

Shabbir Tiles and Ceramics Ltd.
2016
annual report







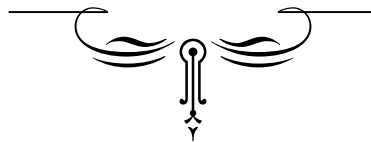
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Vision Statement

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.

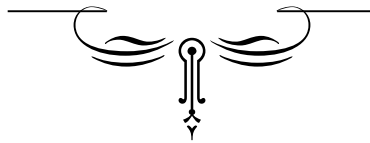




Mission Statement

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

BOARD OF DIRECTORS	RAFIQ M. HABIB OWAIS-UL-MUSTAFA ALI SULEMAN HABIB ABDUL HAI M. BHAIMIA RAZA ANSARI SALIM AZHAR MUHAMMAD FAISAL	Chairman Chief Executive Officer Director Director Director Director Director
AUDIT COMMITTEE	MUHAMMAD FAISAL ABDUL HAI M. BHAIMIA RAZA ANSARI	Member/Chairman Member Member
HUMAN RESOURCES AND REMUNERATION COMMITTEE	SALIM AZHAR MUHAMMAD FAISAL OWAIS-UL-MUSTAFA	Member/Chairman Member Member
COMPANY SECRETARY	OVAIS JAMANI	
AUDITORS	EY FORD RHODES Chartered Accountants	
LEGAL ADVISOR	Munawar Malik & Co. Advocate Supreme Court	
BANKERS	Habib Metropolitan Bank Limited Habib Bank Limited Dubai Islamic Bank Pakistan Limited Faysal Bank Limited Allied Bank Limited	
REGISTERED OFFICE	15th Milestone, National Highway, Landhi, Karachi-75120 Phone: (021) 35015024-25, 35014044-45 Fax: (021) 35015545 / 35022920 E-mail: info@stile.com.pk URL: http://www.stile.com.pk	
KARACHI DISPLAY CENTRE & SALES OFFICE	Makro Cash & Carry, CAA, Near Star Gate, Main Shahrah-e-Faisal, Karachi. Phone: (021) 34601372-74 Fax: (021) 34601375	
LAHORE SALES OFFICE	Plot No. 523, Block # 15, Sector B-1, Quaid-e-Azam Town, (College Road), Lahore Phone: (042) 35117521-24 Fax: (042) 35117520	
ISLAMABAD SALES OFFICE	9th & 10th Lower Ground Floor, Aries Tower, Shamsabad, Muree Road, Rawalpindi. Phone: (051) 4575316-17 Fax: (051) 4575319	
PESHAWAR SALES OFFICE	3-Siyal Flats Opposite Kuwait Hospital, Abdara Chowk University Road, Peshawar. Phone: (091) 5846010/12 Fax: (091) 5846011	
SUKKUR OFFICE	Tooba Tower, Mezzanine Floor, Opposite Hira Medical Center Sukkur Phone: (071) 5615560	
MULTAN OFFICE	Jalil Centre, 2nd Floor, Abdali Road, Multan Phone: (061) 4546439 / 4783097	
REGISTRAR AND SHARE TRANSFER OFFICE	Central Depository Company Limited CDC House, 99-B, Block 'B', S.M.C.H.S. Main Shahrah-e-Faisal, Karachi-74400 Phone: 111 111 500 Fax: 34326053 URL: www.cdcpakistan.com Email: info@cdcpak.com	
FACTORY: UNIT-I	15th Milestone, National Highway, Landhi, Karachi-75120 Phones: (021) 35015024-25 / 35014044-45 Fax: (021) 35015545	
UNIT-II	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 Eighth Annual General Meeting of Shabbir Tiles and Ceramics Limited will be held at Avari Towers, Khursheed Mehal, Fatima Jinnah Road, Karachi, on Thursday, September 29, 2016 at 10:30 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, 2016 along with the reports of the Directors and the Auditors thereon.
2. To appoint auditors for the year ending June 30, 2017 and to fix their remuneration.

By Order of the Board

OVAIS JAMANI
Company Secretary

Karachi: September 07, 2016.

NOTES:

1. The share transfer books of the Company will remain closed from September 23, 2016 to September 29, 2016 (both days inclusive). Transfers received at the office of the Company's Share Registrar M/s. Central Depository Company Limited, CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400 at the close of business on September 22, 2016 will be treated in time for the purpose of attendance at 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.
3. The financial statements for the year ended June 30, 2016 shall be uploaded on Company's website on or before September 08, 2016.

4. **E-VOTING**

Pursuant to SECP's Companies (E-Voting) Regulation, 2016, Members can also exercise their right to vote through e-voting by giving their consent in writing atleast 10 days before the date of the meeting to the Company on the appointment of Execution Officer by the Intermediary as Proxy.

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:

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.

Consent for Video Conference Facility:

Pursuant to SECP Circular No. 10 of 2014 dated May 21, 2014, if company receives consent from members holding aggregate 10% or more shareholding residing in geographical location to participate in the meeting through video conference at least 10 days prior to the date of Annual General Meeting. The Company will arrange video conference facility in that city subject to availability of such facility in that city.

In order to vote through E-Voting and avail video conference facility, please fill the requisite form and submit to Company within time frame mentioned in form. The form is being send to each individual shareholder through for post and is also available on the Company website.



DIRECTORS REPORT

We are pleased to present 38th Annual Report along with the audited financial statements of your Company and the auditors' report thereon for the year ended June 30, 2016.

ECONOMIC, INDUSTRY/BUSINESS REVIEW:

Pakistan's economy continues to maintain its growth momentum for the 3rd year in a row with GDP growing at 4.71% in fiscal year 2015-16, which is the highest in eight years. The average CPI inflation fell from 4.53% to 2.79%, while the central bank reduced the discount rate to 5.75%. The construction activities also recorded an impressive growth of 13.10%.

The local tile manufacturing industry, including your Company, however, continues to face challenges from importers of tiles against dumping of cheap Chinese tiles. National Tariff Commission (NTC) has accepted our application for protecting local industry from dumping of tiles from China. Subsequently, Honorable High Court, in April 2016, declared the board of NTC to be illegally constituted. The tiles manufacturing association has urged the concerned authorities to expedite the process and levy anti dumping duty as on-the-spot investigation has been completed and the NTC is satisfied with the facts presented in the application for imposition of anti dumping duty on Chinese tiles.

COMPANY PERFORMANCE OVERVIEW:

The dumping of tiles, as mentioned above, affected our performance, resulted a loss of Rs. 116 million compared to Rs. 62 million last year. During the year under review, the Company had to re-position prices of its products to meet fierce competition with cheap imports. Additionally, 23% increase in gas tariff, with effect from September 1, 2015 increased its cost of production by Rs. 116 million the impact of which could not be passed on to the buyers due to stiff competition.

The sales revenue increased by 12.5% in the current fiscal year as compared to last year. However, the gross margin for the period was 11.5% which also showed a drop by 5% from last year due to the reasons as explained above.

SUMMARY FINANCIAL PERFORMANCE:

A comparison of the key financial results of the Company for the financial year ended June 30, 2016 against the same period last year is shown hereunder:

	2016	2015
	Rupees in 000	
Turnover – net	4,611,670	4,098,691
Earnings before interest, taxes and depreciation (EBITDA)	235,284	451,127
Depreciation	268,483	269,914
Finance cost	82,888	226,295
Loss before tax	(116,087)	(45,082)
Loss after tax	(116,632)	(62,142)
Loss per share (Rs.)	(0.49)	(0.32)

**DEBT OBLIGATION:**

By the grace of Almighty Allah, despite loss, your Company was able to meet all its financial commitments and debt obligations.

CONTRIBUTION TO NATIONAL EXCHEQUER:

Your Company contributed around Rs. 1,060 million in national exchequer under various heads as compared to Rs 888 million contributed during the same period last year.

HUMAN RESOURCE:

Your Company recognizes its employees as its most critical asset and the competitive edge for its business. Therefore appropriate systems are in place to recruit, develop and grow talent for achieving excellence across all functional areas. Your Company's strong value based system provides a robust framework for meeting these objectives.

The Company continues to maintain very cordial relations with all its employees. Negotiations on a new wage settlement with the CBA were concluded satisfactorily and a two year agreement effective 01 January 2016 was signed.

FUTURE OUTLOOK AND CHALLENGES:

The construction sector of Pakistan is showing robust growth and the Company is anticipating tile industry to flourish if support is provided by Government in addressing mis-declaration/dumping of tiles and also providing level playing field. To remain competitive in the market, Company invested in new sizes and designs in the year under review and some more sizes are in the pipeline. In addition, your Company has invested in improving productivity and better quality which will help generate more sales volume and attain profitability in the upcoming years.

Further, your Company is also closely working with all related government bodies to support the local tile manufacturing industry. Recently, continuous efforts with Customs Valuation department yielded some relief to the local tiles manufacturing industry as ITP on Chinese tiles increased by 12.5% w.e.f August 4, 2016. Moreover, the Company is also optimistic about the levy of anti dumping duty on Chinese tiles on merit of the case. Furthermore, at present, anomaly exists as local tile industry pay 21% sales tax on sales value (inclusive of 2% extra tax and 2% further sales tax on sales to unregistered persons) against 20% sales tax on import value. It is expected that the government will address to the issues of local tiles manufacturing industry in the coming years.

CORPORATE AND SOCIAL RESPONSIBILITY:

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

AUDITORS:

The present auditors M/s. EY Ford Rhodes, Chartered Accountants, retires and being eligible, has 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, 2017 and the Board has also endorsed the recommendation of the Audit Committee.

**BOARD OF DIRECTORS:**

During the year, shareholders at an Extra Ordinary General Meeting held on May 5, 2016 elected seven Directors namely Rafiq M. Habib, Ali Suleman Habib, Raza Ansari, Abdul Hai M. Bhaimia, Salim Azhar, Muhammad Faisal and Owais-ul-Mustafa for a term of three years commencing from May 6, 2016. The Board of Directors passed a resolution in a meeting held on May 5, 2016 appointing Mr. Owais-ul-Mustafa as Chief Executive Officer of the Company with effect from May 6, 2016 who will be entitled to annual remuneration of Rs. 14.037 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. The abstract of change of appointment of Chief Executive Officer has been circulated to the shareholders u/s 218 of the Companies Ordinance, 1984.

CORPORATE AND FINANCIAL REPORT FRAMEWORK:

The board members are pleased to state that the management of the Company is committed to good corporate governance and are complying with the best practices.

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

1. The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity;
2. Proper books of account have been maintained by the Company;
3. Appropriate accounting policies have been consistently applied in preparation of these financial statements and accounting estimates are based on reasonable and prudent judgment;
4. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of these financial statements;
5. The system of internal control is sound in design and has been effectively implemented and monitored. The process of monitoring internal controls will continue with the objective to further strengthen the controls and improve the system;
6. There are no significant doubts upon the Company's ability to continue as a growing concern;
7. A summary of key operating and financial data of the Company of the last six years is annexed in the report on page No.18.
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 the unaudited accounts of STCL Provident Fund Trust for the year ended June 30, 2016 was Rs. 148.30 million (2015: Rs. 135.06 million).
10. There are no outstanding statutory payments due on account of taxes, levies and charges except as those disclosed in these financial statements.
11. There were six (6) board meetings held during the period of 12 months from July 1, 2015 to June 30, 2016 and the number of meetings attended by each Director is given hereunder:



Directors	Number of Meetings attended
Mr. Rafiq M. Habib	3
Mr. Ali Suleman Habib	6
Mr. Owais-u-Mustafa	4
Mr. Abdul Hai M. Bhaimia	6
Mr. Raza Ansari	6
Mr. Salim Azhar	3
Mr. Muhammad Faisal	4
Mr. Tariq Khan (Alternate Director – Retired)	2

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 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.

The committee meets at least once every quarter and assists the Board in fulfilling its oversight responsibilities, primarily in reviewing and reporting financial and non-financial information to shareholders, systems of internal control and risk management and the audit process. It has the power to call for information from management and to consult directly with the external auditors as considered appropriate.

On May 5, 2016, to comply with the requirements of Code of Corporate Governance, the unrelated Directors appointed the following as members of Audit Committee, after the election of directors.

Mr. Muhammad Faisal	Member/Chairman
Mr. Abdul Hai M. Bhaimia	Member
Mr. Raza Ansari	Member

The audit committee comprises of two non-executive directors and one independent director who is also a Chairman.

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

Members	Number of meetings attended
Mr. Muhammad Faisal	3
Mr. Abdul Hai M. Bhaimia	4
Mr. Salim Azhar	2
Mr. Raza Ansari	2

During the year, Mr. Salim Azhar tendered his resignation to the Board of Directors and Mr. Raza Ansari was appointed as member of Audit Committee in his place.

Leave of absence was granted to the members who could not attend the meetings of the audit committee.



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 an independent director. Detailed terms of reference of the Committee were duly communicated to the members, by the Board.

TRAINING PROGRAM OF DIRECTORS:

In terms of clause (XI) of the CCG 2012, the Board of your Company has taken requisite steps to comply with the requirements of this clause within the time specified in the CCG. During the year, one of our Directors have completed the Director's Training Program from PICG and only one director has to do the training which will be completed by the end of June 2017.

APPROPRIATION:

The Board of Directors has not recommended any dividend or bonus share for the financial year ended June 30, 2016 due to loss for the year.

PATTERN OF SHAREHOLDING:

Statements showing the pattern of shareholding as at June 30, 2016 required under the Companies Ordinance, 1984 and the Code of Corporate Governance as given in page number 55 - 57.

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

ACKNOWLEDGEMENT:

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

On behalf of the Board

Karachi: August 30, 2016

OWAIS UL MUSTAFA
Chief Executive Officer

شیر ٹائلز سرائس لمیٹڈ
رجسٹرڈ آفس

15 ماہل اسٹون بیئٹل ہائی سے لائنڈ می، کراچی 75120

ڈائریکٹروں کی رپورٹ

ہم اہمائی سرٹ کے ساتھ آپکی کمپنی کی 38 ویں سالانہ رپورٹ ہمہ باایاتی دستاویزات اور آڈیٹوں کی رپورٹ باہت 30 جون 2016 آپکی کی خدمت میں پیش کر رہے ہیں۔

جانکھو برائے معاشی، صنعتی و کاروباری حالات

ماہی سال 2015-2016 کے دوران گزشتہ تین سال کے تسلسل کے ساتھ پاکستان کی معیشت 4.71 فیصد کے اعتبار سے حتمی بی بی پی کو برقرار رکھے ہوئے ہے، شرح نمو کی یہ رفتار گزشتہ آٹھ برس کے دوران بلند ترین ہے۔ اوٹا سی بی آئی انڈیکس 4.53 فیصد سے گر کر 2.97 فیصد رہ گئی ہے جبکہ مرکزی بینک نے شرح سود (3 کلاٹ رٹ) کو 5.75 فیصد تک گرا دیا ہے۔ تعمیراتی سیکڑ میں بھی 13.10 فیصد کا خاطر خواہ اضافہ ریکارڈ کیا گیا ہے۔ سال ہمارا سے ہماری معاشی رجحان پاکستان میں ٹائل سازی کی صنعت کیلئے مثبت ثابت ہوا ہے۔

ایڈوانس سٹری کی مقامی صنعت بشمول آپکی کمپنی کوئی تھیلڈز کا سامنا ہے جس میں کئی سالوں سے درآمدات اور اپنگ شامل ہے۔ بیئٹل ٹریف کمپنی نے حتمی سائڈ ٹائٹوں کی درآمد اور اپنگ کے خلاف مقامی صنعت کو تحفظ دینے کیلئے ہماری درخواست کو منظور کر لیا ہے۔ بعد ازاں معزز ہائی کورٹ نے اپریل 2016 کو اپنے فیصلے میں بیئٹل ٹریف کمپنی کے پٹے والے بورڈ کو غیر قانونی قرار دے دیا۔ بیئٹل ٹریف کمپنی نے اس بات پر زور دیا ہے کہ مختلف کام اس عمل کو جبری سے آگے بڑھائیں اور اپنی اپنگ کے خلاف ٹھن کو عائد کیا جائے ہے تاکہ موقع پر کمپنی عمل کر سکی ہے اور بیئٹل ٹریف کمپنی ان حکمتوں سے مطمئن ہے کہ حتمی سائڈ ٹائٹوں کی درآمدات اور اپنگ کے سلسلے میں درخواست میں پیش کئے گئے ہیں۔

کمپنی کی کارکردگی کا جائزہ

ہمیں کارکردگی میں ذکر کیا جاتا ہے، ٹائٹوں کی اپنگ کی وجہ سے اس سال ہماری کمپنی کی کارکردگی پر مثبت اثرات مرتب ہوئے ہیں اور کمپنی کو 116 ملین روپے کا نقصان روایت کرنا پڑا ہے جو کہ گزشتہ سال 62 ملین روپے تھا۔ دو سال کے دوران آپکی کمپنی کو درآمد شدہ ٹائٹوں سے سخت مسابقت کا سامنا تھا جس کے پیش نظر کمپنی کو اپنی مصنوعات کی قیمتوں پر نظر ثانی کرنا پڑی تاکہ درآمد شدہ ٹائٹوں سے کمپنی کا مقابلہ کیا جاسکے۔ علاوہ ازیں، یکم ستمبر 2015 سے گیس کے نرخوں میں 23 فیصد اضافے کی وجہ سے یہ ادارتی لاگت میں 116 ملین کا اضافہ ریکارڈ کیا گیا ہے جسے مارکیٹ میں سخت مسابقت کی وجہ سے مدافعتیہ سیکھنے سے متعلق کرنا ممکن تھا۔

مندرجہ بالا اقدامات اور سیکھنے پر پائے جانے والے مدارفین کی خدمت کیلئے موجود ٹھنوں کی وجہ سے کمپنی کیلئے یہ ٹھنوں اور پائپا کی کمپنی کوئی فرد حتمی کے عمل میں اضافہ کرنا پڑا اور اس کے ساتھ ساتھ تمام آپریشن کو ایک احاطے میں لایا گیا اور انویسٹری اور قرضوں میں خاطر خواہ کمی کی گئی ہے۔

دو سالوں کے دوران گزشتہ سال کے مقابلے میں فروغی کے حجم میں 12.5 فیصد کا اضافہ ہوا ہے۔ ایڈوانس ٹائم میں 11.5 فیصد رہا جو کہ گزشتہ سال کے مقابلے میں 5 فیصد کم رہا جس کی بنا پر ایڈوانس ہٹ سٹور ہوا، جس میں گروہ ہے۔

ہایاتی کارکردگی کا جائزہ

ماہی سال 2016 جون 30 کے ہمہ باایاتی دستاویزات کے ساتھ کمپنی کا جائزہ لکھا تھا جس گزشتہ سال میں پیش کیا گیا تھا:

2015	2016	
		ڈروپس
4,998,891	4,611,670	کامیابی ٹم
451,127	235,284	آئی بی ڈی ڈی ٹی ایم ایس ایس ایس
260,914	258,483	آئی بی ڈی
220,200	82,888	ٹریڈ ڈیوٹ
(45,082)	(116,087)	ٹریڈ ڈیوٹ
(62,142)	(116,632)	ٹریڈ ڈیوٹ
(0.32)	(0.49)	ٹریڈ ڈیوٹ

ڈیوڈاریاں باہت قرصے

اڈوانس کی مہربانی سے نقصان کے ایڈوانس آپکی کمپنی اپنے ہایاتی دستاویزات اور ڈیوڈاریاں باہت قرصے جھاننے میں کامیاب رہی ہے۔

قومی خزانے میں حصہ

شیراز ٹیلاز سرائس لمیٹڈ قومی خزانے میں اپنا حصہ ملانے والا ایک بڑا ادارہ ہے، آپنی کمپنی نے دوہائی نالی سرائل کے دوران قومی خزانے میں 1060 ملین روپے لطف دہانت میں حق کرائے ہیں جبکہ گزشتہ سال اسی عرصے کے دوران 888 ملین روپے قومی خزانے میں حق کرائے گئے تھے۔

انسانی وسائل

آپنی کمپنی اپنے انسانی وسائل کو بہت اہمیت دیتی ہے اور کئے متائے کی اس فضا میں انسانی وسائل کو اپنا حق دیا کرتی ہے۔ یہی وجہ ہے کہ کمپنی میں افراد کی شمولیت اور اگلی ترقیت اور ترقی کیلئے ایک جامع نظام موجود ہے جو کہ ہر شعبے پر محیط ہے تاکہ ان افراد کی بہترین صلاحیتوں کو بروئے کار لایا جاسکے۔ آپنی کمپنی کا مشیروانہ قدرتی نظام اپنے مقاصد کے حصول کیلئے ایک کلیدی کردار ادا کرتا ہے۔ کمپنی ہر وقت اس کو پیش میں رکھتی ہے کہ اپنے ملازمین کے ساتھ دیرینہ تعلقات استوار رکھے جائیں۔ نئے مشاہدوں کے سلسلے میں سی ٹی اے کے ساتھ کامیابی کے ساتھ حرکات کے جانچنے ہیں اور اس سلسلے میں ایک معاہدے مردہ یکم جنوری 2016 پر دو خطا بھی کئے جاتے ہیں۔

مشغلی کا جائزہ اور چیلنجز

پاکستان میں تعمیرات کی صنعت میں دن بگنی اور اہمیت چینی ترقی دیکھی جا رہی ہے اور اس تناظر میں آپنی کمپنی کو اس بات کا خاص اہمیت ہے کہ یہ صنعت ترقی کرے گی بشرطیکہ غلام نہیں کوٹ کرنے اور اپنی ملک کے سلسلے میں حکومت کا کردار ادا کرے اور اس کے ہر صنعت کیلئے رہنما کردار کرے۔ ملک میں مسابقت سے نکلنے کیلئے آپنی کمپنی نے نئے بازار کھولے اور سازش میں سرمایہ کاری کی ہے اور اس سلسلے میں حیرت ساڑا بھی بڑھ چکی ہے۔ حیرت ساڑا آپنی کمپنی نے یہ پوری صلاحیتوں کو برصالحے کی طرح سے بھی سرمایہ کاری کی ہے جس سے صرف ٹرڈ کھلی کے حجم میں اضافہ ہو گا بلکہ آئے والے برسوں میں کمپنی کے نتائج پر بھی مثبت اثرات مرتب ہو گئے۔

اس کے علاوہ آپنی کمپنی تمام حلقوں کے ساتھ مل کر باہر کی بی بی سے کام کر رہی ہے تاکہ بی بی ٹیکسٹ کی مقامی صنعت کو بھی استحکام نصیب ہو سکے۔ حالیہ میں گسٹرو پلوہ میں پانچ سو روپے کے ساتھ مل کر کی جانے والی کوششیں رنگ لائی ہیں اور مقامی بی بی ٹیکسٹ کو سہارا دینے کیلئے 4 اگست 2016 سے چینی سامان درآمد شدہ ٹیکسوں پر آئی ٹی پی 12.5 فیصد تک بڑھا دیا گیا ہے۔ اس کے علاوہ کمپنی اس بات سے بھی پر امید ہے کہ چینی ٹیکسوں کے سلسلے میں اپنی اپنی کس کا فیصلہ بھی میرٹ کی بنیاد پر ہو گا۔ علاوہ اس میں افی ایبل ایک بے ضابطگی یہ بھی موجود ہے کہ مقامی صنعت کو ٹرڈ کھلی کی قیمت پر 21 فیصد کے حساب سے ٹیکس دینا پڑتا ہے (جس میں 2 فیصد اضافی ٹیکس شامل ہے اور مزید 2 فیصد سٹیک ٹیکس اس لئے دینا پڑتا ہے کہ ٹیکس ٹیر و جسٹرو مشیروانہ ٹیکس کو دی جاتی ہے) جبکہ بی بی ٹیکس درآمد شدہ ٹیکسوں کے سلسلے میں درآمدی قیمت کا محض 20 فیصد ہے۔ امید کی جاتی ہے کہ اس سلسلے میں حکومت آئے والے دنوں میں مقامی ٹیکس سازی کی صنعت کے موقوفہ پر توجہ دے گی۔

کاروباری و معاشرتی ذمہ داریاں

آپنی کمپنی ایک ذمہ دار اور محض کاروباری کی حیثیت رکھتی ہے اور ہر وقت اس کو پیش میں مشغول رہتی ہے کہ ان لوگوں کو حق ادا کرتی رہے جو ان رعایت اس کی خدمت میں اپنا وقت صرف کرتے ہیں اور دونوں جہاں کے لوگوں کو معاشرے کا حصہ ہیں۔

آؤٹریز

موجودہ آؤٹریز صر زائی والی فورڈار سواڑ، ہاڈرا ڈاکو ٹنٹس اب رج ٹر ہو چکے ہیں لیکن پو گم وہ اس خدمت کیلئے اہل ہیں اس لئے انہوں نے اپنی خدمات دوبارہ چینی کی ہیں۔ پورا کی کلاٹ کمپنی نے بھی اگلی ایپور ٹائوٹی آؤٹریز کے کمپنی برائے سال 30 جن 2017 کو بارہ فیصلہ کی سلاش کی ہے اور پورا ڈانے بھی آؤٹ کمپنی کی اس سلاش کی توثیق کر دی ہے۔

پورا ڈاکو آؤٹریز

دوران سال حصص داران نے ایک غیر معمولی اجلاس عام مشہور 5 مئی 2016 کے دوران سات ڈائریکٹروں کا انتخاب کیا ہے جن میں رئیس ایم صییب، علی سلیمان صییب، رضا انصاری، محمد انیس ایم بھٹی میاں، سلیم اعمر، محمد فیصل اور سید اسحاق شامل ہیں۔ ان ڈائریکٹروں کا انتخاب اگلے تین سالوں کیلئے کیا گیا ہے جو کہ 6 مئی 2016 سے شروع ہو رہے ہیں۔ پورا ڈاکو آؤٹریز کیلئے 5 مئی 2016 کو پورے اجلاس میں ترمیم و ترمیم سے پیش اسٹریٹیجی کیلئے منتخب کیا ہے جن کی مدت 6 مئی 2016 سے شروع ہو رہی ہے اور ان کیلئے کمپنی کے قوانین اور علامت کے معاہدے کے تحت دیگر حاصل شدہ مراعات کے علاوہ 14.037 ملین روپے سالانہ کا مشاہرہ مقرر کیا گیا ہے۔ زیر دفعہ 218 بات کٹیز آؤٹریز 1984 تمام حصص داران کو ڈیفنڈ ایجریٹو کی حیثیت سے متعلق ہائیڈرو کربن آؤٹریز کا دیا گیا ہے۔

کاروباری و مالیاتی رپورٹ کو دائرہ کار

پورا ڈاکو سمیرا اپنی صورت کے ساتھ اس بات اعلان کرتے ہیں کہ کمپنی کی اختتامیہ ایچ کارپورٹ گورننس اور بہترین طریق کے مطابق کمپنی کے معاملات جاننے پر عمل چسپاں رکھتی ہے۔

- کو آؤف کارپوریشن گورننس کی پاسداری سے متعلق ڈائریکٹرز اجماعی سرٹ کے ساتھ اس بات کا اعلان کرتے ہیں کہ:
- 1- کمپنی کی انکوائری کی جانب سے تیار کردہ مالیاتی دستاویزات تلف انداز سے کمپنی کے معاملات پر روشنی ڈالتی ہیں جس میں کمپنی کے آپریشنز پر تیل نظر قوم اور ٹھکانے میں تبدیلی کے معاملات کو پیش کیا گیا ہے۔
 - 2- کمپنی کے تحت حسابات کے کھتوں کو باقاعدگی کے ساتھ محفوظ رکھا جاتا ہے۔
 - 3- مالیاتی دستاویزات کی تیاری میں اشتغال کے ساتھ مسلسل اکاؤنٹنگ پالیسیوں پر عمل کیا جاتا ہے اور حسابات سے متعلق تمام تحلیلی اجماعی موصول اور حوالہ طریق ہائے اشتغال کے تحت لگائے جاتے ہیں۔
 - 4- مالیاتی دستاویزات کی تیاری میں ان تمام اکاؤنٹنگ اسٹیٹرز اور ہاؤسنگ کے ساتھ عمل کیا جاتا ہے جن کا اطلاق پاکستان میں ہوتا ہے۔
 - 5- کمپنی کا ہر مالی کنٹرول کے نظام اجماعی مؤثر انداز سے مرتب کیا گیا ہے اور اس نظام کو نہ صرف مؤثر انداز سے استعمال کیا جاتا ہے بلکہ تمام امور کی کڑی نگرانی بھی کی جاتی ہے۔ اور ہر مالی کنٹرول کے نظام کو مزید بہتر بنانے کی غرض سے اس میں بہتر اصلاح کی کوششیں کی جاتی ہیں۔
 - 6- کمپنی کی ملازمین پر اس سلسلے میں فلک کی کوئی تمنا نہیں ہے کہ کمپنی اپنا کاروبار مستقل طور پر جاری رکھ پائے گی۔
 - 7- کمپنی کے کلیئرنگ کاروباری آپریشنز اور مالیاتی معاملات سے متعلق حقائق گزشتہ چھ برس پر مبنی معلومات اس رپورٹ کے ساتھ منسلک ہے جسے صفحہ نمبر 14 پر ملاحظہ کیا جاسکتا ہے۔
 - 8- جیسا کہ قواعد کی فہرست میں مذکور ہے، ہر کارپوریشن گورننس کے سلسلے میں بھی کوئی غیر معمولی تبدیلی نہیں لائی جاتی۔
 - 9- غیر آؤٹ شدہ معلومات کے مطابق شیخہ نورا بیکس لویڈ پر اوپنٹ فنڈ ٹرسٹ کے تحت ہر اوپنٹ فنڈ زائلویشن کی بابت رے 30 جون 2016 148.30 ملین روپے بنتی ہے۔ (سن 2015 میں یہ بابت 135.06 ملین روپے تھی)۔
 - 10- زر نظر مالیاتی دستاویزات میں محرور قابل ادائیگی ادائیگت کے علاوہ قانونی ادائیگت لگن، لیون پوائنٹ مدت میں کمپنی کے ذمے ادائیگی نہیں ہیں۔
 - 11- گزشتہ 12 ماہ یعنی 1 جولائی 2015 سے 30 جون 2016 کے دوران بورڈ کی چھ میٹنگز منعقد کی گئیں ہیں۔ تمام ڈائریکٹروں کی جانب سے ان میٹنگز میں شرکت کی تھیں اور ان میں شرکت کی۔

ڈائریکٹروں کے نام میٹنگز میں شرکت کی تعداد

جناب رفیق محمد صبیح	3
جناب علی ایس صبیح	6
جناب یونس المصطفیٰ	4
جناب عبدالحمید امجدی	6
جناب رضا انصاری	6
جناب سلیم احمد (استغفی سے دیا تھا لیکن پھر مئی 2016 میں دوبارہ منتخب ہوئے)	3
جناب محمد فیصل	4
جناب طارق خان (قبول ڈائریکٹر - راجا 1)	2

بورڈ میٹنگز میں شرکت کرنے والے ڈائریکٹرز معزات کو غیر حاضری کی رسمت دی گئی تھی۔

آؤٹ کمپنی

کو آؤف کارپوریشن گورننس کے خاندان کے وقت سے ہی ایک آؤٹ کمپنی معرض وجود میں ہے۔ آؤٹ کمپنی کے باقاعدہ ضابطہ اطلاق بھی مرتب کئے گئے ہیں جنھیں بورڈ آؤف ڈائریکٹرز نے موجودہ قواعد کو آؤف کارپوریشن گورننس کے تحت مرتب کیا ہے۔

یہ کمپنی ہر سال میں کم از کم ایک مرتبہ میٹنگ کرنے کی ذمہ دار ہے۔ اس کمپنی کی بنیادی ذمہ داریوں میں یہ بات شامل ہے کہ بورڈ آؤف ڈائریکٹرز کو گرانٹی، نظر جمائی مالیاتی وغیرہ مالیاتی معلومات شرکت داروں تک ہم پہنچانے، آمدنی کنٹرول کے نظام پر نظر رکھنے، خطرات کو کم از کم کرنے اور آؤٹ کرنے جیسے معاملات معاوضت اور بنیادی پیش کرے۔ آؤٹ کمپنی کو یہ اختیار بھی حاصل ہے کہ انکوائری سے کسی قسم کی بھی معلومات حاصل کرے اور اگر ضروری سمجھے تو اس معلومات کی ہر وہی آؤٹروں سے توثیق بھی کرائے۔ مذکورہ کرنے پر چیف فنانس افسر بورڈ آؤٹ کمپنی کی میٹنگز میں باقاعدہ شرکت کر کے حسابات کی تمام تصدیقات سے افسس اگاہ کرتا ہے۔ ہر میٹنگ کے بعد کمپنی کا جزیروں میں بورڈ کے سامنے رپورٹ پیش کرتا ہے۔

کوڈ آف کارپوریشن گورننس کے قواعد کی پاسداری کیلئے 5 مئی 2016 کو غیر منسلک ڈائریکٹروں نے درج ذیل افراد کو آڈٹ کمیٹی کے ممبران کے بطور منتخب کیا۔ یہ انتخاب ڈائریکٹروں کے انتخاب کے بعد عمل میں لایا گیا۔

جناب محمد فیصل مہرا / جنرل مین
 جناب عبدالغنی اہلم بھائی میاں ممبر
 جناب رضا انصاری ممبر

آڈٹ کمیٹی دو غیر منسلک ڈائریکٹروں اور ایک آزاد ڈائریکٹر پر مشتمل ہوتی ہے جو کہ بیڑ میں بھی ہے۔ دو ماہی سال کے دوران آڈٹ کمیٹی کی جانب سے کل چار سینٹیکو منٹھ کی کمیشن تھیں۔ ان سینٹیکو میں ممبران کی جانب سے شرکت کی تصدیقات درج ذیل ہیں۔

ممبران سینٹیکو میں شرکت کی تعداد

3	جناب محمد فیصل
4	جناب عبدالغنی اہلم بھائی میاں
2	جناب سلیم اعظمی (ریٹائرڈ ہونے کے بعد مئی 2015 کو دوبارہ منتخب ہوئے)
2	جناب رضا انصاری

دو ماہی سال جناب سلیم اعظمی نے بورڈ آف ڈائریکٹرز کے سامنے اپنا استعفیٰ پیش کر دیا تھا اور جناب رضا انصاری کو ابھی چھ آڈٹ کمیٹی کا ممبر تعینات کیا گیا تھا۔ آڈٹ کمیٹی کی سینٹیکو بنا کرنے والے ممبران کو غیر ماشرقی کی رخصت دے دی گئی تھی۔

انسانی وسائل اور ادائیگیوں کی کمیٹی

کوڈ آف کارپوریشن گورننس کے ضوابط کے تحت بورڈ نے کمیٹی حذا تشکیل دی ہے۔ اس کمیٹی کے دو ممبران غیر انکلیائی ہیں جن میں بیڑ میں بھی شامل ہے جبکہ ایک ڈائریکٹر آنا و میٹیت میں شامل کیا گیا ہے۔ بورڈ کی جانب سے اس کمیٹی کے ممبران کو باقاعدہ ضابطہ اطلاع سے آگاہ کر دیا گیا ہے۔

ڈائریکٹروں کیلئے ترقیتی پروگرام

سی سی بی مروہ 2012 کی شیٹ نمبر XI کے تحت سی سی بی میں جو کورس عرصے کے اندر اندر پورا کرنے اس ضمن میں ضروری اقدامات کئے ہیں۔ دو ماہی سال ہمارے ڈائریکٹروں میں سے ایک ڈائریکٹر نے ڈائریکٹرز ٹرینگ پروگرام اپنی سی سی بی مکمل کر لیا ہے اور اب صرف ایک اور ڈائریکٹر نے اس ترقیتی پروگرام میں شرکت کرنی ہے جو جون 2017 تک مکمل ہو جائے گی۔

حصص پر منافع کی ادائیگی

بورڈ آف ڈائریکٹرز نے ماہی سال 30 جون 2016 کیلئے منافع پائوس دینے کی سفارش نہیں کی ہے۔

حصص کی ترکیب

پورٹ حذا کے حصالات 5251 پر پورٹ کے ساتھ حصص کی ترکیب سے حصطلق ایک فرسٹ سٹک کی گئی ہے جس کا ذکر گینیز آر ایچس 1984 اور کوڈ آف کارپوریشن گورننس کے تحت کیا جاتا ضروری ہے۔ کمیٹی کے ڈائریکٹروں سی سی ایف ایف۔ کمیٹی کے نیکروری اور ان کے ذہانت اور باقی افراد نے اس سال کمیٹی کے حصص کے کاروبار میں حصہ نہیں لیا۔

اعتماد و تفکر

ہم اپنے شرکاء و اداروں، صارفین، ملازمین اور سپلائروں کے تہہ دل سے مخلص ہیں کہ جس سے ہم وقت کا تحفہ اور اعتماد حاصل رہا۔

بورڈ کی جانب سے

ابو ایس السطیفی

چیف ایگزیکٹو آفیسر گراہمی، موٹوری

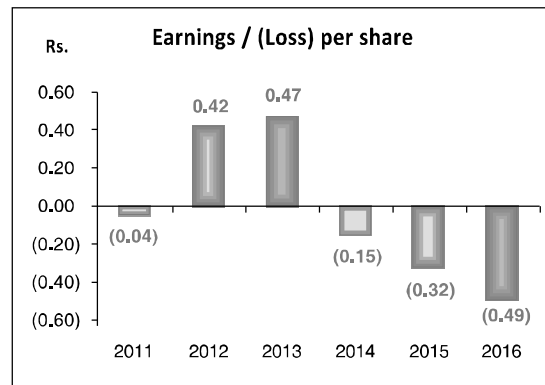
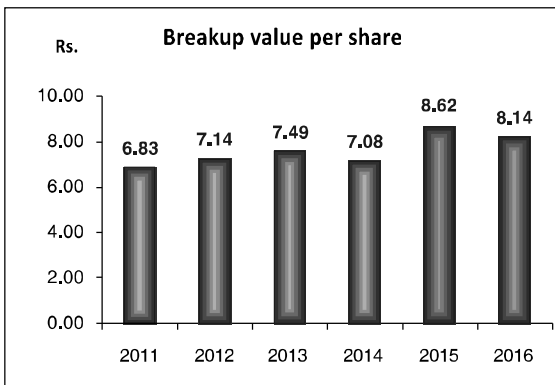
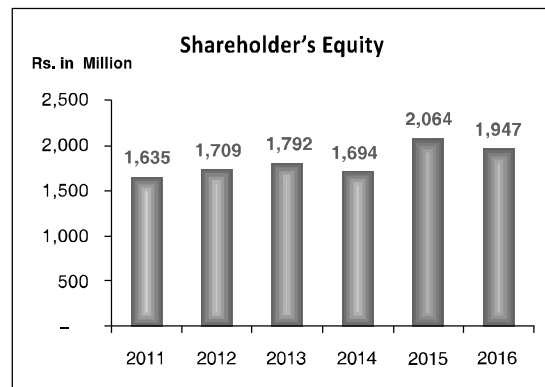
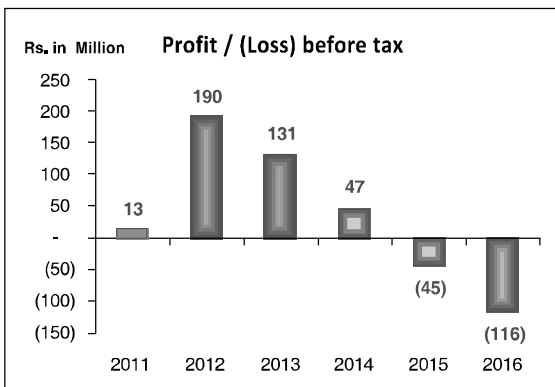
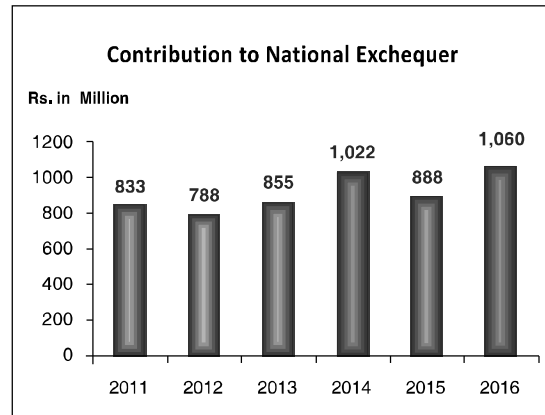
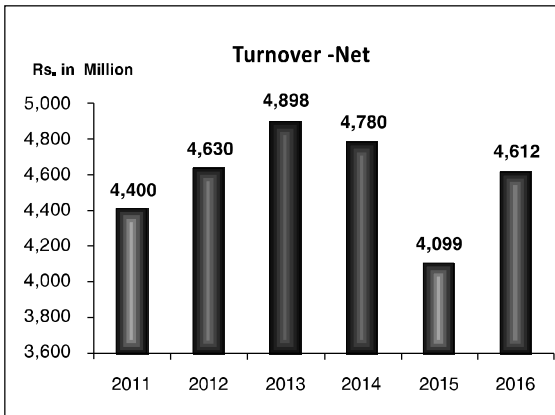


PERFORMANCE OF LAST SIX YEARS

FINANCIAL SUMMARY	30TH JUNE 2016 (RS.'000s)	30TH JUNE 2015 (RS.'000s)	30TH JUNE 2014 (RS.'000s)	30TH JUNE 2013 (RS.'000s)	30TH JUNE 2012 (RS.'000s)	30TH JUNE 2011 (RS.'000s)
For the year						
Turnover (Net)	4,611,670	4,098,691	4,779,969	4,898,217	4,630,457	4,399,779
% of Growth	12.52%	-14.25%	-2.41%	5.78%	5.24%	8.33%
Gross profit	532,345	701,491	1,034,677	1,178,055	1,292,821	1,131,200
Gross profit (%)	11.54%	17.12%	21.65%	24.05%	27.92%	25.71%
Administrative Expenses	125,775	104,166	117,158	84,149	71,301	77,237
% of Turnover -net	2.73%	2.54%	2.45%	1.72%	1.54%	1.76%
Distribution Cost	488,260	429,821	631,449	646,662	652,298	584,204
% of Turnover -net	10.59%	10.49%	13.21%	13.20%	14.09%	13.28%
Financial Charges	82,888	226,295	238,903	303,097	365,940	457,614
% of Turnover -net	1.80%	5.52%	5.00%	6.19%	7.90%	10.40%
(Loss) / profit before taxation	(116,087)	(45,082)	47,229	130,874	190,360	13,492
% of Turnover -net	-2.52%	-1.10%	0.99%	2.67%	4.11%	0.31%
(Loss) / profit after taxation	(116,632)	(62,142)	(26,036)	82,322	74,578	(7,457)
% of Turnover -net	-2.53%	-1.52%	-0.54%	1.68%	1.61%	-0.17%
Cash dividend	-	-	-	72,128	-	-
Cash dividend (%)	-	-	-	10%	-	-
Bonus Shares	-	-	-	36,064	-	-
Bonus Shares (%)	-	-	-	5%	-	-
Ratio Analysis						
Break-up value of Rs. 5/= share	8.14	8.62	7.08	7.49	7.14	6.83
(Loss) / earnings per share (Rs.)	(0.49)	(0.32)	(0.15)	0.47	0.42	(0.04)
Receivables no. of days	66	80	62	54	54	54
Current ratio	0.97	1.11	0.74	0.89	1.02	1.10
Number of employees (Permanent)	927	892	888	908	961	941



FINANCIAL HIGHLIGHTS





Shabbir Tiles and Ceramics Limited

Vertical Analysis

(Rs. in '000')

BALANCE SHEET	2016	%	2015	%	2014	%	2013	%	2012	%	2011	%
Property, plant & Equipment	2,748,115	59.0	2,756,649	56.8	2,945,072	61.7	3,163,042	66.5	3,334,490	67.4	3,578,311	68.6
Investment property	6,750	0.1	7,452	0.2	100	0.00	207	0.00	314	0.01	421	0.01
Long-term loans, advances & deposits	7,591	0.2	9,563	0.2	9,445	0.2	10,919	0.2	10,078	0.2	11,745	0.2
Current assets	1,898,162	40.7	2,076,318	42.8	1,814,964	38.1	1,581,957	33.3	1,599,969	32.4	1,627,945	31.2
Total Assets	4,660,618	100.0	4,849,982	100.0	4,769,581	100.0	4,756,125	100.0	4,944,851	100.0	5,218,422	100.0
Share Capital	1,196,601	25.7	1,196,601	24.7	757,341	15.9	721,277	15.2	721,277	14.6	721,277	13.8
Share Premium	449,215	9.6	449,215	9.3	456,288	9.6	456,288	9.6	456,288	9.2	456,288	8.7
Reserves	301,234	6.5	417,866	8.6	480,008	10.1	614,236	12.9	531,914	10.8	457,336	8.8
Shareholders' equity	1,947,050	41.8	2,063,682	42.6	1,693,637	35.5	1,791,801	37.7	1,709,479	34.6	1,634,901	31.3
Long Term Finance	625,000	13.4	750,000	15.5	447,649	9.4	1,023,682	21.5	1,530,448	31.0	2,037,214	39.0
Liabilities against assets subj. to Fin. Lease	-	-	-	-	-	-	2,606	0.1	6,726	0.1	9,160	0.2
Deferred tax liabilities	135,783	2.9	171,794	3.5	184,839	3.9	155,564	3.3	127,796	2.6	58,965	1.1
Current liabilities	1,952,785	41.9	1,864,506	38.4	2,443,456	51.2	1,782,472	37.5	1,570,402	31.8	1,478,182	28.3
Total Equities and Liabilities	4,660,618	100.0	4,849,982	100.0	4,769,581	100.0	4,756,125	100.0	4,944,851	100.0	5,218,422	100.0
	-	-	-	-	-	-	-	-	-	-	-	-
PROFIT AND LOSS ACCOUNT												
Net Sales	4,611,670	100.0	4,098,691	100.0	4,779,969	100.0	4,898,217	100.0	4,630,457	100.0	4,399,779	100.0
Cost of Sales	(4,079,325)	(88.5)	(3,397,200)	(82.9)	(3,745,292)	(78.4)	(3,720,162)	(75.9)	(3,337,636)	(72.1)	(3,268,579)	(74.3)
Gross profit	532,345	11.5	701,491	17.1	1,034,677	21.6	1,178,055	24.1	1,292,821	27.9	1,131,200	25.7
Distribution Cost	(488,260)	(10.6)	(429,821)	(10.5)	(631,449)	(13.2)	(646,662)	(13.2)	(652,298)	(14.1)	(584,204)	(13.3)
Administrative Expenses	(125,775)	(2.7)	(104,166)	(2.5)	(117,158)	(2.5)	(84,149)	(1.7)	(71,301)	(1.5)	(77,237)	(1.8)
Other Income	48,491	1.1	14,229	0.3	8,663	0.2	3,857	0.1	8,387	0.2	7,486	0.2
Other Charges	-	-	(520)	(0.0)	(8,601)	(0.2)	(17,130)	(0.3)	(21,309)	(0.5)	(6,139)	(0.1)
Operating (loss)/profit	(33,199)	(0.7)	181,213	4.4	286,132	6.0	433,971	8.9	556,300	12.0	471,106	10.7
Financial Charges	(82,888)	(1.8)	(226,295)	(5.5)	(238,903)	(5.0)	(303,097)	(6.2)	(365,940)	(7.9)	(457,614)	(10.4)
(Loss)/profit before taxation	(116,087)	(2.5)	(45,082)	(1.1)	47,229	1.0	130,874	2.7	190,360	4.1	13,492	0.3
Taxation	(545)	(0.0)	(17,060)	(0.4)	(73,265)	(1.5)	(48,552)	(1.0)	(115,782)	(2.5)	(20,949)	(0.5)
(Loss)/profit after taxation	(116,632)	(2.5)	(62,142)	(1.5)	(26,036)	(0.5)	82,322	1.7	74,578	1.6	(7,457)	(0.2)



Shabbir Tiles and Ceramics Limited

Horizontal Analysis

(Rs. in '000')

BALANCE SHEET	2016	%	2015	%	2014	%	2013	%	2012	%	2011	%
Property, plant & Equipment	2,748,115	(0.3)	2,756,649	(6.4)	2,945,072	(6.9)	3,163,042	(5.1)	3,334,490	(6.8)	3,578,311	(6.5)
Investment property	6,750	(9.4)	7,452	7.352	100	(51.7)	207	(34.1)	314	(25.4)	421	(19.3)
Long-term loans, advances & deposits	7,591	(20.6)	9,563	1.2	9,445	(13.5)	10,919	8.3	10,078	(14.2)	11,745	(25.8)
Current assets	1,898,162	(8.6)	2,076,318	14.4	1,814,964	14.7	1,581,957	(1.1)	1,599,969	(1.7)	1,627,945	(9.2)
Total Assets	4,660,618	(3.9)	4,849,982	1.7	4,769,581	0.3	4,756,125	(3.8)	4,944,851	(5.2)	5,218,422	(7.4)
Share Capital	1,196,601	—	1,196,601	58.0	757,341	5.0	721,277	—	721,277	—	721,277	100.0
Share Premium	449,215	—	449,215	(1.6)	456,288	—	456,288	—	456,288	—	456,288	17.1
Reserves	301,234	(27.9)	417,866	(12.9)	480,008	(21.9)	614,236	15.5	531,914	16.3	457,336	(1.6)
Shareholders' equity	1,947,050	(5.7)	2,063,682	21.8	1,693,637	(5.5)	1,791,801	4.8	1,709,479	4.6	1,634,901	34.5
Long Term Finance	625,000	(16.7)	750,000	67.5	447,649	(56.3)	1,023,682	(33.1)	1,530,448	(24.9)	2,037,214	(19.9)
Liabilities against assets subj. to Fin. Lease	—	—	—	—	—	(100.0)	2,606	(61.3)	6,726	(26.6)	9,160	(33.5)
Deferred tax liabilities	135,783	(21.0)	171,794	(7.1)	184,839	18.8	155,564	21.7	127,796	116.7	58,965	(28.3)
Current liabilities	1,952,785	4.7	1,864,506	(23.7)	2,443,456	37.1	1,782,472	13.5	1,570,402	6.2	1,478,182	(17.0)
Total Equities and Liabilities	4,660,618	(3.9)	4,849,982	1.7	4,769,581	0.3	4,756,125	(3.8)	4,944,851	(5.2)	5,218,422	(7.4)
PROFIT AND LOSS ACCOUNT												
Net Sales	4,611,670	12.5	4,098,691	(14.3)	4,779,969	(2.4)	4,898,217	5.8	4,630,457	5.2	4,399,779	8.3
Cost of Sales	(4,079,325)	20.1	(3,397,200)	(9.3)	(3,745,292)	0.7	(3,720,162)	11.5	(3,337,636)	2.1	(3,268,579)	8.9
Gross profit	532,345	(24.1)	701,491	(32.2)	1,034,677	(12.2)	1,178,055	(8.9)	1,292,821	14.3	1,131,200	6.8
Distribution Cost	(488,260)	13.6	(429,821)	(31.9)	(631,449)	(2.4)	(646,662)	(0.9)	(652,298)	11.7	(584,204)	4.4
Administrative Expenses	(125,775)	20.7	(104,166)	(11.1)	(117,158)	39.2	(84,149)	18.0	(71,301)	(7.7)	(77,237)	33.8
Other Income	48,491	240.8	14,229	64.3	8,663	124.6	3,857	(54.0)	8,387	12.0	7,486	91.0
Other Charges	—	(100.0)	(520)	(94.0)	(8,601)	(49.8)	(17,130)	(19.6)	(21,309)	247.1	(6,139)	222.3
Operating (loss)/profit	(33,199)	(118.3)	181,213	(36.7)	286,132	(34.1)	433,971	(22.0)	556,300	18.1	471,106	6.1
Financial Charges	(82,888)	(63.4)	(226,295)	(5.3)	(238,903)	(21.2)	(303,097)	(17.2)	(365,940)	(20.0)	(457,614)	(7.6)
(Loss)/profit before taxation	(116,087)	157.5	(45,082)	(195.5)	47,229	(63.9)	130,874	(31.2)	190,360	1,310.9	13,492	(126.3)
Taxation	(545)	(96.8)	(17,060)	(76.7)	(73,265)	50.9	(48,552)	(58.1)	(115,782)	452.7	(20,949)	(1,281.6)
(Loss)/profit after taxation	(116,632)	87.7	(62,142)	138.7	(26,036)	(131.6)	82,322	10.4	74,578	(1,100.1)	(7,457)	(85.0)



**Statement of Compliance with the
Code of Corporate Governance**

Name of Company: SHABBIR TILES AND CERAMICS LIMITED
Year ending: June 30, 2016

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Listing Regulation No. 5.19.23 Chapter 5 of Pakistan Stock Exchange Limited, 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 (the Board). At present the board includes:

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

The independent directors meets the criteria of independence under clause 5.19.1.(b) of the CCG.

- 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) One casual vacancy occurred in the Board during the period under review. One Director was appointed in place of Mr. Salim Azhar who rendered his resignation to the Chairman of the Board.
- 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.
- 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. Two of the directors had already passed Corporate Governance Leadership Skills Program of the Pakistan Institute of Corporate Governance and four directors meet the criteria of exemption under clause (xi) of the CCG and are accordingly exempted from director's training program. The Company will take necessary steps for the training of rest of the directors by the end of 30 June 2018.
- 10) The Company appointed new Chief Executive Officer (CEO) and company Secretary during the year. The board has ensured proper approval of appointment of CEO & Company Secretary, including their remuneration.
- 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 HR and Remuneration Committee. It comprises three members, of whom two are non-executive directors and one is an independent Director the Chairman of the Committee is an 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.



Shabbir Tiles and Ceramics Limited

- 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 Institute of Chartered Accountants of Pakistan (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.

OWAIS-UL-MUSTAFA
Chief Executive Officer

Karachi: 30.08.2016



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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Shabbir Tiles and Ceramics Limited (the Company) for the year ended 30 June 2016 to comply with the requirements of Rule Book of Pakistan Stock Exchange Limited Chapter 5, Clause 5.19.23(b) of the Code of Corporate Governance, 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 of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

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

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors' for their review and approval its related party transactions 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 and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out 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 of Compliance 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 2016.

Chartered Accountants
Place: Karachi



AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Shabbir Tiles and Ceramics Limited (the Company) as at 30 June 2016 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 except for the changes as stated in note 2.2 to the accompanying financial statements with which we concur;
 - (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 2016, and of the loss, its comprehensive loss, 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: Arif Nazeer
Place: Karachi



Shabbir Tiles and Ceramics Limited

BALANCE SHEET AS AT JUNE 30, 2016

	Note	2016 (Rupees in 000)	2015
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	2,748,115	2,756,649
Investment property	7	6,750	7,452
Long-term loans	8	219	84
Long-term deposits	9	7,372	9,479
		<u>2,762,456</u>	<u>2,773,664</u>
CURRENT ASSETS			
Stores and spare parts	10	156,478	129,066
Stock-in-trade	11	639,870	748,090
Trade debts	12	919,174	1,059,101
Loans, advances, deposits, prepayments and other receivables	13	25,750	20,113
Taxation - net		53,009	46,967
Cash and bank balances	14	103,881	72,981
		<u>1,898,162</u>	<u>2,076,318</u>
TOTAL ASSETS		<u>4,660,618</u>	<u>4,849,982</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 240,000,000 (2015 : 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	1,196,601	1,196,601
Reserves		<u>750,449</u>	<u>867,081</u>
		<u>1,947,050</u>	<u>2,063,682</u>
NON-CURRENT LIABILITIES			
Long term finance	16	625,000	750,000
Deferred tax liability	17	135,783	171,794
		<u>760,783</u>	<u>921,794</u>
CURRENT LIABILITIES			
Trade and other payables	18	1,227,897	849,279
Accrued mark-up		3,172	52,614
Current maturity of long term loans	16	250,000	440,883
Short-term borrowings	19	410,093	462,776
Sales tax payable		61,623	58,954
		<u>1,952,785</u>	<u>1,864,506</u>
CONTINGENCIES AND COMMITMENTS	20		
TOTAL EQUITY AND LIABILITIES		<u>4,660,618</u>	<u>4,849,982</u>

The annexed notes from 1 to 38 form an integral part of these financial statements.

OWAIS UL MUSTAFA
Chief Executive Officer

ABDUL HAI M. BHAIMIA
Director



PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 (Rupees in 000)	2015
Turnover	21	4,611,670	4,098,691
Cost of sales	22	(4,079,325)	(3,397,200)
Gross Profit	23	532,345	701,491
Distribution costs	24	(488,260)	(429,821)
Administrative expenses	25	(125,775)	(104,166)
		(614,035)	(533,987)
Other income	26	48,491	14,229
Other expenses		-	(520)
		48,491	13,709
Operating (loss) / profit		(33,199)	181,213
Finance costs	27	(82,888)	(226,295)
Loss before taxation		(116,087)	(45,082)
Taxation	28	(545)	(17,060)
Loss after taxation		(116,632)	(62,142)
			Rupee
Loss per share - basic and diluted	29	(0.49)	(0.32)

The annexed notes from 1 to 38 form an integral part of these financial statements.

OWAIS UL MUSTAFA
Chief Executive Officer

ABDUL HAI M. BHAIMIA
Director



**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2016**

	2016	2015
	(Rupees in 000)	
Loss after taxation	(116,632)	(62,142)
Other comprehensive income	—	—
Total comprehensive loss for the year	<u>(116,632)</u>	<u>(62,142)</u>

The annexed notes from 1 to 38 form an integral part of these financial statements.

OWAIS UL MUSTAFA
Chief Executive Officer

ABDUL HAI M. BHAIMIA
Director

**CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2016**

	Note	2016	2015
		(Rupees in 000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(116,087)	(45,082)
Adjustments for:			
Depreciation			
- property, plant and equipment		267,781	269,466
- investment property		702	448
Finance costs		82,888	226,295
Provision for doubtful debts		27,901	17,103
Provision for slow moving stores and spare parts		5,129	4,119
Gain on disposal of property, plant and equipment		(3,966)	(3,564)
		380,435	513,867
Operating profit before working capital changes		264,348	468,785
(Increase) / decrease in current assets			
Stores and spare parts		(32,541)	7,914
Stock-in-trade		108,220	(195,254)
Trade debts		112,026	(134,650)
Loans, advances, deposits, prepayments and other receivable		(5,637)	(3,345)
		182,068	(325,335)
Increase in current liabilities			
Trade and other payables		378,618	324,185
Sales Tax payable		2,669	12,193
		381,287	336,378
Cash generated from operations		827,703	479,828
Income tax paid - net of refund		(42,598)	(38,808)
Finance cost paid		(132,330)	(232,137)
Long-term loans		(135)	6
Long-term deposits		2,107	(124)
Net cash generated from operating activities		654,747	208,765
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(262,864)	(93,474)
Proceeds from disposal of property, plant and equipment		7,583	8,194
Net cash used in investing activities		(255,281)	(85,280)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Repayment)/proceeds of long term finance		(315,883)	236,468
Repayment of short-term borrowings		(36,433)	(80,559)
Proceeds from issue of right shares		-	439,260
Issue costs of right shares		-	(7,073)
Lease rentals paid		-	(2,682)
Net cash (used in) generated from financing activities		(352,316)	585,414
Net increase in cash and cash equivalents		47,150	708,899
Cash and cash equivalents at the beginning of the year		(353,362)	(1,062,261)
Cash and cash equivalents at the end of the year	30	(306,212)	(353,362)

The annexed notes from 1 to 38 form an integral part of these financial statements.

OWAIS UL MUSTAFA
Chief Executive Officer

ABDUL HAI M. BHAIMIA
Director



STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2016

	Issued subscribed and paid-up capital	Capital reserve share premium	Revenue reserves		Total reserves	Total
			General reserve	Unappropriated profit		
(Rupees in 000)						
Balance as at June 30, 2014	757,341	456,288	478,000	2,008	936,296	1,693,637
Issue of right shares	439,260	-	-	-	-	439,260
Share Issue Cost		(7,073)	-	-	(7,073)	(7,073)
Loss for the year	-	-	-	(62,142)	(62,142)	(62,142)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(62,142)	(62,142)	(62,142)
Balance as at June 30, 2015	1,196,601	449,215	478,000	(60,134)	867,081	2,063,682
Loss for the year	-	-	-	(116,632)	(116,632)	(116,632)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(116,632)	(116,632)	(116,632)
Balance as at June 30, 2016	1,196,601	449,215	478,000	(176,766)	750,449	1,947,050

The annexed notes from 1 to 38 form an integral part of these financial statements.

OWAIS UL MUSTAFA
Chief Executive Officer

ABDUL HAI M. BHAIMIA
Director



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

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 listed on the Pakistan Stock Exchange Limited. The Company is primarily engaged in the manufacture and sale of tiles and trading of allied building products. 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) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP), 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 standards and amendments to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

	Effective date (accounting periods beginning on or after)
IFRS 10 - Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Separate Financial Statements – Investment Entities: Applying the Consolidation Exception (Amendment)	January 01, 2016
IFRS 10 - Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 11 - Joint Arrangements- Accounting for Acquisition of Interest in Joint Operation (Amendment)	January 01, 2016
IAS 1 - Presentation of Financial Statements - Disclosure Initiative (Amendment) losses (Amendments)	January 01, 2016
IAS 16 - Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	January 01, 2016
IAS 16 - Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)	January 01, 2016
IAS 27 - Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)	January 01, 2016

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



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

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

		IASB effective date (accounting periods beginning on or after)
Standards		
IFRS 9-	Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 14-	Regulatory Deferral Accounts	January 01, 2016
IFRS 15-	Revenue from Contracts with Customers	January 01, 2018
IFRS 16-	Leases	January 01, 2019

2.3 New, amended and revised standards and interpretations of IFRSs

The Company has adopted the following revised standards, amendments and interpretations of IFRSs which became effective during the year:

IFRS 10 -	Consolidated Financial Statements
IFRS 11 -	Joint Arrangements
IFRS 12 -	Disclosure of Interests in Other Entities
IFRS 13 -	Fair Value Measurement
IFRS 27 -	Separate Financial Statements (Amended)
IFRS 28 -	Investment in Joint Associates and Joint Ventures (Amended)

Improvements to accounting standards issued by the IASB

IFRS - 5	Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal
IFRS - 7	Financial Instruments: Disclosures - Servicing contracts
IFRS - 7	Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements
IAS - 19	Employee Benefits - Discount rate: regional market issue
IFRS - 34	Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report

The adoption of the above amendments, improvements to accounting standards and interpretations did not have any effect on the financial statements.

3. BASIS OF MEASUREMENT

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

3.2 Functional and presentation currency

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 Property, plant and equipment

Owned

These are stated at cost less accumulated depreciation and accumulated impairment 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.

4.2 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.

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.

4.3 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.



4.4 Borrowing costs

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

4.5 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".

4.6 Stores and spare parts

These are valued at the lower of weighted average cost and net realizable value (NRV). Provision is made for slow moving 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 material	- 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	- 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 Ijarah rentals

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

4.10 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.

**4.11 Financial instruments**

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

4.12 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.

4.13 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.

4.14 Trade and other payables

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

4.15 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.

4.16 Taxation**Current**

Provision for current tax is based on the taxable income in accordance with the Income Tax Ordinance, 2001.

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.



4.17 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 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.

4.18 Foreign currency translation

Transactions in foreign currencies are recorded at the rates ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Exchange differences on foreign currency translations are taken to the profit and loss account.

4.19 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.
- Other income, if any, is recognized on accrual basis.

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:

	Notes
- determining the residual values and useful lives of property, plant and equipment and investment property	4.1, 4.2, 4.3, 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	4.16, 17 & 28
- provision for staff benefits	4.17 & 18.2
- contingencies	20



Shabbir Tiles and Ceramics Limited

	Note	2016 (Rupees in 000)	2015
6. PROPERTY, PLANT AND EQUIPMENT			
Operating assets	6.1	2,590,540	2,735,753
Capital work-in-progress	6.4	157,575	20,896
		2,748,115	2,756,649

6.1 OPERATING ASSETS

2016	COST			ACCUMULATED DEPRECIATION				NET BOOK VALUE		Depreciation rate %
	As at July 01, 2015	Additions / Transfers *	Disposals	As at June 30, 2016	As at July 01, 2015	Charge for the year	Disposals	As at June 30, 2016	As at June 30, 2016	
(Rupees in 000)										
Owned										
Freehold land	266,135	-	-	266,135	-	-	-	-	266,135	-
Building on freehold land	793,769	15,681	-	809,450	294,404	34,525	-	328,929	480,521	5-20
Plant and machinery	3,883,489	106,574 *	-	3,990,063	1,934,591	227,806	-	2,162,397	1,827,666	5-20*
Furniture and fixture	24,310	-	-	24,310	24,061	-	-	24,061	249	20
Office equipment	20,931	1,261	-	22,192	18,633	1,018	-	19,651	2,541	20-33
Computers and accessories	13,202	916	(840)	13,278	13,018	170	(697)	12,491	787	33 - 50
Vehicles	55,594	1,753	(18,464)	38,883	36,970	4,262	(14,990)	26,242	12,641	20
	5,057,430	126,185	(19,304)	5,164,311	2,321,677	267,781	(15,687)	2,573,771	2,590,540	

* This includes transfers from capital work-in-progress amounting to Rs. 29,72 million (2015: Rs. 118.83 million)

2015	COST			ACCUMULATED DEPRECIATION				NET BOOK VALUE		Depreciation rate %
	As at July 01, 2014	Additions / Transfers *	Disposals	As at June 30, 2015	As at July 01, 2014	Charge for the year	Disposals	As at June 30, 2015	As at June 30, 2015	
(Rupees in 000)										
Owned										
Freehold land	266,135	-	-	266,135	-	-	-	-	266,135	-
Building on freehold land	793,769	-	-	793,769	258,244	36,160	-	294,404	499,365	5-20
Plant and machinery	3,883,489	118,830	-	3,883,489	1,709,460	225,131	-	1,934,591	1,948,898	5-20
Furniture and fixture	24,310	-	-	24,310	24,061	-	-	24,061	249	20
Office equipment	20,553	452	(74)	20,931	17,200	1,500	(67)	18,633	2,298	20-33
Computers and accessories	13,463	-	(261)	13,202	12,773	482	(237)	13,018	184	50
Vehicles	56,437	2,348 11,595 *	(14,786)	55,594	31,902	6,193 9,062 *	(10,187)	36,970	18,624	20
	4,939,326	121,630 11,595	(15,121)	5,057,430	2,053,640	269,466 9,062	(10,491)	2,321,677	2,735,753	
Leased										
Vehicles	11,595	11,595 *	-	-	9,062	-	-	-	-	
Total	4,950,921	121,630	(15,121)	5,057,430	2,062,702	269,466	(10,491)	2,321,677	2,735,753	



Shabbir Tiles and Ceramics Limited

6.2 Depreciation charge for the year has been allocated as follows

	Note	2016 (Rupees in 000)	2015
Cost of sales	22	264,185	264,015
Distribution costs	24	2,943	3,759
Administrative expenses	25	653	1,692
		<u>267,781</u>	<u>269,466</u>

6.3 Details of disposal of property, plant and equipment 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)						
Vehicles							
Daihatsu Cuore LED-7340	745	576	169	310	141	Company Policy	Mr. Ashar Anwar (Ex-Employee)
Suzuki Cultus ATK-179	835	752	83	383	300	Company Policy	Mr. Mubashir Haroon (Ex-Employee)
Toyota Corolla AFB-014	1,209	1,088	121	171	50	Company Policy	Mr. Rizwan Hanif (Employee)
Daihatsu Cuore ARJ-572	579	463	116	153	37	Company Policy	Miss Farheen Naqvi (Employee)
Daihatsu Cuore LEC-9596	809	550	259	445	186	Company Policy	Mr. Miskeen Muhammad (Ex-Employee)
Daihatsu Cuore AWB-591	829	564	265	448	183	Company Policy	Mr. Shahabuddin (Ex-Employee)
Toyota Camry AHE-250	3,099	2,789	310	800	490	Negotiation	Mr. Ali Haider
Toyota Estima CN-3030	2,900	2,610	290	600	310	Negotiation	Mr. Anwer Hussain
Daihatsu Cuore AWB-594	829	586	243	571	328	Company policy	Mr. Kamran Ahmed (Ex-Employee)
Toyota Corolla AYF-266	1,538	820	718	918	200	Company policy	Mr. Muhammad Faysal (Ex-Employee)
Suzuki Mehran ARM-958	453	362	91	270	179	Auction	Mr. Arshad Khan (Employee)
Suzuki Cuore ARN-358	669	535	134	175	41	Company policy	Mr. Sajid Aman Iraqi (Employee)
Corolla XLI - LE-3455	1,300	1,040	260	810	550	Company policy	Mr. Mohd. Afzal Khan (Ex-Employee)
Daihatsu Cuore AVV-312	809	636	173	558	385	Company policy	Mr. Kashif Qaiser (Ex-Employee)
Toyota Corolla XLI ATN-770	1,289	1,160	129	437	308	Company policy	Maj. Farrukh Naveed (Ex-Employee)
Computers							
Apple Air mac	144	8	136	137	1	Company policy	Mr. Raza Ansari (Ex -CEO)
	<u>18,036</u>	<u>14,539</u>	<u>3,497</u>	<u>7,186</u>	<u>3,689</u>		
Items having book value less than Rs.50,000 each	1,268	1,148	120	397	277		
June 2016	<u>19,304</u>	<u>15,687</u>	<u>3,617</u>	<u>7,583</u>	<u>3,966</u>		
June 2015	<u>15,121</u>	<u>10,491</u>	<u>4,630</u>	<u>8,194</u>	<u>3,564</u>		

6.4 Capital work-in-progress

	Note	2016 (Rupees in 000)	2015
Plant and machinery		146,346	19,271
Civil works		11,229	1,625
		<u>157,575</u>	<u>20,896</u>

6.4.1 Movement in capital work-in-progress

Opening balance	20,896	56,853
Capital expenditure incurred	166,394	82,873
Transfer to operating fixed assets	(29,715)	(118,830)
Closing balance	<u>157,575</u>	<u>20,896</u>



7. INVESTMENT PROPERTY

	COST		ACCUMULATED DEPRECIATION			NET BOOK VALUE		Depreciation rate %
	As at July 01, 2015	As at June 30, 2016	As at July 01, 2015	Charge for year	As at June 30, 2016	As at June 30, 2016		
(Rupees in 000)								
Freehold land	3	3	—	—	—	3	—	
Building on freehold land	1,083	1,083	1,083	—	1,083	—	10	
Showroom	7,800	7,800	351	702	1,053	6,747	10	
June 2016	8,886	8,886	1,434	702	2,136	6,750		
June 2015	8,886	8,886	986	448	1,434	7,452		

7.1 The fair value of freehold land and buliding on freehold land as at June 30, 2016 amounted to Rs. 6.89 million (2015: Rs. 6.408 million) and the fair value of show room as at June 30, 2016 amounted to Rs. 7.8 million (2015: Rs. 7.8 million).

	Note	2016 (Rupees in 000)	2015
8. LONG-TERM LOANS - unsecured, considered good			
Employees		5,555	5,613
Executives	8.1	572	810
	8.2	6,127	6,423
Less:			
Current maturity	13	(5,908)	(6,339)
		219	84

8.1 Reconciliation of the carrying amount of loans to Executives

Opening balance	810	357
Disbursements	993	1,772
Repayments	(1,231)	(1,319)
Closing balance	572	810

8.2 Represent loans for the purchase of household equipment which are repayable within two years of disbursement. The loans carry markup at the rate of KIBOR +3% per annum (2015: KIBOR +3% per annum).

	2016 (Rupees in 000)	2015
9. LONG TERM DEPOSITS		
Security deposits		
- Utilities	2,893	2,893
- Rent	4,124	6,516
- Ijarah	285	—
- Central Depository Company	25	25
- Lockers deposit with a commercial bank	45	45
	7,372	9,479



Shabbir Tiles and Ceramics Limited

	Note	2016 (Rupees in 000)	2015 (Rupees in 000)
10. STORES AND SPARE PARTS			
Stores		75,814	62,928
Spare parts		120,798	106,877
In transit		5,904	170
		<u>202,516</u>	<u>169,975</u>
Provision for slow moving and obsolete items	10.1	<u>(46,038)</u>	<u>(40,909)</u>
		<u>156,478</u>	<u>129,066</u>
10.1 Movement of provision for slow moving and obsolete items			
Opening balance		40,909	36,790
Charge for the year	22	5,129	4,119
Closing balance		<u>46,038</u>	<u>40,909</u>
11. STOCK-IN-TRADE			
Raw and packing material		269,959	218,554
Work-in-process		37,392	55,281
Finished goods	11.1	283,059	469,742
In transit		49,460	4,513
		<u>639,870</u>	<u>748,090</u>
11.1	This includes stock-in-trade costing Rs. 52,955 million (2015: Rs. 158,170 million) which has been written down to its NRV amounting to Rs. 42,210 million (2015: Rs. 131,015 million).		
12. TRADE DEBTS - unsecured		2016	2015
		(Rupees in 000)	
Considered good	12.1	919,174	1,059,101
Considered doubtful		77,097	51,947
Provision against doubtful debts	12.2	(77,097)	(51,947)
		<u>—</u>	<u>—</u>
		<u>919,174</u>	<u>1,059,101</u>
12.1	Include receivable from the following related parties that are neither past due nor impaired and are aged within 90 days.		
		2016	2015
		(Rupees in 000)	
- Indus Motor Company Limited		2,642	410
- Habib University Foundation		73	431
- Noble Computer Services (Pvt.) Limited		—	17
- Agriauto Industries Limited		443	—
- Habib Metropolitan Bank Limited		43	—
		<u>3,201</u>	<u>858</u>



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	Note	2016	2015
(Rupees in 000)			
12.2 Movement of provision for doubtful debts			
Opening balance		51,947	34,844
Provision for the year	25	27,901	17,103
Written off during the year		(2,751)	—
Closing balance		<u>77,097</u>	<u>51,947</u>
13. LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Loans - considered good			
Current portion of long-term loans	8	5,908	6,339
Advances - considered good			
Employees		69	145
Suppliers and contractors		10,623	2,678
		10,692	2,823
Deposits		312	186
Prepayments			
Rent		6,452	4,729
Others		2,386	3,925
		8,838	8,654
Other receivables		—	2,111
		<u>25,750</u>	<u>20,113</u>
14. CASH AND BANK			
Cash in hand		1,539	1,179
Cash at banks:			
- current accounts			
- Conventional banking		82,487	54,529
- Islamic banking		8,239	5,344
	14.1	90,726	59,873
- PLS saving accounts	14.2	11,616	11,929
		<u>103,881</u>	<u>72,981</u>
14.1	Include balance of Rs. 33.548 million (2015: Rs. 10.116 million) maintained with Habib Metro Bank Limited, a related party.		
14.2	These carry profit rates ranging from 3.75% - 5% per annum (2015: 6% - 9% per annum). These balances are held in accounts maintained under conventional banking. These include balance of Rs. 7.011 million (2015: Rs. 9.159 million) maintained with Habib Metro Bank Limited, a related party.		



Shabbir Tiles and Ceramics Limited

	Note	2016	2015
		(Rupees in 000)	
15. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL			
Ordinary shares of Rs. 5/- each			
Number of shares in '000			
		2016	2015
		199,627	199,627
		1,150	1,150
		38,543	38,543
		<u>239,320</u>	<u>239,320</u>
		Fully paid-up in cash	998,140
		Issued for consideration other than cash	998,140
		Issued as fully paid bonus shares	5,750
		<u>192,711</u>	<u>192,711</u>
		<u>1,196,601</u>	<u>1,196,601</u>
15.1			
The shares held by the related parties as at June 30, 2016 were 17,181,500 (2015: 18,583,167) Ordinary shares of Rs.5/- each.			
	Note	2016	2015
		(Rupees in 000)	
16. LONG TERM LOANS - secured			
From banking companies :			
Loan I	16.1	—	128,383
Loan II	16.2	—	62,500
Loan III	16.3	875,000	1,000,000
		<u>875,000</u>	<u>1,190,883</u>
Current maturity		<u>(250,000)</u>	<u>(440,883)</u>
		<u>625,000</u>	<u>750,000</u>
16.1			
The loan from National Bank under conventional banking terms has been fully repaid during the year. The loan carried markup at the rate of six months' KIBOR + 1.15% per annum, payable semi-annually.			
16.2			
The loan from Dubai Islamic Bank which has been fully repaid during the year. The loan carried markup at the rate of six months' KIBOR + 0.5% per annum, payable quarterly.			
16.3			
Represents loan from Habib Bank Limited under conventional banking terms which carries markup at rate of three months KIBOR + 0.75% per annum, payable quarterly with one year grace period. The loan is repayable within five years in sixteen equal quarterly installments commencing from March 2016. The facility is secured against first pari passu charge through equitable mortgage over land and building, and hypothecation over all present and future fixed assets of the Company.			
	Note	2016	2015
		(Rupees in 000)	
17. DEFERRED TAX LIABILITY			
Taxable temporary differences arising due to:			
Accelerated tax depreciation		464,827	513,834
Deductible temporary differences arising due to:			
Provisions		(54,414)	(50,979)
Unused tax losses	17.1	(274,630)	(291,061)
		<u>(329,044)</u>	<u>(342,040)</u>
		<u>135,783</u>	<u>171,794</u>
17.1			
As of the balance sheet date, accumulated carry forward tax losses amount to Rs. 887 million (2015: Rs. 909 million). The company has not created any deferred tax asset on minimum tax in accordance with the Note 4.16.			



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	Note	2016	2015
18. TRADE AND OTHER PAYABLES		(Rupees in 000)	
Creditors	18.1	178,237	139,650
Accrued liabilities	18.1 & 18.2	1,005,227	667,299
Advance from customers		35,074	18,147
Payable to Provident Fund	18.3	—	2,176
Security deposits		3,665	2,874
Workers' Welfare Fund		—	3,440
Unclaimed and unpaid dividends		3,330	3,331
Tax deducted at source		2,178	12,178
Others		186	184
		<u>1,227,897</u>	<u>849,279</u>

18.1 Include payable to the following related parties

- Thal Limited	15,445	7,382
- Metro-Habib Cash & Carry (Private) Limited	1,444	1,637
- Noble Computers (Pvt.) Limited	95	—
- Habib Metro Pakistan (Private) Limited	317	184
	<u>17,301</u>	<u>9,203</u>

18.2 Include accrual for leave encashment of Rs. 36.797 million (2015: Rs. 30.803 million) and bonus of Rs. 15.373 million (2015: Rs. 19.903 million).

	2016 (Unaudited)	2015 (Audited)
18.3 General disclosures	(Rupees in 000)	
Size of the Trust	150,984	137,339
Investments - at cost	75,500	72,000
Investment - at fair value	148,302	135,058
Percentage of investments made	98.22%	98.34%

18.3.1 Categories of investments as a percentage of total assets of provident fund

	2016 (Unaudited)		2015 (Audited)	
	Rupees in '000		Rupees in '000	
Fixed deposit	143,107	94.78%	129,742	94.47%
Mutual funds	5,195	3.44%	5,316	3.87%
	<u>148,302</u>	<u>98.22%</u>	<u>135,058</u>	<u>98.34%</u>

18.3.2 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.

	Note	2016	2015
19. SHORT-TERM BORROWINGS — secured		(Rupees in 000)	
Term finances	19.1, 19.2 & 19.3	—	36,433
Running finance		410,093	426,343
		<u>410,093</u>	<u>462,776</u>



- 19.1** Represent running finance facilities from various banks amounting to Rs. 1,025 million (2015: Rs. 1,025 million). Markup rates on these finances range from three month KIBOR+0.25% to three months' KIBOR+0.75% (2015: three month KIBOR+0.25% to three months' KIBOR+1%) per annum.
- 19.2** 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 September 2016.
- 19.3** This relates to running finance obtained from Habib Metro Bank Limited, a related party.

20. CONTINGENCIES AND COMMITMENTS

20.1 Contingencies

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 is confident that the case will be decided in its favor and therefore, no provision for any liability there against has been made in these financial statements.

20.2 Commitments

- (i) Commitments in respect of outstanding letters of credit issued by a related party amounts to Rs. 123.039 million (2015: 64.592 million)
- (ii) Commitments in respect of capital expenditure amounts to Rs. 6,158 million (2015:Nil) for the import of machinery from Foshan Hua Ming Da. Trading Company Limited (China).
- (iii) Bank guarantees issued by a related party to Sui Southern Gas Company Limited and Excise & Taxation Department amount to Rs. 268.528 (2015: Rs. 268.528) million and Rs. 39.381 (2015: Rs. 35.381) million respectively.

Commitments for rentals under Ijarah finance agreements

	2016	2015
	(Rupees in 000)	
Within one year	631	-
Later than one year but not later than five years	2,236	-
	<u>2,867</u>	<u>-</u>

Represent Ijarah agreement entered into with First Habib Modaraba in respect of vehicles. Total Ijarah payments due under the agreements are Rs. 2.867 million and are payable in monthly installments latest by March 2021. These commitments are secured by on-demand promissory notes of Rs. 3.156 million.



Shabbir Tiles and Ceramics Limited

	Note	2016	2015
(Rupees in 000)			
21. TURNOVER			
Local			
-Manufacturing		5,460,959	4,782,119
-Trading		50,808	37,821
		<u>5,511,767</u>	<u>4,819,940</u>
Less: Sales tax			
-Manufacturing		(931,111)	(789,381)
-Trading		(7,382)	(5,342)
		<u>(938,493)</u>	<u>(794,723)</u>
Less: Trade discounts			
-Manufacturing		-	(12,770)
-Trading		-	(5)
		<u>-</u>	<u>(12,775)</u>
		<u>4,573,274</u>	<u>4,012,442</u>
Exports		38,396	86,249
		<u>4,611,670</u>	<u>4,098,691</u>
22. COST OF SALES			
Cost of sales - manufacturing			
Raw and packing materials consumed			
Opening stock		223,067	238,623
Purchases		1,390,208	1,237,017
Closing stock		(319,419)	(223,067)
		<u>1,293,856</u>	<u>1,252,573</u>
Manufacturing expenses			
Salaries, wages and benefits	22.1	677,655	631,861
Fuel and power		1,115,146	1,019,480
Stores and spare parts consumed		333,733	287,278
Provision for slow moving stores and spare parts	10.1	5,129	4,119
Depreciation	6.2	264,185	264,015
Repairs and maintenance		86,786	70,389
Insurance		17,684	15,499
Vehicle running expenses		29,457	24,954
Travelling and conveyance		4,275	4,124
Printing and stationery		5,390	2,886
Communication		2,585	1,193
Rent, rates and taxes		1,982	1,807
Research costs		492	662
Legal and professional charges		173	1,126
Ijara rentals		289	-
Others		358	809
		<u>2,545,319</u>	<u>2,330,201</u>



Shabbir Tiles and Ceramics Limited

	Note	2016	2015
(Rupees in 000)			
Work-in-process			
Opening stock		55,281	45,268
Closing stock		(37,392)	(55,281)
Cost of goods manufactured		<u>3,857,064</u>	<u>3,572,761</u>
Finished goods			
Opening stock		463,563	266,145
Closing stock		(273,903)	(463,563)
		<u>4,046,724</u>	<u>3,375,343</u>
Cost of sales - trading			
Opening stock		6,179	2,800
Purchases		35,579	25,235
Closing stock		(9,157)	(6,179)
		<u>32,601</u>	<u>21,856</u>
		<u>4,079,325</u>	<u>3,397,200</u>
22.1	Includes Rs. 9.883 million (2015: Rs. 8.816 million) in respect of staff retirement benefits.		
23. GROSS PROFIT			
Manufacturing operations		521,520	690,873
Trading operations		10,825	10,618
		<u>532,345</u>	<u>701,491</u>
24. DISTRIBUTION COSTS			
Salaries and benefits	24.1	88,171	83,384
Freight		263,587	226,702
Advertisement and sales promotion		26,143	17,798
Travelling and conveyance		17,430	14,740
Rent, rates and taxes		45,893	44,519
Communication		4,845	4,114
Insurance		3,246	3,360
Depreciation	6.2	2,943	3,759
Vehicle running expenses		12,846	11,586
Repairs and maintenance		8,713	6,481
Utilities		7,746	7,373
Printing and stationery		1,671	1,403
Entertainment		2,867	3,026
Others		2,159	1,576
		<u>488,260</u>	<u>429,821</u>

24.1 Includes Rs. 2.308 million (2015: Rs. 2.401 million) in respect of staff retirement benefits.



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	Note	2016	2015
		(Rupees in 000)	
25. ADMINISTRATIVE EXPENSES			
Salaries and benefits	25.1	68,433	57,464
Travelling and conveyance		3,158	3,197
Printing and stationery		3,127	2,389
Legal and professional charges		9,581	9,029
Depreciation			
- on operating fixed assets	6.2	653	1,692
- on investment property	7	702	448
Vehicle running expenses		5,582	5,643
Communication		1,597	1,171
Auditors' remuneration	25.2	1,675	2,468
Subscriptions		147	322
Insurance		783	702
Provision for doubtful debts	12.2	27,901	17,103
Others		2,436	2,538
		<u>125,775</u>	<u>104,166</u>

25.1 Includes Rs. 2.485 million (2015: Rs. 1.967 million) in respect of staff retirement benefits.

25.2 Auditors' remuneration

Audit fee		859	810
Half yearly review fee		218	206
Tax services		223	—
Other certifications		262	1,354
Out of pocket expenses		113	98
		<u>1,675</u>	<u>2,468</u>

26. OTHER INCOME

Income from financial assets

Profit on bank deposits	26.1	239	700
Income from non-financial assets			
Rental income from investment property		720	657
Gain on disposal of property, plant and equipment		3,966	3,564
Income from sale of scrap		21,033	6,038
Exchange gain - net	26.2	95	1,200
Others	26.3	22,438	2,070
		<u>48,491</u>	<u>14,229</u>

26.1 Represents markup on bank accounts under conventional banking relationship.

26.2 Represents exchange gain arising on revaluation of foreign currency assets and liabilities and on transactions in foreign currencies.

26.3 Includes Rs.21.036 million in respect of reversal of sales tax liability imposed under Sales Tax Special Procedure Rules, 2007.



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	Note	2016	2015
27. FINANCE COSTS		(Rupees in 000)	
Mark-up / interest on:		60,653	122,323
Long-term finance		-	28
Finance leases		17,961	98,602
Short term borrowings		78,614	220,953
		4,274	5,342
Bank charges and commission		82,888	226,295
28. TAXATION			
Current		36,558	30,105
Deferred		(36,013)	(13,045)
		545	17,060
28.1	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.		
29. LOSS PER SHARE - Basic and diluted		2016	2015
Loss after taxation (Rupees in '000)		(116,632)	(62,142)
Weighted average number of ordinary shares outstanding during the year (in '000)		239,320	191,827
Loss per share (Rupee)		(0.49)	(0.32)
	Note	2016	2015
30. CASH AND CASH EQUIVALENTS		(Rupees in 000)	
Cash and bank balances	14	103,881	72,981
Short-term running finances	19	(410,093)	(426,343)
		(306,212)	(353,362)

31. 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 summarised below:

31.1 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. Management of the Company estimates that 1% increase in the market interest rate, with all other factor remaining constant, would decrease the Company's loss before tax by Rs. 12.734 million and a 1% decrease would result in the increase in the Company's loss before tax by the same amount. However, in practice, the actual result may differ from the sensitivity analysis. The company manages it's interest rate risk by placing it's excess funds in PLS accounts in banks.

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expenses are denominated in a different currency from the Company's functional currency).

	2016	2015
Trade payables - US Dollar	73,150	102,214
Trade payables - Euro	123,821	130,132

The following significant exchange rates have been applied at reporting dates

Exchange rate – US Dollar	104.83	101.78
Exchange rate – Euro	116.80	113.36

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

	Change in USD/Euro rates (%)	Effect of translation of foreign currency asset on profit and loss account	Effect on equity
		(Rupees in 000)	
2016	+10	<u><u>2,213</u></u>	<u><u>2,213</u></u>
	-10	<u><u>2,213</u></u>	<u><u>2,213</u></u>
2015	+10	<u><u>2,515</u></u>	<u><u>2,515</u></u>
	-10	<u><u>2,515</u></u>	<u><u>2,515</u></u>



31.2 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.

	2016	2015
	(Rupees in 000)	
Trade debts		
The analysis of trade debts is as follows:		
Neither past due nor impaired	395,443	416,814
Past due but not impaired		
31 to 90 days	424,571	482,114
91 to 180 days	56,060	143,341
over 180 days	43,100	16,832
	523,731	642,287
	919,174	1,059,101
Bank balances		
Ratings	102,152	44,808
A1+	—	26,994
A-1+	190	—
A1	102,342	71,802

31.3 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:

2016	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	(Rupees in 000)					
Long-term financing	—	62,500	187,500	625,000	—	875,000
Trade and other payables	239,524	—	—	—	—	239,524
Accrued mark-up	—	3,172	—	—	—	3,172
Short term borrowings	410,093	—	—	—	—	410,093
Total	649,617	65,672	187,500	625,000	—	1,527,789



2015	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	(Rupees in 000)					
Long-term financing	—	62,500	378,383	750,000	-	1,190,883
Trade and other payables	217,785	-	—	—	-	217,785
Accrued mark-up	—	52,614	—	—	-	52,614
Short term borrowings	462,776	-	—	—	-	462,776
Total	<u>680,561</u>	<u>115,114</u>	<u>378,383</u>	<u>750,000</u>	<u>-</u>	<u>1,924,058</u>

32. 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.

33. 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 39.76% (2015: 44.48%) as of the balance sheet date.

The gearing ratios as at June 30, 2016 and 2015 were as follows:

	2016	2015
	(Rupees in 000)	
Long-term loans	625,000	750,000
Current maturity of long term loans	250,000	440,883
Short-term borrowings	410,093	462,776
Total Debt	<u>1,285,093</u>	<u>1,653,659</u>
Total equity	<u>1,947,050</u>	<u>2,063,682</u>
Total capital	<u>3,232,143</u>	<u>3,717,341</u>
Gearing ratio	<u>39.76%</u>	<u>44.48%</u>



34. 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:

	2016	2015
	(Rupees in 000)	
Sales	20,542	11,650
Purchases of goods, material and services	91,369	75,475
Insurance premium	23,520	22,794
Insurance claims received	4,056	989
Rent and service charges paid	6,672	6,310
Rent income	720	591
Markup earned	184	305
Markup expense	13,175	34,204
Commission on letter of guarantee	1,759	1,952
Contribution to provident fund	14,676	13,184

35. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTOR AND EXECUTIVES

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

	2016		2015	
	Chief Executive Officer	Executives	Chief Executive Officer	Executives
	(Rupees in 000)			
Managerial remuneration	7,300	45,058	6,518	41,864
Housing and utilities	5,872	33,567	5,851	29,451
Leave fare assistance, leave encashment and bonus	2,294	2,719	2,825	2,886
Reimbursement of medical expenses	730	4,497	652	4,115
Retirement benefits	873	3,911	1,214	3,703
	<u>17,069</u>	<u>89,752</u>	<u>17,060</u>	<u>82,020</u>
Number of persons	<u>1</u>	<u>60</u>	<u>1</u>	<u>60</u>

35.2 In addition certain executives are provided with free use of the Company maintained cars.

35.3 Fee amounting to Rs. 0.175 million (2015: Rs. 1.2 million million) was paid to one (2015: seven) director for attending Board Meetings during the year.



36. PRODUCTION CAPACITY

During the year, the tile production capacity attained was 8.037 million sq. meters (2015: 7.817 million sq. meters) against annual manufacturing capacity of 12.76 million sq. meters (2015: 12.76 million sq. meters). The shortfall is due to low demand during the year.

37. NUMBER OF EMPLOYEES

	2016	2015
As at year end		
Permanent	927	892
Contractual	1,056	980
	1,983	1,872
Average during the year		
Permanent	894	901
Contractual.	972	1,033
	1,866	1,934

38. GENERAL

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

38.2 These financial statements were authorized for issue on 30.08.2016 by the Board of Directors of the Company.

OWAIS UL MUSTAFA
Chief Executive Officer

ABDUL HAI M. BHAIMIA
Director



**PATTERN OF SHAREHOLDING
AS ON 30TH JUNE, 2016**

NUMBER OF SHAREHOLDERS	SHARE HOLDING			TOTAL SHARES HELD
	From		To	
900	1	--	100	24,223
815	101	--	500	249,434
536	501	--	1,000	447,130
1,240	1,001	--	5,000	3,525,457
404	5,001	--	10,000	3,248,639
180	10,001	--	15,000	2,309,852
113	15,001	--	20,000	2,076,964
86	20,001	--	25,000	2,008,097
43	25,001	--	30,000	1,223,594
32	30,001	--	35,000	1,064,565
25	35,001	--	40,000	964,934
11	40,001	--	45,000	483,938
44	45,001	--	50,000	2,179,610
16	50,001	--	55,000	845,301
16	55,001	--	60,000	936,419
7	60,001	--	65,000	433,290
13	65,001	--	70,000	892,087
7	70,001	--	75,000	521,600
3	75,001	--	80,000	235,336
5	80,001	--	85,000	411,579
5	85,001	--	90,000	443,654
3	90,001	--	95,000	276,420
14	95,001	--	100,000	1,393,750
4	100,001	--	105,000	407,783
2	105,001	--	110,000	217,500
2	110,001	--	115,000	230,000
5	115,001	--	120,000	591,819
1	120,001	--	125,000	121,000
3	125,001	--	130,000	384,983
4	135,001	--	140,000	550,432
2	140,001	--	145,000	287,915
4	145,001	--	150,000	599,000
1	150,001	--	155,000	155,000
5	155,001	--	160,000	789,577
3	160,001	--	165,000	485,316
2	165,001	--	170,000	336,712
2	170,001	--	175,000	350,000
3	175,001	--	180,000	531,945
1	180,001	--	185,000	182,028
1	185,001	--	190,000	186,250
2	190,001	--	195,000	388,000
4	195,001	--	200,000	800,000
1	220,001	--	225,000	225,000
2	235,001	--	240,000	477,687
1	245,001	--	250,000	250,000
1	250,001	--	255,000	251,447
1	265,001	--	270,000	265,900
1	275,001	--	280,000	275,710
1	285,001	--	290,000	287,239
2	295,001	--	300,000	600,000
1	310,001	--	315,000	312,721
1	315,001	--	320,000	316,000



Shabbir Tiles and Ceramics Limited

NUMBER OF SHAREHOLDERS	SHARE HOLDING		TOTAL SHARES HELD
	From	To	
1	320,001	--	325,000
3	325,001	--	330,000
1	335,001	--	340,000
1	350,001	--	355,000
1	355,001	--	360,000
1	365,001	--	370,000
2	415,001	--	420,000
2	495,001	--	500,000
1	500,001	--	505,000
1	545,001	--	550,000
1	575,001	--	580,000
1	600,001	--	605,000
1	655,001	--	660,000
1	725,001	--	730,000
1	855,001	--	860,000
1	1,000,001	--	1,005,000
1	1,060,001	--	1,065,000
1	1,115,001	--	1,120,000
1	1,120,001	--	1,125,000
1	1,130,001	--	1,135,000
1	1,290,001	--	1,295,000
1	1,315,001	--	1,320,000
1	1,375,001	--	1,380,000
1	1,495,001	--	1,500,000
1	1,595,001	--	1,600,000
1	1,675,001	--	1,680,000
1	1,900,001	--	1,905,000
1	2,310,001	--	2,315,000
1	2,355,001	--	2,360,000
1	2,440,001	--	2,445,000
1	2,505,001	--	2,510,000
1	2,570,001	--	2,575,000
1	2,775,001	--	2,780,000
4	2,985,001	--	2,990,000
1	3,120,001	--	3,125,000
3	3,450,001	--	3,455,000
1	3,460,001	--	3,465,000
1	3,660,001	--	3,665,000
2	4,160,001	--	4,165,000
1	4,170,001	--	4,175,000
1	4,260,001	--	4,265,000
1	4,730,001	--	4,735,000
1	5,305,001	--	5,310,000
1	6,205,001	--	6,210,000
1	6,240,001	--	6,245,000
1	6,500,001	--	6,505,000
1	7,030,001	--	7,035,000
1	15,905,001	--	15,910,000
1	60,895,001	--	60,900,000
4,640			239,320,475



Shabbir Tiles and Ceramics Limited

COMBINED PATTERN OF CDC AND PHYSICAL SHARE HOLDING AS AT JUNE 30, 2016

S. NO.	CATEGORIES/SUB-CATEGORIES OF SHAREHOLDERS	NUMBER OF SHARES HELD	CATEGORY WISE NO. OF FOLIOS/ CDC A/CS	CATEGORY WISE SHARES HELD	PERCENTAGE (%)
1	DIRECTORS AND THEIR SPOUSE(S) AND MINOR CHILDREN Mr. Rafiq M. Habib Mr. Owais-ul-Mustafa 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	4,162,522 1,000 4,162,522 101,659 663,594 3,318 1,659 1,377,752 958,774	13	11,432,800	4.78
2	ASSOCIATED COMPANIES, UNDERTAKINGS & RELATED PARTIES Thal Limited-Pakistan Papersack Division Habib Insurance Company Limited	3,121,549 2,627,500	3	5,749,049	2.40
3	EXECUTIVES		—	—	—
4	PUBLIC SECTOR COMPANIES AND CORPORATIONS		3	1,320,544	0.55
5	BANKS, DFIs, NBFCS, INSURANCE COMPANIES, TAKAFUL, MODARABAS & PENSION FUNDS		3	450,643	0.19
6	MUTUAL FUNDS Golden Arrow Selected Stocks Fund Limited CDC-TRUSTEE AKD OPPORTUNITY FUND CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1,291,937 101,120 5,309,471	3	6,702,528	2.80
7	GENERAL PUBLIC Local Foreign		4557 3	9,521,233 29,136	29.05 0.01
8	FOREIGN COMPANIES		23	131,167,292	54.81
	OTHERS		32	12,947,250	5.41
	TOTAL		4,640	239,320,475	100.00
SHARE-HOLDERS HOLDING FIVE PERCENT FOR MORE VOTING INTEREST IN THE LISTED COMPANY.					
TOTAL PAID-UP CAPITAL OF THE COMPANY.		239,320,475			
5% OF THE PAID-UP CAPITAL OF THE COMPANY.		11,966,024			
NAME(S) OF SHARE-HOLDER(S)	DESCRIPTION	NO. OF SHARES HELD	PERCENTAGE %		
ROBERT FINANCE CORPORATION AG	FALLS IN CATEGORY # 10	72,102,223	30.13		
AYLESBURY INTERNATIONAL LIMITED	FALLS IN CATEGORY # 10	16,009,983	6.69		
ASAD LIMITED	FALLS IN CATEGORY # 10	12,840,786	5.37		
MUSTAFA LIMITED	FALLS IN CATEGORY # 10	12,418,386	5.19		
TOTAL			113,371,378	47.37	



Shabbir Tiles and Ceramics Limited

PROXY FORM

I/We _____ of _____
being a member(s) of **SHABBIR TILES AND CERAMICS LIMITED** and a holder of _____

_____ ordinary shares as per Share Register Folio No. _____

or CDC Participant ID No. _____ Account No. _____

hereby appoint _____ of _____

who is also member of **SHABBIR TILES AND CERAMICS LIMITED** Vide Folio No. _____

or CDC Participant ID No. _____ Account No. _____

or failing him/her _____ of _____

who is also member of **SHABBIR TILES AND CERAMICS LIMITED** Vide Folio No. _____

or CDC Participant ID No. _____ Account No. _____

as my / our proxy in my / our absence to attend and vote for me / us and on my / our behalf at the Annual General Meeting of the Company to be held on Thursday, 29th day of September, 2016 and at any adjournment thereof.

As witness my / our hand / seal this _____ day of _____ 2016

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 Mile stone, National Highway, Landhi, Karachi, not less than 48 hours before the time of holding the Annual General Meeting.

P.T.O.



Shabbir Tiles and Ceramics Limited

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

FOR CDC ACCOUNT HOLDERS /CORPORATE ENTITIES

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

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

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