirements of code of corporate governance, the Board of Directors has established this Committee comprising three members two of whom are non-executive directors (including Chairman) and one is independent director. Terms of reference of the Committee was duly communicated to the members by the Board.

## TRAINING PROGRAM OF DIRECTORS:

Clause (XI) of the CCG 2012 requires every listed Company to make appropriate arrangements to carry out orientation courses for their directors. The Board of your Company have taken requisite steps to comply with the requirements of this clause as per the time specified in the CCG, however, your directors are pleased to report that three of the existing directors are exempted from the directors training program as they have minimum of 14 years of education and have experience of 15 years on the board of your Company. Further, orientation course of one of the directors has been completed and course of one director is in process during the year under review. The requirement of training of directors will be complied by the date specified in the code of corporate governance.

## APPROPRIATION OF PROFIT:

As mentioned above that Company's earnings remained under pressure during the year due to factors stated herein before. However, in view of the continuous support of shareholders during this difficult period, the Board of Directors has recommended a cash dividend of 10% (i.e. paisas 50 per share) and bonus shares of 5% (i.e. 5 shares for every 100 shares). Accordingly following appropriations have been made:

	(Rupees in '000)
Profit for the year after taxation	82,322
<b>Reserves:</b>	
General	531,914
Capital	456,288
Available for appropriation	<u>1,070,524</u>
<b>Subsequent Events</b>	
Proposed Final Cash Dividend @ 10% (2012: Nil) to be paid after approval in the Annual General Meeting	(72,128)
Proposed Bonus Shares @ 5% (2012: Nil) to be issued after approval in the Annual General Meeting	(36,064)
<b>Reserves after appropriation</b>	<u><u>962,332</u></u>

## PATTERN OF SHAREHOLDING:

Statements showing the pattern of shareholding as at June 30, 2013 required under the Companies Ordinance, 1984 and the Code of Corporate Governance are annexed.





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## Shabbir Tiles and Ceramics Limited

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

### **MATERIAL CHANGES:**

There have been no material changes since June 30, 2012 and the Company has not entered into any commitment, which could affect its financial position at the date except for those mentioned in the Audited Financial Statements of the Company for the year ended June 30, 2013.

### **ACKNOWLEDGEMENT:**

The Directors would like to place on record their appreciation for the strenuous efforts and dedicated work of the staff and workers and for the efforts made by the dealers in giving full support to our marketing policies. We would also like to express our sincere thanks to all the shareholders, financial institutions and banks for their continued support and co-operation.

On behalf of the Board

**RAZA ANSARI**  
Chief Executive Officer

Karachi: September 19, 2013

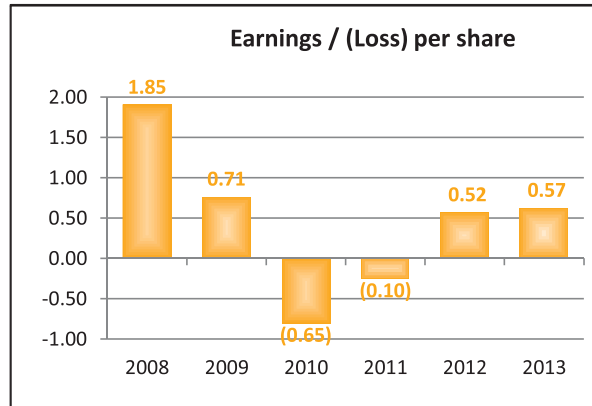
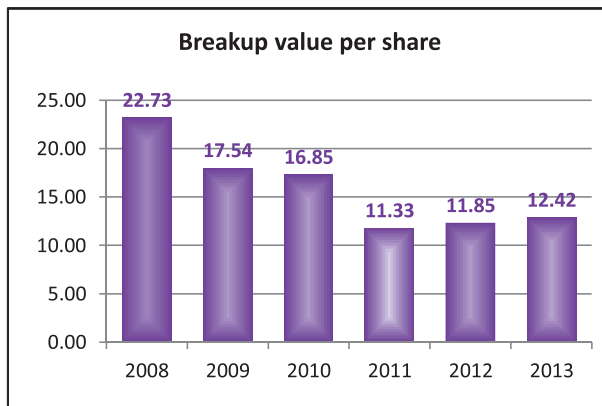
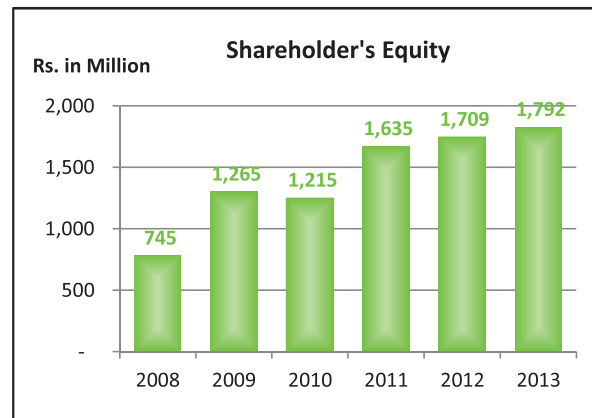
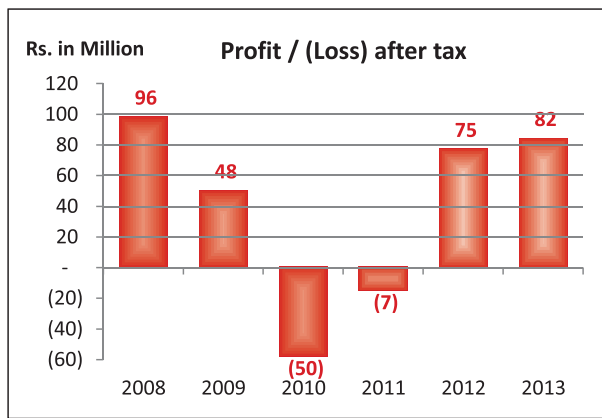
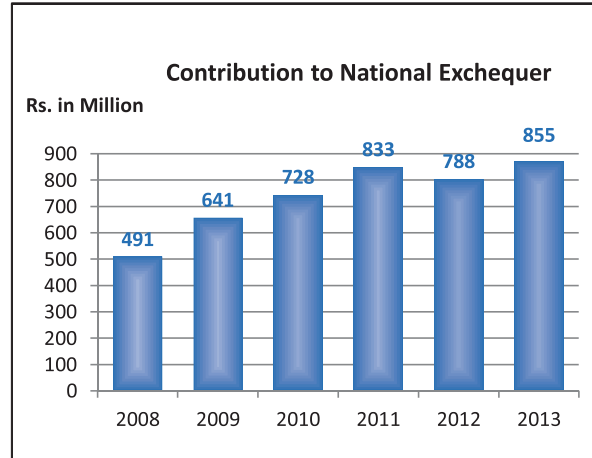
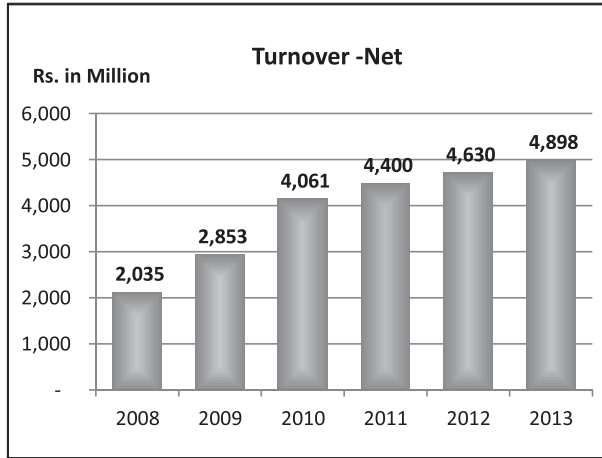


# Shabbir Tiles and Ceramics Limited

## PERFORMANCE OF LAST SIX YEARS

FINANCIAL SUMMARY	30TH JUNE 2013 (RS.'000s)	30TH JUNE 2012 (RS.'000s)	30TH JUNE 2011 (RS.'000s)	30TH JUNE 2010 (RS.'000s)	30TH JUNE 2009 (RS.'000s)	30TH JUNE 2008 (RS.'000s)
<b>For the year</b>						
Turnover (Net)	4,898,217	4,630,457	4,399,779	4,061,423	2,853,257	2,035,165
% of Growth	5.78%	5.24%	8.33%	42.34%	40.20%	19.73%
Gross profit	1,178,055	1,292,821	1,131,200	1,059,379	784,812	533,650
Gross profit ( % )	24.05%	27.92%	25.71%	24.08%	27.51%	26.22%
Administrative Expenses	84,149	71,301	77,237	57,718	56,794	37,020
% of Turnover -net	1.72%	1.54%	1.76%	1.31%	1.99%	1.82%
Distribution Cost	646,662	652,298	584,204	559,697	383,930	276,118
% of Turnover -net	13.20%	14.09%	13.28%	12.72%	13.46%	13.57%
Financial Charges	303,097	365,940	457,614	495,362	266,836	62,065
% of Turnover -net	6.19%	7.90%	10.40%	11.26%	9.35%	3.05%
Profit/(loss) before taxation	130,874	190,360	13,492	(51,383)	73,548	144,765
% of Turnover -net	2.67%	4.11%	0.31%	-1.17%	2.58%	7.11%
Profit/(loss) after taxation	82,322	74,578	(7,457)	(49,610)	47,747	95,986
% of Turnover -net	1.68%	1.61%	-0.17%	-1.13%	1.67%	4.72%
Cash dividend	72,128	-	-	-	-	-
Cash dividend ( % )	10%	-	-	-	-	-
Bonus Shares	36,064	-	-	-	-	32,785
Bonus Shares ( % )	5%	-	-	-	-	20%
<b>Break-up value of Rs. 5/= share (Rs.)</b>	<b>12.42</b>	<b>11.85</b>	<b>11.33</b>	<b>16.85</b>	<b>17.54</b>	<b>22.73</b>
<b>Basic and diluted earnings per share (Rs.)</b>	<b>0.57</b>	<b>0.52</b>	<b>(0.10)</b>	<b>(0.65)</b>	<b>0.71</b>	<b>1.85</b>
<b>Receivables no. of days</b>	<b>54</b>	<b>54</b>	<b>54</b>	<b>73</b>	<b>64</b>	<b>50</b>
<b>Current ratio</b>	<b>0.89</b>	<b>1.02</b>	<b>1.10</b>	<b>1.01</b>	<b>1.05</b>	<b>1.43</b>
<b>No of employees</b>	<b>908</b>	<b>961</b>	<b>941</b>	<b>900</b>	<b>837</b>	<b>611</b>

## FINANCIAL HIGHLIGHTS





# Shabbir Tiles and Ceramics Limited

## Horizontal Analysis

(Rs. in '000')

BALANCE SHEET	2013	%	2012	%	2011	%	2010	%	2009	%	2008	%
Property, plant & Equipment	3,163,042	(5.1)	3,334,490	(6.8)	3,578,311	(6.5)	3,826,126	(7.0)	4,113,866	169.3	1,527,609	109.01
Investment property	207	(34.1)	314	(25.4)	421	(19.3)	522	(16.2)	623	(0.1)	724	(12.24)
Long-term loans, advances & deposits	10,919	8.3	10,078	(14.2)	11,745	(25.8)	15,836	2.1	15,517	(0.2)	18,777	(21.12)
Current assets	1,581,957	(1.1)	1,599,969	(1.7)	1,627,945	(9.2)	1,792,732	14.5	1,565,475	0.7	941,186	53.60
<b>Total Assets</b>	<b>4,756,125</b>	<b>(3.8)</b>	<b>4,944,851</b>	<b>(5.2)</b>	<b>5,218,422</b>	<b>(7.4)</b>	<b>5,635,216</b>	<b>(1.1)</b>	<b>5,695,481</b>	<b>1.3</b>	<b>2,488,296</b>	<b>81.86</b>
Share Capital	721,277	-	721,277	-	721,277	100.0	360,638	-	360,638	1.2	163,926	20.00
Share Premium	456,288	-	456,288	-	456,288	17.1	389,764	-	389,764	100.0	-	-
Reserves	614,236	15.5	531,914	16.3	457,336	(1.6)	464,793	(9.6)	514,403	(0.1)	581,152	34.91
<b>Shareholders' equity</b>	<b>1,791,801</b>	<b>4.8</b>	<b>1,709,479</b>	<b>4.6</b>	<b>1,634,901</b>	<b>34.5</b>	<b>1,215,195</b>	<b>(3.9)</b>	<b>1,264,805</b>	<b>0.7</b>	<b>745,078</b>	<b>31.32</b>
Long Term Finance	1,023,682	(33.1)	1,530,448	(24.9)	2,037,214	(19.9)	2,543,980	(8.2)	2,769,983	2.5	791,743	100.00
Liabilities against assets subject to Finance Lease	2,606	(61.3)	6,726	(26.6)	9,160	(33.5)	13,768	(80.2)	69,474	(0.6)	163,385	(38.29)
Deferred tax liabilities	155,564	21.7	127,796	116.7	58,965	(28.3)	82,291	(21.8)	105,259	(0.2)	128,451	93.01
Current liabilities	1,782,472	13.5	1,570,402	6.2	1,478,182	(17.0)	1,779,982	19.8	1,485,960	1.3	659,639	40.47
<b>Total Equities and Liabilities</b>	<b>4,756,125</b>	<b>(3.8)</b>	<b>4,944,851</b>	<b>(5.2)</b>	<b>5,218,422</b>	<b>(7.4)</b>	<b>5,635,216</b>	<b>(1.1)</b>	<b>5,695,481</b>	<b>1.3</b>	<b>2,488,296</b>	<b>81.86</b>
<b>PROFIT AND LOSS ACCOUNT</b>												
Net Sales	4,898,217	5.8	4,630,457	5.2	4,399,779	8.3	4,061,423	42.3	2,853,257	0.4	2,035,165	19.73
Cost of Sales	3,720,162	11.5	3,337,636	2.1	3,268,579	8.9	3,002,044	45.1	2,068,445	0.4	1,501,515	19.23
<b>Gross profit</b>	<b>1,178,055</b>	<b>(8.9)</b>	<b>1,292,821</b>	<b>14.3</b>	<b>1,131,200</b>	<b>6.8</b>	<b>1,059,379</b>	<b>35.0</b>	<b>784,812</b>	<b>0.5</b>	<b>533,650</b>	<b>21.17</b>
Distribution Cost	646,662	(0.9)	652,298	11.7	584,204	4.4	559,697	45.8	383,930	0.4	276,118	25.69
Administrative Expenses	84,149	18.0	71,301	(7.7)	77,237	33.8	57,718	1.6	56,794	0.5	37,020	6.27
Other Income	3,857	(54.0)	8,387	12.0	7,486	91.0	3,920	57.3	2,492	1.2	1,151	(33.62)
Other Charges	17,130	(19.6)	21,309	247.1	6,139	222.3	1,905	(69.3)	6,196	(0.6)	14,833	53.46
<b>Operating Profit before Finance Costs</b>	<b>433,971</b>	<b>(22.0)</b>	<b>556,300</b>	<b>18.1</b>	<b>471,106</b>	<b>6.1</b>	<b>443,979</b>	<b>30.4</b>	<b>340,384</b>	<b>0.6</b>	<b>206,830</b>	<b>16.23</b>
Financial Charges	303,097	(17.2)	365,940	(20.0)	457,614	(7.6)	495,362	85.6	266,836	3.3	62,065	19.79
<b>Profit before taxation</b>	<b>130,874</b>	<b>(31.2)</b>	<b>190,360</b>	<b>1,310.9</b>	<b>13,492</b>	<b>(126.3)</b>	<b>(51,383)</b>	<b>(169.9)</b>	<b>73,548</b>	<b>(0.5)</b>	<b>144,765</b>	<b>14.76</b>
Taxation	48,552	(58.1)	115,782	452.7	20,949	(1,281.6)	(1,773)	(106.9)	25,801	(0.5)	48,779	10.21
<b>Profit after taxation</b>	<b>82,322</b>	<b>10.4</b>	<b>74,578</b>	<b>(1,100.1)</b>	<b>(7,457)</b>	<b>(85.0)</b>	<b>(49,610)</b>	<b>(203.9)</b>	<b>47,747</b>	<b>(0.5)</b>	<b>95,986</b>	<b>17.23</b>



# Shabbir Tiles and Ceramics Limited

## Vertical Analysis

(Rs. in '000')

BALANCE SHEET	2013	%	2012	%	2011	%	2010	%	2009	%	2008	%
Property, plant & Equipment	3,163,042	66.5	3,334,490	67.4	3,578,311	68.6	3,826,126	67.9	4,113,866	72.2	1,527,609	61.4
Investment property	207	0.004	314	0.01	421	0.01	522	0.01	623	0.01	724	0.03
Long-term loans, advances & deposits	10,919	0.2	10,078	0.2	11,745	0.2	15,836	0.3	15,517	0.3	18,777	0.8
Current assets	1,581,957	33.3	1,599,969	32.4	1,627,945	31.2	1,792,732	31.8	1,565,475	27.5	941,186	37.8
<b>Total Assets</b>	<b>4,756,125</b>	<b>100.0</b>	<b>4,944,851</b>	<b>100.0</b>	<b>5,218,422</b>	<b>100.0</b>	<b>5,635,216</b>	<b>100.0</b>	<b>5,695,481</b>	<b>100.0</b>	<b>2,488,296</b>	<b>100.0</b>
Share Capital	721,277	15.2	721,277	14.6	721,277	13.8	360,638	6.4	360,638	6.3	163,926	6.6
Share Premium	456,288	9.6	456,288	9.2	456,288	8.7	389,764	6.9	389,764	6.8	-	-
Reserves	614,236	12.9	531,914	10.8	457,336	8.8	464,793	8.2	514,403	9.0	581,152	23.4
<b>Shareholders' equity</b>	<b>1,791,801</b>	<b>37.7</b>	<b>1,709,479</b>	<b>34.6</b>	<b>1,634,901</b>	<b>31.3</b>	<b>1,215,195</b>	<b>21.6</b>	<b>1,264,805</b>	<b>22.2</b>	<b>745,078</b>	<b>29.9</b>
Long Term Finance	1,023,682	21.5	1,530,448	31.0	2,037,214	39.0	2,543,980	45.1	2,769,983	48.6	791,743	31.8
Liabilities against assets subject to Finance Lease	2,606	0.1	6,726	0.1	9,160	0.2	13,768	0.2	69,474	1.2	163,385	6.6
Deferred tax liabilities	155,564	3.3	127,796	2.6	58,965	1.1	82,291	1.5	105,259	1.8	128,451	5.2
Current liabilities	1,782,472	37.5	1,570,402	31.8	1,478,182	28.3	1,779,982	31.6	1,485,960	26.1	659,639	26.5
<b>Total Equities and Liabilities</b>	<b>4,756,125</b>	<b>100.0</b>	<b>4,944,851</b>	<b>100.0</b>	<b>5,218,422</b>	<b>100.0</b>	<b>5,635,216</b>	<b>100.0</b>	<b>5,695,481</b>	<b>100.0</b>	<b>2,488,296</b>	<b>100.0</b>
<b>PROFIT AND LOSS ACCOUNT</b>												
Net Sales	4,898,217	100.0	4,630,457	100.0	4,399,779	100.0	4,061,423	100.0	2,853,257	100.0	2,035,165	100.0
Cost of Sales	3,720,162	75.9	3,337,636	72.1	3,268,579	74.3	3,002,044	73.9	2,068,445	72.5	1,501,515	73.8
<b>Gross profit</b>	<b>1,178,055</b>	<b>24.1</b>	<b>1,292,821</b>	<b>27.9</b>	<b>1,131,200</b>	<b>25.7</b>	<b>1,059,379</b>	<b>26.1</b>	<b>784,812</b>	<b>27.5</b>	<b>533,650</b>	<b>26.2</b>
Distribution Cost	646,662	13.2	652,298	14.1	584,204	13.3	559,697	13.8	383,930	13.5	276,118	13.6
Administrative Expenses	84,149	1.7	71,301	1.5	77,237	1.8	57,718	1.4	56,794	2.0	37,020	1.8
Other Income	3,857	0.1	8,387	0.2	7,486	0.2	3,920	0.1	2,492	0.1	1,151	0.1
Other Charges	17,130	0.3	21,309	0.5	6,139	0.1	1,905	0.0	6,196	0.2	14,833	0.7
<b>Operating Profit before Finance Costs</b>	<b>433,971</b>	<b>8.9</b>	<b>556,300</b>	<b>12.0</b>	<b>471,106</b>	<b>10.7</b>	<b>443,979</b>	<b>10.9</b>	<b>340,384</b>	<b>11.9</b>	<b>206,830</b>	<b>10.2</b>
Financial Charges	303,097	6.2	365,940	7.9	457,614	10.4	495,362	12.2	266,836	9.4	62,065	3.0
<b>Profit before taxation</b>	<b>130,874</b>	<b>2.7</b>	<b>190,360</b>	<b>4.1</b>	<b>13,492</b>	<b>0.3</b>	<b>(51,383)</b>	<b>(1.3)</b>	<b>73,548</b>	<b>2.6</b>	<b>144,765</b>	<b>7.1</b>
Taxation	48,552	1.0	115,782	2.5	20,949	0.5	(1,773)	(0.0)	25,801	0.9	48,779	2.4
<b>Profit after taxation</b>	<b>82,322</b>	<b>1.7</b>	<b>74,578</b>	<b>1.6</b>	<b>(7,457)</b>	<b>(0.2)</b>	<b>(49,610)</b>	<b>(1.2)</b>	<b>47,747</b>	<b>1.7</b>	<b>95,986</b>	<b>4.7</b>



## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2013

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. XI (35), XI (35) and XI (37) of the listing regulations of Karachi, Lahore and Islamabad Stock Exchanges respectively for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

- 1) The Company encourages representation of independent non-executive directors and directors representing minority interest on its board of directors. At present the board includes:

Name of Director	Category of Director		
	Independent	Non - Executive	Executive
Rafiq M. Habib		✓	
Raza Ansari			✓
Ali Suleman Habib		✓	
Alireza M. Alladin			✓
Abdul Hai M. Bhaimia		✓	
Salim Azhar		✓	
Muhammad Faisal	✓		

- 2) The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
- 3) All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Financial Institution (DFI) or a Non-Banking Finance Institution (NBFI) or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
- 4) No casual vacancy occurred in the board during the period under review.
- 5) 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.
- 6) The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
- 7) All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executives and non-executive directors, have been taken by the board/shareholders.
- 8) 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 and the board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
- 9) The Board arranges orientation course for its directors as and when needed to apprise them of their duties and responsibilities. One of the directors has already passed Corporate Governance Leadership Skills (CGLS) Program of the Pakistan Institute of Corporate Governance (PICG) and course of one director is in process. In addition three directors meets the criteria of exemption under clause (xi) of CCG and are accordingly exempted from director's training program.



- 10) The board has approved appointment of Head of Internal Audit, including his remuneration and terms and conditions of employment. No new appointment of CFO, Company Secretary has been made during the year.
- 11) The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
- 12) The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
- 13) The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
- 14) The company has complied with all the corporate and financial reporting requirements of the CCG.
- 15) The board has formed an Audit Committee. It comprises three members, of whom one is independent director and two are non-executive directors and the chairman of the committee is an independent director.
- 16) The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
- 17) The board has formed an HR and Remuneration Committee. It comprises three members of non-executive, executive and an independent director. The chairman of the committee is a non-executive director.
- 18) The board has outsourced the internal audit function to M/s. Noble Computer Services (Pvt.) Limited who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
- 19) The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
- 20) The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
- 21) The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).
- 22) Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
- 23) We confirm that all other material principles enshrined in the CCG have been complied with except that the position of C.F.O. and Company Secretary is held by the same person. The said decision has been taken by the Board keeping in view the size of the Company.

On behalf of the Board

**RAZA ANSARI**  
Chief Executive Officer

Karachi: September 19, 2013



**REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE  
WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE**

We have reviewed the Statement of Compliance (the Statement) with the best practices contained in the Code of Corporate Governance (the Code) for the year ended 30 June 2013 prepared by the Board of Directors of Shabbir Tiles and Ceramics Limited (the Company) to comply with the Listing Regulations of Karachi, Lahore and Islamabad Stock Exchanges, where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement reflects the status of the Company's compliance with the provisions of the Code and report if it does not. A review is limited primarily to inquire of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of 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's 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.

Further, Listing Regulations of respective Stock Exchanges require the Company to place before the Board of Directors for their consideration and approval, related party transactions, distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price, recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code, as applicable to the Company for the year ended 30 June 2013.

Karachi: September 19, 2013

**ERNST & YOUNG FORD RHODES SIDAT HYDER**  
Chartered Accountants





## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Shabbir Tiles and Ceramics Limited (the Company) as at 30 June 2013 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
  - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
  - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
  - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, 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 2013, and of the profit, its comprehensive income, cash flows and changes in equity for the year then ended; and
- d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

**Chartered Accountants**  
**Audit Engagement Partner:** Khurram Jameel  
**Date:** September 19, 2013  
**Karachi.**



# Shabbir Tiles and Ceramics Limited

## BALANCE SHEET AS AT JUNE 30, 2013

	Note	2013 (Rupees in '000)	2012
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	3,163,042	3,334,490
Investment property	7	207	314
Long-term loans and advances	8	109	403
Long-term deposits	9	10,810	9,675
		<u>3,174,168</u>	<u>3,344,882</u>
<b>CURRENT ASSETS</b>			
Stores and spare parts	10	126,438	148,725
Stock-in-trade	11	425,757	542,267
Trade debts	12	829,689	787,206
Loans, advances, deposits, prepayments and other receivables	13	34,804	28,598
Taxation – net		39,250	146
Cash and bank balances	14	126,019	93,027
		<u>1,581,957</u>	<u>1,599,969</u>
<b>TOTAL ASSETS</b>		<u><b>4,756,125</b></u>	<u><b>4,944,851</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital 240,000,000 (2012: 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	15	721,277	721,277
Reserves		<u>1,070,524</u>	<u>988,202</u>
		<u>1,791,801</u>	<u>1,709,479</u>
<b>NON-CURRENT LIABILITIES</b>			
Long-term finance	16	1,023,682	1,530,448
Liabilities against assets subject to finance lease	17	2,606	6,726
Deferred tax liability	18	155,564	127,796
		<u>1,181,852</u>	<u>1,664,970</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	19	521,661	383,892
Accrued mark-up		37,911	13,354
Current maturity of long term finance	16	506,766	506,766
Current maturity of liabilities against assets subject to finance lease	17	2,523	2,532
Short-term borrowings	20	672,362	621,480
Sales tax payable		41,249	42,378
		<u>1,782,472</u>	<u>1,570,402</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	21		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>4,756,125</b></u>	<u><b>4,944,851</b></u>

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

**RAZA ANSARI**  
Chief Executive Officer

**ABDUL HAI M. BHAIMIA**  
Director



## Shabbir Tiles and Ceramics Limited

### PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2013

	Note	2013 (Rupees in '000)	2012
Turnover – net	22	4,898,217	4,630,457
Cost of sales	23	(3,720,162)	(3,337,636)
<b>Gross profit</b>	24	<u>1,178,055</u>	<u>1,292,821</u>
Distribution costs	25	(646,662)	(652,298)
Administrative expenses	26	(84,149)	(71,301)
		(730,811)	(723,599)
Other income	27	3,857	8,387
<b>Operating profit</b>		<u>451,101</u>	<u>577,609</u>
Finance costs	28	(303,097)	(365,940)
Other charges	29	(17,130)	(21,309)
		(320,227)	(387,249)
<b>Profit before taxation</b>		<u>130,874</u>	<u>190,360</u>
Taxation	30	(48,552)	(115,782)
<b>Profit after taxation</b>		<u>82,322</u>	<u>74,578</u>
			Rupee
<b>Earnings per share - basic and diluted</b>	31	<u>0.57</u>	<u>0.52</u>

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

**RAZA ANSARI**  
Chief Executive Officer

**ABDUL HAI M. BHAIMIA**  
Director



**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2013**

	2013	2012
	(Rupees in '000)	
<b>Profit after taxation</b>	<b>82,322</b>	<b>74,578</b>
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b><u>82,322</u></b>	<b><u>74,578</u></b>

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

**RAZA ANSARI**  
Chief Executive Officer

**ABDUL HAI M. BHAIMIA**  
Director



## CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2013

	Note	2013 (Rupees in '000)	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		130,874	190,360
Adjustments for:			
Depreciation			
- property, plant and equipment		266,168	284,026
- investment property		107	107
Finance costs		303,097	365,940
Reversal of provision for doubtful debts		(1,209)	(3,981)
Provision for doubtful debts written off		(1,893)	(102)
Provision for slow moving stores and spare parts		8,858	9,470
Gain on disposal of property, plant and equipment		(2,348)	(4,048)
		<u>572,780</u>	<u>651,412</u>
<b>Operating profit before working capital changes</b>		<b>703,654</b>	<b>841,772</b>
<b>(Increase) / decrease in current assets</b>			
Stores and spare parts		13,429	(23,223)
Stock-in-trade		116,510	83,149
Trade debts		(39,381)	(41,034)
Loans, advances, deposits, prepayments and other receivables		(6,206)	5,019
		<u>84,352</u>	<u>23,911</u>
<b>Increase / (decrease) in current liabilities</b>			
Trade and other payables		137,769	(68,437)
Sales tax payable		(1,129)	(8,994)
		<u>136,640</u>	<u>(77,431)</u>
<b>Cash generated from operations</b>		<b>924,646</b>	<b>788,252</b>
Income tax paid		(59,889)	(39,054)
Finance costs paid		(278,540)	(376,052)
Long-term loans and advances		294	664
Long-term deposits (paid) / received		(1,135)	1,003
<b>Net cash inflow from operating activities</b>		<b>585,376</b>	<b>374,813</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(96,843)	(45,248)
Proceeds from disposal of property, plant and equipment		4,472	9,091
<b>Net cash used in investing activities</b>		<b>(92,371)</b>	<b>(36,157)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long term finance		(506,766)	(506,766)
(Repayment of) / proceeds from short-term borrowings		(13,612)	52,969
Lease rentals paid		(4,129)	(4,225)
<b>Net cash used in financing activities</b>		<b>(524,507)</b>	<b>(458,022)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(31,502)</b>	<b>(119,366)</b>
Cash and cash equivalents at the beginning of the year		<u>(390,871)</u>	<u>(271,505)</u>
<b>Cash and cash equivalents at the end of the year</b>	32	<u><u>(422,373)</u></u>	<u><u>(390,871)</u></u>

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

**RAZA ANSARI**  
Chief Executive Officer

**ABDUL HAI M. BHAIMIA**  
Director



## Shabbir Tiles and Ceramics Limited

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2013

	Issued, subscribed & paid-up capital	Capital reserve share premium	Revenue reserves		Total reserves	Total
			General reserve	Unappropriated profit		
	----- (Rupees in '000) -----					
<b>Balance as at June 30, 2011</b>	721,277	456,288	514,000	(56,664)	913,624	1,634,901
Net profit for the year	-	-	-	74,578	74,578	74,578
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	74,578	74,578	74,578
<b>Balance as at June 30, 2012</b>	<b>721,277</b>	<b>456,288</b>	<b>514,000</b>	<b>17,914</b>	<b>988,202</b>	<b>1,709,479</b>
Net profit for the year	-	-	-	82,322	82,322	82,322
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	82,322	82,322	82,322
<b>Balance as at June 30, 2013</b>	<b>721,277</b>	<b>456,288</b>	<b>514,000</b>	<b>100,236</b>	<b>1,070,524</b>	<b>1,791,801</b>

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

**RAZA ANSARI**  
Chief Executive Officer

**ABDUL HAI M. BHAIMIA**  
Director



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### 1. THE COMPANY AND ITS OPERATIONS

Shabbir Tiles and Ceramics Limited (the Company) was incorporated in Pakistan as a public limited company, under the Companies Act 1913 (now the Companies Ordinance, 1984) on November 07, 1978 and is listed on all Stock Exchanges in Pakistan. The Company is primarily engaged in the manufacture and sale of tiles and trading of allied building products. The registered office of the Company is situated at 15th Milestone, National Highway, Landhi, Karachi.

### 2. STATEMENT OF COMPLIANCE

2.1 These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are as notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

#### 2.2. Standards and amendments to approved accounting standards that are not yet effective

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

Standards	Effective date (accounting periods beginning on or after)
IFRS 7 - Financial Instruments : Disclosures – (Amendments) - Amendments enhancing disclosures about offsetting of financial assets and financial liabilities	January 01, 2013
IAS 19 - Employee Benefits –(Revised)	January 01, 2013
IAS 32 - Offsetting Financial Assets and Financial liabilities – (Amendment)	January 01, 2014
IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine	January 01, 2013

The Company expects that the adoption of the above revisions and amendments of the standards will not affect the Company's financial statements in the period of initial application.

In addition to the above amendments, improvements to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 January 2013. The Company expects that such improvements to the standards will not have any impact on the Company's financial statements in the period of initial application.

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

Standards	IASB effective date (accounting periods beginning on or after)
IFRS 9 - Financial Instruments: Classification and Measurement	January 01, 2015
IFRS 10 - Consolidated Financial Statements	January 01, 2013
IFRS 11 - Joint Arrangements	January 01, 2013
IFRS 12 - Disclosure of Interests in Other Entities	January 01, 2013
IFRS 13 - Fair Value Measurement	January 01, 2013



### 3. BASIS OF MEASUREMENT

- 3.1 These financial statements have been prepared under the historical cost convention.
- 3.2 These financial statements are presented in Pak Rupees which is the Company's functional and presentation currency.

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 4.1 New and amended standards

The Company has adopted the following standards which became effective during the year:

IAS 1 – Presentation of Financial Statements – Presentation of items of other comprehensive income (Amendment)

IAS 12 – Income Taxes - Recovery of Underlying Assets (Amendment)

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

#### 4.2 Property, plant and equipment

##### Owned

These are stated at cost less accumulated depreciation and accumulated impairment loss, if any except for freehold land and capital work-in-progress, which are stated at cost.

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

Depreciation is charged on the straight line basis, other than freehold land which is determined to have an indefinite life, at the rates specified in note 6 to the financial statements. Depreciation on additions is charged from the month in which the asset is put to use and on disposals upto the month immediately preceding the deletion. No depreciation is charged if asset's residual value exceeds its carrying amount.

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

Maintenance and repairs are charged to income as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Gain or loss on disposal of property, plant and equipment is recognized in the profit and loss account when incurred.

##### Leased

Assets held under finance leases are capitalized at the lower of present value of the minimum lease payments at the inception of the lease term and the fair value of leased assets. The related obligations under finance lease less finance charges allocated to future periods are shown as liabilities. Finance costs are calculated at the rate implicit in the lease and are charged to profit and loss account. Depreciation is charged to profit and loss account applying the same basis as for owned assets.





#### 4.3 Investment property

Investment property represents the portion of freehold land and building let out on rent and is stated at cost, determined on the basis of area (square feet) rented out less accumulated depreciation and impairment, if any.

Depreciation is charged to profit and loss account applying the straight line method at the rate specified in note 7 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.

Maintenance and normal repairs are charged to profit and loss account 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 profit and loss account for the year.

#### 4.4 Impairment

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such indication exists, the asset's recoverable amount is estimated and the impairment loss is recognized as an expense in the profit and loss account.

#### 4.5 Borrowing costs

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

#### 4.6 Stores and spare parts

Stores and spare parts, except items-in-transit are valued at the lower of weighted average cost and net realizable value (NRV). Provision is made for slow moving and obsolete items.

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

#### 4.7 Stock-in-trade

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

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

Provision is made for slow moving and obsolete items.

#### 4.8 Trade debts

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

#### 4.9 Cash and cash equivalents

These are stated at cost. For the purpose of cash flow statement, cash and cash equivalents comprise of cash and bank balances net of short-term running finances.



## 4.10 Financial instruments

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

## 4.11 Offsetting of financial assets and financial liabilities

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

## 4.12 Long and short-term borrowings

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

## 4.13 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.

## 4.14 Provisions

Provision is recognized in the balance sheet when the Company has a present legal or constructive obligation as a result of past event and it is probable that an out flow 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 balance sheet date and adjusted to reflect current best estimate.

## 4.15 Taxation

### Current

Provision for current taxation is based on taxable income at current rates of taxation after taking into account tax credits and rebates available, if any, or 0.5 per cent of turnover, whichever is higher. The Company also falls under the final tax regime under Section 148 and 154 of the Income Tax Ordinance, 2001, to the extent of commercial imports and export sales.

### Deferred

Deferred taxation is provided, proportionate to local sales, on all temporary differences at the balance sheet 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 balance sheet date. Deferred tax relating to items recognised directly in equity is recognised in equity and not in the profit and loss account.

## 4.16 Staff benefits

### Defined contribution plan

The Company operates a recognised provident fund for its permanent 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 Company has no further obligation once the contributions have been paid. The contributions made by the Company are recognised as employee benefit expense when they are due.

### Compensated absences

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



#### 4.17 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 balance sheet date. Exchange differences on foreign currency translations are taken to the profit and loss account.

#### 4.18 Revenue recognition

Sales are recognised when goods are dispatched to the customers.

Return on bank deposits is recognised on accrual basis.

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

#### 4.19 Research and development costs

Research and development costs are expensed as 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 IAS-38 "Intangible Assets".

#### 4.20 Dividend and appropriation to reserves

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

### 5. SIGNIFICANT ACCOUNTING JUDGMENTS 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 historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

	<b>Notes</b>
- determining the residual values and useful lives of property, plant and equipment and investment property	4.2, 4.3, 4.4, 6 & 7
- impairment of inventories / adjustment of inventories to their net realisable value	4.6, 4.7, 10 & 11
- impairment of trade debts	4.8 & 12
- recognition of current / deferred tax	4.15, 18 & 30
- provision for staff benefits	4.16 & 19.3
- contingencies	21



# Shabbir Tiles and Ceramics Limited

## 6. PROPERTY, PLANT AND EQUIPMENT

	Note	2013 (Rupees in '000)	2012
Operating assets	6.1	3,130,746	3,332,287
Capital work in progress	6.4	32,296	2,203
		<u>3,163,042</u>	<u>3,334,490</u>

### 6.1 OPERATING ASSETS

2013	COST			ACCUMULATED DEPRECIATION				NET BOOK VALUE		Depreciation rate %
	As at July 01, 2012	Additions/transfers*	Disposals	As at June 30, 2013	As at July 01, 2012	Charge / transfers* for the year	Disposals	As at June 30, 2013	As at June 30, 2013	
(Rupees in '000)										
<b>Owned</b>										
Freehold land	266,135	-	-	266,135	-	-	-	-	266,135	-
Building on freehold land	786,334	7,435	-	793,769	180,435	39,267	-	219,702	574,067	5-20
Plant and machinery	3,671,120	48,948	-	3,720,068	1,263,386	208,088	-	1,471,474	2,248,594	5-20
Furniture and fixture	24,310	-	-	24,310	16,530	5,369	-	21,899	2,411	20
Office equipment	18,041	827	(50)	18,818	12,071	2,879	(50)	14,900	3,918	20-33
Computers and accessories	14,174	1,768	(248)	15,694	11,782	1,997	(190)	13,589	2,105	50
Vehicles	50,752	7,772 7,099 *	(1,905) (4,423)	59,295	22,786	6,115 5,761 *	(4,263)	30,399	28,896	20
	<u>4,830,866</u>	<u>66,750</u> <u>7,099 *</u>	<u>(6,626)</u>	<u>4,898,089</u>	<u>1,506,990</u>	<u>263,715</u> <u>5,761 *</u>	<u>(4,503)</u>	<u>1,771,963</u>	<u>3,126,126</u>	
<b>Leased</b>										
Vehicles	18,694	- (7,099) *	-	11,595	10,283	2,453 (5,761) *	-	6,975	4,620	20
<b>Total</b>	<u>4,849,560</u>	<u>66,750</u>	<u>(6,626)</u>	<u>4,909,684</u>	<u>1,517,273</u>	<u>266,168</u>	<u>(4,503)</u>	<u>1,778,938</u>	<u>3,130,746</u>	

2012	COST			ACCUMULATED DEPRECIATION				NET BOOK VALUE		Depreciation rate %
	As at July 01, 2011	Additions/transfers*	Disposals	As at June 30, 2012	As at July 01, 2011	Charge / transfers* for the year	Disposals	As at June 30, 2012	As at June 30, 2012	
(Rupees in '000)										
<b>Owned</b>										
Freehold land	266,135	-	-	266,135	-	-	-	-	266,135	-
Building on freehold land	761,906	3,348 21,080 *	-	786,334	131,182	40,564 8,689 *	-	180,435	605,899	5-20
Plant and machinery	3,532,752	18,893 176,138 *	(56,663)	3,671,120	1,024,504	224,607 69,350 *	(55,075)	1,263,386	2,407,734	5-20
Furniture and fixture	24,310	-	-	24,310	11,756	4,774	-	16,530	7,780	20
Office equipment	15,480	2,561	-	18,041	8,762	3,309	-	12,071	5,970	20-33
Computers and accessories	11,800	2,743	(369)	14,174	10,364	1,783	(365)	11,782	2,392	50
Vehicles	34,463	21,380 2,329 *	(5,970) (1,450)	50,752	19,783	5,401 1,573 *	(3,971)	22,786	27,966	20
	<u>4,646,846</u>	<u>48,925</u> <u>199,547 *</u>	<u>(64,452)</u>	<u>4,830,866</u>	<u>1,206,351</u>	<u>280,438</u> <u>79,612 *</u>	<u>(59,411)</u> <u>**</u>	<u>1,506,990</u>	<u>3,323,876</u>	
<b>Leased</b>										
Building on freehold land	21,080	(21,080) *	-	-	8,689	(8,689) *	-	-	-	10
Plant and machinery	176,138	(176,138) *	-	-	69,350	(69,350) *	-	-	-	10-20
Vehicles	21,023	- (2,329) *	-	18,694	8,268	3,588 (1,573) *	-	10,283	8,411	20
	<u>218,241</u>	<u>-</u> <u>(199,547) *</u>	<u>-</u>	<u>18,694</u>	<u>86,307</u>	<u>3,588</u> <u>(79,612) *</u>	<u>-</u>	<u>10,283</u>	<u>8,411</u>	
<b>Total</b>	<u>4,865,087</u>	<u>48,925</u>	<u>(64,452)</u>	<u>4,849,560</u>	<u>1,292,658</u>	<u>284,026</u>	<u>(59,411)</u>	<u>1,517,273</u>	<u>3,332,287</u>	



## Shabbir Tiles and Ceramics Limited

6.2 Depreciation charge for the year has been allocated as follows

	Note	2013 (Rupees in '000)	2012
Cost of sales	23	255,524	273,196
Distribution costs	25	6,319	6,468
Administrative expenses	26	4,325	4,362
		<u>266,168</u>	<u>284,026</u>

6.3 Details of disposal of property, plant and equipments having book value exceeding Rs. 50,000 each are as follows:

Particulars	Cost	Accumulated depreciation	Book value	Sale Proceeds	Gain / (loss)	Mode of Disposal	Purchaser / Insurance Company
----- Rupees in '000 -----							
<b>Computers</b>							
Laptop HP Envy-4	75	19	56	58	2	Insurance Claim	Habib Insurance Company
<b>Vehicles</b>							
Daihatsu Cuore APK-354	497	435	62	226	164	Company Policy	Mr. Zaheen Siddiqui, Employee
Toyota Corolla APK-640	915	801	114	391	277	Company Policy	Mr. Kashif Ahmed, Ex Employee
Daihatsu Cuore AWB-371	829	210	619	825	206	Insurance Claim	Habib Insurance Company
Toyota Corolla APK-554	915	817	98	649	551	Company Policy	Mr. Mazhar Karim, Ex Employee
Toyota Corolla ATY-145	1,414	700	714	1,325	611	Negotiation	Mr. Aziz Hussain, Karachi
Honda CD-70 KGC-6502	68	4	64	63	(1)	Insurance Claim	Habib Insurance Company
Honda CD-70 KGC-6506	68	4	64	63	(1)	Insurance Claim	Habib Insurance Company
Honda CD-70 KGC-6521	68	4	64	50	(14)	Insurance Claim	Habib Insurance Company
Honda CD-70 KGC-6523	68	4	64	50	(14)	Insurance Claim	Habib Insurance Company
Suzuki Cultus AQZ-497	682	600	82	523	441	Company Policy	Mr. Tanveer Ahmed, Ex Employee
	<u>5,599</u>	<u>3,598</u>	<u>2,001</u>	<u>4,223</u>	<u>2,222</u>		

6.4 Capital work-in-progress

	2013			2012		
	Plant and Machinery	Vehicles	Total	Plant and Machinery	Vehicles	Total
----- Rupees in '000 -----						
Opening balance as at 1 July	2,203	-	2,203	-	5,882	5,882
Capital expenditure incurred	78,757	-	78,757	2,203	-	2,203
Transfer to operating fixed assets	(48,664)	-	(48,664)	-	(5,882)	(5,882)
Closing balance as at 30 June	<u>32,296</u>	<u>-</u>	<u>32,296</u>	<u>2,203</u>	<u>-</u>	<u>2,203</u>



# Shabbir Tiles and Ceramics Limited

## 7. INVESTMENT PROPERTY

	COST	ACCUMULATED DEPRECIATION		NET	Depreciation rate %	
		As at July 01, 2012 & June 30, 2013	As at July 01, 2012	Charge for the year		As at June 30, 2013
		----- Rupees in '000 -----				
Freehold land	3	-	-	-	3	-
Building on freehold land	1,083	772	107	879	204	10
<b>June 2013</b>	<b>1,086</b>	<b>772</b>	<b>107</b>	<b>879</b>	<b>207</b>	
<b>June 2012</b>	<b>1,086</b>	<b>665</b>	<b>107</b>	<b>772</b>	<b>314</b>	

The fair value of investment property, as at June 30, 2013 amounts to Rs. 5.777 million (2012: Rs. 5.908 million), which has been arrived at on the basis of a valuation carried out by an independent professional valuer. The valuation was determined on the basis of market situation, present physical condition and location of the property.

	Note	2013	2012
		(Rupees in '000)	
<b>8. LONG-TERM LOANS AND ADVANCES - unsecured, considered good</b>			
<b>Loans</b>			
Employees		4,009	4,190
Executives	8.1	637	1,584
	8.2	4,646	5,774
Less: Current maturity	13	(4,537)	(5,371)
		109	403
<b>Advances</b>			
Sui Southern Gas Company Limited		-	768
Less: Current maturity		-	(768)
		-	-
		109	403
<b>8.1 Reconciliation of the carrying amount of loans to Executives</b>			
Opening balance		1,584	895
Disbursements		1,257	2,311
Repayments		(2,204)	(1,622)
Closing balance		637	1,584
<b>8.2 Represent loans for the purchase of household equipment which is repayable within two years of disbursement. The loans carry markup at the rate of KIBOR +3% per annum (2012: Nil). The maximum aggregate amount due from executives at the end of any month during the year was Rs. 2.106 million (2012: Rs. 1.716 million)</b>			
		2013	2012
		(Rupees in '000)	
<b>9. LONG TERM DEPOSITS</b>			
Security deposits			
- Lease		1,156	1,412
- Utilities		2,893	2,893
- Rent		6,691	5,100
- Others		70	270
		10,810	9,675
<b>10. STORES AND SPARE PARTS</b>			
Stores		70,464	47,801
Spare parts		82,111	118,459
In transit		256	-
		152,831	166,260
Provision for slow moving and obsolete items	10.1	(26,393)	(17,535)
		126,438	148,725



## Shabbir Tiles and Ceramics Limited

	Note	2013 (Rupees in '000)	2012
<b>10.1 Movement of provision for slow moving and obsolete items</b>			
Opening balance		17,535	8,065
Charge for the year	23	8,858	9,470
Closing balance		<u>26,393</u>	<u>17,535</u>
<b>11. STOCK-IN-TRADE</b>			
Raw and packing materials	11.1	262,223	195,855
Work-in-process		44,711	29,239
Finished goods	11.2	94,293	280,976
In transit		24,530	36,197
		<u>425,757</u>	<u>542,267</u>

11.1 Includes stock in trade costing Rs. 5.892 million (2012: Rs. 12.243 million) which has been written down to Nil NRV.

11.2 It includes stock in trade costing Rs. 34.908 million (2012: Rs. 30.458 million) which has been written down to Rs. 28.380 million (2012: Rs. 23.368 million) NRV.

	Note	2013 (Rupees in '000)	2012
<b>12. TRADE DEBTS - unsecured</b>			
Considered good	12.1	829,689	787,206
Considered doubtful		3,662	6,764
Provision for impairment	12.2	(3,662)	(6,764)
		-	-
		<u>829,689</u>	<u>787,206</u>

12.1 Include receivable from the following related parties that are neither past due nor impaired and are aged within 90 days.

	Note	2013 (Rupees in '000)	2012
- Agri Auto Industries Limited		190	-
- Indus Motor Company Limited		491	3,437
		<u>681</u>	<u>3,437</u>

### 12.2 Movement of provision for doubtful debts

	Note	2013	2012
Opening balance		6,764	10,847
Reversal for the year	26	(1,209)	(3,981)
Written off during the year		(1,893)	(102)
Closing balance		<u>3,662</u>	<u>6,764</u>

### 13. LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

<b>Loans - unsecured, considered good</b>			
Current portion of long-term loans	8	4,537	5,371
<b>Advances - unsecured, considered good</b>			
Current maturity of long term advances		-	768
Employees		241	141
Suppliers and contractors		8,102	2,445
Collector of Customs		4,249	-
Others		880	655
		13,472	4,009
<b>Deposits</b>			
Lease		-	656
Container charges		-	2,045
		-	2,701
<b>Prepayments</b>			
Rent		15,837	14,505
Others		573	981
		16,410	15,486
<b>Other receivables</b>			
Insurance claims		58	1,031
Others		327	-
		385	1,031
		<u>34,804</u>	<u>28,598</u>



## Shabbir Tiles and Ceramics Limited

### 14. CASH AND BANK BALANCES

	Note	2013 (Rupees in '000)	2012
Cash in hand		3,451	5,009
Cash at banks:			
- current accounts	14.1	90,019	62,202
- PLS saving accounts	14.2	32,549	25,816
		<u>122,568</u>	<u>88,018</u>
		<u>126,019</u>	<u>93,027</u>

**14.1** Includes balance of Rs. 48.214 million (2012: Rs. 32.567 million) maintained with Habib Metropolitan Bank Limited, a related party.

**14.2** These carry profit rates ranging from 6% - 9% per annum (2012: 6% - 9% per annum). These include balance of Rs. 3.934 million (2012: Rs. 12.420 million) maintained with Habib Metropolitan Bank Limited, a related party.

### 15. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

Ordinary shares of Rs. 5/- each

Number of shares in '000				
2013	2012		2013	2012
111,775	111,775	Fully paid-up in cash	558,880	558,880
1,150	1,150	Issued for consideration other than cash	5,750	5,750
31,329	31,329	Issued as fully paid bonus shares	156,647	156,647
<u>144,254</u>	<u>144,254</u>		<u>721,277</u>	<u>721,277</u>

**15.1** The shares held by the related parties as at June 30, 2013 were 11,649,835 (2012: 13,573,473) Ordinary shares of Rs.5/- each.

### 16. LONG TERM FINANCE - secured

	Note	2013 (Rupees in '000)	2012
From banking companies :			
Loan I	16.1 & 16.4	1,155,448	1,412,214
Loan II	16.2 & 16.4	125,000	625,000
Loan III	16.3	250,000	-
		<u>1,530,448</u>	<u>2,037,214</u>
Less: Current maturity		<u>(506,766)</u>	<u>(506,766)</u>
		<u>1,023,682</u>	<u>1,530,448</u>

**16.1** Represents loan from National Bank of Pakistan (NBP) to finance the expansion project. The loan carries markup rate of six months' KIBOR + 1.15% (2012: six months' KIBOR + 1.15%) per annum, payable semi-annually. The loan is repayable within seven years in fourteen equal semi-annual installments commencing from June 2011.

**16.2** Represents loan from NBP under the State Bank of Pakistan's (SBP's) Long Term Financing facility for export oriented projects. The loan carries markup rate of 8.95% (2012: 8.95%) per annum, payable quarterly. The loan is repayable in five years in eight equal semi-annual installments commencing from May 2011. The SBP through its letter No. 05 of 2010, advised that in case projected exports are not met by the borrower, the borrower shall be subject to a fine ranging from, paise 28 per day per Rs. 1,000 or part thereof to paise 37 per day per Rs. 1,000 or part thereof, on adjusted value of outstanding refinance under the scheme.

**16.3** Represents loan from Dubai Islamic Bank (DIB) for the repayment of Long Term Financing facility. The loan carries markup rate of six months' KIBOR + 0.5% per annum, payable quarterly. The loan is repayable within two years in eight equal quarterly installments commencing from September 2013. The loan is secured against ranking charge over plant and machinery.

**16.4** These are secured against equitable mortgage of land and hypothecation of present and future plant and machinery of the Company, ranking pari-passu charge.





## 17. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Represents finance lease agreements with a Modaraba in respect of vehicles. The liability is partly secured by deposits of Rs. 1,156 million (2012: Rs. 2,07 million). In the event of late payment of lease rentals, the Company is liable to pay a sum of Rs. 250 per day during the period of non-payment in addition to the lease rentals. Repairs and insurance costs are borne by the Company. The rates of mark-up used as the discounting factor range between 7.5% and 15.5% (2012: 7.5% to 15.5%) per annum. Rentals are payable in equal monthly installments.

The amount of future minimum lease payments, together with the present value of the minimum lease payments, and the periods during which they fall due are as follows:

	Note	2013 (Rupees in '000)	2012
Not later than one year		2,964	3,465
Later than one year and not later than five years		2,682	7,190
		<u>5,646</u>	<u>10,655</u>
Less: Financial charges allocable to future periods		(517)	(1,397)
Present value of minimum lease payments		<u>5,129</u>	<u>9,258</u>
Less: Current maturity		<u>(2,523)</u>	<u>(2,532)</u>
		<u>2,606</u>	<u>6,726</u>

## 18. DEFERRED TAX LIABILITY

**Taxable temporary differences arising due to:**  
accelerated tax depreciation

620,524 655,501

**Deductible temporary differences arising due to:**  
provisions  
assets subject to finance lease  
minimum tax  
unused tax losses

18.1

(25,736)	(19,311)
(166)	(1,124)
(18,954)	-
<u>(420,104)</u>	<u>(507,270)</u>
<u>(464,960)</u>	<u>(527,705)</u>
<u>155,564</u>	<u>127,796</u>

18.1 As of the year end, accumulated carry forward tax losses amount to Rs. 1,236 million (2012: Rs. 1,449 million).

	Note	2013 (Rupees in '000)	2012
<b>19. TRADE AND OTHER PAYABLES</b>			
Creditors	19.1	105,684	102,126
Accrued liabilities	19.2 & 19.3	320,189	217,795
Infrastructure cess payable	19.4	33,497	29,580
Advance from customers	19.5	31,454	14,967
Payable to Provident Fund	19.6	1,920	1,695
Security deposits		2,381	5,596
Workers' Profit Participation Fund	19.7	7,029	973
Workers' Welfare Fund		6,111	7,325
Unclaimed and unpaid dividends		2,853	2,854
Tax deducted at source		10,401	839
Others		142	142
		<u>521,661</u>	<u>383,892</u>

## 19.1 Include payable to following related parties

- Thal Limited	2,837	2,909
- Metro Habib Pakistan (Private) Limited	4,155	1,196
	<u>6,992</u>	<u>4,105</u>



## Shabbir Tiles and Ceramics Limited

	2013	2012
	(Rupees in '000)	
<b>19.2 Include due to following related parties</b>		
- Habib Metro Pakistan (Private) Limited	139	-
- Habib Insurance Company Limited	342	386
	481	386

**19.3** Include accrual for leave encashment of Rs. 24.690 million (2012: Rs. 23.760 million) and bonus of Rs. 14.386 million (2012: Rs. 12.992 million).

**19.4** During the financial year 2009, the Honourable High Court of Sindh declared the levy of the Infrastructure cess / fee by the Excise and Taxation Department, Government of Sindh upto December 27, 2006 as ultra vires of the Constitution. However, the levy subsequent to December 27, 2006 was declared as valid and constitutional. The Company had filed an appeal before the Honourable Supreme Court of Pakistan against the above order of the High Court as per the directions of the Supreme Court, approached the High Court by filing a fresh constitution petition during last year. The High Court has granted stay on said petition on the following terms:

- Any bank guarantee / security furnished for consignment released upto December 27, 2006 shall be discharged and returned; and
- Any bank guarantee / security furnished for consignment released after December 27, 2006 shall be encashed to the extent of 50% of the guaranteed / secured amount only and the bank guarantee / security for the balance amount will be kept alive till the disposal of the petitions.

In view of the interim nature of arrangement as provided in the above referred order of the High Court, the Company has retained full provision against the infrastructure cess fee payable for the period from December 2006 till June 2013.

The Company has provided a bank guarantee in favour of Excise and Taxation Department, amounting to Rs. 26.38 million (2012: Rs. 23.38 million).

	2013	2012
	(Rupees in '000)	
<b>19.5 Include advance from following related parties</b>		
- Metro Habib Pakistan (Private) Limited	1,249	-
- Habib University Foundation	4,460	-
	5,709	-
<b>19.6 Payable to Provident Fund</b>	1,920	1,695

### 19.6.1 General disclosures

Size of the Trust	128,875	114,018
Investments - cost	82,500	81,000
Percentage of investments made	64.02%	71.04%
Fair value of investment made	128,065	113,015

### 19.6.2 Categories of investments as a percentage of total assets of provident fund

	<u>2013</u>		<u>2012</u>	
	Rs. in '000	%	Rs. in '000	%
Fixed deposit	126,518	98.17%	113,015	99.12%
Mutual funds	1,547	1.20%	-	-
	128,065	99.37%	113,015	99.12%

**19.6.3** Investments of provident fund have been made in accordance with the provisions of the section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.



## Shabbir Tiles and Ceramics Limited

19.7 Workers' Profit Participation Fund	Note	2013 (Rupees in '000)	2012
Balance at the beginning of the year		973	749
Allocation for the year	29	<u>7,029</u>	<u>10,224</u>
		8,002	10,973
Less: Payments made during the year		<u>973</u>	<u>10,000</u>
Balance at the end of the year		<u><u>7,029</u></u>	<u><u>973</u></u>

### 20. SHORT-TERM BORROWINGS – secured

Term finances	20.1, 20.3 & 20.4	123,970	137,582
Running finances	20.2, 20.3 & 20.4	548,392	483,898
		<u><u>672,362</u></u>	<u><u>621,480</u></u>

20.1 Represent Trust Receipt (TR) and FE-25 facilities from various banks amounting to Rs. 272 million (2012: Rs. 272 million) and Rs. 153 million (2012: Rs. 153 million) respectively. Markup on FE-25 is 5.5% (2012:5.5%) per annum while on TR facility is 3 months' KIBOR+1% (2012: 3 months' KIBOR+1%) per annum.

20.2 Represent running finance facilities from various banks amounting to Rs. 1,125 million (2012: Rs. 1,025 million). Markup rates on these finances range from one month KIBOR+0.75% to six months' KIBOR+ to 0.25% (2012: one month KIBOR+0.75% to three months' KIBOR+ to 1%) per annum.

20.3 These facilities are secured by demand promissory notes, hypothecation of stocks and book debts of the Company ranking pari-passu charge. These facilities are repayable by February 2014.

20.4 Include borrowings of Rs. 396.863 million (2012: Rs. 505.048 million) obtained from Habib Metropolitan Bank Limited, a related party.

### 21. CONTINGENCIES AND COMMITMENTS

#### Contingencies

21.1 The sales tax imposed by the Central Excise and Sales Tax Department amounting to Rs. 2.105 million in February 1989 was contested by the Company before the High Court and it was decided in favour of the Company in August 2006. However, the Collector of Central Excise and Sales Tax has challenged the said decision in the Supreme Court. The Company and its legal advisor are confident that the outcome of the case will be in the Company's favour, hence, no provision has been made for the above demand in these financial statements.

21.2 The Additional Commissioner of Income Tax (Audit Division) has amended the assessment under Section 122 of the Income Tax Ordinance, 2001 for the tax year 2003 whereby, further tax of Rs. 26.8 million was determined to be payable by the Company by disallowing trade discounts of Rs. 73.92 million. Being aggrieved, the Company filed an appeal before the Commissioner of Income Tax (Appeals) which was decided in favour of the Company. However, the Income Tax Department then filed an appeal before the Income Tax Appellate Tribunal who after hearing the arguments from both sides remanded back the case to the Department for re-assessment which is still pending. The Company, based on the advise of its tax consultant, is confident that the case will be decided in its favour and therefore, no provision for any liability there against has been made in these financial statements.

21.3 The Additional Commissioner of Income Tax (Audit Division) has amended the assessment under Section 122 of the Income Tax Ordinance, 2001 for the tax year 2008 whereby, Rs. 1.3 million was determined to be payable by the Company by disallowing exchange loss of Rs. 3.66 million related to local sales. Being aggrieved, the Company has filed an appeal before the Commissioner of Income Tax (Appeals) which has been decided in favour of the Company. However, the Income Tax Department then filed an appeal before the Income Tax Appellate Tribunal who after hearing the arguments from both sides remanded back the case to the Department for re-assessment which is still pending. The Company, based on the advise of its tax consultant, is confident that the case will be decided in its favour and therefore, no provision for any liability there against has been made in these financial statements.

#### Commitments

- (i) Commitments in respect of outstanding Letters of credit for amount to Rs. 69.204 (2012: Rs.84.869) million.
- (ii) Bank guarantees issued to Sui Southern Gas Company Limited and Excise & Taxation Department amount to Rs. 266.528 (2012: Rs. 266.528) million and Rs. 26.381 (2012: Rs. 23.381) million respectively.



## Shabbir Tiles and Ceramics Limited

	Note	2013	2012
		(Rupees in '000)	
<b>22. TURNOVER - net</b>			
<b>Local</b>			
- Manufacturing		5,537,921	5,104,151
- Trading		34,545	22,240
		5,572,466	5,126,391
Less: Sales Tax			
- Manufacturing		(764,072)	(701,003)
- Trading		(4,544)	(3,053)
		(768,616)	(704,056)
Less: Trade discounts			
- Manufacturing		(9,808)	(4,759)
- Trading		(230)	(105)
		(10,038)	(4,864)
		4,793,812	4,417,471
<b>Exports</b>		104,405	212,986
		4,898,217	4,630,457
<b>23. COST OF SALES</b>			
<b>Cost of sales - manufacturing</b>			
<b>Raw and packing materials consumed</b>			
Opening stock		232,052	256,030
Purchases		1,477,670	1,338,867
Closing stock		(286,753)	(232,052)
		1,422,969	1,362,845
<b>Manufacturing expenses</b>			
Salaries, wages and benefits		510,711	458,739
Fuel and power		906,384	755,863
Stores and spare parts consumed		320,579	295,228
Provision for slow moving stores and spare parts	10.1	8,858	9,470
Depreciation	6.2	255,524	273,196
Repairs and maintenance		49,075	52,177
Insurance		16,415	17,222
Vehicle running expenses		17,558	17,836
Travelling and conveyance		7,653	5,741
Printing and stationery		3,622	7,821
Communications		3,673	3,256
Rent, rates and taxes		2,662	2,851
Research costs		1,265	813
Legal and professional charges		659	343
Others		4,032	4,864
		2,108,670	1,905,420
<b>Work-in-process</b>			
Opening stock		29,239	33,315
Closing stock		(44,711)	(29,239)
<b>Cost of goods manufactured</b>		3,516,167	3,272,341
<b>Finished goods</b>			
Opening stock		276,499	327,862
Closing stock		(90,157)	(276,499)
		3,702,509	3,323,704
<b>Cost of sales - Trading</b>			
Opening stock		4,477	8,209
Purchases		17,312	10,200
Closing stock		(4,136)	(4,477)
		17,653	13,932
		3,720,162	3,337,636
<b>24. GROSS PROFIT</b>			
Manufacturing operations		1,165,937	1,287,671
Trading operations		12,118	5,150
		1,178,055	1,292,821



## Shabbir Tiles and Ceramics Limited

	Note	2013 (Rupees in '000)	2012
<b>25. DISTRIBUTION COSTS</b>			
Salaries and benefits		87,047	80,848
Freight		419,116	413,126
Advertisement and publicity		20,353	30,604
Travelling and conveyance		22,826	26,440
Rent, rates and taxes		46,429	43,631
Communications		5,993	6,525
Insurance		3,592	4,551
Depreciation	6.2	6,319	6,468
Vehicle running expenses		14,111	15,171
Repairs and maintenance		6,833	10,428
Utilities		5,441	5,114
Printing and stationery		1,635	2,617
Entertainment		3,525	3,062
Others		3,442	3,713
		<u>646,662</u>	<u>652,298</u>
<b>26. ADMINISTRATIVE EXPENSES</b>			
Salaries and benefits		48,016	43,210
Travelling and conveyance		2,621	1,247
Printing and stationery		4,363	4,249
Legal and professional charges		9,298	9,635
Depreciation			
- on operating fixed assets	6.2	4,325	4,362
- on investment property	7	107	107
Vehicle running expenses		5,326	3,975
Communications		2,982	3,085
Auditors' remuneration	26.1	1,782	1,350
Subscriptions		951	186
Insurance		907	631
Reversal of provision for doubtful debts	12.2	(1,209)	(3,981)
Others		4,680	3,245
		<u>84,149</u>	<u>71,301</u>
<b>26.1 Auditors' remuneration</b>			
Audit fee		700	605
Half yearly review fee		180	164
Tax services		718	343
Other certifications		80	73
Out of pocket expenses		104	165
		<u>1,782</u>	<u>1,350</u>
<b>27. OTHER INCOME</b>			
<b>Income from financial assets</b>			
Profit on bank deposits		786	565
<b>Income from non-financial assets</b>			
Rental income from investment property		462	462
Gain on disposal of property, plant and equipment		2,348	4,048
Others		261	3,312
		<u>3,857</u>	<u>8,387</u>
<b>28. FINANCE COSTS</b>			
Mark-up / interest on:			
Long-term finance		233,225	296,213
Finance leases		784	1,433
Short term borrowings		65,305	65,345
		<u>299,314</u>	<u>362,991</u>
Bank charges and commission		3,783	2,949
		<u>303,097</u>	<u>365,940</u>



## Shabbir Tiles and Ceramics Limited

	Note	2013 (Rupees in '000)	2012
<b>29. OTHER CHARGES</b>			
Workers' Profit Participation Fund	19.7	7,029	10,224
Workers' Welfare Fund		2,671	3,885
Donations	29.1	7,430	7,200
		<u>17,130</u>	<u>21,309</u>

**29.1** Include donation of Rs. 7.2 million (2012: Rs. 7.2 million) to Muhammad Ali Habib Welfare Trust, Karachi, of which Mr. Rafiq M. Habib and Mr. Ali S. Habib are trustees, who are also directors of the Company.

		2013 (Rupees in '000)	2012
<b>30. TAXATION</b>			
Current		20,586	46,951
Prior		198	-
Deferred		27,768	68,831
		<u>48,552</u>	<u>115,782</u>

**30.1** Provision for current taxation has been made on the basis of minimum tax under section 113 and Final Tax Regime under section 169 of Income Tax Ordinance, 2001. Accordingly, tax expense reconciliation with the accounting profit is not presented.

		2013	2012
<b>31. EARNINGS PER SHARE - Basic and Diluted</b>			
Profit after taxation (Rupees in '000)		<u>82,322</u>	<u>74,578</u>
Weighted average number of ordinary shares outstanding during the year (in '000)		<u>144,254</u>	<u>144,254</u>
Basic earnings per share (Rupee)		<u>0.57</u>	<u>0.52</u>

	Note	2013 (Rupees in '000)	2012
<b>32. CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	14	126,019	93,027
Short-term running finances	20	(548,392)	(483,898)
		<u>(422,373)</u>	<u>(390,871)</u>

### 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risk arising from the Company's financial instruments are market risk, credit risk and liquidity risk. The Board of Directors reviews and agrees the policies for managing each of these risks which are summarized below:

#### 33.1 Market risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rate and foreign exchange rates.

##### (i) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rate relates primarily to the Company's certain bank balances, long-term and short-term borrowings and liabilities against assets subject to finance lease with floating interest rates. Management of the Company estimates that 1% increase in the market interest rate, with all other factor remaining constant, would decrease the Company's profit before tax by Rs. 22.079 million and a 1% decrease would result in the increase in the Company's profit before tax by the same amount. However, in practice, the actual result may differ from the sensitivity analysis.

##### (ii) Foreign currency risk

Foreign currency risk is the risk that the value of a financial asset or a financial liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist as a result of transactions with foreign undertakings. As at June 30, 2013, the Company does not have any financial assets or financial liabilities which are denominated in foreign currencies.



## 33.2 Credit risk and concentration of credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties.

Concentration of credit risk arise 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 trade debts 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 table below provides the analysis of the credit quality of financial assets on the basis of external credit rating or the historical information about counter party default rates.

Trade debts	2013	2012
	(Rupees in '000)	
The analysis of trade debts is as follows:		
Neither past due nor impaired	524,953	476,664
Past due but not impaired		
31 to 90 days	240,998	250,576
91 to 180 days	57,478	50,644
over 180 days	6,260	9,322
	304,736	310,542
	829,689	787,206
<b>Bank balances</b>		
<b>Ratings</b>		
A1+	122,568	87,918

## 33.3 Liquidity risk

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

2013	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
		(Rupees In '000)				
Long-term finance	-	-	506,766	1,023,682	-	1,530,448
Liabilities against assets subject to finance lease	-	-	2,523	2,606	-	5,129
Trade and other payables	459,708	-	-	-	-	459,708
Accrued mark-up	-	37,911	-	-	-	37,911
Short term borrowings	-	-	672,362	-	-	672,362
<b>Total</b>	459,708	37,911	1,181,651	1,026,288	-	2,705,558
2012	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
		(Rupees In '000)				
Long-term finance	-	-	506,766	1,402,065	128,383	2,037,214
Liabilities against assets subject to finance lease	-	-	2,532	6,726	-	9,258
Trade and other payables	340,484	-	-	-	-	340,484
Accrued mark-up	-	13,354	-	-	-	13,354
Short term borrowings	-	-	621,480	-	-	621,480
<b>Total</b>	340,484	13,354	1,130,778	1,408,791	128,383	3,021,790





## 34. FAIR VALUE OF FINANCIAL INSTRUMENTS

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. The carrying values of financial assets and liabilities reflected in the financial statements approximate their fair values.

## 35. CAPITAL RISK MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to remain as a going concern and continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company is currently financing majority of its operations through long-term and short-term financing in addition to its equity. The Company has a gearing ratio of 55.20% (2012: 61.19%) as of the balance sheet date, which in view of the management is adequate considering the size of the operations.

## 36. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of associates, retirement funds, directors and key management personnel. Detail of transactions / balances with related parties during the year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	2013 (Rupees in '000)	2012 (Rupees in '000)
<b>Associated</b>		
Sales	15,172	11,620
Purchases of goods, material and services	55,944	40,020
Insurance premium	24,578	24,962
Insurance claims received	2,165	2,685
Rent and service charges paid	10,453	10,563
Rent income	462	462
Markup earned	499	533
Markup expense	33,624	29,247
Commission on letter of guarantee	1,874	1,725
<b>Other related parties</b>		
Contribution to the provident fund	11,797	10,441
<b>Contingencies and commitments</b>		
Outstanding letters of credit	42,211	84,869
Outstanding letters of guarantee	292,909	289,909

36.1 The balances due to / from related parties are included in the respective notes to the financial statements.

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

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

	2013			2012		
	Chief Executive Officer	Director	Executives	Chief Executive Officer	Director	Executives
	------(Rupees in '000)-----					
Managerial remuneration	6,767	1,093	41,241	6,287	-	38,303
Housing and utilities	2,998	542	24,882	2,829	-	19,610
Leave fare assistance, leave encashment and bonus	3,904	-	3,626	2,021	-	3,539
Reimbursement of medical expenses	605	121	3,989	629	-	3,775
Retirement benefits	672	112	3,707	591	-	3,413
	<u>14,946</u>	<u>1,868</u>	<u>77,445</u>	<u>12,357</u>	<u>-</u>	<u>68,640</u>
Number of persons	<u>*1</u>	<u>1</u>	<u>71</u>	<u>1</u>	<u>-</u>	<u>73</u>

\* Includes remuneration of Ex-Chief Executive of the Company.





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

**37.3** Fee amounting to Rs. 0.140 million (2012: Rs. 0.105 million) was paid to seven (2012: seven) Directors for attending Board Meetings during the year.

### **38. PRODUCTION CAPACITY**

During the year, the tile production capacity attained was 8.443 million sq. meters (2012: 9.291 million sq. meters) against annual manufacturing capacity of 12.76 million sq. meters (2012: 12.76 million sq. meters). The shortfall is due to low demand during the year.

### **39. NUMBER OF EMPLOYEES**

Number of persons employed as at year end were 908 (2012: 961) and the average number of persons employed during the year were 925 (2012: 958).

### **40. NON-ADJUSTING EVENT AFTER BALANCE SHEET DATE**

The Board of Directors of the Company in its meeting held on September 19, 2013 has proposed a final cash dividend of Rs. 0.50 per share amounting to Rs. 72.128 million and bonus shares at the rate of 5% i.e. 5 bonus shares for every 100 shares amounting to Rs. 36.064 million for the year ended June 30, 2013. These financial statements do not include the effect of aforementioned appropriations, which will be accounted for in the financial statements for the year ending June 30, 2014, once these appropriations are approved in the forthcoming Annual General Meeting to be held on October 29, 2013.

### **41. GENERAL**

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

**41.2** These financial statements were authorized for issue on September 19, 2013 by the Board of Directors of the Company.

**RAZA ANSARI**  
Chief Executive Officer

**ABDUL HAI M. BHAIMIA**  
Director



## Shabbir Tiles and Ceramics Limited

### PATTERN OF SHAREHOLDING AS ON 30TH JUNE, 2013

NUMBER OF SHAREHOLDERS	SHARE HOLDING			TOTAL SHARES HELD
	FROM		TO	
890	1	--	100	27,557
661	101	--	500	179,475
305	501	--	1,000	234,871
509	1,001	--	5,000	1,154,534
127	5,001	--	10,000	925,372
49	10,001	--	15,000	615,888
26	15,001	--	20,000	459,697
20	20,001	--	25,000	449,073
1	25,001	--	30,000	26,065
13	30,001	--	35,000	419,876
2	35,001	--	40,000	70,668
6	40,001	--	45,000	254,236
2	45,001	--	50,000	95,014
2	50,001	--	55,000	103,608
3	55,001	--	60,000	169,782
5	60,001	--	65,000	309,321
1	65,001	--	70,000	69,186
4	70,001	--	75,000	282,226
3	75,001	--	80,000	231,646
4	80,001	--	85,000	329,434
4	95,001	--	100,000	391,490
3	100,001	--	105,000	307,568
4	105,001	--	110,000	432,474
1	120,001	--	125,000	121,650
2	130,001	--	135,000	264,996
1	135,001	--	140,000	139,374
1	150,001	--	155,000	151,566
1	160,001	--	165,000	163,608
1	165,001	--	170,000	168,421
1	170,001	--	175,000	345,524
2	185,001	--	190,000	188,500
1	255,001	--	260,000	257,793
1	300,001	--	305,000	303,004
1	310,001	--	315,000	940,755
3	320,001	--	325,000	323,270
1	345,001	--	395,000	350,000
1	390,001	--	500,000	392,756
1	495,001	--	585,000	500,000
1	580,001	--	630,000	581,882
1	625,001	--	680,000	627,178
1	675,001	--	685,000	676,692
1	680,001	--	685,000	681,982
1	735,001	--	740,000	736,115
1	810,001	--	815,000	811,746
1	830,001	--	835,000	830,472
1	955,001	--	960,000	955,134
1	1,010,001	--	1,015,000	1,010,064
1	1,300,001	--	1,305,000	1,300,500
1	1,390,001	--	1,395,000	1,393,110
1	1,420,001	--	1,425,000	1,421,934
1	1,470,001	--	1,475,000	1,470,858
1	1,510,001	--	1,515,000	1,512,720
1	1,550,001	--	1,555,000	1,551,936
1	1,670,001	--	1,675,000	1,672,704
5	1,800,001	--	1,805,000	9,007,039
1	1,880,001	--	1,885,000	1,881,585
3	2,080,001	--	2,085,000	6,247,542
1	2,085,001	--	2,090,000	2,085,894
1	2,205,001	--	2,210,000	2,208,556
2	2,505,001	--	2,510,000	5,018,112
1	2,515,001	--	2,520,000	2,516,360
1	2,850,001	--	2,855,000	2,852,368
1	3,535,001	--	3,540,000	3,535,939
1	3,740,001	--	3,745,000	3,741,886
1	3,760,001	--	3,765,000	3,763,170
1	4,235,001	--	4,240,000	4,237,588
1	4,330,001	--	4,335,000	4,330,160
1	5,135,001	--	5,140,000	5,138,983
1	9,590,001	--	9,595,000	9,590,102
1	13,270,001	--	13,275,000	13,274,671
1	35,440,001	--	35,445,000	35,440,602
2,703				144,255,862



## Shabbir Tiles and Ceramics Limited

### COMBINED PATTERN OF CDC AND PHYSICAL SHARE HOLDINGS AS AT JUNE 30, 2013

S. NO.	CATEGORIES/SUB-CATEGORIES OF SHAREHOLDERS	NUMBER OF NO. OF FOLIOS/ SHARES HELD	CATEGORY WISE	CATEGORY WISE	PERCENTAGE (%)
			CDC A/CS	SHARES HELD	
1	INDIVIDUALS		2,663	39,191,391	25.36
2	INVESTMENT COMPANIES		2	5,385	0.00
3	JOINT STOCK COMPANIES		15	10,408,055	7.21
4	DIRECTORS, CHIEF EXECUTIVE OFFICER AND THEIR SPOUSE AND MINOR CHILDREN Mr. Rafiq M. Habib Mr. Alireza M. Alladin Mr. Ali Suleman Habib Mr. Raza Ansari Mr. Abdul Hai M. Bhaimia Mr. Salim Azhar Mr. Muhammad Faisal Mrs. Jamila Rafiq W/o Mr. Rafiq M. Habib Mrs. Rukhsana Ismail W/o Mr. Abdul Hai M. Bhaimia	2,509,056 15,980 2,509,056 1,000 399,998 2,000 1,000 830,472 1,082,806	12	7,351,368	5.10
5	EXECUTIVES		--	--	--
6	ASSOCIATED COMPANIES, UNDERTAKINGS & RELATED PARTIES Thal Limited-Pakistan Papersack Division Habib Insurance Company Limited	1,881,585 4,330,160	2	6,211,745	4.31
7	PUBLIC SECTOR COMPANIES AND CORPORATIONS		--	--	--
8	BANKS, DFIs, NBFIs, INSURANCE COMPANIES, TAKAFUL, MODARABAS & PENSION FUNDS		6	2,935,510	2.03
9	MUTUAL FUNDS NATIONAL BANK OF PAKISTAN-TRUSTEE DEPARTMENT NI(U)T FUND GOLDEN ARROW SELECTED STOCKS FUND LIMITED	3,535,939 257,793	2	3,793,732	2.63
10	FOREIGN INVESTORS		20	72,218,602	52.14
11	CO-OPERATIVE SOCIETIES		3	38,278	0.03
12	CHARITABLE TRUSTS		5	1,569,253	1.09
13	OTHERS		2	144,531	0.10
	<b>TOTAL</b>		<b>2,703</b>	<b>144,255,862</b>	<b>100.00</b>

#### SHARE-HOLDERS HOLDING FIVE PERCENT FOR MORE VOTING INTEREST IN THE LISTED COMPANY.

TOTAL PAID-UP CAPITAL OF THE COMPANY. 144,255,862 SHARES  
5% OF THE PAID-UP CAPITAL OF THE COMPANY. 7,212,793 SHARES

NAME(S) OF SHARE-HOLDER(S)	DESCRIPTION	NO. OF SHARES HELD	PERCENTAGE %
MUHAMMAD IQBAL	FALLS IN CATEGORY # 1	13,274,671	9.20
ROBERT FINANCE CORPORATION AG	FALLS IN CATEGORY # 10	42,194,550	29.25
AYLESBURY INTERNATIONAL LIMITED	FALLS IN CATEGORY # 10	9,650,382	6.69
<b>TOTAL</b>		<b>65,119,603</b>	<b>45.14</b>



# 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 Tuesday, 29th day of October, 2013 and at any adjournment thereof.

As witness my / our hand / seal this \_\_\_\_\_ day of \_\_\_\_\_ 2013

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 Extra Ordinary General Meeting.

P.T.O.



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## 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) alongwith proxy form to the Company.



**Shabbir Tiles and Ceramics Limited**

15th Milestone,  
National Highway,  
Landhi, Karachi-75120  
[www.stile.com.pk](http://www.stile.com.pk) e-mail: [info@stile.com.pk](mailto:info@stile.com.pk)