

SHABBIR TILES AND CERAMICS LIMITED

Condensed Interim Financial Statements
For the First Quarter Ended September 30, 2019
(Un-Audited)





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Shabbir Tiles and Ceramics Limited

COMPANY INFORMATION

BOARD OF DIRECTORS

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

Chairman
 Director
 Chief Executive Officer
 Director
 Director
 Director
 Director

AUDIT COMMITTEE

Feroze Jehangir Cawasji
 Abdul Hai M. Bhaimia
 Farhana Mowjee Khan

Chairman
 Member
 Member

HUMAN RESOURCE AND
REMUNERATION COMMITTEE

Feroze Jehangir Cawasji
 Muhammad Salman Burney
 Syed Masood Abbas Jaffery

Chairman
 Member
 Member

CHIEF FINANCIAL OFFICER

Waquas Ahmed

COMPANY SECRETARY

Ovais Jamani

AUDITORS

EY Ford Rhodes
 Chartered Accountants

LEGAL ADVISOR

Munawar Malik & Co.
 Advocate Supreme Court

BANKERS

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

REGISTERED OFFICE
AND FACTORY UNIT-1

15th Milestone, National Highway
 Landhi, Karachi-75120
 Phone: (021) 38183610-3
 Fax: (021) 38183615
 E-mail: info@stile.com.pk
 URL: http://www.stile.com.pk

REGISTRAR AND SHARE TRANSFER
OFFICE

CDC Share Registrar Services Limited
 CDC House, 99-B, Block 'B', S.M.C.H.S
 Main 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

Shabbir Tiles and Ceramics Limited

COMPANY INFORMATION

ISLAMABAD (BUILDING MATERIAL PRODUCTS)

Plot No 01, ANF Road, Yamaha Chowk Road, Model Town, Humak, Islamabad

LAHORE (BUILDING MATERIAL PRODUCTS)

21 K.M , Ferozpur Road, Opposite Ahmed CNG Pump, Lahore

STILE EMPORIUM AND DESIGN
STUDIO AND SALES OFFICE
STAR GATE

Metro Cash & Carry, CAA
Near Star Gate,
Main Shahrah-e-Faisal, Karachi
Phone: (021) 34601372-74
Fax: (021) 34601375

STILE EMPORIUM AND DESIGN
STUDIO - FACTORY OUTLET

15th Milestone, National Highway
Landhi, Karachi-75120
Phone: (021) 38183610-3
Fax: (021) 38183615

STILE EMPORIUM AND DESIGN
STUDIO - DHA, BUKHARI COMMERCIAL

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

STILE EMPORIUM AND DESIGN
STUDIO - DHA, 26TH STREET

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

STILE EMPORIUM AND DESIGN
STUDIO AND SALES OFFICE, LAHORE

Plot 90-CCA, DHA-4, Lahore
Phone: (042) 37185710-12

STILE EMPORIUM AND DESIGN
STUDIO AND SALES OFFICE,
RAWALPINDI

Al Shareef Plaza, First Floor,
Shamsabad, Murree Road, Rawalpindi
Phone: (051) 4935521-23
Fax: (051) 4935524

SALES OFFICE - PESHAWAR

Main Ring Road, Near Kohat Road,
Opp: Mujaddid CNG, Peshawar
Phone: (091) 2325012

SALES OFFICE - SUKKUR

Tooba Tower, Mezzanine Floor,
Opposite Hira Medical Centre, Sukkur
Phone: (071) 5615560

SALES OFFICE - MULTAN

Jalil Centre, 2nd Floor, Abdali Road,
Multan.
Phone: (061) 4546439/4783097

STILE EMPORIUM AND DESIGN
STUDIO AND SALES OFFICE, FAISALABAD

Talha Heights , Main Susan Road,
P-243, 2A, Faisalabad
Phone: (041) 8758899 / 8739988

STILE EMPORIUM AND DESIGN STUDIO
AND SALES OFFICE - HYDERABAD

Shop No. 11-12 at Ground Floor and
Sop No. 9 at Mezzanine Floor
Auto Bhaan Tower, Opp: Breeze Fish
Point, Auto Bhaan Road, Latifabad No 03
Hyderabad. Phone: (022) 6112857



SHABBIR TILES AND CERAMICS LIMITED

DIRECTORS' REPORT TO THE SHAREHOLDERS

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2019

The Directors of your Company presents to you the financial results of your Company for the first quarter ended September 30, 2019.

BUSINESS CHALLENGES AND FINANCIAL PERFORMANCE

Currently, the construction industry and the connected sectors such as steel, cement, tiles sectors, are all undergoing a slowdown owed to the financial and commercial challenges being handled by the economy.

There was also significant disturbance to the trade, post budget 2019. A major negative change for our business was the addition of tiles in the 3rd schedule of the Sales Tax Act 1990, whereby sales tax is now levied on the retail price, irrespective of the sales value. This places an additional burden to us in terms of complexity and cost.

Together with the challenges arising from the drive for documenting on largely undocumented dealers and retailers these factors had an overall negative impact on the purchasing power of the trade and general consumers and resulted in a contraction of the market.

The rise in gas tariff by 30% in October 2018 was followed by another 31% increase from July 2019 combining to a cumulative increase of 70% in a span of less than ten months. Energy, being one of the highest contributors of the total manufacturing cost disrupted the margins significantly.

Devaluation impacted the costs of imported materials and consumables. In addition, the imposition of axle load restrictions in absence of a proper road infrastructure master plan and a transportation regulatory body has significantly raised costs of inland transportation of both raw material and finished goods.

The financial performance for the quarter is summarized below:

Particulars	Rs. ' 000	
	September 30, 2019	September 30, 2018
Turnover – net	1,665,484	1,560,541
Gross profit	245,088	397,420
Earnings before interest, tax and depreciation (EBITDA)	55,083	252,160
Operating (loss) / profit	(99,538)	122,036
(Loss) / profit before tax	(115,291)	93,390
(Loss) / profit after tax	(128,617)	50,702
(Loss) / earnings per share (Rs. / share)	(0.54)	0.21

During the quarter net sales recorded were higher by 7%, despite a slowdown in the market, but owing to major increases in manufacturing input costs, the gross profit decreased by 38%. Overall the business incurred a significant operating loss before tax of Rs. 115.291 million during the first quarter of the fiscal year as against a profit of Rs. 93.390 million in the comparative period last year.

FUTURE OUTLOOK

The economy continues to face challenges in several areas including inflation, and the documentation drive to broaden the tax net.

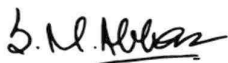
The tile market size has been impacted due to reduced construction activities. Additionally, smuggling from neighboring countries has also increased and is impacting volumes.

On a combined basis the cost pressures and market factors pose a significant challenge for our business. However, we foresee construction activities gradually returning to normal by the end of next quarter which should uplift the tile demand. We are strongly focusing on improving manufacturing efficiency & product quality and also in enlarging our market presence. There is emphasis on brand development and preserving and developing association with our customers and engagements with architects and other opinion leaders.

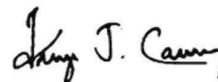
We trust that the Government will provide stability to the business environment and generate a stimulus to growth in the construction sector which is critical to overall economic growth.

We also take this opportunity to thank all stakeholders including our staff for their continued support and commitment to the Company.

On behalf of the Board of Directors



SYED MASOOD ABBAS JAFFERY
Chief Executive Officer



FEROZE JEANGIR CAWASJI
Director

Karachi: October 25, 2019

مستقبل کا نقطہ نظر

معیشت کو متعدد شعبوں میں مستقل چیلنجوں کا سامنا ہے جیسے مہنگائی اور ٹیکس نیٹ کو وسیع کرنے کے لئے دستاویزات کی مہم۔

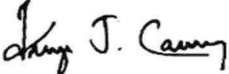
تعمیراتی سرگرمیاں کم ہونے کی وجہ سے ٹائلز مارکیٹ کا سائز متاثر ہوا ہے۔ مزید برآں، ہمسایہ ممالک سے بھی اسمگلنگ میں اضافہ ہوا ہے جس کی وجہ سے کمپنی کی فروخت اثر انداز ہو رہی ہے۔

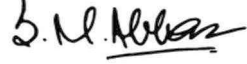
لاگت کے دباؤ اور مارکیٹ عوامل مشترکہ طور پر ہمارے کاروبار کے لئے ایک اہم چیلنج ہیں۔ تاہم، ہم اگلی سہ ماہی کے آخر تک تعمیراتی سرگرمیاں آہستہ آہستہ معمول پر آنے کی امید کرتے ہیں جس کی وجہ سے ٹائلز کی طلب میں اضافہ کی امید ہے۔ ہم اپنی مصنوعات کی تیاری اور معیار کو بہتر بنانے اور اپنی مارکیٹ میں موجودگی کو بڑھانے پر توجہ دے رہے ہیں۔ ہمارا اپنے برانڈ کی ترقی پر توجہ مرکوز ہے اس کے علاوہ ہم اپنے صارفین، آرکیٹیکٹس اور دیگر رائے دہندگان کے ساتھ روابط بڑھا رہے ہیں۔

ہمیں یقین ہے کہ حکومت کاروباری ماحول کو استحکام فراہم کرے گی اور تعمیراتی شعبے میں ترقی کے لئے راہیں ہموار کرے گی جو مجموعی معاشی ترقی کے لئے نہایت اہم ہے۔

اس موقع پر ہم تمام مستفیدان سے ان کی مسلسل حمایت پر شکریہ ادا کرتے ہیں۔

براغ و منجانب - بورڈ آف ڈائریکٹرز


فیروز جہانگیر کاوسی
ڈائریکٹر


سید مسعود عباس جعفری
چیف ایگزیکٹو آفیسر

کراچی: 25 اکتوبر 2019

شبیر ٹائلز اینڈ سرامکس لمیٹڈ حصص یافتگان کے لئے ڈائریکٹرز رپورٹ برائے پہلی سہ ماہی اختتامیہ 30 ستمبر، 2019

آپ کی کمپنی کے ڈائریکٹرز 30 ستمبر، 2019 کو ختم ہونے والی پہلی سہ ماہی میں کمپنی کے مالی نتائج پیش کرتے ہیں۔

کاروباری چیلنجز اور مالی کارکردگی

فی الحال، تعمیراتی صنعت اور منسلک شعبوں جیسے اسٹیل، سیمنٹ، ٹائل سیکٹر، معیشت کو مالی اور تجارتی چیلنجز کی وجہ سے سست روی کا شکار ہیں۔

بجٹ 2019 کے بعد تجارت میں بھی خاصہ خلل پڑا ہے۔ ہمارے کاروبار کے لئے ایک بڑی منفی تبدیلی سبزلز ٹیکس ایکٹ 1990 کے تیسرے شیڈول میں ٹائلز کا اضافہ تھا جس کے تحت قطع نظر قیمت فروخت کے، خوردہ قیمت پر سبزلز ٹیکس عائد کیا جاتا ہے۔ اس کی وجہ سے پیچیدگی اور لاگت کے معاملے میں ہم پر ایک اضافی بوجھ پڑا ہے۔

اس کے ساتھ، بڑے پیمانے پر غیر دستاویزی ڈیلروں اور ریٹیلرز کی دستاویزات کا جو چیلنج درپیش ہے، ان عوامل کی تجارت اور عام صارفین کی خریداری کی طاقت پر مجموعی طور پر منفی اثر پڑا اور اس کے نتیجے میں مارکیٹ میں تناؤ پیدا ہوا ہے۔

اکتوبر 2018 میں گیس کے نرخوں میں 30 فیصد اضافہ ہوا ہے جس کے بعد جولائی 2019 سے مزید 31 فیصد اضافہ ہوا جس سے دس ماہ سے بھی کم عرصے میں مجموعی 70 فیصد کا اضافہ ہوا ہے۔ توانائی کی لاگت، جو کمپنی کی کل تیاری لاگت کا کافی زیادہ حصہ ہے۔ اس نے کمپنی کے مجموعی منافع کو نمایاں طور پر متاثر کیا ہے۔

روپے کی قدر میں کمی کی وجہ سے درآمد شدہ مواد اور استعمال کی لاگت میں اضافہ ہوا ہے۔ اس کے علاوہ، مناسب انفراسٹرکچر ماسٹر پلان اور ٹرانسپورٹ ریگولیٹری باڈی کی عدم موجودگی میں ایکسل لوڈ کی پابندیاں عائد کرنے سے خام مال اور تیار شدہ سامان دونوں کی اندرون ملک آمد و رفت کے اخراجات میں نمایاں اضافہ ہوا ہے۔

سہ ماہی کی مالی کارکردگی کا خلاصہ ذیل ہے:

روپے ہزاروں میں

تفصیلات	30 ستمبر 2019	30 ستمبر 2018
خالص فروخت	1,665,484	1,560,541
مجموعی منافع	245,088	397,420
آمدنی قبل از شرح سود، ٹیکس اور فرسودگی (EBITDA)	55,083	252,160
کاروباری (نقصان) / منافع	(99,538)	122,036
(نقصان) / منافع قبل از ٹیکس	(115,291)	93,390
(نقصان) / منافع بعد از ٹیکس	(128,617)	50,702
(نقصان) / آمدنی فی حصص (روپے / حصص)	(0.54)	0.21

مارکیٹ میں سست روی کے باوجود سہ ماہی کے دوران خالص فروخت میں پچھلے سال کی پہلی سہ ماہی کے مقابلے میں 7 فیصد اضافہ ریکارڈ کیا گیا ہے، لیکن تیاری لاگت میں بڑے اضافے کی وجہ سے، مجموعی منافع میں 38 فیصد کمی واقع ہوئی ہے۔ مجموعی طور پر کمپنی کو پہلی سہ ماہی میں قبل از ٹیکس 115.291 ملین روپے کا نقصان ہوا ہے جبکہ پچھلے سال کی پہلی سہ ماہی میں 93.390 ملین روپے کا منافع ہوا تھا۔

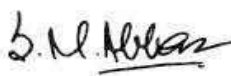
SHABBIR TILES AND CERAMICS LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2019

		September 30, 2019 (Un-audited)	June 30, 2019 (Audited)
	Note	(Rupees in `000)	
<u>ASSETS</u>			
NON-CURRENT ASSETS			
Property, plant and equipment	7	2,999,102	3,116,316
Investment property		9,209	9,519
Long-term loans		15	20
Long-term deposits		21,007	20,292
		3,029,333	3,146,147
CURRENT ASSETS			
Stores and spare parts		402,078	322,695
Stock-in-trade	8	1,561,841	1,494,300
Trade debts	9	217,281	148,251
Loans and advances		16,684	10,551
Deposits, prepayments and other receivables		32,940	21,018
Taxation - net		108,422	316,825
Cash and bank balances		134,533	127,127
		2,473,779	2,440,767
		5,503,112	5,586,914
<u>EQUITY AND LIABILITIES</u>			
SHARE CAPITAL AND RESERVES			
Authorized capital			
240,000,000 (June 30, 2019: 240,000,000) ordinary shares of Rs.5/- each		1,200,000	1,200,000
Issued, subscribed and paid-up capital		1,196,600	1,196,600
Reserves		779,435	908,052
		1,976,035	2,104,652
NON-CURRENT LIABILITIES			
Long-term Financing	10	199,200	449,100
Deferred tax liability - net		188,377	200,013
		387,577	649,113
CURRENT LIABILITIES			
Trade and other payables		2,521,860	2,469,461
Unclaimed dividends		2,812	2,812
Unpaid dividend		1,385	2,450
Accrued mark-up		8,232	9,860
Current maturity of long-term financing		99,800	49,900
Short term borrowings		273,348	191,381
Sales tax payable		232,063	107,285
		3,139,500	2,833,149
CONTINGENCIES AND COMMITMENTS			
	11		
		5,503,112	5,586,914

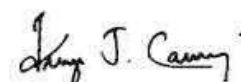
The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.



WAQUAS AHMED
Chief Financial Officer



SYED MASOOD ABBAS JAFFERY
Chief Executive Officer



FEROZE JEHangIR CAWASJI
Director

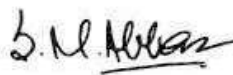
SHABBIR TILES AND CERAMICS LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE QUARTER ENDED SEPTEMBER 30, 2019
(UN-AUDITED)

	Quarter ended	
	September 30,	September 30,
	2019	2018
	(Rupees in `000)	
Turnover - net	1,665,484	1,560,541
Cost of sales	(1,420,396)	(1,163,121)
Gross profit	245,088	397,420
Selling and distribution costs	(284,686)	(223,447)
Administrative expenses	(74,179)	(66,167)
	(358,865)	(289,614)
Other income	14,239	14,230
Operating (loss) / profit	(99,538)	122,036
Finance costs	(15,753)	(19,989)
Other Expenses	(15,753)	(8,657)
	(15,753)	(28,646)
(Loss) / profit before taxation	(115,291)	93,390
Taxation		
- Current	(24,962)	(15,605)
- Deferred	11,636	(27,083)
	(13,326)	(42,688)
(Loss) / profit after taxation	(128,617)	50,702
	----- (Rupee) -----	
(Loss) / earnings per share – basic and diluted	(0.54)	0.21

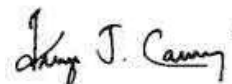
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WAQUAS AHMED
Chief Financial Officer



SYED MASOOD ABBAS JAFFERY
Chief Executive Officer



FEROZE JEHangIR CAWASJI
Director

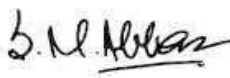
SHABBIR TILES AND CERAMICS LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED SEPTEMBER 30, 2019
(UN-AUDITED)

	Quarter ended	
	September 30, 2019	September 30, 2018
	(Rupees in `000)	
(Loss) / profit after taxation	(128,617)	50,702
Other comprehensive income	-	-
Total comprehensive (loss) / income for the period	(128,617)	50,702

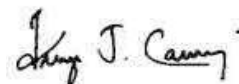
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WAQUAS AHMED
Chief Financial Officer



SYED MASOOD ABBAS JAFFERY
Chief Executive Officer



FEROZE JEHANGIR CAWASJI
Director

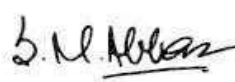
SHABBIR TILES AND CERAMICS LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED SEPTEMBER 30, 2019
(UN-AUDITED)

	September 30, 2019	September 30, 2018
Note	(Rupees in `000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	(115,291)	93,390
Adjustments for:		
Depreciation on:		
operating fixed assets	154,310	138,474
investment property	310	310
Finance costs	15,753	19,989
Increase in allowance for expected credit loss	6,521	7,777
Provision for slow moving stores and spare parts	9,093	5,461
Provision for slow moving stock-in-trade	2,310	4,536
Gain on disposal of property, plant and equipment	(342)	(597)
	187,955	175,950
Operating profit before working capital changes	72,664	269,340
(Increase) / decrease in current assets		
Stores and spare parts	(88,476)	637
Stock-in-trade	(69,851)	(132,272)
Trade debts	(75,551)	33,904
Loans and advances	(6,133)	(3,248)
Deposits, prepayments and other receivables	(11,922)	(75)
	(251,933)	(101,054)
Increase in current liabilities		
Trade and other payables	51,334	127,569
Sales tax payable	124,778	35,209
	176,112	162,778
Cash generated from operations	(3,157)	331,064
Income tax paid	183,441	(33,322)
Finance costs paid	(17,381)	(5,090)
Long-term loans - net	5	10
Long-term deposits - net	(715)	(1)
Net cash generated from operating activities	162,193	292,661
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditure	(44,721)	(120,598)
Proceeds from disposal of operating fixed assets	7,967	1,535
Net cash used in investing activities	(36,754)	(119,063)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayment) / receipt of long-term financing - net	(200,000)	52,680
Net cash (used in) / generated from financing activities	(200,000)	52,680
Net (decrease) / increase in cash and cash equivalents	(74,561)	226,278
Cash and cash equivalents at the beginning of the period	(64,254)	104,474
Cash and cash equivalents at the end of the period	(138,815)	330,752

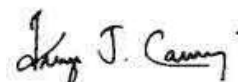
The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.



WAQUAS AHMED
Chief Financial Officer



SYED MASOOD ABBAS JAFFERY
Chief Executive Officer



FEROZE JEHangIR CAWASJI
Director

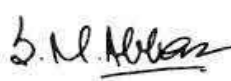
SHABBIR TILES AND CERAMICS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED SEPTEMBER 30, 2019
(UN-AUDITED)

	Issued, subscribed and paid-up capital	Reserves				Total equity
Capital reserve		Revenue reserves		Total reserves		
		Share premium	General reserve		Accumulated losses	
	(Rupees in `000)					
Balance as at June 30, 2018	1,196,600	449,215	478,000	(133,844)	793,371	1,989,971
Profit for the period	-	-	-	50,702	50,702	50,702
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	50,702	50,702	50,702
Balance as at September 30, 2018	1,196,600	449,215	478,000	(83,142)	844,073	2,040,673
Balance as at June 30, 2019	1,196,600	449,215	478,000	(19,163)	908,052	2,104,652
Loss for the period	-	-	-	(128,617)	(128,617)	(128,617)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(128,617)	(128,617)	(128,617)
Balance as at September 30, 2019	1,196,600	449,215	478,000	(147,780)	779,435	1,976,035

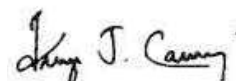
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WAQUAS AHMED
Chief Financial Officer



SYED MASOOD ABBAS JAFFERY
Chief Executive Officer



FEROZE JEHangIR CAWASJI
Director

SHABBIR TILES AND CERAMICS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2019
(UN-AUDITED)

1. THE COMPANY AND ITS OPERATIONS

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

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 Chok Road, Model Town, Humak, Islamabad.	Building material products
Production Plant (Lahore):	Godown 21- KM Ferozpur Road, Opp. Ahmed CNG Pump Lahore.	Building material products

2. STATEMENT OF COMPLIANCE

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

3. BASIS OF PREPARATION

- 3.1** These condensed interim financial statements are un-audited and do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2019.
- 3.2** These condensed interim financial statements have been prepared under the historical cost convention, unless otherwise specially stated.
- 3.3** These condensed interim financial statements are presented in Pakistan Rupees which is the Company's functional and presentation currency.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended June 30, 2019.

5. NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS OF IFRSs

The Company has adopted the following standards, amendments and improvements of International Financial Reporting Standards (IFRSs) which became effective for the current year:

IFRS 3	Business Combinations: Previously held interests in a joint operation
IFRS 9	Prepayment Features with Negative Compensation (Amendments)
IFRS 11	Joint Arrangements: Previously held interests in a joint operation
IFRS 16	Leases
IAS 12	Income Taxes: Income tax consequences of payments on financial instruments classified as equity
IAS 19	Plan Amendment, Curtailment or Settlement (Amendments)
IAS 23	Borrowing Costs - Borrowing costs eligible for capitalisation
IAS 28	Long-term Interests in Associates and Joint Ventures (Amendments)
IFRIC 23	Uncertainty over Income Tax Treatments

The adoption of the above amendments to accounting standards did not have any material impact on these condensed interim financial information of the Company. The Company has not early adopted any other standard, amendment or interpretation that has been issued by the International Accounting Standards Board (IASB) but is not yet effective.

In addition to the above, improvements to various accounting standards have also been issued by the IASB. The Company expects that such improvements to the standards do not have any material impact on the interim financial information of the Company.

6. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND FINANCIAL RISK MANAGEMENT

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

Judgements and estimates made by the management in the preparation of these condensed interim financial statements are the same as those applied in the Company's annual financial statements for the year ended June 30, 2019.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2019.

		September 30, 2019 (Un-audited)	June 30, 2019 (Audited)
	Note	(Rupees in `000)	
7. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	7.1	2,942,814	3,078,484
Capital work-in-progress	7.2	56,288	37,832
		<u>2,999,102</u>	<u>3,116,316</u>
7.1 Operating fixed assets			
Opening Net Book Value (NBV)		3,078,484	3,277,313
Additions to property, plant and equipment - at cost	7.1.1	26,265	403,547
		<u>3,104,749</u>	<u>3,680,860</u>
Disposals during the period / year - at NBV	7.1.1	(7,625)	(10,063)
Depreciation charged during the period / year		<u>(154,310)</u>	<u>(592,313)</u>
Closing NBV		<u>2,942,814</u>	<u>3,078,484</u>
7.1.1 Additions and disposals of property, plant and equipment			
		Additions (cost)	Disposals (NBV)
		September 30, 2019 (Un-audited)	September 30, 2019 (Un-audited)
		June 30, 2019 (Audited)	June 30, 2019 (Audited)
		(Rupees in `000)	
Buildings		4,735	56,403
Plant and machinery		19,364	330,729
Office equipment		285	13,798
Computers and accessories		782	2,617
Vehicles		1,099	-
		<u>26,265</u>	<u>403,547</u>
		<u>7,625</u>	<u>10,063</u>
		September 30, 2019 (Un-audited)	June 30, 2019 (Audited)
	Note	(Rupees in `000)	
7.2 Capital work-in-progress			
Plant and machinery		56,288	37,832
Civil works		-	-
	7.2.1	<u>56,288</u>	<u>37,832</u>
7.2.1 Movement in capital work-in-progress			
Balance at the beginning of the period / year		37,832	97,960
Additions during the period / year		26,439	254,516
Transfers to operating fixed assets		<u>(7,983)</u>	<u>(314,644)</u>
Closing balance		<u>56,288</u>	<u>37,832</u>

		September 30, 2019 (Un-audited)	June 30, 2019 (Audited)
	Note	(Rupees in '000)	
8. STOCK-IN-TRADE			
Raw and packing material		746,476	709,868
Finished goods	8.1	820,110	788,041
Work-in-process		32,377	31,203
		<u>1,598,963</u>	<u>1,529,112</u>
Provision for slow moving stock-in-trade		<u>(37,122)</u>	<u>(34,812)</u>
		<u><u>1,561,841</u></u>	<u><u>1,494,300</u></u>

- 8.1** Includes stock-in-trade costing Rs. 158.098 million (June 2019: Rs. 157.715 million) which has been written down to its net realizable value (NRV) amounting to Rs. 76.149 million (June 2019: Rs. 78.480 million).

		September 30, 2019 (Un-audited)	June 30, 2019 (Audited)
		(Rupees in '000)	
9. TRADE DEBTS - unsecured			
Unsecured			
Considered good		217,281	148,251
Considered doubtful		147,392	140,871
		<u>364,673</u>	<u>289,122</u>
Allowance for expected credit loss		<u>(147,392)</u>	<u>(140,871)</u>
		<u><u>217,281</u></u>	<u><u>148,251</u></u>

10. LONG-TERM FINANCING

Represents diminishing musharaka facility amounting to Rs. 1,000 million (June 2019: Rs.1000) under islamic banking terms which carries markup at rate of three months KIBOR + 0.70% per annum, payable quarterly with two years grace period. The facility is secured against first pari passu mortgage and hypothecation over all present and future fixed assets (Land, building, plant and machinery). The loan is repayable within five years in ten equal semi annual installments commencing from February 2020.

11. CONTINGENCIES AND COMMITMENTS

Contingencies

There are no material contingencies to report as at the reporting date.

Commitments

- (i) Commitments in respect of outstanding letters of credit against raw materials and spares amounted to Rs. 147.814 million (June 2019: Rs. 65.349 million).
- (ii) Commitments in respect of capital expenditure amounted to Rs. 16.754 million (June 2019: Rs. 11.841 million) for the import of machinery.
- (iii) Bank guarantees issued by Habib Metropolitan Bank Limited, a related party, to Sui Southern Gas Company Limited and Excise & Taxation Department amounted to Rs. 597.993 (June 2019: Rs. 597.993) million and Rs. 64.381 (June 2019: Rs. 64.381) million respectively.

		Three months ended	
		September 30, 2019	September 30, 2018
		----- (Un-audited) -----	
		(Rupees in '000)	
12. CASH AND CASH EQUIVALENTS			
Cash and bank balances		134,533	413,579
Short-term borrowings		<u>(273,348)</u>	<u>(82,827)</u>
		<u><u>(138,815)</u></u>	<u><u>330,752</u></u>

13. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties of the Company comprise of associated companies, staff retirement benefits, directors and key management personnel. Details of transactions with related parties during the period, other than those which have been disclosed elsewhere in these condensed interim financial statements, are as follows:

	Three months ended	
	September 30, 2019	September 30, 2018
	----- (Un-audited) -----	
	(Rupees in '000)	
Associated companies		
Sales	1,216	1,195
Purchases of goods, material and services	21,495	14,476
Insurance premium	5,781	6,556
Insurance claims received	-	2,846
Rent and service charges paid	2,590	1,947
Rent income	198	198
Markup earned	2,038	955
Markup expense	640	1
Commission on letter of guarantee	536	650
	<u>536</u>	<u>650</u>
	Three months ended	
	September 30, 2019	September 30, 2018
	----- (Un-audited) -----	
	(Rupees in '000)	
Staff retirement benefits		
Contribution to provident fund	6,219	5,745
Key management personnel		
Remuneration and other benefits	14,726	13,569
Fee for attending board meetings	50	25
	<u>50</u>	<u>25</u>
	September 30, 2019	June 30, 2019
	(Un-audited)	(Audited)
	(Rupees in '000)	
Balances as at period / year end		
Trade debts	1,147	1,673
Trade and other payables	25,170	18,414
Bank balances	50,661	48,853
	<u>50,661</u>	<u>48,853</u>
Commitments		
Outstanding letters of credit	164,568	77,190
Outstanding letters of guarantee	662,374	662,374
	<u>662,374</u>	<u>662,374</u>

14. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorised for issue on October 25, 2019 by the Board of Directors of the Company.

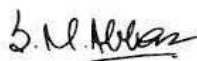
15. GENERAL

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

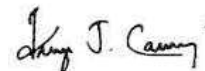
15.2 Certain comparative figures have been reclassified for better presentation, however, there are no material reclassification to report.



WAQUAS AHMED
Chief Financial Officer



SYED MASOOD ABBAS JAFFERY
Chief Executive Officer



FEROZE JEHangIR CAWASJI
Director



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