

Shabbir Tiles and Ceramics Limited

2023
annual report



Shabbir Tiles and Ceramics Limited

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National Highway,
Landhi, Karachi-75120
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COMPANY INFORMATION

BOARD OF DIRECTORS	Rafiq M. Habib Syed Masood Abbas Jaffery Muhammad Salman Burney Imran Ali Habib Abdul Hai M. Bhaimia Feroze Jehangir Cawasji Farhana Mowjee Khan	Chairman Chief Executive Officer Director Director Director Director Director
AUDIT COMMITTEE	Feroze Jehangir Cawasji Imran Ali Habib Abdul Hai M. Bhaimia Farhana Mowjee Khan	Chairman Member Member Member
HUMAN RESOURCES AND REMUNERATION COMMITTEE	Feroze Jehangir Cawasji Muhammad Salman Burney Farhana Mowjee Khan Syed Masood Abbas Jaffery	Chairman Member Member Member
CHIEF FINANCIAL OFFICER	Mustafa Jafar	
COMPANY SECRETARY	Ovais Jamani	
AUDITORS	EY Ford Rhodes Chartered Accountants	
LEGAL ADVISOR	Sohail and Partners	
BANKERS	Habib Metropolitan Bank Limited Habib Bank Limited Dubai Islamic Bank Pakistan Limited Faysal Bank Limited Allied Bank Limited Meezan Bank Limited Bank Al Falah Limited	
REGISTERED OFFICE AND FACTORY UNIT-1	15th Milestone, National Highway Landhi Industrial Area, Karachi-75120 Phone: (021) 38183610-3 E-mail: info@stile.com.pk	Fax: (021) 38183615 URL: http://www.stile.com.pk
REGISTRAR AND SHARE TRANSFER OFFICE	CDC Share registrar Services Limited, CDC House, 99-B, Block 'B', S.M.C.H.S Main Shahrah-e-Faisal, Karachi-74400. Phone: 0800 23275 URL: www.cdcsrsl.com Email: info@cdcsrsl.com	
FACTORY UNIT-2	Deh Khanto, Tappo Landhi, District Malir, Bin Qasim Town, Karachi Phone: (021) 34102702 Fax: (021) 34102709	
ISLAMABAD (BUILDING MATERIAL PRODUCTS)	Plot No 1, ANF Empty Parking Road, Yamaha Chowk Road, Model Town, Humak, Islamabad.	
LAHORE (BUILDING MATERIAL PRODUCTS)	78-A , Factory Adda, Dina Nath main Multan Road, 46KM, Lahore	

STILE EMPORIUMS AND DESIGN STUDIOS AND SALES OFFICE

STAR GATE EMPORIUM, KARACHI	Metro Cash & Carry, CAA, Near Star Gate, Main Shahrah-e-Faisal, Karachi. Phone: (021) 34601372-74
FACTORY EMPORIUM, KARACHI	15th Milestone, National Highway, Landhi Industrial Area, Karachi Phone: (021) 38183610-3
DHA BUKHARI EMPORIUM, KARACHI	39-C, Bukhari Commercial area, Lane 15, Main Khayaban-e-Ittehad Road DHA Phase 6, Karachi. Phone: (021) 37249564
DHA 26TH STREET EMPORIUM, KARACHI	26th Street Plot C-8-C, DHA Phase 5, Karachi. Phone: (021) 37228922
BUILD MATE EMPORIUM, KARACHI	Build Mate 82-B, Midway Commercial, Bahria Town, Karachi Phone: 0307-0228246
NEW TOWN EMPORIUM, KARACHI	Shop No. 3, KDA Scheme No. 7, Chandni Chowk (New Town), Karachi Phone: (021) 34921011
DHA EMPORIUM, LAHORE	DHA Lahore 164, CCA , Phase 4, Lahore Phone: (042) 37185710-12
THOKAR NIAZ BAIG EMPORIUM, LAHORE	Metro Cash & Carry, Thokar Niaz Baig Multan Road, Lahore Phone: 0301-8245893
LIVIN EMPORIUM, LAHORE	Ferozepur Road: 83 - Main Ferozepur Road, Main Ichhra, Lahore Phone: 0301-8207942
MUREE ROAD EMPORIUM, RAWALPINDI	Al Shareef Plaza, Ground Floor, Shamsabad, Murree Road, Rawalpindi Phone: (051) 4935521-23
ISLAMABAD METRO EMPORIUM	Metro Islamabad: Metro Cash & Carry, Sector I-11/4, Islamabad Phone: (051) 8469524
PESHAWAR EMPORIUM	162/408 Tahkal Payan, University Road , Peshawar Phone: (091) 3028068
FAISALABAD EMPORIUM	Talha Heights , Main Susan Road, P-243, 2A, Faisalabad Phone: (041) 8739988
HYDERABAD EMPORIUM	Shop no. 13 & 14, Fortune Arcade, Jamshoro Road, next to KFC Near Qasim Chowk, Hyderabad. Phone: 0300-8540459
MULTAN EMPORIUM	Officers Colony, Main Bosan Road, Chungi No. 9, Next to Crystal Mall, Multan. Phone: (061) 2078492
BAHAWALPUR EMPORIUM	Ground Floor, Commercial Building, Khawat No. 199/197, Moza Bandra Multan Road, Bahawalpur. Phone: 0300-2032142
WAH CANTT EMPORIUM	Khan Plaza, Khasra No 434, GT Road, near Raja Saab Mall, Wah Cantt Phone: (051) 4926280-81
GUJRANWALA EMPORIUM	Main GT Road, Chan da Qila, opposite Haji Murad Trust Eye Hospital, Gujranwala. Phone : 0315-2780820
GILGIT BALSTISTAN EMPORIUM	Shop no. 14, Akbar Market, Khomar Yarkot, Gilgit Phone: 05811-553865 , 0300-8285725
DERA GHAZI KHAN EMPORIUM	Plot No. A-1/2, New Defence View Housing Scheme, Jampur Road, Dera Ghazi Khan. Phone: 0300-2032142
SUKKUR SALES OFFICE	Tooba Plaza, Mezzanine Floor, Workshop Road, Sukkur. Phone: (071) 5615560



**STILE EMPORIUM & DESIGN STUDIO
DHA BUKHARI KARACHI**

VISION

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

MISSION

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

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



**STILE EMPORIUM & DESIGN STUDIO
GUJRANWALA**

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the 45th Annual General Meeting of SHABBIR TILES AND CERAMICS LIMITED will be held on Monday, October 23, 2023 at 10:30 a.m. at Institute of Chartered Accountants of Pakistan (ICAP), Near Three Swords, Clifton, Karachi, to transact the following business:

ORDINARY BUSINESS

- To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended June 30, 2023, together with the Chairman's Review Report, Directors' report and Auditors' thereon.

In accordance with section 223(7) of the Companies Act, 2017, financial statements of the Company have been uploaded on Company's website, which can be downloaded from following link and QR enabled code:

<https://www.stile.com.pk/wp-content/uploads/reports/annual-report-2023.pdf>



- To appoint auditors for the year 2023-24 and to fix their remuneration. The Board Audit Committee and Board of Directors have recommended M/s. A. F. Fergusons & Co., Chartered Accountants as auditors for appointment by the Company's members in the Annual General Meeting in place of retiring auditors – M/s. EY Ford Rhodes, Chartered Accountants.

SPECIAL BUSINESS

- To consider and, if thought fit, to pass the following resolution as an ordinary resolution, to enable the Company to circulate the Annual Audited Financial Statements, to the members of the Company through QR enabled code and weblink, as required by the Securities and Exchange Commission of Pakistan ("SECP") vide its Notification S.R.O. 389 (1)/2023 dated March 21, 2023, instead of circulating the same through CD/DVD/USB.

RESOLVED THAT, the Company be and is hereby authorized to circulate its Annual Audited Financial Statements, to the members of the Company through QR enabled code and weblink, in accordance with S.R.O. 389(1)/2023 dated March 21, 2023, issued by the SECP.

FURTHER RESOLVED THAT, the Chief Executive Officer or Company Secretary of the Company be and hereby singly authorized to do all acts, deeds and things, take or cause to be taken all necessary actions to comply with all legal formalities and requirements and file necessary documents as may be necessary or incidental for the purpose of implementing this resolution.

To transact any other business with the permission of the Chairman.

By Order of the Board

Company Secretary

OVAIS JAMANI
Karachi: October 02, 2023

NOTES:

1. Closure of Share Transfer Books:

The Share Transfer Books of the Company will remain closed from October 17, 2023 to October 23, 2023 (both days inclusive) for the purpose of Annual General Meeting. Transfers requests received by CDC Share Registrar Services Limited, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400, Phone # (021) 111 111 500, email: cdcsrsl@cdcsrsl.com at the close of business on October 16, 2023; will be treated in time for the purpose to attend the Annual General Meeting.

2. Participation in the AGM via physical presence or through video conferencing

Securities and Exchange Commission of Pakistan through its Circular No. 4 dated February 15, 2021 has directed the listed companies to ensure the participation of members in general meeting through electronic means as a regular feature in addition to holding physical meetings. Accordingly, the shareholders intending to participate in the meeting via video link, are requested to register their intent beforehand by submitting their particulars at the designated e-mail address corporate@stile.com.pk as per the table below. Video conference link details and login credentials will be shared with ONLY those Shareholders, whose particulars are received on or before October 21, 2023, from their registered e-mail addresses.

Shareholder Name	Folio/CDC No.	CNIC Number	Cell Number	Registered Email ID

The login facility will be opened at 10:00 a.m. on October 23, 2023 enabling the participants to join the proceedings which will start at 10:30 a.m. sharp.

Members whose names appearing in the Register of Members as of October 16, 2023, are entitled to attend and vote at the Meeting.

3. Proxy:

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

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

A. For Attending the Meeting:

- In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.

- (ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

B. For Appointing Proxies:

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

4. Code of Conduct for Shareholders in General Meeting

Section 215 of Companies Act, 2017 (the "Act") and Regulation 28 of the Companies (General Provisions and Forms) Regulations, 2018, state the Code of Conduct of the Shareholders as follows:

- a) Shareholders are not permitted to exert influence or approach the management directly for decisions which may lead to the creation of hurdles in the smooth functioning of management. The law states that Shareholders shall not bring material that may cause threat to participants or premises where the AGM is being held, confine themselves to the agenda items covered in the notice of the AGM and shall not conduct themselves in a manner to disclose any political affiliation.
- b) Any shareholder who fails to conduct in the manner provided in this section and as specified by the Commission shall be guilty of an offence under this section and shall be liable to a penalty not exceeding level 1 on the standard scale.
- c) Additionally, in compliance with Section 185 of Companies Act, 2017; the Company is not permitted to distribute gifts in any form to its members in its meeting.

5. Change of Address

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

6. Submission of copies of valid CNIC not provided earlier

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

7. Submission of Information to Share Registrar

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

8. Transmission Of Annual Financial Statements Through Email:

In pursuance of the directions given by SECP vide SRO 787(1)/2014 dated September 8, 2014, those shareholders who desire to receive Annual Financial Statements in future through email instead of receiving the same by Post are advised to give their formal consent along with their valid email address on a standard request form which is available at the Company's website i.e. www.stile.com.pk and send the said form duly filled in and signed along with copy of his/her/its CNIC/Passport or other such information in the case of a body corporate to the Company's share registrar. The Company's Annual Financial Statements for the year ended June 30, 2023 is also being circulated to the shareholders in compliance of section 223(6) of the Companies Act, 2017.

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

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

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

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

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

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

11. Deposit of Physical Shares In CDC Account:

As per Section 72 of the Companies Act, 2017 every existing listed company shall be required to replace its physical shares with book-entry form.

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

12. Unclaimed Dividend / Unpaid Shares

In compliance of Section 244 of the Companies Act 2017, once the company has completed stipulated formalities, any unclaimed dividend and /or shares that have remained outstanding for a period of three years from the date of becoming due and payable or more shall be credited to the Federal Government (in case of dividend) or delivered to the SECP (in case of physical shares). Shareholders who by any reason could not collect and remain their unclaimed dividend/shares are advised to contact our Shares Registrar of the Company, M/s. CDC Share Registrar Services Limited (CDCSRSL), CDC House, 99-8, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400 to collect / inquire about their unclaimed dividend or shares, if any.

13. Status of Active Taxpayers List (ATL)

All the shareholders are advised to check their status on Active Taxpayer List (ATL) available on FBR Website and if required take necessary actions for the inclusion of their name in ATL.

In case a person's name does not appear in the ATL, the applicable tax rate will be increased by hundred percent.

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

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

14. Postal Ballot / E-Voting

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

15. Statement U/S 134(3) of the Companies Act, 2017:

This statement sets out the material facts concerning the special business, given in Agenda No. 3 of the Notice, intended to be transacted at the AGM.

Agenda No. 3 of the Notice

In view of the technological advancements, the SECP has allowed Listed Companies, through its SRO No. 389(I)/2023 dated March 21, 2023, to circulate the Annual Audited Financial Statements, to the Members of the Company through QR-enabled code and weblink, which is to be included in the Notice of shareholders meeting. The Company shall circulate Annual Audited Financial Statements, through email, in case it has been provided by the members to the Company and shall also send hard copies of Annual Audited Financial Statements, to the shareholders, free of cost, upon receipt of a duly completed Request Form, as available on the Company's website (www.stile.com.pk).

None of the directors of the Company have any direct or indirect interest in the special business, except in their capacity as members and directors of the Company.

CHAIRMAN'S REVIEW REPORT

Dear Shareholders,

I have great pleasure in presenting the Chairman's review report for the year ended June 30, 2023.

MACRO ECONOMIC OVERVIEW

Pakistan's economy experienced un-precedented challenges in the past year. The devastating floods, coupled with a commodity price shock arising from Russia-Ukraine war, and the constricting of both external and domestic financing conditions, along with policy setbacks, exacerbated economic challenges and brought post-pandemic recovery to a standstill. As a result, economic growth came to a halt, inflation surged, forex reserves dwindled to critically low levels, and both fiscal and external pressures reached a state of acute concern.

The manufacturing sector was adversely affected, experiencing a sharp drop of 9.4% in FY23. The situation has been exacerbated by the recurring announcements of temporary plant shutdowns, attributed to delays in importing intermediate raw materials, thereby hampering production capabilities. Similarly, the construction industry also showed lackluster performance.

The economic and political landscape in Pakistan has been plagued by considerable uncertainty, further compounded by escalating risk premia and media speculation surrounding the potential of a sovereign debt default. As a consequence, both consumer and business confidence took a sharp hit, with prevailing uncertainties instilling caution and apprehension among various stakeholders.

BUSINESS OVERVIEW

The tiles and ceramics industry of Pakistan has faced significant adverse impacts, primarily due to the following factors:

- Slowdown in construction activities, leading to a suppressed market demand for tiles and ceramics.
- Rising input, manufacturing & freight costs, primarily caused by the devaluation of the Pakistani rupee, & soaring energy costs.
- Restrictions on imported raw materials for tiles production amid dwindling foreign currency reserves.
- Continuous depletion of indigenous natural gas resulting in usage of more expensive alternate fuels.

These challenges have had a severe effect on the industry, resulting in the closure of operations for number of tiles manufacturers or have curtailed their production due to low secondary sales demand.

Despite the challenging circumstances, your company managed to sustain its operations and achieve better-than-expected results, specially in the second half of FY2023. The management implemented several specific measures that played a crucial role in sustaining operations and success:

CHAIRMAN'S REVIEW REPORT AND DIRECTORS' REPORT

- Initiatives on cost controls and timely pricing decisions
- Strategized to optimize its energy mix
- Development of local sources of raw materials
- Brand building measures, including advocacy with key architects
- Strategy to focus on high-value SKUs.

PERFORMANCE SCORECARD

Over the past year, the company managed robust growth (in terms of revenue) due to strategic actions as to managing its product portfolio and the sales channel mix. The front-end team sustained sales volumes despite suppressed market conditions due to its diverse range of high-quality tiles that cater to both residential and commercial projects. Despite challenges in availability of imported raw materials, the management was able to ensure uninterrupted production and ensuring availability of high-quality products to meet market demand. Furthermore, the company has excelled in customer satisfaction, evident from positive feedback and a growing customer base. Your Company has also made notable strides in sustainability initiatives, demonstrating a commitment to environmental responsibility. Overall, the company has successfully strengthened its market position and is well-poised for further growth and success in the future.

Profitability was however badly affected by significant cost increase which could not be offset by price increases due to poor economic conditions and slow demand. Increased Incidence of tax also impacted the company's profitability

BOARD PERFORMANCE AND ROLE IN ACHIEVING COMPANY'S OBJECTIVES

In compliance with the provisions of the Listed Companies (Code of Corporate Governance) Regulations, 2019, the Board has established a formal and effective mechanism to conduct an annual evaluation of its own performance, as well as that of its Members and Sub-Committees. The approval and successful implementation of this evaluation mechanism further demonstrate the Board's commitment to adhering to corporate governance standards.

The board's overall performance has been commendable, showcasing strong leadership and strategic decision-making throughout the assessed period. Their relentless dedication to upholding the company's values and vision has translated into remarkable achievements, driving the organization towards its objectives. The board's effectiveness in fulfilling its role cannot be understated, as it has adeptly navigated challenges and harnessed opportunities to deliver positive outcomes. By fostering a culture of transparency, accountability, and innovation, the board has inspired all stakeholders and empowered the leadership team to work cohesively towards shared goals. Their insightful guidance and prudent risk management have played a pivotal role in ensuring the company's sustained growth and success in a competitive market landscape.

FUTURE OUTLOOK

The future of the tile industry in Pakistan, still represents a promising outlook due to the size of the country's construction sector and future housing demand. Advancements in technology and design will play a pivotal role, allowing STCL to offer innovative and aesthetically pleasing tile solutions that cater to evolving consumer preferences.

To thrive in this competitive landscape, your Company is looking to prioritize customer-centric strategies, personalized services, and effective marketing techniques. By leveraging digital platforms and e-commerce, the team is trying to tap into a wider customer base and stay relevant in a rapidly evolving market.

Energy continues to be a paramount concern in Pakistan, as depleting indigenous natural gas reserves pose a significant threat to the long-term sustainability of the industrial sector. The uncertainty surrounding gas supply has led to disruptions in production schedules and increased financial strain on the Company. Additionally, the expected rise in the gas tariff as part of the IMF agreement would lead to potential loss of competitiveness in the market. To tackle this pressing issue, a resolute commitment from the government is now more crucial than ever.

It is imperative for the government to devise a comprehensive policy aimed at harnessing the potential of shale gas within the country. By tapping into these untapped resources, Pakistan can reduce its dependency on dwindling natural gas reserves and secure a more stable and self-sufficient energy future. Such a strategic move will not only bolster the industrial sector but also contribute to overall economic growth and prosperity.

ACKNOWLEDGEMENT

I am truly thankful for the unwavering leadership and determination demonstrated by every member of our Company. I extend my heartfelt gratitude to the Board of Directors, Audit and Human Resource and Remuneration Committees, our dedicated staff, reliable partners, and supportive dealers for their collective efforts in surpassing expectations. It is through their hard work and commitment that we have been able to achieve remarkable outcomes and move forward together as a successful team.

Rafiq M. Habib
Chairman



برآں، IMF معاہدے کے حصے کے طور پر گیس ٹیرف میں متوقع اضافہ ممکنہ طور پر مارکیٹ میں مسابقت کو نقصان پہنچا سکتا ہے۔ اس فوری مسئلے کو حل کرنے کے لیے اب حکومت کی جانب سے مضبوط عزم کی ضرورت ہے، جو پہلے سے کہیں زیادہ اہم ہے۔

حکومت کے لیے ضروری ہے کہ وہ ایک جامع پالیسی وضع کرے جس کا مقصد ملک میں شیل گیس کی صلاحیت کو بروئے کار لانا ہے۔ ان غیر استعمال شدہ وسائل کو بروئے کار لاکر، پاکستان قدرتی گیس کے کم ہوتے ذخائر پر اپنا انحصار کم کر سکتا ہے اور زیادہ مستحکم اور خود کفیل توانائی کے مستقبل کو محفوظ بنا سکتا ہے۔ اس طرح کے اسٹراٹجک اقدام سے نہ صرف صنعتی شعبے کو تقویت ملے گی بلکہ مجموعی اقتصادی ترقی اور خوشحالی میں بھی مدد ملے گی۔

اعتراف:

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



رفیق ایم حبیب
چیئرمین

تاہم لاگت میں نمایاں اضافے سے منافع بری طرح متاثر ہوا جو کہ خراب معاشی حالات اور سست مانگ کی وجہ سے قیمتوں میں اضافے سے پورا نہیں ہو سکا۔ ٹیکس کے بڑھتے ہوئے رجحان نے بھی کمپنی کے منافع کو متاثر کیا ہے۔

بورڈ کی کارکردگی اور کمپنی کے مقاصد کے حصول میں کردار:

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کی دفعات کے تحت، بورڈ نے اپنی کارکردگی کے ساتھ ساتھ اپنے ممبران اراکین اور ذیلی کمیٹیوں کی کارکردگی کا سالانہ جائزہ لینے کے لیے ایک باضابطہ اور موثر طریقہ کار قائم کیا ہے۔ اس تشخیصی طریقہ کار کی منظوری اور کامیاب نفاذ کارپوریٹ گورننس کے معیارات پر عمل پیرا ہونے کے لیے بورڈ کے عزم کو ظاہر کرتا ہے۔

بورڈ کی مجموعی کارکردگی قابل ستائش رہی ہے، جس نے پوری تشخیصی مدت میں مضبوط قیادت اور اسٹراٹجک فیصلہ سازی کا مظاہرہ کیا۔ کمپنی کی اقدار اور وژن کو برقرار رکھنے کے لیے ان کی انتھک لگن نے نمایاں کامیابیوں کا ترجمہ کیا ہے، جس سے تنظیم کو اس کے مقاصد کی طرف گامزن کیا گیا ہے۔ اپنے کردار کو نبھانے میں بورڈ کی تاثیر کو کم نہیں کیا جاسکتا، کیونکہ اس نے چیلنجز کو بخوبی نبھایا ہے اور مثبت نتائج کی فراہمی کے مواقع کا استعمال کیا ہے۔ شفافیت، جوابدہی اور اختراع کے کلچر کو فروغ دے کر، بورڈ نے تمام اسٹیک ہولڈرز کو متاثر کیا ہے اور قیادت کی ٹیم کو بااختیار بنایا ہے کہ وہ مشترکہ اہداف کے لیے ہم آہنگی سے کام کریں۔ ان کی بصیرت پر مبنی رہنمائی اور محتاط ریسک مینجمنٹ نے مسابقتی مارکیٹ کے منظر نامے میں کمپنی کی مسلسل ترقی اور کامیابی کو یقینی بنانے میں اہم کردار ادا کیا ہے۔

مستقبل کی پیش بینی:

پاکستان میں ٹائل انڈسٹری کا مستقبل، ملک کے تعمیراتی شعبے کے حجم اور مستقبل میں مکانات کی طلب کی وجہ سے اب بھی ایک امید افزا منظر پیش کرتا ہے۔ ٹیکنالوجی اور ڈیزائن میں پیشرفت ایک اہم کردار ادا کرے گی، جس سے STCL جدید اور جمالیاتی لحاظ سے خوش کن ٹائل حل پیش کر سکے گا جو صارفین کی ترقی پذیر ترجیحات کو پورا کرتے ہیں۔

اس مسابقتی ماحول میں سبقت حاصل کرنے کے لیے، آپ کی کمپنی کسٹمر پر مبنی حکمت عملیوں کو ترجیح دینے، ذاتی خدمات کی پیشکش، اور مؤثر مارکیٹنگ تکنیک کو نافذ کرنے پر توجہ مرکوز کر رہی ہے۔ ڈیجیٹل پلٹ فارمز اور ای کامرس کا استعمال کرتے ہوئے، ٹیم کا مقصد ایک وسیع تر کسٹمر بیس تک پہنچنا اور تیزی سے ترقی کرتی ہوئی مارکیٹ میں متعلقہ رہنا ہے۔

پاکستان میں توانائی ایک اہم مسئلہ ہے، ملکی قدرتی گیس کے کم ہوتے ذخائر صنعتی شعبے کی طویل مدتی پائیداری کے لیے کافی خطرہ ہیں۔ گیس کی فراہمی سے متعلق غیر یقینی صورتحال کے نتیجے میں پیداوار میں خلل پڑا ہے اور کمپنی کے لیے مالی دباؤ میں اضافہ ہوا ہے۔ مزید

چیئر مین کی جائزہ رپورٹ

معزز حصص یافتگان،

چیئر مین کی جائزہ رپورٹ برائے ختمہ مدت 30 جون 2023 پیش کرتے ہوئے مسرت محسوس کرتا ہوں۔

معاشی جائزہ:

گذشتہ سال پاکستان کی معیشت کو غیر معمولی چیلنجز کا سامنا کرنا پڑا۔ تباہ کن سیلاب، روس اور یوکرین کی جنگ سے پیدا ہونے والی اجناس کی قیمتوں میں شدید اضافے، بیرونی ملکی سخت مالی حالات اور پالیسیوں کی خرابی کے باعث معاشی مشکلات مزید جمود کا شکار ہوئے اور کرونا جیسے وبائی امراض کے بعد کی بحالی کو روک دیا۔ نتیجتاً اقتصادی ترقی رک گئی، افراط زر میں نمایاں اضافہ ہوا، زرمبادلہ کے ذخائر انتہائی کم سطح پر پہنچ گئے، اور مالی و بیرونی دباؤ دونوں ہی مزید تشویش کا باعث بن گئے۔

پیداواری شعبہ کو مذکورہ وجوہات کی بنا پر منفی اثرات کا سامنا کرنا پڑا، جسکی وجہ سے مالی سال 2023 میں 9.4 فیصد کی زبردست کمی دیکھی گئی۔ خام مال کی درآمد میں پابندی اور تاخیر کی وجہ سے عارضی طور پر مختلف کمپنیز کو پلانٹ بند کرنے پڑے جس سے صورتحال مزید خراب ہوئی اور اس کے نتیجے میں پیداواری صلاحیتوں میں رکاوٹ پیدا ہوئی۔ اسی طرح تعمیراتی صنعت نے بھی ناقص کارکردگی کا مظاہرہ کیا۔

پاکستان کی معاشی اور سیاسی صورتحال اہم غیر یقینی صورتحال کی طرف سے نشان زد ہوئی ہے، جسے بڑھتے ہوئے قرضوں کے ڈیفالٹ ہونے کے امکان کے بارے میں میڈیا کی قیاس آرائیوں نے بڑھایا ہے۔ نتیجتاً کاروباری اعتماد میں شدید کمی واقع ہوئی ہے۔ موجودہ غیر یقینی صورتحال نے مختلف اسٹیک ہولڈرز کو محتاط اور عام صارفین کو خوف زدہ کر دیا ہے۔

کاروباری جائزہ:

پاکستان کی ٹائلز اور سیرامکس کی صنعت کو بنیادی طور پر درج ذیل عوامل کی وجہ سے اہم منفی اثرات کا سامنا کرنا پڑا ہے:

☆ تعمیراتی سرگرمیوں میں سست روی، جس کی وجہ سے ٹائلز اور سیرامکس کی مارکیٹ کی مانگ میں کمی واقع ہوتی ہے۔

☆ مال برداری کے بڑھتے ہوئے اخراجات، بنیادی طور پر پاکستانی روپے کی قدر میں کمی، اور توانائی کے بڑھتے ہوئے

اخراجات۔

☆ غیر ملکی کرنسی کے ذخائر میں کمی کی وجہ سے ٹائلز کی تیاری کے لیے درآمد شدہ خام مال پر پابندیاں۔

☆ قدرتی گیس کی مسلسل کمی جس کے نتیجے میں زیادہ مہنگے متبادل فیول کا استعمال ہوتا ہے۔

ان چیلنجز کا صنعت پر شدید اثر پڑا ہے، جس کے نتیجے میں کافی تعداد میں ٹائلز بنانے والی کمپنیز کا کام بند ہو گیا ہے یا ثانوی فروخت کی کم طلب کی وجہ سے ان کی پیداوار میں کمی آئی ہے۔

مشکل حالات کے باوجود، آپ کی کمپنی اپنے آپریشنز کو برقرار رکھنے اور توقع سے زیادہ بہتر نتائج حاصل کرنے میں کامیاب رہی، خاص طور پر مالی سال 2023 کے دوسرے نصف حصے میں۔ انتظامیہ نے کئی مخصوص اقدامات نافذ کیے جنہوں نے آپریشنز اور کامیابی کو برقرار رکھنے میں اہم کردار ادا کیا:

☆ لاگت کے کنٹرول اور بروقت قیمتوں کے فیصلوں پر اقدامات

☆ ازجی کس کو بہتر بنانے کے لیے حکمت عملی بنائی گئی۔

☆ خام مال کے مقامی ذرائع کی طرف توجہ

☆ برانڈ بنانے کے اقدامات، بشمول کلیدی معماروں کے ساتھ وکالت

☆ اعلیٰ قدر والے SKUs پر توجہ مرکوز کرنے کی حکمت عملی۔

کارکردگی کا اسکور بورڈ:

گذشتہ سال، کمپنی نے اپنے پروڈکٹ پورٹ فولیو اور سبز چینل کس کے انتظام میں شامل اسٹریٹجک اقدامات کے ذریعے آمدنی میں اضافہ حاصل کیا۔ فرنٹ اینڈ ٹیم نے مارکیٹ کے چیلنجز حالات کے باوجود اعلیٰ معیاری ٹائلز کی متنوع رینج کی بدولت جو رہائشی اور تجارتی دونوں منصوبوں کو پورا کرتی ہے، فروخت کے حجم کو برقرار رکھا۔ درآمد شدہ خام مال کی دستیابی میں چیلنجز کے باوجود انتظامیہ بلا تعطل پیداوار اور مارکیٹ کی طلب کو پورا کرنے کے لیے اعلیٰ معیاری مصنوعات کی دستیابی کو یقینی بنانے میں کامیاب رہی۔ مزید برآں، کمپنی نے صارفین کے اطمینان میں بہترین کارکردگی کا مظاہرہ کیا ہے، جو مثبت آراء اور بڑھتے ہوئے کسٹمر بیس سے ظاہر ہے۔ آپ کی کمپنی نے ماحولیاتی ذمہ داری سے وابستگی کا مظاہرہ کرتے ہوئے پائیداری کے اقدامات میں بھی نمایاں پیش رفت کی ہے۔ مجموعی طور پر، کمپنی نے کامیابی کے ساتھ اپنی مارکیٹ پوزیشن کو مضبوط کیا ہے اور مستقبل میں مزید ترقی اور کامیابی کے لیے تیار ہے۔



**STILE EMPORIUM & DESIGN STUDIO
NEW TOWN KARACHI**

DIRECTORS' REPORT

The Directors of the Company are pleased to present their report together with the Annual Report of the Company along with Audited Financial Statements for the year ended June 30, 2023.

BUSINESS ENVIRONMENT:

Throughout the year, the economic conditions in the country proved to be challenging. The value of PKR declined, taxes rose, inflation soared, worker remittances dropped, global supply chains were disrupted, interest rates increased, and the IMF program's resumption was delayed, all contributing to a general economic slowdown. Persistent limitations on opening Letters of Credit (LCs) and foreign payments remained in place. Resultantly, the construction sector experienced a notable downturn confronting unparalleled obstacles and your Company also encountered substantial challenges in its supply chain over the course of the year.

The significance of the construction industry in propelling a nation's economic advancement is paramount. However, in contemporary times, Pakistan's construction sector has been facing a significant hurdle – the impact of inflation and the rising costs of materials. Consequently, profitability suffered as the task of re-evaluating product pricing became arduous amidst high inflation & challenging market circumstances. Furthermore, higher construction material costs and inflationary pressures resulted in project delays or even cancellations.

Despite these obstacles, the company managed to maintain sustainable operations and concluded the fiscal year with a hard-earned achievement of surpassing the breakeven point.

FINANCIAL PERFORMANCE:

Below is a presentation of the Company's operating outcomes for the fiscal year ending on June 30, 2023, contrasted with the corresponding period from the previous year.

	2023	2022
	Rs. in '000	
Turnover – net	14,182,479	11,898,966
Gross profit	2,987,080	2,994,999
Earnings before interest, taxes and depreciation (EBITDA)	1,231,342	1,812,243
Depreciation	733,151	689,614
Finance cost	193,674	115,840
Profit before taxation	304,517	1,006,789
Profit after taxation	37,613	497,322
Earnings per share (Rs.)	0.16	2.08

TURNOVER:

The Company's revenue exhibited significant growth of 19%, attributed in part to ongoing endeavors to transition towards higher-margin products and counteract the rise in production expenses. During the fiscal year, the industry's market size experienced a substantial contraction. Nevertheless, the Company leveraged its differentiated product portfolio in alignment with its strategic approach and managed to maintain its sales volume, despite the suppressed market.

PRODUCTION:

In the face of demanding conditions marked by constrained access to imported raw materials due to challenges in opening LCs, the back-end team adeptly maintained operational continuity. This achievement stemmed from the Finance team's, proactive approach ensuring material arrangement well in advance without significantly impacting the working capital cycle. Additionally, persistent fluctuations in natural gas pressure persisted throughout the fiscal year, impacted supplies leading to cost escalations. Nevertheless, production operations were planned and adapted to align with customer preferences.

PROFITABILITY:

In the midst of a period of uncertainty and a demanding business environment in the current fiscal year, the Company achieved a gross profit of Rs. 2,987 million, a slight decrease from Rs. 2,994 million in the previous year showing a decline in margins. Selling and distribution costs surged by Rs. 527 million, primarily driven by higher outward freight expenses resulting from a significant upturn in diesel prices. Administrative expenditures rose by Rs. 51 million, primarily due to the effects of inflation, and the company was unable to fully pass on these increases through selling prices.

LIQUIDITY AND CASH FLOW MANAGEMENT

Effective management of liquidity and cash flow is crucial for the financial health and stability of any company. To ensure this, your Company has established a comprehensive cash flow forecasting system that predicts inflows and outflows of cash over specific periods. Further, it is ensured that optimal inventory levels are being maintained to prevent excess holding costs and free up cash for other needs.

Effective controls on credit and securing advance payments have played a significant role in managing the company's liquidity position. By efficiently managing these aspects, the company ensured a steady cash flow, which is essential for its financial stability and growth. This approach to cash management not only safeguarded the company against potential liquidity challenges but also allowed it to capitalize on profitable investment opportunities.

COMMERCIAL STRATEGY

"STILE" has successfully established itself as a reputable brand in the market, renowned for its superior ceramic and porcelain tiles catering to both small and large-scale projects. Operating through our company-owned emporiums, we take pride in delivering high-quality products to our valued customers. At our emporiums, we go beyond just selling tiles; we offer a distinctive and personalized experience, providing exclusive products, top-notch design facilities, and excellent after-sales services. Our vision is to propel the Stile brand to new heights, exemplifying innovative designs and uncompromising craftsmanship. To achieve this, we recognize the utmost importance of engaging directly with end consumers, as it fosters a positive brand image. We remain committed to making constant efforts to maintain Stile's position as a premium brand in the industry.

CONTRIBUTION TO NATIONAL EXCHEQUER:

Your company approximately contributed Rs. 3,064 million (2022: Rs. 2,829 million) into the Government Treasury on account of income taxes, sales tax, custom duties and other government levies, even in this environment where it made limited profit.

BUSINESS RISKS AND CHALLENGES

Pakistan's construction sector has been grappling with a slowdown in activity. Economic difficulties, including elevated inflation rates, volatile exchange rates, and political uncertainties, are significant factors that have led to this sluggishness. Building materials, an integral component of the construction industry, play a vital role not only in enhancing a nation's infrastructure and amenities, thus elevating its overall standard of living, but also in contributing substantially to the country's GDP growth.

Following are the major risks, which may affect our business operations:

- Fluctuation / interruption in gas supply due to curtailment, gas reserve depletion
- Revision in gas allocation policy and increased gas tariff (comingled natural gas and RLNG) exerting pressures on input cost
- Rising coal prices
- Problems in establishing LCs affecting the production cycle
- High inflation resulting in sluggish secondary sales
- Devaluation of rupee.
- Freight cost upsurge due to supply chain disruption, diesel prices.
- Irrational tax burden on compliant companies

CORPORATE AND SOCIAL RESPONSIBILITY:

Throughout the years, your Company has played a substantial role in advancing the well-being of society through a range of social initiatives. Guided by our CSR policy, the company places particular emphasis on healthcare, the workplace, environmental stewardship, and broader societal impact.

SAFETY, HEALTH & ENVIRONMENT:

The Company consistently strives to establish a work environment that is both safe and secure for its associates. Guided by fundamental safety principles, the Company aims to create a workplace where individuals experience the satisfaction of working with a genuine sense of safety and security. To this end, the Health & Safety Division has been instituted by the Company to proactively prevent industrial accidents and their reoccurrence while also safeguarding the health of its associates.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Company follows the practice of maintaining sufficient accounting records in line with the provisions of the Companies Act 2017 and other relevant regulatory laws. This practice aims to protect the company's assets, prevent and identify instances of fraud and other irregularities. The Company also focuses on selecting and employing suitable accounting policies, making sound and cautious judgments and estimates. Moreover, the Company is dedicated to devising, implementing, and sustaining effective internal financial controls that ensure the precision and comprehensiveness of accounting records pertinent to preparing and presenting financial statements that accurately portray a true and fair representation, devoid of significant misstatements due to fraud or error.

The Board has outsourced the internal audit function to external professionals who possess the requisite qualifications and experience for this role. These professionals are well-versed in the Company's policies and procedures. Additionally, the Board has designated a Head of Internal Audit, a qualified individual, as required under Listed Companies (Code of Corporate Governance Regulations) 2019, who reports functionally to the Chairman Audit Committee.

AUDITORS:

The present Auditors M/s. EY Ford Rhodes, Chartered Accountants, are due to retire in the forthcoming annual general meeting of the company and being eligible, have offered themselves for reappointment. Board Audit Committee and the Board, recognizing the good practice of audit firm's rotation, have recommended M/s. A.F.Ferguson & Co., Chartered Accountants for appointment as external auditors for shareholders consideration and approval at the forthcoming annual general meeting for the year ending June 30, 2023.

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE:

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

- 1) The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity;
- 2) Proper books of account have been maintained by the Company;
- 3) Appropriate accounting policies have been consistently applied in preparation of these financial statements and accounting estimates are based on reasonable and prudent judgment;
- 4) International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of these financial statements;
- 5) The system of internal control is sound in design and has been effectively implemented and monitored. The process of monitoring internal controls will continue with the objective to further strengthen the controls and improve the system;
- 6) There are no significant doubts upon the Company's ability to continue as a going concern;
- 7) A summary of key operating and financial data of the Company of the last six years is annexed in the report on page No. 41.
- 8) There has been no material departure from the best practices of Corporate Governance, as detailed in the Regulations of Rule Book of Pakistan Stock Exchange.
- 9) The Company operates a contributory provident fund scheme for all permanent employees. The value of Provident Fund Investments as per the unaudited accounts of STCL Provident Fund Trust for the year ended June 30, 2023 was Rs. 331.868 million (2022: Rs. 291.497 million);
- 10) There are no outstanding statutory payments due on account of taxes, levies and charges except as those disclosed in these financial statements.

BOARD OF DIRECTORS & ITS COMMITTEES:

The Board:

The Board comprises of two independent Directors (including one female director), four non-executive Directors and one executive Director. During the year, five meetings of Board of Directors (BOD) were held. All the meetings were held in Pakistan. The attendance and the composition of the Board of Directors are as follows:

Name of Director	Status	No. of meetings attended
Mr. Rafiq M. Habib	Chairman	4
Syed Masood Abbas Jaffery	Executive Director & CEO	5
Mr. Feroze Jehangir Cawasji	Independent Director	5
Mr. Abdul Hai M. Bhaimia	Non-Executive Director	4
Mrs. Farhana Mowjee Khan	Independent Director	5
Mr. Muhammad Salman Burney	Non-Executive Director	5
Mr. Imran Ali Habib	Non-Executive Director	5

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

Board Audit Committee:

The Board's Audit Committee plays a pivotal role in aiding the Board to meet its oversight responsibilities. This includes the review and communication of financial and non-financial information to shareholders, evaluating internal control systems and risk management practices, and overseeing the audit process. The Committee possesses the authority to request information from management and to directly consult with external auditors or advisors when deemed appropriate. The Chief Financial Officer is invited to participate in Board Audit Committee meetings to present financial accounts. Subsequent to each meeting, the Committee's Chairman delivers a report to the Board. The Committee consists of two non-executive director and two independent directors, including one female director and the Chairman of the Committee is an independent director.

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

Name of Director	Status	No. of meetings attended
Mr. Feroze Jehangir Cawasji	Independent Director	4
Mr. Abdul Hai M. Bhaimia	Non-Executive Director	4
Mrs. Farhana Mowjee Khan	Independent Director	4
Mr. Imran Ali Habib	Non-Executive Director	4

Human Resource And Remuneration Committee:

The Human Resource and Remuneration Committee provides strategic guidance to the management on human resource, review the annual performance evaluations, personnel policies, and compensation & benefits for the associates.

During the year under review, one meetings of the HR&R Committee was held to discuss & approve the matters falling under the terms of reference of the Committee. The attendance of the HR&R Committee members was as follows:

Name of Director	Status	No. of meetings attended
Mr. Feroze Jehangir Cawasji	Independent Director	1
Mr. Salman Burney	Non-Executive Director	1
Syed Masood Abbas Jaffery	Executive Director	1
Mrs. Farhana Mowjee Khan	Independent Director	1

DIVIDEND:

The Company has achieved the profit after tax but considering the current business environment, the current political and economic uncertainties and the company's liquidity position, the directors have not recommended dividend payment.

PATTERN OF SHAREHOLDING:

Statements showing the pattern of shareholding as at June 30, 2023 required under Section 227 (2) (f) of the Companies Act, 2017 and the Code of Corporate Governance, is annexed to this report.

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

SUBSEQUENT EVENTS

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

RELATED PARTY TRANSACTIONS:

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

BUSINESS CONTINUITY PLANS:

In the dynamic business landscape of Pakistan, robust business continuity planning has emerged as a critical facet for companies seeking to navigate through various challenges and uncertainties. A well-structured business continuity plan is designed to ensure the organization's resilience in the face of disruptions such as natural disasters, economic fluctuations, and unforeseen events.

As an integral component of the Business Continuity Plan, remote disaster recovery sites have been effectively established to uphold backup server and data integrity should our primary server encounter any complications. Additionally, the Company is actively pursuing cloud-based backups for better control environment and manage costs more efficiently.

PERFORMANCE EVALUATION OF THE BOARD OF DIRECTORS AND ITS COMMITTEES:

In accordance with the mandates of the Code of Corporate Governance and the Companies Act of 2017, the Company's Board conducts a yearly comprehensive self-evaluation of its collective performance along with that of its committees. This evaluation process is aimed at assessing the Board's overall performance and efficacy, aligning it with the Company's set objectives. The evaluation concentrates on key areas such as:

- Alignment of corporate goals and objectives with the vision and mission of the Company
- Strategy formulation for sustainable operation
- Board's independence and
- Evaluation of Board's Committees performance in relation to discharging their responsibilities set out in respective terms of reference.

Each year, an evaluation questionnaire is prepared in accordance with the Listed Companies (Code of Corporate Governance) Regulations, 2019, and distributed to Directors for performance assessment. The Company Secretary ensures the utmost confidentiality upon receiving the completed questionnaires. These evaluations are subsequently analyzed to pinpoint areas necessitating enhancement and to bring to light any divergent viewpoints. For the fiscal year concluding on June 30, 2023, the overall performance and efficacy of the Board have been appraised as 'Satisfactory'.

Review of CEO's Performance

The CEO's performance is subject to a formal appraisal using an evaluation system that encompasses various aspects. This includes assessing the business's performance, the achievement of objectives related to profitability, organizational development, succession planning, and overall corporate success.

DIRECTORS' REMUNERATION:

In terms of requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Code), the Company has formulated a policy which deals with the remuneration of the Directors. The system of remuneration for Directors is designed to enhance their motivation for improved business performance, both over the short term and medium to long term with sustained growth of corporate value. The Executive Director is paid monthly remuneration and benefits as approved by the Directors, whereas the Company does not pay remuneration to Non-executive Directors, except for meeting fee. For information on remuneration and fee of Directors & CEO, please refer to notes to the Financial Statements.

OUTLOOK AND FUTURE PROSPECTS:

Looking ahead, we remain cautiously optimistic about the future. We will continue to prioritize product innovation, customer satisfaction, and operational excellence. Our strategy includes exploring international markets and diversifying our product portfolio. We also aim to leverage digital platforms and e-commerce to enhance our reach and customer engagement.

The Company's unwavering dedication to excellence and customer satisfaction has remained steadfast. Even in these challenging times, our customers' unwavering trust continues to serve as a driving force, propelling us forward.

CHAIRMAN'S REVIEW REPORT:

The Chairman's review included in the Annual Report deals inter alia with the performance of the Company for the year ended June 30, 2023 and the future outlook. The directors endorse the contents of the Chairman's review report.

ACKNOWLEDGEMENT:

The Board of Directors of our Company extends their heartfelt gratitude and recognition for the remarkable dedication and contributions of all our employees. We also extend our thanks to our valued bankers, vendors, dealers, architects, and shareholders for their consistent trust and confidence in our Company.

On behalf of the Board



SYED MASOOD ABBAS JAFFERY
Chief Executive Officer



FEROZE JEHANGIR CAWASJI
Director

Karachi: September 12, 2023

ڈائریکٹر کا نام	عہدہ	حاضر اجلاسوں کی تعداد
جناب فیروز جہانگیر کاوانجی	آزاد ڈائریکٹر	1
جناب سلمان برنی	نان ایگزیکٹو ڈائریکٹر	1
جناب سید مسعود عباس جعفری	ایگزیکٹو ڈائریکٹر	1
محترمہ فرحانہ ماڈجی خان	آزاد ڈائریکٹر	1

منافع منقسمہ:

کمپنی نے بعد از ٹیکس منافع حاصل کیا ہے لیکن موجودہ کاروباری ماحول، موجودہ سیاسی اور اقتصادی غیر یقینی صورتحال اور کمپنی کی لیکویڈیٹی پوزیشن کو دیکھتے ہوئے ڈائریکٹرز نے منافع منقسمہ کی ادائیگی کی سفارش نہیں کی۔

حصص داری کی ساخت

کمپنیز ایکٹ 2017 کی دفعہ (f)(2) اور اداراتی نظم و ضبط کے تحت سال ختمہ 30 جون 2023 کی حصص داری کی ساخت پر مشتمل گوشوارے اس رپورٹ کے ساتھ منسلک ہیں۔

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

بعد از اوقات

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

ماحقہ فریقین کے سوائے

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

کاروباری تسلسل کے منصوبے

پاکستان کے بدلنے کاروباری ماحول میں، کاروباری تسلسل کی مضبوط منصوبہ بندی ان کمپنیوں کے لیے ایک لازمی پہلو بن گئی ہے جو متنوع چیلنجوں اور غیر یقینی صورتحال سے گزرنا چاہتی ہیں۔ ایک منظم کاروباری تسلسل کا منصوبہ قدرتی آفات، معاشی اتار چڑھاؤ، اور غیر متوقع واقعات جیسی رکاوٹوں کو برداشت کرنے کی تنظیم کی صلاحیت کو یقینی بنانے کے لیے ڈیزائن کیا گیا ہے۔

کاروباری تسلسل منصوبے کے تحت ریہوٹ ڈیزائن سٹریٹجی سائنس کو موثر طریقے سے قائم کیا گیا ہے کہ اگر ہمارے بنیادی سرور کو کسی قسم کی پیچیدگیوں کا سامنا ہو تو بیک اپ سرور اور ڈیٹا کی سالمیت کو برقرار رکھا جاسکے۔ مزید برآں، کمپنی بہتر کنٹرول ماحول کے لیے کلاؤڈ بیسڈ بیک اپس کو فعال طور پر حاصل کرنے پر غور کر رہی ہے تاکہ اخراجات کو زیادہ موثر طریقے سے منظم کیا جاسکے۔

بورڈ آف ڈائریکٹرز اور اس کی کمیٹیوں کی کارکردگی کی تشخیص

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

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

☆ پائیدار آپریشن کے لئے حکمت عملی کی تشکیل

☆ بورڈ کی خود مختاری، اور

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

ایک سالانہ تشخیصی سوالنامہ سیکرٹریٹ (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے تحت ڈائریکٹرز کی کارکردگی کی تشخیص کے لئے نہیں تقسیم کیا گیا ہے۔ مکمل شدہ سوالناموں کی موصولی پر کمپنی سیکریٹری سخت رازداری برقرار رکھتا ہے۔ تجزیہ کرتے ہوئے ان شعبوں کی شناخت کی جاتی ہے جن میں بہتری کی ضرورت ہوتی ہے اور اگر کوئی اختلاف رائے ہوتا ہے تو اسے اجاگر کیا جاتا ہے۔ مالیاتی سال ختمہ 30 جون 2023 کے لئے بورڈ کی مجموعی کارکردگی اور اثر پذیرگی تسلی بخش قرار دی گئی ہے۔

CEO کی کارکردگی کا جائزہ

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

ڈائریکٹرز کا معاوضہ

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

مستقبل کا نقطہ نظر:

آگے بڑھتے ہوئے، ہم مستقبل کے لیے ایک محتاط لیکن پرامید نقطہ نظر کو برقرار رکھتے ہیں۔ ہم مصنوعات کی جدت کو ترجیح دینے، صارفین کی اطمینان کو یقینی بنانے اور آپریشنل فضیلت کے حصول کو جاری رکھیں گے۔ ہماری حکمت عملی کے منصوبوں میں بین الاقوامی مارکیٹ میں جانا اور ہماری مصنوعات کی حد کو بڑھانا شامل ہے۔ مزید برآں، ہم ڈیجیٹل پلٹ فارمز اور ای کامرس کی صلاحیت کو بروئے کار لانے کا ارادہ رکھتے ہیں تاکہ ہماری رسائی اور کسٹمر کی مصروفیت کو بڑھایا جاسکے۔

بہترین کارکردگی اور صارفین کے اطمینان کے لیے کمپنی کی غیر متزلزل لگن ثابت قدم رہی۔ ان مشکل وقتوں میں بھی، ہمارے صارفین کا غیر متزلزل اعتماد ایک محرک قوت کے طور پر کام کرتا رہتا ہے، جو ہمیں آگے بڑھاتا ہے۔

چیئرمین کی جائزہ رپورٹ:

چیئرمین کا جائزہ جو کہ سالانہ رپورٹ کا حصہ ہے، جو 30 جون 2023 کو ختمہ سال کیلئے کاروباری نوعیت، کمپنی کی کارکردگی، گزشتہ سال سے قابل ذکر انحرافات کی وضاحت، اور مستقبل کے امکانات پر مشتمل ہے۔ ڈائریکٹرز چیئرمین کی جائزہ رپورٹ کے مندرجات کی توثیق کرتے ہیں۔

اعتراف

بورڈ آف ڈائریکٹرز اپنے تمام ملازمین کے عزم اور محنت کو سراہتے ہیں اور صارفین، بینک، سپلائرز اور صارفین یا فنڈنگ اور آرکیٹیکٹس کا شکریہ ادا کرتے ہیں جنہوں نے ہم پر اعتماد کیا۔

منجانب بورڈ

Jimmy J. Canning

فیروز جہانگیر کاوانجی

ڈائریکٹر

S. M. Akbar

سید مسعود عباس جعفری

چیئف ایگزیکٹو آفیسر

کراچی، 12 ستمبر 2023

۱۰۔ ٹیکسوں اور دیگر محصولات کی مد میں کمپنی پر کوئی آئینی واجبات نہیں ہیں سوائے ان کے جنہیں مالیاتی گوشواروں میں منکشف کیا گیا ہے۔

بورڈ آف ڈائریکٹرز اور اس کی کمیٹیاں

بورڈ

بورڈ دو آزاد ڈائریکٹرز (بشمول ایک خاتون ڈائریکٹر)، چار نان ایگزیکٹو ڈائریکٹرز اور ایک ایگزیکٹو ڈائریکٹر پر مشتمل ہے۔

سال کے دوران بورڈ آف ڈائریکٹرز کے پانچ اجلاس منعقد ہوئے۔ تمام اجلاس پاکستان میں منعقد ہوئے۔ بورڈ آف ڈائریکٹرز کی تشکیل ہندی اور حاضری درج ذیل ہے:

ڈائریکٹر کا نام	عہدہ	حاضر اجلاسوں کی تعداد
جناب رفیق ایم حبیب	چیئر مین	4
جناب سید مسعود عباس جعفری	ایگزیکٹو ڈائریکٹر اور سی ای او	5
جناب فیروز جہانگیر کاواچی	آزاد ڈائریکٹر	5
جناب عبدالرحمن ایم بھائی میاں	نان ایگزیکٹو ڈائریکٹر	4
محترمہ فرحانہ ماؤجی خان	آزاد ڈائریکٹر	5
جناب محمد سلمان برنی	نان ایگزیکٹو ڈائریکٹر	5
جناب عمران علی حبیب	نان ایگزیکٹو ڈائریکٹر	5

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

بورڈ کی آڈٹ کمیٹی

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

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

ڈائریکٹر کا نام	عہدہ	حاضر اجلاسوں کی تعداد
جناب فیروز جہانگیر کاواچی	آزاد ڈائریکٹر	4
جناب عبدالرحمن ایم بھائی میاں	نان ایگزیکٹو ڈائریکٹر	4
محترمہ فرحانہ ماؤجی خان	آزاد ڈائریکٹر	4
جناب عمران علی حبیب	نان ایگزیکٹو ڈائریکٹر	4

انسانی وسائل اور معاوضہ کمیٹی

یہ کمیٹی اعلیٰ انتظامیہ کے ملازمین سے متعلق معاوضہ نظم و ضبط اور ترقی کی پالیسیوں کے تمام عناصر کی سفارش کرتی ہے اور ان کا جائزہ لیتی ہے۔

زیر جائزہ سال کے دوران، کمیٹی کے ٹرمز آف ریفرنس کے تحت معاملات پر بحث اور منظوری کے لیے انسانی وسائل اور معاوضہ کمیٹی کا ایک اجلاس ہوا۔ انسانی وسائل اور معاوضہ کمیٹی کے اراکین کی حاضری حسب ذیل تھی:

اداراتی اور سماجی ذمہ داری

سابقہ سال سے کمپنی نے معاشرے کی فلاح و بہبود کے لئے مختلف سماجی سرگرمیوں کی شکل میں قابل ذکر معاونت کی ہے۔ CSR کی پالیسی کے تحت کمپنی نے اپنی توجہ طبی نگہداشت، تعلیم اور معاشرے کی بہبود پر مرکوز کی ہوئی ہے۔

صحت، تحفظ اور ماحول

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

انٹرنل کنٹرول کے نظام کی موزونیت

کمپنی کا کنٹریکٹ ریکارڈ موزوں انداز میں مرتب رکھنے کے لئے کمپنیز ایکٹ 2017 کی شقوں کی پاسداری کرتی ہے تاکہ کمپنی کے اثاثوں کا تحفظ کیا جاسکے اور دیکھو کہ وہی اور دیگر بڑے ضابطگیوں کی نشاندہی ہو سکے اور ان سے بچا جاسکے، مناسب اکاؤنٹنگ پالیسیوں کو لاگو اور منتخب کیا جاسکے، ایسے فیصلے اور تخمینے تیار کئے جائیں جن کی بنیاد حقائق اور معقول انداز پر ہو، اندرونی مالیاتی کنٹرولز کو تیار، نافذ اور برقرار رکھا جاسکے جن سے موثر انداز میں درستی اور جامعیت کو کاؤنگ ریکارڈ میں یقینی بنایا جاسکے، مالیاتی گوشواروں کی تیاری اور پیش کرنے سے متعلق بالکل صحیح اور شفاف نقطہ نظر فراہم کیا جاسکے جو کہ تمام غلط بیانیوں سے پاک ہوں چاہیں وہ فراڈ کی بنیاد پر ہوں یا غلطی کی بنیاد پر۔

بورڈ نے انٹرنل کنٹرول کا نظام کمپنی سے باہر ایک ادارے کو سپرد کیا ہے جو کہ اس مقصد کے لئے تعلیم یافتہ اور تجربہ کار ہے اور کمپنی کی پالیسیوں اور طریقہ کار سے آگاہ ہے۔ بورڈ نے سیکورٹیز (کوڈ آف کارپوریٹ گورننس ریگولیشنز) 2019 کے تحت انٹرنل آڈٹ کے سربراہ کے عہدے پر بھی ایک تعلیم یافتہ فرد کی تقرری کی ہے جو فرائض منصبی کے لحاظ سے آڈٹ کمیٹی کو رپورٹ کرتا ہے۔

آڈیٹرز

موجودہ آڈیٹرز میسرز EY Ford Rhodes، چارٹرڈ اکاؤنٹنٹس سیکورٹیز ہو چکے ہیں اور اہلیت کے باعث انہوں نے اپنی دوبارہ تقرری کی پیشکش کی ہے۔ بورڈ آڈٹ کمیٹی اور بورڈ نے، آڈٹ فرم کے رٹینشن کے بہتر عمل کو تسلیم کرتے ہوئے میسرز A.F. فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو سپروائیڈرز کے طور پر تقرری کے لیے تجویز کیا ہے، یہ سفارش 30 جون 2023 کو سال مختتمہ کے لیے آئندہ سالانہ جنرل میٹنگ میں شیئر ہولڈرز کے غور اور منظوری سے مشروط ہے۔

اداراتی نظم و ضبط کے ضابطے کی پاسداری

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

- ۱۔ کمپنی کی انتظامیہ کے تیار کردہ مالیاتی گوشوارے، کمپنی کے معاملات، اس کے کاروباری نتائج، نقدی کے بہاؤ اور ایکویٹی میں تبدیلیوں کو شفافیت کے ساتھ پیش کرتے ہیں۔
- ۲۔ کمپنی میں حسابات کی کتابیں مناسب انداز میں تیار کی گئی ہیں۔
- ۳۔ درست حساباتی پالیسیوں کو تسلسل کے ساتھ مالیاتی گوشواروں کی تیاری کے دوران کو ملحوظ خاطر رکھا گیا ہے اور حساباتی تخمینوں کی بنیاد معقول اور حقائق فیصلوں پر ہے۔
- ۴۔ مالیاتی گوشواروں کی تیاری کے دوران عالمی مالیاتی رپورٹنگ معیارات، جو پاکستان میں لاگو ہیں، کو ملحوظ خاطر رکھا گیا ہے۔
- ۵۔ اندرونی گرفت کے نظام کی شکل مضبوط ہے اور موثر انداز میں نافذ العمل ہے اور اس کی نگرانی کی جاتی ہے۔ اندرونی گرفت کی نگرانی کا یہ عمل اس مقصد سے ساتھ جاری رکھا جائے گا تاکہ گرفت کو مزید مستحکم اور نظام کو بہتر بنایا جاسکے۔
- ۶۔ کمپنی کی بڑھتی ہوئی کاروباری صلاحیت کے تسلسل میں کوئی قابل ذکر شک و شبہ نہیں ہے۔
- ۷۔ کمپنی کے گزشتہ چھ سالوں کے اہم کاروباری اور مالیاتی اعداد و شمار کا خلاصہ اس رپورٹ کے صفحہ نمبر 41 پر موجود ہے۔
- ۸۔ پاکستان اسٹاک ایکسچینج کی رول بک (قواعد کی کتاب) میں دیئے گئے ادارتی نظم و ضبط کے بہترین طور پر یقینوں سے کوئی قابل گرفت انحراف نہیں کیا گیا ہے۔
- ۹۔ کمپنی اپنے ملازمین کے لئے پروویڈنٹ فنڈ چلا رہی ہے اور STCL کے پروویڈنٹ فنڈ کے غیر آڈٹ شدہ کھاتوں کے مطابق سال مختتمہ 30 جون 2023 میں پروویڈنٹ فنڈ سے 291.497 ملین روپے (جو کہ 2022 میں 291.497 ملین روپے تھے) کی گئی سرمایہ کاریوں کی مالیت 331.868 ملین روپے ہے۔

ڈائریکٹرز رپورٹ

آپ کے ڈائریکٹرز اپنی سالانہ رپورٹ اور کمپنی کے مالیاتی گوشوارے برائے تختہ سال 30 جون 2023 پیش کرتے ہوئے اظہار سرت کرتے ہیں۔

کاروباری ماحول:

رواں سال روپے کی قدر میں کمی، محصولات میں اضافہ، بڑھتا ہوا افراط زر، ترسیلات زر میں کمی، گلوبل سپلائی چین میں خلل، شرح سود میں اضافہ اور آئی ایم ایف پروگرام کے دوبارہ شروع ہونے میں تاخیر کے سبب ملک کے معاشی حالات شدید مشکلات کا شکار رہے اور شدید معاشی جمود کا سامنا کرنا پڑا۔ لیئرز آف کریڈٹ (LCS) اور غیر ملکی ادائیگیوں پر مسلسل پابندیاں برقرار ہیں۔ نتیجتاً غیر معمولی رکاوٹوں کا سامنا کرتے ہوئے تعمیراتی شعبہ زوال پذیر ہوا۔ رواں سال آپ کی کمپنی نے اپنی سپلائی چین میں بھی کافی چیلنجز کا سامنا کیا۔

تعمیراتی صنعت ملک کے لئے ہمیشہ سے معاشی اور سماجی اہمیت کی حامل رہی ہے۔ تاہم، عصر حاضر میں، پاکستان کے تعمیراتی شعبے کو ایک اہم رکاوٹ افراط زر کے اثرات اور خام مال کی بڑھتی ہوئی قیمت کا سامنا ہے۔ نتیجتاً، منافع کو نقصان پہنچا کیونکہ مصنوعات کی قیمتوں کا ازسرنو جائزہ لینے کا کام بلند افراط زر اور مارکیٹ کے چیلنجز کے حالات کے درمیان مشکل ہو گیا۔ مزید برآں، تعمیراتی میٹریلز کی زیادہ لاگت اور افراط زر کے دباؤ کے نتیجے میں مختلف منصوبے تاخیر کا شکار ہوئے یہاں تک کہ کچھ منصوبے بھی ہوئے۔

ان چیلنجز کے باوجود، کمپنی نے اپنے پائیدار آپریشنز کو کامیابی کے ساتھ جاری رکھا اور مالی سال کا اختتام بریک ایون پوائنٹ کو عبور کرنے کی ایک اچھی کامیابی کے ساتھ کیا۔

مالیاتی نتائج:

مالیاتی سال تختہ سال 30 جون 2023 میں کمپنی کے کاروباری نتائج کا گزشتہ سال کے ساتھ مقابلہ جائزہ درج ذیل ہے:

	2023	2022
	روپے '000 میں	
خالص فروخت	14,182,479	11,898,966
مجموعی منافع	2,987,080	2,994,999
آمدن قبل از سود، ٹیکس اور فرسودگی (EBITDA)	1,231,342	1,812,243
فرسودگی	733,151	689,614
مالیاتی لاگت	193,674	115,840
منافع قبل از ٹیکس	304,517	1,006,789
منافع بعد از ٹیکس	37,613	497,322
فی حصص منافع / (روپے)	0.16	2.08

فروخت

کمپنی کی مجموعی فروخت میں 19 فیصد کا اضافہ ہوا، جس کی وجہ کسی حد تک بلند منافع کی حامل مصنوعات پر منتقلی اور پیداواری لاگتوں میں اضافے کو قابو کرنے کی کوششیں تھیں۔ مالی سال کے دوران، صنعت کی مارکیٹ کے حجم میں کمی واقع ہوئی۔ اس کے باوجود، کمپنی نے اپنی منفرد مصنوعات کی رینج کو اپنی حکمت عملی کے نقطہ نظر کے مطابق استعمال کیا اور سرت مارکیٹ کے باوجود اپنی فروخت کے حجم کو کامیابی سے برقرار رکھا۔

پیداوار

LCS کھولنے میں درپیش چیلنجز کے باعث مطلوبہ حالات کے پیش نظر درآمد شدہ خام مال تک محدود رسائی کی وجہ سے بیک اینڈ ٹیم نے آپریشنل تسلسل کو مہارت سے برقرار رکھا۔ یہ کامیابی فنانس ٹیم کے فعال نقطہ نظر سے حاصل ہوئی جو کہ ورکنگ کپینل سائیکل کو نمایاں طور پر متاثر کیے بغیر پیشگی میٹریلز کے انتظام کو یقینی بناتی ہے۔ مزید برآں، قدرتی گیس کے پریشر میں مسلسل اتار چڑھاؤ برقرار رہا، جس سے سپلائی متاثر ہوئی اور لاگت میں اضافہ ہوا۔ اس کے باوجود پیداواری سرگرمیوں کی موثر منصوبہ بندی کی گئی اور انہیں صارفین کی ترجیحات کے مطابق ڈھالا گیا۔

منافع

زیر جائزہ مدت کے دوران کمپنی کا مجموعی منافع گذشتہ سال کے 2,994 ملین روپے سے کم ہو کر 2,987 ملین روپے رہ گیا جو کہ معمولی کمی کو ظاہر کرتا ہے، فروخت اور تقسیمی اخراجات میں 527

ملین روپے اضافہ ہوا جس کی بنیادی وجہ ڈیزل کی قیمتوں میں اضافہ کے نتیجے میں بیرونی مال برداری کی لاگتیں تھیں۔ افراط زر کے اثرات کی وجہ سے انتظامی اخراجات میں 51 ملین روپے اضافہ ہوا اور کمپنی فروخت کی قیمتوں کے ذریعے اس اضافہ کو مکمل طور پر پورا کرنے میں ناکام رہی۔

لیکویڈیٹی اور نقد بہاؤ کا انتظام

کسی بھی کمپنی کی مالی صحت اور استحکام کے لیے لیکویڈیٹی اور نقد بہاؤ کا موثر انتظام بہت ضروری ہے۔ آپ کی کمپنی نے اس بات کو یقینی بنانے کے لیے نقد بہاؤ کی پیش گوئی کا ایک جامع نظام قائم کیا ہے جو مخصوص مدت کے دوران نقد کی آمد اور اخراج کی پیش گوئی کرتا ہے۔ مزید برآں، اس بات کو یقینی بنایا جاتا ہے کہ کمپنی انونینٹری کی مثالی سطح کو برقرار رکھے تاکہ ضرورت سے زیادہ ہولڈنگ اخراجات سے بچا جاسکے اور دیگر ضروریات کے لیے نقد رقم مختص کی جاسکے۔

کریڈٹ پر موثر کنٹرول اور پیشگی ادائیگیوں کو محفوظ بنانے نے کمپنی کی لیکویڈیٹی پوزیشن کو منظم کرنے میں اہم کردار ادا کیا ہے۔ ان پہلوؤں کو موثر طریقے سے منظم کرتے ہوئے، کمپنی نے ایک مستحکم نقد بہاؤ کو یقینی بنایا، جو اس کے مالی استحکام اور ترقی کے لیے ضروری ہے۔ نقدی کے انتظام کے اس نقطہ نظر نے نہ صرف کمپنی کو مکمل لیکویڈیٹی چیلنجز سے محفوظ فراہم کیا بلکہ اسے سرمایہ کاری کے منافع بخش مواقع سے فائدہ اٹھانے کی بھی اجازت دی۔

تجارتی حکمت عملی:

"STILE" نے کامیابی کے ساتھ خود کو مارکیٹ میں ایک معروف برانڈ کے طور پر قائم کیا ہے، جو چھوٹے اور بڑے دونوں قسم کے منصوبوں کو پورا کرنے والی اپنی اعلیٰ سراسر اس اور پورسلین ٹائلز کے لیے مشہور ہے۔ اپنی کمپنی کے زیر ملکیت ایپریٹس کے ذریعے کام کرتے ہوئے، ہم اپنے قابل قدر صارفین کو اعلیٰ معیار کی مصنوعات فراہم کرنے پر فخر محسوس کرتے ہیں۔ ہمارے ایپریٹس میں، ہم صرف ٹائلز ہی نہیں فروخت کرتے بلکہ ہم ایک مخصوص اور ذاتی نوعیت کا تجربہ پیش کرتے ہیں، خصوصی مصنوعات، اعلیٰ درجے کی ڈیزائن کی سہولیات، اور بہترین بعد از فروخت کی سروس فراہم کرتے ہیں۔ ہمارا نظریہ جدید ڈیزائنز اور غیر متزلزل کاریگری کی نمائش کرتے ہوئے Stile برانڈ کو نئی بلندیوں تک پہنچانا ہے۔ اس مقصد کو پورا کرنے کے لیے، ہم صارفین کے ساتھ براہ راست مشغول ہونے کی بنیادی اہمیت کو تسلیم کرتے ہیں، کیونکہ یہ ایک سازگار برانڈ ایج کو فروغ دیتا ہے۔ ہم صنعت میں ایک پریٹیم برانڈ کے طور پر Stile کی حیثیت کو برقرار رکھنے کے لیے مسلسل کوشاں ہیں۔

قومی خزانے میں معاونت

آپ کی کمپنی نے اس سال سرکاری خزانے میں آگم ٹیکس، بیلز ٹیکس، کسٹم ڈیوٹی اور دیگر حکومتی محصولات کی مدد میں ایک 3,064 ملین روپے جمع کروائے (جبکہ 2022 میں 2,829 ملین روپے جمع کروائے تھے)۔

کاروباری خطرات اور چیلنجز

پاکستان کی تعمیراتی شعبہ جاتی سرگرمیاں سرت روی کا شکار ہیں۔ اقتصادی مشکلات، بشمول بلند افراط زر کی شرح، غیر مستحکم شرح مبادلہ، اور سیاسی غیر یقینی صورتحال، وہ اہم عوامل ہیں جو اس معاشی سرت روی کا باعث بنے ہیں۔ تعمیراتی میٹریل تعمیراتی صنعت کا ایک لازمی جزو، نہ صرف کسی ملک کے بنیادی ڈھانچے اور سہولیات کو بڑھانے، مجموعی معیار زندگی کو بلند کرنے میں، اور ملک کی جی ڈی پی کی شرح نمو میں خاطر خواہ حصہ ڈالنے میں بھی اہم کردار ادا کرتا ہے۔

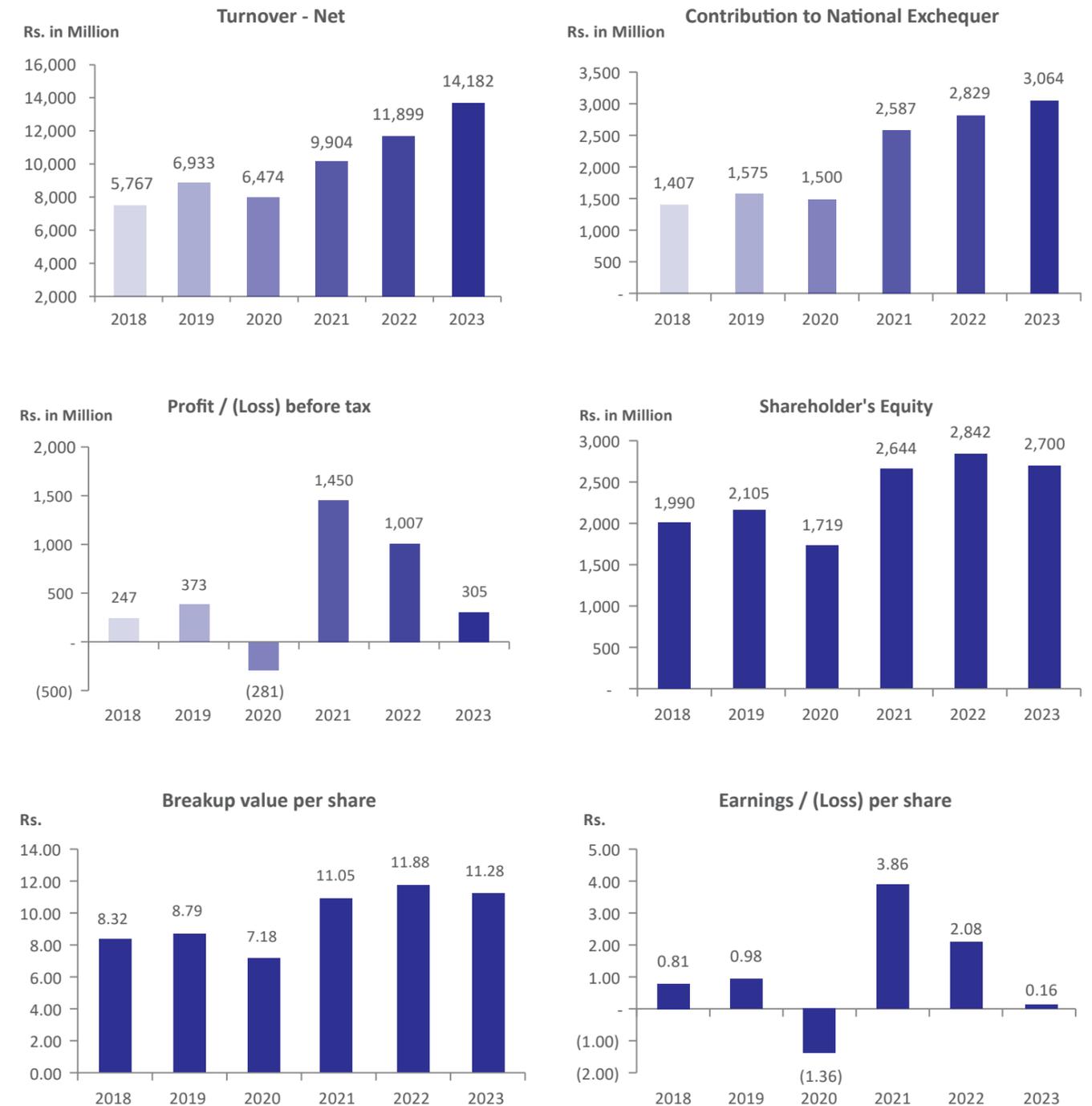
ذیل میں اہم خطرات کا ذکر کیا گیا ہے جو ہمارے کاروباری آپریشنز کو متاثر کر سکتے ہیں:

- ☆ گیس کے ذخائر میں کمی کی وجہ سے گیس کی فراہمی میں اتار چڑھاؤ / رکاوٹ
- ☆ گیس مختص کرنے کی پالیسی میں نظر ثانی اور گیس ٹیرف میں اضافہ (آنے والی قدرتی گیس اور آرائل این جی) لاگت پر دباؤ ڈالتا ہے۔
- ☆ کوسٹس کی بڑھتی ہوئی قیمتیں۔
- ☆ ایل سی کے قیام میں مسائل جو پیداواری سائیکل کو متاثر کرتے ہیں۔
- ☆ بڑھتے ہوئے افراط زر کے نتیجے میں ثانوی فروخت میں سرت روی ہو۔
- ☆ روپے کی قدر میں کمی۔
- ☆ سپلائی چین میں خلل، ڈیزل کی قیمتوں کی وجہ سے مال بردار لاگت میں اضافہ۔
- ☆ ٹیکس ادا کرنے والی کمپنیوں پر ٹیکس کا بوجھ۔

PERFORMANCE OF LAST SIX YEARS

	30TH JUNE 2023	30TH JUNE 2022	30TH JUNE 2021	30TH JUNE 2020	30TH JUNE 2019	30TH JUNE 2018
----- (Rs. in '000) -----						
Turnover - net	14,182,479	11,898,966	9,904,498	6,474,469	6,933,077	5,767,082
% of Growth	19.19%	20.14%	52.98%	-6.61%	20.22%	14.88%
Gross profit	2,987,080	2,994,999	3,060,227	1,096,746	1,611,867	1,257,217
Gross profit (%)	21.06%	25.17%	30.90%	16.94%	23.25%	21.80%
Selling and distribution Costs	2,129,448	1,602,220	1,394,662	1,036,180	927,447	748,488
% of Turnover -net	15.01%	13.47%	14.08%	16.00%	13.38%	12.98%
Administrative Expenses	386,691	335,856	289,144	255,767	250,660	157,764
% of Turnover -net	2.73%	2.82%	2.92%	3.95%	3.62%	2.74%
(Reversal) / Allowance for expected credit loss	(5,168)	19,546	(18,731)	37,093	7,259	20,364
% of Turnover -net	-0.04%	0.16%	-0.19%	0.57%	0.10%	0.35%
Finance Cost	193,674	115,840	107,444	87,078	86,946	98,121
% of Turnover -net	1.37%	0.97%	1.08%	1.34%	1.25%	1.70%
Profit / (loss) before taxation	304,517	1,006,789	1,449,742	(280,817)	372,504	247,183
% of Turnover -net	2.15%	8.46%	14.64%	-4.34%	5.37%	4.29%
Profit / (loss) after taxation	37,613	497,322	924,888	(325,774)	234,341	194,406
% of Turnover -net	0.27%	4.18%	9.34%	-5.03%	3.38%	3.37%
EBITDA	1,231,342	1,812,243	2,267,720	512,598	1,053,005	740,314
% of Turnover -net	8.68%	15.23%	22.90%	7.92%	15.19%	12.84%
Cash dividend	-	179,490	299,150	-	59,830	119,660
Cash dividend (%)	-	15.00%	25.00%	-	5.00%	10.00%
Ratio Analysis						
Break-up value of Rs. 5/= share	11.28	11.88	11.05	7.18	8.79	8.32
Earnings / (loss) per share (Rs.)	0.16	2.08	3.86	(1.36)	0.98	0.81
Receivables no. of days	12	9	12	20	13	20
Current ratio	0.97	0.98	1.20	0.77	0.86	0.85
Number of employees (Permanent)	730	745	742	766	869	888

FINANCIAL HIGHLIGHTS



VERTICAL ANALYSIS

(Rs. in '000)

STATEMENT OF FINANCIAL POSITION	2023	%	2022	%	2021	%	2020	%	2019	%	2018	%
Property , plant & Equipment	3,342,400	37.8	3,418,756	45.2	2,696,148	38.4	2,672,266	49.6	3,116,316	55.8	3,375,273	61.6
Right of use assets	327,200	3.7	263,363	3.5	240,668	3.4	267,718	5.0				
Investment properties	4,551	0.1	5,793	0.1	7,035	0.1	8,277	0.2	9,519	0.2	10,761	0.2
Long-term loans, advances & deposits	31,817	0.4	32,149	0.4	27,375	0.4	23,070	0.4	20,312	0.4	14,242	0.3
Deferred Tax Asset - Net	41,089	0.5										
Current assets	5,105,121	57.7	3,841,509	50.8	4,052,399	57.7	2,417,550	44.9	2,440,767	43.7	2,076,768	37.9
Total Assets	8,852,178	100.0	7,561,570	100.0	7,023,625	100.0	5,388,881	100.0	5,586,914	100.0	5,477,044	100.0
Share Capital	1,196,600	13.5	1,196,600	15.8	1,196,600	17.0	1,196,600	22.2	1,196,600	21.4	1,196,601	21.8
Share Premium	449,215	5.1	449,215	5.9	449,215	6.4	449,215	8.3	449,215	8.0	449,215	8.2
Reserves	1,054,416	11.9	1,196,293	15.8	998,121	14.2	73,233	1.4	458,837	8.2	344,156	6.3
Shareholders' equity	2,700,231	30.5	2,842,108	37.6	2,643,936	37.6	1,719,048	31.9	2,104,652	37.7	1,989,972	36.3
Long Term Financing - Secured	536,712	6.1	223,825	3.0	149,670	2.1	209,300	3.9	449,100	8.0	905,219	16.5
Lease liabilities	224,112	2.5	198,725	2.6	173,289	2.5	198,284	3.7	-	-	-	-
Deferred tax liability - net	-	-	34,733	0.5	54,157	0.8	132,511	2.5	200,013	3.6	138,287	2.5
Other long term liability	124,092	1.4	374,940	4.9	608,130	8.6						
Current liabilities	5,267,031	59.5	3,887,239	51.4	3,394,443	48.3	3,129,738	58.0	2,833,149	50.7	2,443,566	44.6
Total Equities and Liabilities	8,852,178	100.0	7,561,570	100.0	7,023,625	100.0	5,388,881	100.0	5,586,914	100.0	5,477,044	100.0
PROFIT AND LOSS ACCOUNT												
Turnover - net	14,182,479	100.0	11,898,966	100.0	9,904,498	100.0	6,474,469	100.0	6,933,077	100.0	5,767,082	100.0
Cost of Sales	(11,195,399)	(78.9)	(8,903,967)	(74.8)	(6,844,271)	(69.1)	(5,377,723)	(83.1)	(5,321,210)	(76.8)	(4,509,865)	(78.2)
Gross profit	2,987,080	21.1	2,994,999	25.2	3,060,227	30.9	1,096,746	16.9	1,611,867	23.2	1,257,217	21.8
Selling and distribution Costs	(2,129,448)	(15.0)	(1,602,220)	(13.5)	(1,394,662)	(14.1)	(1,036,180)	(16.0)	(927,447)	(13.4)	(748,488)	(13.0)
Administrative Expenses	(386,691)	(2.7)	(335,856)	(2.8)	(289,144)	(2.9)	(255,767)	(4.0)	(250,660)	(3.6)	(157,764)	(2.7)
Reversal / (Allowance) for expected credit loss	5,168	0.04	(19,546)	(0.2)	18,731	0.2	(37,093)	(0.6)	(7,259)	(0.1)	(20,364)	(0.4)
Other Income	172,139	1.2	181,188	1.5	299,663	3.0	43,899	0.7	66,017	1.0	35,603	0.6
Operating Profit / (Loss)	648,248	4.6	1,218,565	10.2	1,694,815	17.1	(188,395)	(2.9)	492,518	7.1	366,204	6.3
Finance costs	(193,674)	(1.4)	(115,840)	(1.0)	(107,444)	(1.1)	(87,078)	(1.3)	(86,946)	(1.3)	(98,121)	(1.7)
Other expenses	(150,057)	(1.1)	(95,936)	(0.8)	(137,629)	(1.4)	(5,344)	(0.1)	(33,068)	(0.5)	(20,900)	(0.4)
Profit / (Loss) before taxation	304,517	2.1	1,006,789	8.5	1,449,742	14.6	(280,817)	(4.3)	372,504	5.4	247,183	4.3
Taxation	(266,904)	(1.9)	(509,467)	(4.3)	(524,854)	(5.3)	(44,957)	(0.7)	(138,163)	(2.0)	(52,777)	(0.9)
Profit / (Loss) after taxation	37,613	0.3	497,322	4.2	924,888	9.3	(325,774)	(5.0)	234,341	3.4	194,406	3.4

HORIZONTAL ANALYSIS

(Rs. in '000)

STATEMENT OF FINANCIAL POSITION	2023	%	2022	%	2021	%	2020	%	2019	%	2018	%
Property , plant & Equipment	3,342,400	(2.2)	3,418,756	26.8	2,696,148	0.9	2,672,266	(14.2)	3,116,316	(7.7)	3,375,273	18.8
Right of use assets	327,200	24.2	263,363	9.4	240,668	(10.1)	267,718	-	-			
Investment properties	4,551	(21.4)	5,793	(17.7)	7,035	(15.0)	8,277	(13.0)	9,519	(11.5)	10,761	(10.3)
Long-term loans, advances & deposits	31,817	(1.0)	32,149	17.4	27,375	18.7	23,070	13.6	20,312	42.6	14,242	92.8
Deferred Tax Asset - Net	41,089											
Current assets	5,105,121	32.9	3,841,509	(5.2)	4,052,399	67.6	2,417,550	(1.0)	2,440,767	17.5	2,076,768	(14.2)
Total Assets	8,852,178	17.1	7,561,570	7.7	7,023,625	30.3	5,388,881	(3.5)	5,586,914	2.0	5,477,044	3.7
Share Capital	1,196,600	-	1,196,600	-	1,196,600	-	1,196,600	-	1,196,600	-	1,196,601	-
Share Premium	449,215	-	449,215	-	449,215	-	449,215	-	449,215	-	449,215	-
Reserves	1,054,416	(11.9)	1,196,293	19.9	998,121	1,262.9	73,233	(84.0)	458,837	33.3	344,156	129.8
Shareholders' equity	2,700,231	(5.0)	2,842,108	7.5	2,643,936	53.8	1,719,048	(18.3)	2,104,652	5.8	1,989,972	10.8
Long Term Financing - Secured	536,712	139.8	223,825	49.5	149,670	(28.5)	209,300	(53.4)	449,100	(50.4)	905,219	141.4
Lease liabilities	224,112	12.8	198,725	14.7	173,289	(12.6)	198,284	-	-		-	
Deferred tax liability - net	-	-	34,733	(35.9)	54,157	(59.1)	132,511	(33.7)	200,013	44.6	138,287	61.7
Other long term liability	124,092	(66.9)	374,940	(38.3)	608,130	-						
Current liabilities	5,267,031	35.5	3,887,239	14.5	3,394,443	8.5	3,129,738	10.5	2,833,149	15.9	2,443,566	(19.2)
Total Equities and Liabilities	8,852,178	17.1	7,561,570	7.7	7,023,625	30.3	5,388,881	(3.5)	5,586,914	2.0	5,477,044	3.7
PROFIT AND LOSS ACCOUNT												
Turnover - net	14,182,479	19.2	11,898,966	20.1	9,904,498	53.0	6,474,469	(6.6)	6,933,077	20.2	5,767,082	14.9
Cost of Sales	(11,195,399)	25.7	(8,903,967)	30.1	(6,844,271)	27.3	(5,377,723)	1.1	(5,321,210)	18.0	(4,509,865)	0.6
Gross profit	2,987,080	(0.3)	2,994,999	(2.1)	3,060,227	179.0	1,096,746	(32.0)	1,611,867	28.2	1,257,217	135.0
Selling and distribution Costs	(2,129,448)	32.9	(1,602,220)	14.9	(1,394,662)	34.6	(1,036,180)	11.7	(927,447)	23.9	(748,488)	45.5
Administrative Expenses	(386,691)	15.1	(335,856)	16.2	(289,144)	13.0	(255,767)	2.0	(250,660)	58.9	(157,764)	42.3
Reversal / (Allowance) for expected credit loss	5,168	(126.4)	(19,546)	204.4	18,731	(150.5)	(37,093)	411.0	(7,259)	(64.4)	(20,364)	(54.4)
Other Income	172,139	(5.0)	181,188	(39.5)	299,663	582.6	43,899	(33.5)	66,017	85.4	35,603	(7.7)
Operating Profit / (Loss)	648,248	(46.8)	1,218,565	(28.1)	1,694,815	999.6	(188,395)	(138.3)	492,518	34.5	366,204	480.1
Finance costs	(193,674)	67.2	(115,840)	7.8	(107,444)	23.4	(87,078)	0.2	(86,946)	(11.4)	(98,121)	5.0
Other expenses	(150,057)	56.4	(95,936)	(30.3)	(137,629)	2,475.4	(5,344)	(83.8)	(33,068)	58.2	(20,900)	
Profit / (Loss) before taxation	304,517	(69.8)	1,006,789	(30.6)	1,449,742	616.3	(280,817)	(175.4)	372,504	50.7	247,183	230.3
Taxation	(266,904)	(47.6)	(509,467)	(2.9)	(524,854)	1,067.5	(44,957)	(67.5)	(138,163)	161.8	(52,777)	237.8
Profit / (Loss) after taxation	37,613	(92.4)	497,322	(46.2)	924,888	383.9	(325,774)	(239.0)	234,341	20.5	194,406	228.3



**STILE EMPORIUM & DESIGN STUDIO
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INDEPENDENT AUDITOR'S REVIEW REPORT

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

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **Shabbir Tiles & Ceramics Limited** for the year ended **30 June 2023** in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended **30 June 2023**.


Chartered Accountants

Place: Karachi
Date: 28 September 2023
UDIN: CR2023101201r30QvEtx

STATEMENT OF COMPLIANCE

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

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

SHABBIR TILES AND CERAMICS LIMITED FOR THE YEAR ENDED JUNE 30, 2023

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

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

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

2. The composition of Board is as follows:

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

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

- The Directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company;
- The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;
- The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of significant policies along with their date of approval or updating is maintained by the Company;
- All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Act and these Regulations;
- The meetings of the Board were presided over by the Chairman and in his absence, by a director elected by the Board for this purpose. The Board complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
- The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;

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

- Mr. Feroze Jehangir Cawasji	Chairman
- Mr. Abdul Hai M. Bhaimia	Member
- Mrs. Farhana Mowjee Khan	Member
- Mr. Imran Ali Habib	Member
 - H.R. and Remuneration Committee

- Mr. Feroze Jehangir Cawasji	Chairman
- Mr. Muhammad Salman Burney	Member
- Mr. Syed Masood Abbas Jaffery	Member
- Mrs. Farhana Mowjee Khan	Member
- The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
- The frequency of meetings of the committee were as per following:

a) Audit Committee	- Four quarterly meetings
b) HR and Remuneration Committee	- One meeting
- The Board has outsourced the internal audit function to M/s. Noble Computer Services (Private) Limited who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company;
- The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (Spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the Company;
- The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
- We confirm that all requirements of the regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

SYED MASOOD ABBAS JAFFERY
Chief Executive Officer



Dated: September 12, 2023

RAFIQ M. HABIB
Chairman



FINANCIAL STATEMENTS





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INDEPENDENT AUDITOR'S REPORT

To the members of Shabbir Tiles & Ceramics Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Shabbir Tiles & Ceramics Limited** (the Company), which comprise the statement of financial position as at **30 June 2023**, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2023 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

myh



Following are the key audit matters:

S. No.	Key audit matter	How our audit addressed the key audit matter
1.	<p>Valuation of stock-in-trade</p> <p>(Refer note 13 to the accompanying financial statements)</p> <p>The stock-in-trade balance constitutes approximately 23% of total assets of the Company as at the reporting date. This comprises raw and packing material, work-in-process (WIP), finished goods and stock-in-transit.</p> <p>Stock-in-trade is valued at the lower of cost and net realizable value (NRV). NRV is determined mainly keeping in view the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.</p> <p>We have considered this area to be a key audit matter due to its materiality and judgments involved in estimating the NRV of underlying stock-in-trade.</p>	<p>Our key audit procedures among others included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of the Company's process with respect to purchase and consumption of raw and packing material. Also tested design and operating effectiveness of controls relevant to such process. • Reviewed management's procedures for evaluating the NRV of stock-in-trade, performed testing on sample basis to assess the NRV and evaluated the adequacy of write down of stock-in-trade to NRV by performing a review of sales close to and subsequent to the year-end and comparing with the cost for a sample of products. • Tested the accuracy of ageing analysis of stock-in-trade, on a sample basis, to evaluate provision for slow moving stock-in-trade assessed by the management. • Assessed the appropriateness of management's basis for the allocation of cost and production overheads and tested the calculations of per unit cost of finished goods, on a sample basis. • Reviewed relevant documents, including but not limited to supplier's invoices, letters of credits and shipping documents to verify the valuation of stock-in-transit as at the reporting date as well as inspected subsequent goods receipt note, on a sample basis. • Assessed the adequacy of related financial statement disclosures in accordance with the applicable financial reporting framework.

myh



S. No.	Key audit matter	How our audit addressed the key audit matter
2.	<p>Capital expenditure and related transfers</p> <p>As disclosed in note 7.1 and 7.5 to the accompanying financial statements, the Company incurred significant amount of capital expenditure including capitalization during the year amounting to Rs. 541.772 million and Rs. 929.738 million, respectively.</p> <p>This represents a significant transaction for the year and involves management's evaluation of components of cost to be capitalized in accordance with applicable financial reporting framework. Further determination of the timing of when assets are available for use, their useful lives and residual values involves critical assessments.</p> <p>Accordingly, we have identified capital expenditure and related transfers as a key audit matter.</p>	<p>Our key audit procedures among others included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of the Company's process with respect to capital expenditure including determination of useful lives and tested design and operating effectiveness of controls relevant to such process. • Reviewed whether the components of cost capitalized meet the recognition criteria of an asset, in accordance with the applicable financial reporting standards. • Performed substantive audit procedures including physical verification, on a sample basis, of fixed assets acquired, assessment of nature of costs capitalized through testing of amounts and review of related third-party invoices, contracts, delivery notes, letter of credits and shipping documents. • Reviewed timing of capitalization by examining, on a sample basis, the completion / transfer certificates from the Company's technical department. • Reviewed management's estimates about the useful life of assets so capitalized and consequent depreciation rates used by the Company. • Assessed the adequacy of related financial statement disclosures in accordance with the applicable financial reporting framework.

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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



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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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



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

Report on Other Legal and Regulatory Requirements

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

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

The engagement partner on the audit resulting in this independent auditor's report is **Omer Chughtai**.

Ey Faw Raha

Chartered Accountants

Place: Karachi

Date: 28 September 2023

UDIN: AR202310120CUZIt6Opg

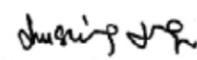
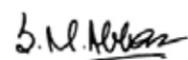
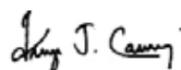


STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2023

		2023	2022
	Note	----- (Rupees in '000) -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	3,342,400	3,418,756
Right-of-use assets	8	327,200	263,363
Investment properties	9	4,551	5,793
Long-term security deposits	10	31,817	32,149
Deferred tax asset - net	11	41,089	-
		3,747,057	3,720,061
CURRENT ASSETS			
Stores and spare parts	12	728,936	540,930
Stock-in-trade	13	2,058,968	1,584,510
Trade debts	14	411,969	175,043
Loans and advances	15	46,530	50,847
Prepayments, deposits and other receivables	16	116,773	15,308
Short-term investments	17	1,337,306	1,348,374
Cash and bank balances	18	404,639	126,497
		5,105,121	3,841,509
		8,852,178	7,561,570
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
240,000,000 (2022:240,000,000) ordinary shares of Rs.5/- each		1,200,000	1,200,000
Issued, subscribed and paid-up share capital	19	1,196,600	1,196,600
Reserves		1,503,631	1,645,508
		2,700,231	2,842,108
NON-CURRENT LIABILITIES			
Long-term financing - secured	20	536,712	223,825
Deferred Income	21	77,094	58,271
Lease liabilities	22	224,112	198,725
Gas Infrastructure Development Cess (GIDC) payable	23	46,998	316,669
Deferred tax liability - net	11	-	34,733
		884,916	832,223
CURRENT LIABILITIES			
Trade and other payables	24	3,682,665	2,549,399
Unclaimed dividend	25	4,184	3,963
Unpaid dividend	25	2,761	2,258
Current maturity of long-term financing	20	22,820	8,712
Current maturity of deferred income	21	5,494	5,494
Current maturity of lease liabilities	22	156,112	111,355
Current maturity of GIDC payable	23	767,915	463,229
Accrued Markup		20,334	-
Taxation - net		258,592	354,403
Sales tax payable	26	346,154	388,426
		5,267,031	3,887,239
CONTINGENCIES AND COMMITMENTS			
	27	8,852,178	7,561,570

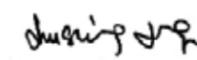
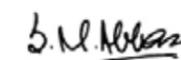
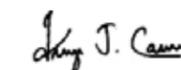
The annexed notes from 1 to 48 form an integral part of these financial statements.


MUSTAFA JAFAR
Chief Financial Officer

SYED MASOOD ABBAS JAFFERY
Chief Executive Officer

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

FOR THE YEAR ENDED JUNE 30, 2023

		2023	2022
	Note	----- (Rupees in '000) -----	
Turnover - net	28	14,182,479	11,898,966
Cost of sales	29	(11,195,399)	(8,903,967)
Gross profit		2,987,080	2,994,999
Selling and distribution costs	30	(2,129,448)	(1,602,220)
Administrative expenses	31	(386,691)	(335,856)
Reversal / (allowance) for expected credit loss	14.3	5,168	(19,546)
		(2,510,971)	(1,957,622)
Other income	32	172,139	181,188
Operating profit		648,248	1,218,565
Finance costs	33	(193,674)	(115,840)
Other expenses	34	(150,057)	(95,936)
		(343,731)	(211,776)
Profit before taxation		304,517	1,006,789
Taxation	35	(266,904)	(509,467)
Profit after taxation		37,613	497,322
		----- Rupees -----	
Earnings per share - basic and diluted	36	0.16	2.08

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


MUSTAFA JAFAR
Chief Financial Officer

SYED MASOOD ABBAS JAFFERY
Chief Executive Officer

FEROZE JEHANGIR CAWASJI
Director

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022
Note	(Rupees in '000)	
Profit after taxation	37,613	497,322
Other comprehensive income	-	-
Total comprehensive income for the year	37,613	497,322

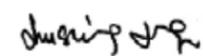
The annexed notes from 1 to 48 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2023

	Issued, subscribed and paid-up capital	Reserves			Total reserves	Total equity
		Capital reserve	Revenue reserves			
		Share premium	General reserve	(Accumulated loss) / unappropriated profit		
	(Rupees in '000)					
Balance as at June 30, 2021	1,196,600	449,215	478,000	520,121	1,447,336	2,643,936
Profit after taxation	-	-	-	497,322	497,322	497,322
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	497,322	497,322	497,322
Final dividend @ 25% for the year ended June 30, 2021	-	-	-	(299,150)	(299,150)	(299,150)
Balance as at June 30, 2022	1,196,600	449,215	478,000	718,293	1,645,508	2,842,108
Profit after taxation	-	-	-	37,613	37,613	37,613
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	37,613	37,613	37,613
Final dividend @ 15% for the year ended June 30, 2022	-	-	-	(179,490)	(179,490)	(179,490)
Balance as at June 30, 2023	1,196,600	449,215	478,000	576,416	1,503,631	2,700,231

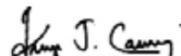
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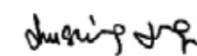
MUSTAFA JAFAR
Chief Financial Officer



SYED MASOOD ABBAS JAFFERY
Chief Executive Officer



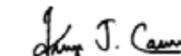
FEROZE JEHANGIR CAWASJI
Director



MUSTAFA JAFAR
Chief Financial Officer



SYED MASOOD ABBAS JAFFERY
Chief Executive Officer



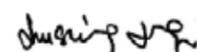
FEROZE JEHANGIR CAWASJI
Director

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2023

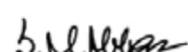
CASH FLOWS FROM OPERATING ACTIVITIES

	Note	2023 (Rupees in '000)	2022
Profit before taxation		304,517	1,006,789
Adjustments for non-cash and other items:			
Depreciation on			
- operating fixed assets	7.3	614,865	586,649
- right-of-use assets	8.3	117,044	101,723
- investment properties	9	1,242	1,242
Finance costs	33	193,674	115,840
Dividend income on mutual funds	32	(69,163)	(81,679)
(Reversal)/Allowance for expected credit loss	14.3	(5,168)	19,546
Allowance for slow moving stores and spare parts	12.1	29,471	27,150
Allowance for slow moving stock-in-trade	13.2	11,022	2,368
Unrealized gain on short-term investments - mutual fund units	32	(788)	(1,034)
Amortization of deferred income	32	(5,494)	(2,195)
Gain on disposal of operating fixed assets	32	(870)	(3,011)
Gain on disposal of lease assets	32	-	(5,608)
		885,835	760,991
Operating profit before working capital changes		1,190,352	1,767,780
(Increase) / decrease in current assets			
Stores and spare parts		(217,477)	(90,223)
Stock-in-trade		(485,480)	(121,016)
Trade debts		(231,758)	39,662
Loans and advances		4,317	(12,946)
Prepayments, deposits and other receivables		(101,465)	87
		(1,031,863)	(184,436)
Increase / (decrease) in current liabilities			
Trade and other payables		1,133,265	346,145
Sales tax payable		(42,272)	(26,834)
		1,090,993	319,311
Cash generated from operations		1,249,482	1,902,655
Income tax paid		(438,537)	(597,129)
Finance costs paid		(117,104)	(46,581)
Long-term loans - net		-	350
Long-term security deposits - net		332	(5,124)
GIDC paid	23	-	(71,178)
Net cash generated from operating activities		694,173	1,182,993
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(541,772)	(1,347,785)
Proceeds from disposal of operating fixed assets		4,134	4,291
Short-term investments redeemed during the year - TDRs		-	56,000
Short-term investments made during the year - mutual fund units		(4,041,742)	(3,639,475)
Short-term investments redeemed during the year - mutual fund units		3,906,148	3,780,088
Dividend on mutual funds received		69,163	81,679
Net cash used in investing activities		(604,069)	(1,065,202)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term financing obtained during the year	20.3	340,806	91,418
Repayment of long-term financing	20.3	(10,715)	(9,624)
Repayment of principal portion of lease liabilities		(110,737)	(90,175)
Dividend paid	39	(178,766)	(297,340)
Net cash generated from / (used in) financing activities		40,588	(305,721)
Net (decrease) / increase in cash and cash equivalents		130,692	(187,930)
Cash and cash equivalents at the beginning of the year		590,856	778,786
Cash and cash equivalents at the end of the year	37	721,548	590,856

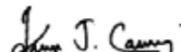
The annexed notes from 1 to 48 form an integral part of these financial statements.



MUSTAFA JAFAR
Chief Financial Officer



SYED MASOOD ABBAS JAFFERY
Chief Executive Officer



FEROZE JEHANGIR CAWASJI
Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

1. THE COMPANY AND ITS OPERATIONS

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

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

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

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

2. STATEMENT OF COMPLIANCE

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

3. BASIS OF MEASUREMENT

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

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

4. AMENDMENTS AND IMPROVEMENTS TO APPROVED ACCOUNTING STANDARDS

4.1 Amendments to approved accounting standards effective during the year

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

Amendments to approved accounting standards

IFRS 3 Reference to the Conceptual Framework (Amendments)

IAS 16 Property, Plant and Equipment: Proceeds before Intended Use (Amendments)

IAS 37 Onerous Contracts – Costs of Fulfilling a Contract (Amendments)

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

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

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

Amendments		Effective date (annual periods beginning on or after)
IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies (Amendments)	January 01, 2023
IAS 8	Definition of Accounting Estimates (Amendments)	January 01, 2023
IAS 12	"Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments)"	January 01, 2023
IAS 12	International Tax Reform – Pillar Two Model Rules (Amendments)	January 01, 2023
IAS 1	Classification of Liabilities as current or non current and non current Liabilities with covenants (Amendments)	January 01, 2024
IFRS 16	Lease Liability in a Sale and Leaseback (Amendments)	January 01, 2024
IFRS 7 / IAS 7	Disclosures: Supplier Finance Arrangements (Amendments)	January 01, 2024
IFRS 10 / IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)	Not yet finalised

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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

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

5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

	Notes
a) determining the method of depreciation, residual values and useful lives of operating fixed assets, right-of-use assets and investment property	6.1.1, 6.2, 6.3, 7.1, 7.3, 8.2 & 9
b) determining the provision for slow moving stores and spare parts and stock-in-trade and adjustment of stock-in-trade to their net realizable value (NRV)	6.6, 6.7, 12 & 13
c) determining the allowance for expected credit loss on trade debts	6.8 & 14
d) recognition of current and deferred taxation	6.14, 11 & 35
e) leases	6.13 & 22
f) contingent liabilities	6.17
g) gas infrastructure development cess (GIDC) payable	22
h) deferred income	6.12 & 21

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

6.1 Property, plant and equipment

6.1.1 Operating fixed assets

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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

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

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

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

6.1.2 Capital work-in-progress

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

6.2 Right-of-use assets

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

6.3 Investment properties

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

6.4 Borrowing costs

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

6.5 Research and development costs

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

6.6 Stores and spare parts

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

6.7 Stock-in-trade

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

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

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

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

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

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

6.9 Cash and cash equivalents

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

6.10 Trade and other payables

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

6.11 Provisions

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

6.12 Deferred income

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

6.13 Lease liabilities

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

6.13.1 Short-term leases

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

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

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

6.14 Taxation

6.14.1 Current

Provision for current taxation is based on the taxable income for the year determined in accordance with Income Tax Ordinance, 2001. The charge for current tax is calculated using prevailing tax rates. The charge for current tax also includes adjustments for prior years or otherwise considered necessary for such years, if any. Current tax is charged to the statement of profit or loss except to the extent it relates to items recognised directly in other comprehensive income in which case it is recognised in the statement of comprehensive income.

6.14.2 Deferred

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

6.15 Staff retirement benefit - Defined contribution plan

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

6.16 Employees' leave encashment

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

6.17 Contingent liabilities

Contingent liability is disclosed when:

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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

6.18 Foreign currency translation

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

6.19 Financial Instruments

6.19.1 Financial assets

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

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

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

Derecognition

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

6.19.2 Financial Liabilities

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

Derecognition

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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

Loans and borrowings

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

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

6.19.3 Impairment of financial assets

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

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

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

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

6.19.4 Offsetting of financial instruments

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

6.20 Unclaimed dividend

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

6.21 Unpaid dividend

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

6.22 Operating segments

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

6.23 Share capital and reserves

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

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

6.24 Impairment of non-financial assets

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

6.25 Revenue

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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

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

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

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

6.26 Dividend and appropriation to reserves

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

6.27 Earnings per share

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

		2023	2022
Note		(Rupees in '000)	
7. PROPERTY, PLANT AND EQUIPMENT			
	Operating fixed assets	7.1 2,743,070	2,390,644
	Capital work-in-progress	7.4 599,330	1,028,112
		<u>3,342,400</u>	<u>3,418,756</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

	COST		ACCUMULATED DEPRECIATION		NET BOOK VALUE	
	As at July 01, 2022	As at June 30, 2023	As at July 01, 2022	Charge for the year (note 7.3)	As at June 30, 2023	De-precia-tion rate %
2023						
Freehold land (note 7.2)	266,135	-	266,135	-	-	266,135
Building on freehold land (note 7.2)	1,031,030	-	1,040,703	669,503	71,794	299,406
Plant and machinery	6,084,606	-	7,003,721	4,497,750	500,709	2,005,262
Furniture and fixture	24,310	-	24,310	-	24,061	249
Office equipment	71,577	-	90,246	12,784	57,397	32,849
Computers and accessories	21,463	(437)	23,829	2,568	(434)	4,238
Vehicles	175,993	(5,427)	190,860	27,010	(2,167)	134,931
	7,675,114	(5,864)	8,639,804	5,284,470	614,865	2,743,070
2022						
Freehold land (note 7.2)	266,135	-	266,135	-	-	266,135
Building on freehold land (note 7.2)	1,001,467	-	1,031,030	589,202	80,301	361,527
Plant and machinery	5,530,541	(12,850)	6,084,606	4,037,855	472,365	1,586,856
Furniture and fixture	24,310	-	24,310	-	24,061	249
Office equipment	59,494	(1,750)	71,577	9,838	(1,733)	26,964
Computers and accessories	18,972	(140)	21,463	2,509	(50)	4,006
Vehicles	52,511	(4,235)	175,993	12,892	(3,442)	144,907
	6,953,430	(18,975)	7,675,114	4,715,516	(17,695)	2,390,644

Represents transfers from capital work-in-progress during the year.
Includes assets costing Rs. 1,951.78 million (2022: 1,648.10 million) which are fully depreciated and held at their residual values amounting to Rs. 53.77 million (2022: 52.43 million).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

7.2 Particulars of immovable fixed assets:

Location	Freehold land		Building on freehold land	
	Total area	Cost as at June 30, 2023	Total area	Cost as at June 30, 2023
	(Rupees in '000)			
15th Milestone, National Highway, Landhi, Karachi.	12 acre 19 ghunta	553	201,339 sq. ft.	281,032
Deh Khanto Tappo, Landhi, District Malir, Bin Qasim Town Karachi.	28 acre 14 ghunta	265,582	403,617 sq. ft.	759,670
Total		266,135		1,040,703

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

	Note	2023	2022
Cost of sales - manufacturing	29.1	590,285	567,015
Selling and distribution costs	30	14,748	11,763
Administrative expenses	31	9,832	7,871
		614,865	586,649

7.4 Capital work-in-progress:

Plant and machinery		568,752	1,023,304
Office equipment		468	-
Advance against vehicles	7.6	30,110	4,808
	7.5	599,330	1,028,112

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

Balance at beginning of the year		1,028,112	458,234
Additions during the year		500,956	1,271,387
Transferred to operating fixed assets	7.1	(929,738)	(701,509)
Balance at end of the year		599,330	1,028,112

7.6 Includes advance amounting to Rs. 12.814 million (2022: 4.744 million) to Indus Motor Company Limited, a related party.

8. RIGHT-OF-USE ASSETS

	Note	2023	2022
Cost	8.1	610,311	496,947
Accumulated depreciation	8.2	(283,111)	(233,584)
		327,200	263,363

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

8.1 COST	Note	2023	2022
		(Rupees in '000)	
Balance at beginning of the year		496,947	407,394
Additions during the year		178,940	148,044
Disposals during the year		(67,517)	(61,923)
Remeasurement of lease liabilities		1,941	3,432
Balance at end of the year		<u>610,311</u>	<u>496,947</u>
8.2 ACCUMULATED DEPRECIATION			
Balance at beginning of the year		233,584	166,726
Charge for the year	8.3	117,044	101,723
On disposals during the year		(67,517)	(34,865)
Balance at end of the year		<u>283,111</u>	<u>233,584</u>
Depreciation rate %		<u>11-67</u>	<u>11-67</u>
8.3 Depreciation charge for the year has been allocated as follows:			
Cost of sales - manufacturing	29.1	22,841	31,965
Selling and distribution costs	30	94,203	69,758
		<u>117,044</u>	<u>101,723</u>

9. INVESTMENT PROPERTIES

	COST		ACCUMULATED DEPRECIATION		NET BOOK VALUE		Depreciation rate %
	As at July 01, 2022	As at June 30, 2023	As at July 01, 2022	Charge for the year (note 30)	As at June 30, 2023	As at June 30, 2023	
	(Rupees in '000)						
Freehold land	3	-	3	-	-	-	3
Building on freehold land	1,083	-	1,083	1,083	-	1,083	-
Showroom	7,800	-	7,800	5,265	702	5,967	1,833
Apartments	6,000	-	6,000	2,745	540	3,285	2,715
2023	<u>14,886</u>	<u>-</u>	<u>14,886</u>	<u>9,093</u>	<u>1,242</u>	<u>10,335</u>	<u>4,551</u>
2022	<u>14,886</u>	<u>-</u>	<u>14,886</u>	<u>7,851</u>	<u>1,242</u>	<u>9,093</u>	<u>5,793</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

9.1 The forced sales values and fair values of investment properties based on the latest valuation carried out by an independent valuer on June 30, 2023, as at the statement of financial position date, are as under:

	Forced sale values		Fair values	
	2023	2022	2023	2022
	(Rupees in '000)			
Freehold land	7,702	6,906	9,628	8,632
Building on freehold land	2,630	2,391	3,287	2,989
Showroom	3,500	4,368	5,000	5,460
Apartments	5,600	5,280	7,000	6,600
	<u>19,432</u>	<u>18,945</u>	<u>24,915</u>	<u>23,681</u>

9.2 Particulars of immovable investment properties:

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

10. LONG-TERM LOANS

	Note	2023	2022
		(Rupees in '000)	
Rent	10.1	27,766	28,099
Utilities		2,943	2,943
Others		1,108	1,107
	10.2	<u>31,817</u>	<u>32,149</u>

10.1 Includes security deposit amounting to Rs.1.266 million (2022: 1.266 million) against rent paid to Habib Metro Pakistan (Pvt) Limited, a related party.

10.2 Represents refundable deposits paid to landlords, utility and other service providers.

11. DEFERRED TAX ASSET - net

	Note	2023	2022
		(Rupees in '000)	
Deferred tax asset on deductible temporary differences:			
- provisions		176,868	136,044
- lease liabilities and right of use assets		20,679	15,417
- long-term financing and deferred income		-	1,506
		<u>197,547</u>	<u>152,967</u>
Deferred tax liabilities on taxable temporary differences:			
- accelerated tax depreciation		(156,261)	(187,700)
- unrealised gain on investments		(197)	-
		<u>(156,458)</u>	<u>(187,700)</u>
		<u>41,089</u>	<u>(34,733)</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
12. STORES AND SPARE PARTS			
Stores		269,509	195,205
Spare parts			
- in hand		504,307	461,484
- in transit		114,252	13,902
		618,559	475,386
		888,068	670,591
Provision for slow moving stores and spare parts	12.1	(159,132)	(129,661)
		728,936	540,930
12.1 Movement of provision for slow moving stores and spare parts:			
Balance at beginning of the year		129,661	102,511
Charge for the year	29.1	29,471	27,150
Balance at end of the year		159,132	129,661
13. STOCK-IN-TRADE			
Raw and packing material			
- in hand		797,689	924,784
- in transit		206,912	147,048
	29.1	1,004,601	1,071,832
Work-in-process	29.1	109,518	42,804
Finished goods			
- manufacturing	29.1	965,316	484,701
- trading	29.2	17,649	12,267
	13.1	982,965	496,968
		2,097,084	1,611,604
Provision for slow moving stock-in-trade	13.2	(38,116)	(27,094)
		2,058,968	1,584,510
13.1 Includes stock-in-trade costing Rs. 766.563 million (2022: Rs. 177.866 million) which has been written down to its net realizable value (NRV) amounting to Rs. 254.766 million (2022: Rs. 56.875 million) during the year.			
13.2 Movement of provision for slow moving stock-in-trade:	Note	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
Balance at beginning of the year		27,094	24,726
Charge for the year	29.1	11,022	2,368
Balance at end of the year		38,116	27,094
14. TRADE DEBTS			
Unsecured			
- Considered good	14.1 & 14.2	411,969	175,043
- Considered doubtful		157,975	177,719
		569,944	352,762
Allowance for expected credit loss	14.3	(157,975)	(177,719)
		411,969	175,043

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

14.1 Includes receivables from the following related parties that are neither past due nor impaired.			
	Note	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
Indus Motor Company Limited		544	1,999
Thal Limited		146	-
14.2 The maximum aggregate amount due from the related parties at the end of any month during the year was Rs. 6.504 million (2022: Rs. 5.062 million).			
14.3 Movement in allowance for expected credit loss:	Note	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
Balance at beginning of the year		177,719	158,236
(Reversal) / allowance for expected credit loss for the year		(5,168)	19,546
Written-off during the year		(14,576)	(63)
Balance at end of the year		157,975	177,719
15. LOANS AND ADVANCES			
Considered good			
Loans			
Employees	15.1	5,666	3,495
Advances			
Employees		342	295
Suppliers and contractors		36,787	38,142
Collector of customs		3,735	8,915
		40,864	47,352
		46,530	50,847
15.1 Represent loans given for the purchase of household equipment to employees which are repayable within a year of disbursement. These carry no mark-up and are secured against staff retirement benefits.			
16. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES	Note	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
Prepayments			
Insurance		5,949	5,559
Letter of guarantee		2,048	2,165
Software and licences		7,911	2,404
Others		930	2,951
		16,838	13,079
Deposits			
Rent	16.1	5,534	-
LC Margin		88,620	-
		94,154	-
Other receivables			
		5,781	2,229
		116,773	15,308
16.1 Includes security deposit amounting to Rs.0.709 million (2022: 0.709 million) against rent paid to Thal Limited, a related party.			

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 (Rupees in '000)	2022
SHORT-TERM INVESTMENTS			
At amortised cost			
Term deposit receipts (TDRs) - up to three months	17.1	276,000	416,000
Treasury bill (T-Bill) - up to three months	17.2	96,909	48,359
		<u>372,909</u>	<u>464,359</u>
At fair value through profit or loss			
Mutual fund units	17.3	964,397	884,015
		<u>1,337,306</u>	<u>1,348,374</u>
17.1	Represents term deposit receipts (TDRs) ranging from 15 days to 3 months term (2022: 15 days to 3 months) with various commercial banks under conventional banking relationship carrying profit at the rate of 17.5% to 20.25% (2022: 9% to 18.5%) per annum, having latest maturity up to July 05, 2023 (2022: July 15, 2022). This includes a TDR with the Bank Alfalah amounting to Rs. 56.00 million (2022: 56.00 million) which is placed under lien against the SBP refinance scheme for renewable energy as disclosed in note 20.		
17.2	This carries mark-up rate of 21.95% (2022: 14.5%) per annum with latest maturity in August 2023.		

	2023 Units	2022	2023 NAV in Rupees	2022	2023 (Rupees in '000)	2022
17.3	1,193,426	1,485,442	101.46	101.30	121,088	150,475
Meezan Rozana Amdani Fund	-	1,621,005	-	50.00	-	81,050
Faysal Islamic Cash Fund	-	473,963	-	100.00	-	47,396
Al Hamra Islamic Money Market Fund	-	55,199	-	99.51	-	5,493
UBL Liquidity Plus Fund	575,522	1,246,539	101.19	101.09	58,235	126,010
HBL Cash Fund	1,542,090	1,150,792	102.16	101.50	157,547	116,804
Alfalah GHP Money Market Fund	2,139,302	544,106	98.84	98.37	211,441	53,525
Alfalah Islamic Rozana Amdani Fund	-	169,132	-	100.00	-	16,913
Lakson Investment Money Market Fund	-	558,655	-	101.40	-	56,646
UBL Al Ameen Islamic Cash Plan - 1	-	13,892	-	100.00	-	1,389
Pakistan Cash Management Fund	5,156,585	1,362,824	50.38	50.47	259,807	68,779
NBP Money Market Fund	15,603,365	13,041,238	10.2	9.93	156,279	129,514
MCB Pakistan Fixed Return Plan	-	300,209	-	100.00	-	30,021
	<u>26,210,290</u>	<u>22,022,996</u>			<u>964,397</u>	<u>884,015</u>

	Note	2023 (Rupees in '000)	2022
18. CASH AND BANK BALANCES			
Cash in hand		4,052	5,567
Cash at banks:			
Current accounts with:			
- conventional banks	18.1	133,449	78,951
- islamic banks		48,024	22,620
Saving accounts	18.2	219,114	19,359
		<u>400,587</u>	<u>120,930</u>
		<u>404,639</u>	<u>126,497</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

- 18.1 Includes balance of Rs. 20.808 million (2022: Rs. 11.685 million) maintained with Bank Al Habib Limited, a related party.
- 18.2 These carry profit rates ranging from 10% to 20% per annum (2022: 5.5% to 12.25% per annum). These balances are held in accounts maintained under conventional banking.

19. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

	2023 (Number of shares in '000)	2023	2022 (Rupees in '000)	2022
Ordinary shares of Rs. 5/- each				
Fully paid-up in cash	199,627	199,627	998,135	998,135
Issued for consideration other than cash	1,150	1,150	5,750	5,750
Issued as bonus shares	38,543	38,543	192,715	192,715
	<u>239,320</u>	<u>239,320</u>	<u>1,196,600</u>	<u>1,196,600</u>

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

20. LONG-TERM FINANCING - SECURED

	Note	2023 (Rupees in '000)	2022
SBP refinance scheme for renewable energy	20.1 & 20.3	269,532	232,537
Term loan	20.2	290,000	-
Current maturity of long-term financing		<u>(22,820)</u>	<u>(8,712)</u>
		<u>536,712</u>	<u>223,825</u>

- 20.1 This represents long-term financings obtained from a conventional bank under State Bank of Pakistan's (SBP) Refinance Scheme for Renewable Energy to setup a Solar Power Project. The total facility amounts to Rs. 500 million and carries markup rate of 3% plus spread of 0.45% per annum payable quarterly. These financings are recognized at the present value using the effective interest rates applicable at the dates of the drawdown at 3 month KIBOR plus 0.5% (June 2022: 3 month KIBOR plus 0.5%) per annum. The differential of present value and the are recognized as deferred income and will be amortized when the related asset is available for use. The financings are repayable in ten years with two years grace period from the date of disbursement. The facility is secured against first specific hypothecation charge over present and future plant and machinery related to the solar power project for the disbursed amount in addition to margin of 10% covered through lien over TDR.

- 20.2 This represents term loan obtained from Allied Bank Limited to finance the CAPEX requirement of the Company. The total facility amounts to Rs. 300 million and carries mark-up at the rate of six months KIBOR plus 0.35% per annum payable semi annually. The facility is repayable in six years with two years grace period from the date of disbursement in eight equal semi annual installments. The facility is secured against first pari pasu hypothecation charge on fixed assets of the Company.

	Note	2023 (Rupees in '000)	2022
20.3 Movement of long-term financing:			
Balance at beginning of the year		232,537	159,190
Financing received during the year		50,806	91,418
Repayment made during the year		(10,715)	(9,624)
Recognised as deferred income	21	(24,317)	(24,195)
Unwinding of finance cost		21,221	15,748
Balance at end of the year		269,532	232,537
Current maturity of long-term financing		<u>(22,820)</u>	<u>(8,712)</u>
		<u>246,712</u>	<u>223,825</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

21. DEFFERED INCOME

	Note	2023 ----- (Rupees in '000) -----	2022
Movement of deferred income:			
Balance at beginning of the year		63,765	41,765
Recognised during the year	21.1	24,317	24,195
Amortized during the year	32	(5,494)	(2,195)
Balance at end of the year		82,588	63,765
Current maturity of deferred income		(5,494)	(5,494)
		77,094	58,271

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

	Note	2023 ----- (Rupees in '000) -----	2022
22. LEASE LIABILITIES			
Lease liabilities	22.1	380,224	310,080
Current maturity of lease liabilities		(156,112)	(111,355)
		224,112	198,725

22.1 Movement of lease liabilities:

Balance at beginning of the year	310,080	281,445
Additions during the year	178,940	148,044
Disposal during the year	-	(32,666)
Remeasurement of lease liabilities	1,941	3,432
Unwinding of finance cost during the year	49,251	29,352
Payments made during the year	(159,988)	(119,527)
Balance at end of the year	380,224	310,080

22.2 The maturity analysis of lease liabilities as at the statement of financial position date is as follows:

	2023 ----- (Rupees in '000) -----	2022
Up to one year	156,112	111,355
After one year	224,112	198,725
Total lease liabilities	380,224	310,080

23. GAS INFRASTRUCTURE DEVELOPMENT CESS (GIDC) PAYABLE

Balance at beginning of the year	779,898	797,565
Unwinding of finance cost	35,015	53,511
Payments made during the year	-	(71,178)
Current maturity of GIDC payable	(767,915)	(463,229)
Balance at end of the year	46,998	316,669

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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

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

Pursuant to the above decisions of the SCP, the management of the Company, in the prior year, derecognised the liability for GIDC and recognised new liability for GIDC at the present value of future cashflows considering 48 installments. The Company started making payments from November 2020 in 48 equal monthly installments. However, the installments for the period from October 2021 to June 2023 amounting to Rs. 498.244 million were not paid by the Company under the aforementioned stay order from HCS as SSGC started recovering GIDC as per 24 equal installments instead of 48 equal installments from October 2021.

Based on the legal advice obtained by the management, the Company is confident that there are strong grounds to support that recovery in 48 equal installments remains applicable and accordingly, no adjustment is required to be made in the measurement of financial liability in these financial statements. Further, the Company has also not accounted for the late payment surcharge based on the recovery stay granted by the HCS in line with the advice of its legal advisor. The current and non-current portion of GIDC in the financial statements have been segregated based on recovery in 48 equal monthly installments and the unpaid installments from October 2021 to June 2024 are included in the current maturity of GIDC.

24. TRADE AND OTHER PAYABLES

	Note	June 30, 2023 ----- (Rupees in '000) -----	June 30, 2022
Creditors	24.1	1,585,626	696,867
Accrued liabilities and levies	24.2	1,592,648	1,365,120
Advance from customers		431,797	365,414
Payable to provident fund	24.3	5,535	5,148
Advance from employees against vehicles	24.4	16,044	14,168
Withholding tax payable		2,689	7,235
Workers' Profit Participation Fund	24.5	5,527	48,191
Workers' Welfare Fund	24.6	42,799	47,256
		3,682,665	2,549,399

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022
	----- (Rupees in '000) -----	
24.1 Includes payable due to the following related parties:		
Thal Limited	46,508	33,410
Habib Metro Pakistan (Private) Limited	-	190
Habib Insurance	8,587	-

24.2 Includes accrual for leave encashment of Rs. 16.434 million (2022: Rs. 10.663 million) and bonus of Rs. 81.945 million (2022: Rs. 75.430 million).

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

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

	2023	2022
	----- (Rupees in '000) -----	
24.5 Workers' Profit Participation Fund		
Balance at beginning of the year	48,191	8,614
Allocation for the year	10,527	48,191
	<u>58,718</u>	<u>56,805</u>
Payment made during the year	(53,191)	(8,614)
Balance at end of the year	<u>5,527</u>	<u>48,191</u>

24.6 Workers' Welfare Fund

Balance at beginning of the year	47,256	50,051
Allocation for the year	16,607	31,926
	<u>63,863</u>	<u>81,977</u>
Payment made during the year	(21,064)	(34,721)
Balance at end of the year	<u>42,799</u>	<u>47,256</u>

25. UNPAID DIVIDEND / UNCLAIMED DIVIDEND

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

26. SALES TAX PAYABLE

Includes an amount of Rs. 9.820 million (2022: 6.769 million), Nil (2022: 29.228 million) and 352.429 million (2022: 352.429 million) in respect of withholding provincial sales tax, sales tax payable (federal) and further tax (not charged to the customers) respectively as at the statement of financial position date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

27. CONTINGENCIES AND COMMITMENTS**27.1 Contingencies**

The taxation authorities passed amended assessment orders for the tax years 2018 and 2019 during the year ended June 30, 2022 wherein disallowances were made in respect of various matters including excess bank credit entries, excess claim of sales tax, provision against Gas Infrastructure Development Cess and claim of certain expenses. Consequently, tax demands of Rs. 110.116 million and Rs. 148.904 million for the tax years 2018 and 2019 respectively were created. The Company has filed appeals against the aforesaid orders before the Commissioner Inland Revenue (Appeals-II), Karachi, which are pending adjudication. Further, automatic stay from the recovery of tax has been obtained in terms of section 140 of the Income Tax Ordinance, 2001 by making payment of 10% of the tax demands created above. Based on the management's assessment and tax advisor's opinion, the Company is confident that ultimate outcome will be in favour of the Company and accordingly, no provision is required to be recorded in these financial statements in respect of this matter.

27.2 Commitments

- (i) Commitments in respect of outstanding letters of credit against raw materials and spares amounting to Rs. 757.131 million (2022: Rs. 514.696 million), issued by commercial banks.
- (ii) Commitments in respect of capital expenditure amounting to Rs. Nil (2022: Rs. 51.950 million) for the import of machinery, issued by commercial banks.
- (iii) Commitment in respect of bank guarantees issued by a commercial bank in favour of:

	2023	2022
	----- (Rupees in '000) -----	
	Note	
Sui Southern Gas Company Limited	447,396	432,576
Nazir of Sindh High Court	384,713	341,065
Pakistan State Oil Company Ltd	80,000	40,000
Excise and Taxation Department	148,381	108,381
K-Electric	16,516	16,516
PARCO Pearl (Private) Limited	100,000	-
	<u>1,177,006</u>	<u>938,538</u>

28. TURNOVER - net

Local		
Manufacturing	16,849,177	14,191,998
Trading	97,412	34,591
	<u>16,946,589</u>	<u>14,226,589</u>
Trade discount	(23,431)	(33,939)
Sales tax		
Manufacturing	(2,726,310)	(2,288,658)
Trading	(14,369)	(5,026)
	<u>(2,740,679)</u>	<u>(2,293,684)</u>
28.1	<u>14,182,479</u>	<u>11,898,966</u>

28.1 Revenue recognised from amounts included in advance from customers at beginning of the year amounted to Rs. 257.741 million (2022: Rs. 130.616 million).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
29. COST OF SALES			
Manufacturing	29.1	11,125,927	8,883,014
Trading	29.2	69,472	20,953
		<u>11,195,399</u>	<u>8,903,967</u>
29.1 Cost of sales - manufacturing			
Raw and packing materials consumed			
Opening stock		1,071,832	818,486
Purchases		5,457,502	3,969,654
Closing stock	13	(1,004,601)	(1,071,832)
		<u>5,524,733</u>	<u>3,716,308</u>
Manufacturing expenses			
Salaries, wages and other benefits	29.1.1	1,070,687	943,165
Fuel and power		3,406,101	2,726,007
Stores and spare parts consumed		770,679	510,788
Provision for slow moving stores and spare parts	12.1	29,471	27,150
Provision for slow moving stock-in-trade	13.2	11,022	2,368
Depreciation on			
- operating fixed assets	7.3	590,285	567,015
- right-of-use assets	8.3	22,841	31,965
Repairs and maintenance		152,762	170,243
Insurance		22,377	12,894
Vehicle running expenses		32,897	22,530
Travelling and conveyance		12,562	2,967
Printing and stationery		7,713	6,551
Communication		3,780	4,780
Rates and taxes		1,776	1,651
Research costs		8,157	2,814
Legal and professional charges		4,628	2,915
Others		785	2,341
		<u>6,148,523</u>	<u>5,038,144</u>
Work-in-process			
Opening stock		42,804	42,108
Closing stock	13	(109,518)	(42,804)
Cost of goods manufactured		<u>11,606,542</u>	<u>8,753,756</u>
Finished goods			
Opening stock		484,701	613,959
Closing stock	13	(965,316)	(484,701)
		<u>11,125,927</u>	<u>8,883,014</u>
29.1.1 Includes Rs. 16.837 million (2022: Rs. 15.245 million) in respect of staff retirement benefits.			
29.2 Cost of sales - trading			
Opening stock		12,267	16,035
Purchases		74,854	17,185
Closing stock	13	(17,649)	(12,267)
		<u>69,472</u>	<u>20,953</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
30. SELLING AND DISTRIBUTION COSTS			
Salaries, wages and other benefits	30.1	264,288	232,101
Freight		1,486,905	1,038,743
Advertisement and sales promotion		77,608	92,432
Travelling and conveyance		19,760	38,246
Rates and taxes		10,264	9,908
Communication		4,753	6,364
Insurance		9,886	8,598
Depreciation on			
- operating fixed assets	7.3	14,748	11,763
- right-of-use assets	8.3	94,203	69,758
- investment properties	9	1,242	1,242
Vehicle running expenses		23,521	16,049
Repairs and maintenance		49,540	28,674
Utilities		55,575	33,491
Printing and stationery		11,854	10,233
Entertainment		2,708	2,502
Legal and professional charges		1,636	1,871
Others		957	245
		<u>2,129,448</u>	<u>1,602,220</u>
30.1 Includes Rs. 8.440 million (2022: Rs. 7.465 million) in respect of staff retirement benefits.			
31. ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits	31.1	305,198	270,939
Travelling and conveyance		6,845	5,674
Printing and stationery		17,318	13,315
Legal and professional charges		6,420	5,702
Depreciation on operating fixed assets	7.3	9,832	7,871
Vehicle running expenses		20,351	12,311
Communication		2,054	2,333
Repair and maintenance		9,575	8,686
Auditors' remuneration	31.2	3,316	2,776
Subscriptions		388	433
Insurance		1,942	2,398
Others		3,452	3,418
		<u>386,691</u>	<u>335,856</u>
31.1 Includes Rs. 8.608 million (2022: Rs. 7.534 million) in respect of staff retirement benefits.			
31.2 Auditors' remuneration			
Audit fee		1,450	1,150
Half-yearly review fee		351	290
Taxation services		90	90
Other certifications and reviews		725	612
Out of pocket expenses and taxes		700	634
		<u>3,316</u>	<u>2,776</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

		2023	2022
	Note	----- (Rupees in '000) -----	----- (Rupees in '000) -----
32. OTHER INCOME			
Income from financial assets			
Profit on bank deposits / saving accounts	32.1	10,749	3,938
Interest income on TDRs		28,490	37,462
Dividend income on mutual fund units		69,163	81,679
Unrealised gain on short-term investments - mutual fund units		788	1,034
Amortization of deferred income		5,494	2,195
Income from Treasury Bills		2,173	567
		116,857	126,875
Income from non-financial assets			
Rental income from investment property		792	792
Gain on disposal of operating fixed assets		870	3,011
Gain on disposal of right-of-use assets		-	5,608
Income from scrap sales		49,027	38,926
Others		4,593	5,976
		55,282	54,313
		172,139	181,188
32.1	Represents profit on bank accounts under conventional banking relationship.		
33. FINANCE COSTS		2023	2022
		----- (Rupees in '000) -----	----- (Rupees in '000) -----
Mark-up on long-term financing		65,311	15,748
Mark-up on short-term financing		24,096	-
Unwinding of finance cost of lease liabilities	22.1	49,251	29,352
Unwinding of finance cost of GIDC	23	35,015	53,511
		173,673	98,611
Bank charges and commission		20,001	17,229
		193,674	115,840
34. OTHER EXPENSES			
Workers' Profit Participation Fund	24.5	10,527	48,191
Workers' Welfare Fund	24.6	16,607	31,926
Donations	34.1	2,766	10,000
Exchange loss - net		120,157	5,819
		150,057	95,936
34.1	Donation to following parties exceeds the higher of 10% of the Company's total donations or Rs. 1 million:		
		2023	2022
		----- (Rupees in '000) -----	----- (Rupees in '000) -----
The Indus Hospital		3,000	3,000
Muhammad Ali Habib Welfare Trust		-	3,845
Patients' Aid Foundation		1,800	1,500
Karachi Relief Trust		3,000	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

34.2	None of the directors or their spouses had any interest in the donees except for Mr. Rafiq M. Habib who is a trustee of Muhammad Ali Habib Welfare Trust, a related party.		
35. TAXATION	Note	2023	2022
		----- (Rupees in '000) -----	----- (Rupees in '000) -----
Current		342,726	528,891
Deferred		(75,822)	(19,424)
		266,904	509,467
35.1 Reconciliation between tax expense and accounting profit:		2023	2022
		----- (Rupees in '000) -----	----- (Rupees in '000) -----
Profit before tax		304,517	1,006,789
Tax at applicable rate of 39% (2022: 33%)		118,762	332,240
Tax effects of:			
expenses inadmissible for tax purposes		185,449	158,625
income subject to reduced rate of tax		(13,021)	(9,295)
tax rebate on donations		(3,042)	(3,125)
others		(21,244)	31,022
		266,904	509,467
35.2	The Company computes tax provisions based on the generally accepted interpretations of the tax laws to ensure that sufficient provision for the purpose of taxation is available. Accordingly, the management of the Company has assessed the sufficiency of the tax provisions and believes that the tax provisions are sufficient to reflect the actual tax liability of the Company.		
36. EARNINGS PER SHARE - basic and diluted	Note	2023	2022
		----- (Rupees in '000) -----	----- (Rupees in '000) -----
Profit for the year (Rupees in '000)		37,613	497,322
Weighted average number of ordinary shares outstanding during the year (shares in '000)		239,320	239,320
Earnings per share (Rupees) - basic and diluted	36.1	0.16	2.08
36.1	There is no dilutive effect of basic earnings per share of the Company.		
37. CASH AND CASH EQUIVALENTS	Note	2023	2022
		----- (Rupees in '000) -----	----- (Rupees in '000) -----
Short-term investments - TDRs and T-Bills	17	316,909	464,359
Cash and bank balances	18	404,639	126,497
		721,548	590,856

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The Board of Directors have overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. No changes were made in the objectives, policies or processes and assumptions during the year ended 30 June 2023 which are summarized below:

38.1 Market risk

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

(i) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rate relates primarily to the Company's certain saving accounts, short-term investments in TDRs and treasury bills, long-term financing and short-term running finance. The company manages its interest rate risk by placing its excess funds in saving accounts in banks and by investing in TDRs and treasury bills. Management of the Company estimates that 1% increase in the market interest rate, with all other factors remaining constant, would increase the Company's profit before tax by Rs. 0.127 million (2022: Rs. 2.513 million) and a 1% decrease would result in the decrease in the Company's profit before tax by the same amount. However, in practice, the actual result may differ from the sensitivity analysis.

(ii) Foreign currency risk

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

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

	2023	2022
Trade payables - USD	1,487,068	782,852
Trade payables - Euro	920,742	2,015

The following significant exchange rates have been applied at statement of financial position date:

	2023	2022
	----- (Rupees) -----	
Exchange rate – USD	285.99	204.85
Exchange rate – Euro	312.93	213.81

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

A ten percent strengthening / weakening of the Pakistani Rupee against the above foreign currencies at the reporting date would increase / decrease profit before tax for the year by Rs. 71.34 million (2022: Rs. 16.08 million). This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for the previous year.

(iii) Equity price risk

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

38.2 Credit risk and concentration of credit risk

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

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

	2023	2022
Note	----- (Rupees in '000) -----	
Long-term security deposits	10 31,817	32,149
Trade debts	14 411,969	175,043
Other receivables	16 5,781	2,229
Short-term investments	17 1,337,306	1,348,374
Bank balances	18 400,587	120,930
	<u>2,187,460</u>	<u>1,678,725</u>

Quality of financial assets

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

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

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

	2023	2022
	----- (Rupees in '000) -----	
Customers with no defaults in the past one year		
Trade debts	<u>411,969</u>	<u>175,043</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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

	2023				
	Not yet due	Days Past Due			Total
		31-90 days	91-180 days	Over 180	
	Rupees in '000'				
Expected credit loss rate	1%	3%	10%	95%	
Estimated total gross carrying amount at default	313,602	58,339	438,486	159,517	569,944
Expected credit loss	(1,647)	(1,669)	(3,825)	(150,834)	(157,975)
Unimpaired trade debts	311,955	56,670	34,661	8,683	411,969
	2022				
	Not yet due	Days Past Due			Total
		31-90 days	91-180 days	Over 180	
	Rupees in '000'				
Expected credit loss rate	2%	6%	21%	98%	
Estimated total gross carrying amount at default	90,350	49,698	44,770	167,944	352,762
Expected credit loss	(1,536)	(3,011)	(9,180)	(163,992)	(177,719)
Unimpaired trade debts	88,814	46,687	35,590	3,952	175,043

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

	Rating Agency	Ratings	2023	2022	2023	2022
			Amount of bank balances		% of total balances	
Rupees in '000'						
Allied Bank Limited	PACRA	A-1+ / AAA	11,821	6,439	2.95%	5.32%
Askari Bank Limited	PACRA	A-1+ / AA+	14,549	12,826	3.63%	10.61%
Bank Alfalah Limited	PACRA	A-1+ / AA+	23,272	12,426	5.81%	10.28%
Bank-Al-Habib Limited	PACRA	A-1+ / AAA	20,809	11,685	5.19%	9.66%
Faysal Bank Limited	PACRA	A-1+ / AA	23,751	3,606	5.93%	2.98%
Habib Bank Limited	VIS	A-1+ / AAA	3,094	10,932	0.77%	9.04%
Habib Metropolitan Bank Limited	PACRA	A-1+ / AA+	216,777	25,328	54.12%	20.95%
MCB Bank Limited	PACRA	A-1+ / AAA	26,473	16,819	6.61%	13.91%
JS Bank Limited	PACRA	A1+ / AA-	20,433	-	5.10%	0.00%
Meezan Bank Limited	VIS	A-1+ / AAA	22,059	18,963	5.51%	15.68%
United Bank Limited	VIS	A-1+ / AAA	15,336	1,855	3.83%	1.53%
Dubai Islamic Bank Limited	VIS	A-1+ / AA	2,213	51	0.55%	0.04%
			400,587	120,930	100.00%	100.00%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

38.2.2 The credit quality of investments held in mutual funds can be assessed with reference to external credit rating as follows:

	Rating Agency	Ratings	2023 % of total balances	2022 % of total balances
MCB Arif Habib Cash Management Optimizer	PACRA	AA+(f)	12.56%	17.02%
Meezan Rozana Amdani Fund	JCR VIS	AA+(f)	0.00%	9.17%
Faysal Islamic Cash Fund	JCR VIS	AA(f)	0.00%	5.36%
Al Hamra Islamic Money Market Fund	PACRA	AA+(f)	0.00%	0.62%
UBL Liquidity Plus Fund	JCR VIS	AA+(f)	6.04%	14.25%
HBL Cash Fund	JCR VIS	AA+(f)	16.34%	13.22%
Alfalah GHP Money Market Fund	PACRA	AA+(f)	21.92%	6.05%
Alfalah Islamic Rozana Amdani Fund	PACRA	AA(f)	0.00%	1.91%
Lakson Investment Money Market Fund	PACRA	AA+(f)	0.00%	6.41%
UBL Al Ameen Islamic Cash Plan - 1	JCR VIS	AA+(f)	0.00%	0.16%
Pakistan Cash Management Fund	PACRA	AA+(f)	26.94%	7.78%
NBP Money Market Fund	PACRA	AA(f)	16.20%	14.65%
MCB Pakistan Fixed Return Plan	PACRA	AA+(f)	0.00%	3.40%
			100.00%	100.00%

38.3 Liquidity risk

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

	2023	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Long-term financing		-	5,705	17,115	413,268	123,444	559,532
Lease liabilities		-	43,838	112,274	224,112	-	380,224
Trade and other payables		-	3,183,809	-	-	-	3,183,809
Unclaimed / unpaid dividends		6,945	-	-	-	-	6,945
GIDC payable		463,229	76,172	228,515	46,997	-	814,913
		470,174	3,309,524	357,904	684,377	123,444	4,945,423
	2022						
Long-term financing		-	2,461	7,377	161,814	170,298	341,950
Lease liabilities		-	31,858	78,870	238,930	15,317	364,975
Trade and other payables		-	2,067,135	-	-	-	2,067,135
Unclaimed / unpaid dividends		6,221	-	-	-	-	6,221
GIDC payable		213,533	71,178	213,533	332,162	-	830,406
		219,754	2,172,632	299,780	732,906	185,615	3,610,687

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

38.4 Capital Risk Management

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

	2023	2022
	----- (Rupees in '000) -----	
Total debt	613,806	282,096
Total equity	2,700,231	2,842,108
Total debt plus equity	<u>3,314,037</u>	<u>3,124,204</u>
Gearing ratio	<u>18.52%</u>	<u>9.03%</u>

38.5 Unavailed Credit Facilities

38.5.1 The facility for short-term running finance, opening letters of credit and letters of guarantees amounted to Rs. 2,250 million (2022: Rs. 2,250 million), Rs. 2,050 million (2022: Rs. 950 million) and Rs. 1,600 million (2022: Rs. 1,400 million) respectively, of which Rs. 2,250 million (2022: Rs. 2,250 million), Rs. 1,073 million (2022: Rs. 114 million) and Rs. 423 million (2022: Rs. 461 million) respectively, remained unutilized as at the statement of financial position date.

38.5.2 Mark-up rates on running finance facilities range from three month KIBOR + 0.5% to six months KIBOR + 0.35% to 1% (2022: three month KIBOR + 0.5% to six months KIBOR + 0.35% to 1%) per annum.

38.6 Financial Instruments by category**Financial assets****at amortised cost**

	2023	2022
	----- (Rupees in '000) -----	
Long-term security deposits	10 31,817	32,149
Trade debts	14 411,969	175,043
Loan to employees	15 5,666	3,495
Other receivables	16 5,781	2,229
Short-term investments - TDRs and Treasury bills	17 372,909	464,359
Cash and bank balances	18 404,639	126,497
	<u>1,232,781</u>	<u>803,772</u>

at fair value through profit or loss

Short-term investments - mutual fund units	17 964,397	884,015
	<u>2,197,178</u>	<u>1,687,787</u>

Financial liabilities at amortised cost

Lease liabilities	22 380,224	310,080
Long-term financing	20 536,712	223,825
Trade and other payables	24 3,183,809	2,067,135
Unclaimed dividend	25 4,184	3,963
Unpaid dividend	25 2,761	2,258
	<u>4,107,690</u>	<u>2,607,261</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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

	2023		
	Unclaimed/ unpaid dividend	Lease liabilities	Long-term financing including deferred income
	----- (Rupees in '000) -----		
Balance at beginning of the year	6,221	310,080	296,302
Changes from financing cash flows			
Dividend paid during the year	(178,766)	-	-
Financing obtained during the year	-	-	340,806
Payments made during the year	-	(159,988)	(10,715)
	<u>(178,766)</u>	<u>(159,988)</u>	<u>330,091</u>
Other changes			
Dividend declared during the year	179,490	-	-
Remeasurement of lease liabilities	-	1,941	-
Unwinding of finance cost during the year	-	49,251	21,221
Amortization of deferred income	-	-	(5,494)
Additions during the year	-	178,940	-
Disposals during the year	-	-	-
	<u>179,490</u>	<u>230,132</u>	<u>15,727</u>
Balance at end of the year	<u>6,945</u>	<u>380,224</u>	<u>642,120</u>

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

40. TRANSACTIONS WITH RELATED PARTIES

40.1 Related parties of the Company comprise of associated companies, staff retirement benefits, directors and key management personnel. All the transactions with related parties are entered into at agreed terms as approved by the Board of Directors of the Company. Balances outstanding with related parties have been disclosed in the respective notes to these financial statements. Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	June 30, 2023	June 30, 2022
	----- (Rupees in '000) -----	
Associated companies / other related parties		
Sales	24,966	24,491
Purchases of goods, material and services	219,900	170,596
Purchase of vehicles	12,835	63,682
Insurance premium	39,124	26,250
Insurance claims received	6,906	1,370
Lease rentals and service charges paid	19,170	17,676
Donation paid	-	3,845
Key management personnel		
Remuneration and other benefits of key management personnel	43,208	41,333
Staff retirement benefits		
Contribution to provident fund	33,887	30,245

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

41. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

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

	2023		2022	
	Chief Executive Officer	Executives	Chief Executive Officer	Executives
	----- Rupees in '000 -----			
Managerial remuneration	20,106	85,739	18,278	61,054
Housing and utilities	14,732	72,797	12,963	49,996
Leave fare assistance, leave encashment and bonus	20,791	21,764	35,385	25,964
Reimbursement of medical	2,011	7,775	1,828	5,671
Retirement benefits	1,876	6,775	1,705	5,109
	<u>59,516</u>	<u>194,850</u>	<u>70,159</u>	<u>147,794</u>
Number of persons	<u>1</u>	<u>34</u>	<u>1</u>	<u>33</u>

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

41.3 Fee amounting to Rs. 3.1 million (2022: Rs. 2.3 million) was paid to 4 non-executive (2022: 4 non-executive directors) of the Company for attending meetings of the Board of Directors and its committee during the year.

42. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

Fair value hierarchy

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

- Level 1: Quoted market price
- Level 2: Valuation techniques (market observable); and
- Level 3: Valuation techniques (non-market observables)

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

PRODUCTION CAPACITY

43. During the year, the tile production attained was 12.01 million sq. meters (2022: 11.90 million sq. meters) against annual manufacturing capacity of 14.04 million sq. meters (2022: 14.04 million sq. meters).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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

The Board of Directors in its meeting held on September 12, 2023 proposed no cash dividend (2022: Rs. 0.75 per share) for the year ended 30 June 2023.

45. NUMBER OF EMPLOYEES	2023	2022
Total number of employees as at year end	730	745
Average number of employees during the year	735	746

46. OPERATING SEGMENTS

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

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

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

Sales to five major customers of the Company are around 14% of the Company's total sales during the year (2022: 15%).

47. GENERAL

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

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

48. DATE OF AUTHORISATION FOR ISSUE

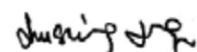
These financial statements were authorized for issue on September 12, 2023 by the Board of Directors of the Company.

PATTERN OF SHAREHOLDING

as at June 30, 2023

Categories of Shareholders	Shareholders	Shares Held	Percentage
DIRECTORS AND THEIR SPOUSE (S) AND CHILDREN			
Rafiq M. Habib	1	4,162,522	1.74
Syed Masood Abbas Jaffery	1	43,000	0.02
Muhammad Salman Burney	1	1,000	0.00
Abdul Hai Mehmood Bhai Mian	1	663,594	0.28
Feroze Jehangir Cawasji	1	1,000	0.00
Farhana Mowjee Khan	1	1,000	0.00
Imran Ali Habib	2	347,476	0.15
Jamila Rafiq	1	1,377,752	0.58
Rukhsana Bibi	1	781,774	0.33
ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES			
Thal Limited	1	3,121,549	1.30
PUBLIC SECTOR COMPANIES AND CORPORATIONS			
	3	753,555	0.31
INSURANCE COMPANIES			
	4	1,956,802	0.82
MODARABAS AND MUTUAL FUNDS			
	18	29,722,206	12.42
GENERAL PUBLIC			
a. Local	3807	50,614,809	21.15
b. Foreign	67	365,468	0.15
FOREIGN COMPANIES			
	21	131,167,292	54.81
OTHERS			
	68	14,239,676	5.95
Totals	3999	239,320,475	100.00

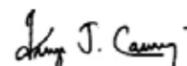
Share holders holding 5% or more	Shares Held	Percentage
ROBERT FINANCE CORPORATION AG	72,102,223	30.13
AYLESBURY INTERNATIONAL LTD	16,009,983	6.69
ASAD LIMITED	12,840,786	5.37
MUSTAFA LIMITED	12,418,386	5.19



MUSTAFA JAFAR
Chief Financial Officer



SYED MASOOD ABBAS JAFFERY
Chief Executive Officer



FEROZE JEHANGIR CAWASJI
Director

PATTERN OF SHAREHOLDING

as at June 30, 2023

# Of Shareholders	Shareholdings'Slab	Total Shares Held
941	1 to 100	24,798
847	101 to 500	269,970
527	501 to 1000	444,446
886	1001 to 5000	2,353,697
268	5001 to 10000	2,110,134
104	10001 to 15000	1,340,099
75	15001 to 20000	1,388,816
54	20001 to 25000	1,242,093
31	25001 to 30000	871,787
17	30001 to 35000	561,678
16	35001 to 40000	609,087
6	40001 to 45000	256,938
26	45001 to 50000	1,278,592
7	50001 to 55000	366,305
8	55001 to 60000	466,042
4	60001 to 65000	253,496
4	65001 to 70000	279,912
5	70001 to 75000	371,500
11	75001 to 80000	857,941
4	80001 to 85000	328,619
4	85001 to 90000	351,000
6	90001 to 95000	556,420
14	95001 to 100000	1,389,040
5	100001 to 105000	517,681
2	105001 to 110000	219,500
3	115001 to 120000	357,273
2	120001 to 125000	244,000
2	125001 to 130000	257,000
3	130001 to 135000	399,500
2	135001 to 140000	275,437
1	140001 to 145000	143,000
2	145001 to 150000	300,000
3	150001 to 155000	456,500
1	155001 to 160000	156,500
1	160001 to 165000	160,816
2	165001 to 170000	335,500
4	170001 to 175000	696,227
3	175001 to 180000	532,742
2	180001 to 185000	363,028
3	185001 to 190000	561,250
1	190001 to 195000	191,000
5	195001 to 200000	999,000
2	200001 to 205000	407,500
1	220001 to 225000	222,000
1	240001 to 245000	243,216
1	245001 to 250000	250,000
1	250001 to 255000	251,447
1	260001 to 265000	263,500
1	265001 to 270000	265,900
1	270001 to 275000	275,000
1	280001 to 285000	283,243
1	285001 to 290000	287,239

PATTERN OF SHAREHOLDING

as at June 30, 2023

# Of Shareholders	Shareholdings'Slab	Total Shares Held
4	295001 to 300000	1,200,000
2	320001 to 325000	645,763
1	325001 to 330000	329,137
1	335001 to 340000	339,433
1	340001 to 345000	343,500
2	345001 to 350000	692,952
1	365001 to 370000	366,000
1	375001 to 380000	379,000
1	385001 to 390000	389,500
1	410001 to 415000	414,000
1	440001 to 445000	441,558
1	450001 to 455000	450,500
1	460001 to 465000	460,000
1	475001 to 480000	480,000
1	490001 to 495000	494,500
1	495001 to 500000	500,000
1	500001 to 505000	500,500
1	515001 to 520000	519,714
1	545001 to 550000	550,000
1	595001 to 600000	600,000
2	655001 to 660000	1,316,660
1	660001 to 665000	663,594
1	675001 to 680000	676,500
2	745001 to 750000	1,500,000
1	780001 to 785000	781,774
1	800001 to 805000	802,000
1	955001 to 960000	956,000
2	995001 to 1000000	2,000,000
1	1035001 to 1040000	1,039,428
1	1095001 to 1100000	1,100,000
1	1120001 to 1125000	1,122,631
1	1135001 to 1140000	1,139,322
1	1260001 to 1265000	1,264,500
1	1375001 to 1380000	1,377,752
1	1415001 to 1420000	1,415,092
2	1555001 to 1560000	3,115,642
1	1675001 to 1680000	1,675,695
1	2025001 to 2030000	2,025,500
1	2135001 to 2140000	2,135,500
1	2250001 to 2255000	2,251,500
1	2310001 to 2315000	2,311,168
1	2440001 to 2445000	2,440,152
1	2505001 to 2510000	2,509,602
1	2570001 to 2575000	2,574,660
1	2775001 to 2780000	2,775,015
4	2985001 to 2990000	11,953,331
1	3075001 to 3080000	3,079,468
1	3120001 to 3125000	3,121,549
1	3240001 to 3245000	3,240,500

PATTERN OF SHAREHOLDING

as at June 30, 2023

# Of Shareholders	Shareholdings'Slab		Total Shares Held
3	3450001	to	3455000 10,364,667
1	3460001	to	3465000 3,460,497
1	3465001	to	3470000 3,469,471
1	3660001	to	3665000 3,663,993
1	3680001	to	3685000 3,683,908
1	3955001	to	3960000 3,957,422
1	4160001	to	4165000 4,162,522
1	4170001	to	4175000 4,174,641
1	6205001	to	6210000 6,207,788
1	7030001	to	7035000 7,030,157
1	11885001	to	11890000 11,890,000
1	16005001	to	16010000 16,009,983
1	60895001		60900000 60,897,425
3999			239,320,475



Shabbir Tiles and Ceramics Limited

PROXY FORM

I/We _____ of _____
 being a member(s) of **SHABBIR TILES AND CERAMICS LIMITED** and a holder of _____
 _____ ordinary shares as per Share Register Folio No. _____
 or CDC Participant ID No. _____ Account No. _____
 hereby appoint _____ of _____
 who is also member of **SHABBIR TILES AND CERAMICS LIMITED** Vide Folio No. _____
 or CDC Participant ID No. _____ Account No. _____
 or failing him/her _____ of _____
 who is also member of **SHABBIR TILES AND CERAMICS LIMITED** vide Folio No. _____
 or CDC Participant ID No. _____ Account No. _____
 as my / our proxy in my / our absence to attend and vote for me / us and on my / our behalf at the Annual
 General Meeting of the Company to be held on Monday , 23th day of October 2023, and at any adjournment
 thereof.

As witness my / our hand / seal this _____ day of _____ 2023
 signed by the said

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

**Please affix
 Rs. 5/-
 Revenue
 Stamp**

SIGNATURE OF MEMBER(S)

NOTES:

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

P.T.O.



Shabbir Tiles and Ceramics Limited

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

FOR CDC ACCOUNT HOLDERS / CORPORATE ENTITIES

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

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