

SHABBIR TILES AND CERAMICS LIMITED

Condensed Interim Financial Statements

For the Second Quarter and Half Year ended

December 31, 2020

(Un-Audited)



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Shabbir Tiles and Ceramics Limited

COMPANY INFORMATION

BOARD OF DIRECTORS

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

Chairman
 Chief Executive Officer
 Director
 Director
 Director
 Director
 Director

AUDIT COMMITTEE

Feroze Jehangir Cawasji
 Abdul Hai M. Bhaimia
 Farhana Mowjee Khan

Chairman
 Member
 Member

HUMAN RESOURCES 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 Industrial Area, Karachi-75120

Phone: (021) 38183610-3

Fax: (021) 38183615

E-mail: info@stile.com.pk

URL: <http://www.stile.com.pk>

REGISTRAR AND SHARE TRANSFER
OFFICE

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

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

Shabbir Tiles and Ceramics Limited

COMPANY INFORMATION

STILE EMPORIUM AND DESIGN STUDIOS
AND SALES OFFICES

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	Plot 22-C, Lane 4, Bukhari Commercial, DHA, Phase VI, Karachi. Phone: (021) 37249564
DHA 26TH STREET EMPORIUM, KARACHI	26th Street Plot C-8-C, DHA Phase 5, Karachi. Phone: (021) 37228922
FRANCHISE EMPORIUM, KARACHI	Build Mate B82, MidWay Commercial B, Bahria Town Karachi Phone: 0309-1202094
DHA EMPORIUM, LAHORE	DHA Lahore 164, CCA , Phase 4, Lahore Phone: (042) 37185710-12
FRANCHISE EMPORIUM, LAHORE	E-105-1-C, Main Boulevard DHA Lahore Phone: 0301-8282212
THOKAR NIAZ BAIG EMPORIUM, LAHORE	Metro Cash & Carry, Thokar Niaz Baig Multan Road, Lahore Phone: 0300-0209626
MUREE ROAD EMPORIUM, RAWALPINDI	Al Shareef Plaza, Ground Floor, Shamsabad, Murree Road, Rawalpindi Phone: (051) 4935521-6
ISLAMABAD EMPORIUM	Metro Islamabad, Plot No. 1-A, Sector 1-11/4, Near Sabzi Mandi, Islamabad Phone: (051) 8469524
PESHAWAR EMPORIUM	162/408 Tahkal Payan, University Road , Peshawar Phone: (091) 3028068
FAISALABAD EMPORIUM	Talha Heights , Main Susan Road, P-243, 2A, Faisalabad Phone: (041) 8739988
HYDERABAD EMPORIUM	Shop no. 11 & 12, Auto Bhan Tower, Latifabad No. 3, Hyderabad. Phone: (022) 6112857
MULTAN EMPORIUM	Officers Colony, Main Bosan Road, Chungi No. 9, Next to Crystal Mall, Multan. Phone: (061) 2078492
SUKKUR SALES OFFICE	Tooba Plaza, Mezzanine Floor, Workshop Road, Sukkur Phone: Phone: (071) 5615560



SHABBIR TILES AND CERAMICS LIMITED
DIRECTORS' REPORT TO THE SHAREHOLDERS
FOR THE HALF YEAR ENDED DECEMBER 31, 2020

The Directors are pleased to present to you the financial results of your Company for the half year ended December 31, 2020.

FINANCIAL PERFORMANCE AND BUSINESS CHALLENGES

The stimulus of the construction package continued its drive in the later part of year 2020 as well. Your Company continued its focus on product quality and capacity utilization to meet the market demand and achieving economies of scale. The Covid-19 indicators in Pakistan showed a certain rise with its second wave but it did not bring in any more struggle in the operations and the economy remained moving on an upward trajectory. Your Company is continuing maintaining highest level of discipline in following the preventive health measures Government guidelines. This has helped, by the grace of Allah, in avoidance of transmission of the virus among our employees and other stakeholders.

The financial performance for the half year is summarized below:

Particulars	<i>Rs. in '000</i>	
	December 31, 2020	December 31, 2019
Turnover – net	4,855,384	3,710,931
Gross profit	1,576,771	719,905
Earnings before interest, tax and depreciation (EBITDA)	1,207,574	290,111
Profit/ (loss) before tax	814,223	(67,281)
Profit/ (loss) after tax	522,483	(135,257)
Earnings/ (loss) per share (Rs. / share)	2.18	(0.57)

During the period, net turnover increased significantly by 31% whereas the cost of sales has been lower due to productivity improvement. This was mainly attributable to higher sales demand, consequent to the construction activity increase in the country. The overall profitability of the Company before tax grew to Rs. 814 million from a loss of Rs. 67 million in the same period last year. Overall, your Company delivered strong growth in earnings, with focus on sales volumes and cost optimization.

FUTURE OUTLOOK

The Country's energy crises significantly increased in the winter season with disruption in stable gas pressure, which consequently brings in use of other expensive alternate energy sources such as LPG and diesel, thus increasing cost of doing business. Further, your Company is making monthly payment for GIDC which is an additional burden on the cashflows.

While the construction stimulus is making its waves, new competition in tiles industry has made their way, with further coming. This is good for the local industry and also for the consumers who will get more varieties and choices. The Government should continue its support in making tiles industry expand and grow. The extension of policies will determine the continuance of growth in the year 2021.

Your Company has been playing an active role in advocating the documentation drive and the new stringent tax regulations as the Company has always supported the Government in its efforts to broaden the tax base. However, with the federal budget time coming up, the taskforce should examine the disparity and non-uniform applicability of new Income tax laws such as section 108B which is giving undue financial benefits to the manufacturers established in the special economic zones. The authorities should consider that the laws should not act as an unfair burden on the tax compliant companies, rather help all industry and economy to grow side by side.

The Company remains committed to continue to play its role in transforming the lifestyle view of Pakistan. On behalf of the Board, the Company would like to thank all stakeholders for their continued trust and support.

MASOOD ABBAS JAFFERY
Chief Executive Officer

FEROZE JEHANGIR CAWASJI
Director

شبیر ٹائلز اینڈ سرامکس لمیٹڈ
حصص یافتگان کے لئے ڈائریکٹرز رپورٹ
 برائے نصف سال اختتامیہ 31 دسمبر، 2020

ڈائریکٹرز 31 دسمبر 2020 کو ختم ہونے والے نصف سال کے لئے آپ کی کمپنی کے مالی نتائج آپ کے سامنے پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

مالی کارکردگی اور کاروباری چیلنجز

تعمیراتی پیکج کے محرکات نے سال 2020 کے اختتامی حصہ میں بھی اپنے اثرات کو جاری رکھا ہوا۔ آپ کی کمپنی نے مارکیٹ کی طلب کو پورا کرنے اور معیشت کے پیمانے کے حصول کے لئے اپنی مصنوعات کے معیار اور پیداواری صلاحیت کے بھرپور استعمال پر اپنی توجہ مرکوز رکھی ہوئی ہے۔ پاکستان میں کورونا وائرس کی دوسری لہر میں ایک خاص اضافہ دیکھا گیا لیکن اس سے کاروبار پر مزید اثرات مرتب نہیں ہوئے اور معیشت ترقی کی جانب بڑھ رہی ہے۔ آپ کی کمپنی گورنمنٹ کے مقرر کردہ حفاظتی صحت کے اقدامات پر مسلسل عمل کر رہی ہے جس سے اللہ کے فضل و کرم سے ہمارے ملازمین اور دیگر حصہ دار وائرس کی منتقلی سے محفوظ رہے۔

نصف سال کی مالی کارکردگی کا خلاصہ ذیل میں پیش کیا جا رہا ہے:

روپے ہزاروں میں

تفصیلات	31 دسمبر 2019	31 دسمبر 2020
خالص فروخت	3,710,931	4,855,384
مجموعی منافع	719,905	1,576,771
آمدنی قبل از شرح سود، ٹیکس اور فرسودگی (EBITDA)	290,111	1,207,574
منافع / (نقصان) قبل از ٹیکس	(67,281)	814,223
منافع / (نقصان) بعد از ٹیکس	(135,257)	522,483
آمدنی / (نقصان) فی حصص (روپے / حصص)	(0.57)	2.18

اس دوران خالص فروخت میں 31 فیصد کا نمایاں اضافہ ہوا جبکہ پیداواری بہتری کی وجہ سے فروخت کی لاگت کم رہی ہے۔ اس کی بنیادی وجہ فروخت کی زیادہ طلب تھی جو ملک میں تعمیراتی سرگرمیوں میں اضافہ کی وجہ سے بڑھ رہی ہے۔ کمپنی کا قبل از ٹیکس منافع بڑھ کر 814 ملین روپے تک پہنچ گیا ہے جو گزشتہ سال کے اسی عرصے میں 67 ملین روپے کے قبل از ٹیکس نقصان کی صورت میں تھا۔

کمپنی فروخت کے حجم اور لاگت کو بہتر بنانے پر توجہ دے رہی ہے جس کے نتیجے میں آپ کی کمپنی کی آمدنی میں خاصہ اضافہ ہوا ہے۔

مستقبل کا نقطہ نظر

ملک میں سردیوں کے موسم میں توانائی کے بحران میں اضافہ ہوتا ہے جس سے گیس پریشر میں نمایاں خلل پڑتا ہے، اس کے نتیجے میں دیگر مہنگے متبادل توانائی ذرائع جیسے ایل پی جی اور ڈیزل کا استعمال ہوتا ہے اور اس طرح کاروبار کرنے کی لاگت میں اضافہ ہوتا ہے۔ مزید برآں، آپ کی کمپنی گیس انفراسٹرکچر ڈیولپمنٹ سیس (جی آئی ڈی سی) کی بھی ماہانہ ادائیگی کر رہی ہے جو کہ نقد بہاؤ پر ایک اضافی بوجھ ہے۔

جہاں تعمیراتی پیکج کے محرکات ملک میں اپنی جگہ بنا رہے ہیں، وہیں ٹائلز انڈسٹری میں بھی مقابلے کے رجحان میں مزید اضافہ ہو رہا ہے۔ یہ مقامی صنعت اور صارفین کے لئے بھی اچھا ہے جنہیں ٹائلز انڈسٹری میں ٹائلز کی مزید اقسام اور نیا انتخاب ملے گا۔ حکومت کو ٹائلز کی صنعت کو وسعت اور ترقی دینے میں اپنی کوششوں کو جاری رکھنا چاہئے۔ حکومتی پالیسیوں میں توسیع سال 2021 میں ترقی کے تسلسل کا تعین کرے گی۔

آپ کی کمپنی حکومت کی دستاویزاتی مہم اور نئے سخت ٹیکس ضوابط کی وکالت میں فعال کردار ادا کرتی رہی ہے کیونکہ کمپنی نے ہمیشہ ٹیکس کی بنیاد کو وسیع کرنے کی کوششوں میں حکومت کی حمایت کی ہے۔ تاہم وفاقی بجٹ کے آنے کا وقت قریب ہے، اور اس کے ساتھ حکومتی ٹاسک فورس کو چاہئے کہ نئے انکم ٹیکس قوانین جیسے سیکشن 108 بی کے نفاذ اور غیر یکساں اطلاق کا جائزہ لے جو خصوصی اقتصادی زونز میں قائم مینوفیکچررز کو نا جائز مالی فوائد دے رہا ہے۔ حکام کو اس بات پر غور کرنا چاہئے کہ ٹیکس کے قوانین پر عمل کرنے والی کمپنیوں پر غیر منصفانہ بوجھ ڈالنا کسی صورت مناسب نہیں، بلکہ تمام صنعتوں اور معیشت کو شانہ بشانہ ترقی کرنے میں مدد ملنی چاہئے۔

کمپنی پاکستان کے طرز زندگی کے نقطہ نظر کو تبدیل کرنے میں اپنا کردار ادا کرنے کے لئے بدستور پرعزم ہے۔ بورڈ کی جانب سے کمپنی تمام حصص یافتگان کے مسلسل اعتماد اور حمایت پر ان کا شکریہ ادا کرتی ہے۔

Imam J. Cassy

فیروز جہانگیر کاوسجی
ڈائریکٹر

S. M. Abbas

سید مسعود عباس جعفری
چیف ایگزیکٹو آفیسر

کراچی: 26 فروری 2021



EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

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Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
ey.khi@pk.ey.com
ey.com/pk

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Shabbir Tiles and Ceramics Limited

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Shabbir Tiles and Ceramics Limited** (the Company) as at **31 December 2020** and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows and notes to the condensed interim financial statements for the half year then ended (here-in-after referred to as "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

The figures of the condensed interim statement of profit or loss, condensed interim statement of comprehensive income and the notes forming part thereof for the quarters ended 31 December 2020 and 2019 have not been reviewed, as we are required to review only the cumulative figures for the half year ended 31 December 2020.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is **Tariq Feroz Khan**.

EY Ford Rhodes

Chartered Accountants

Karachi

Date: 26 February 2021

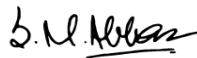
SHABBIR TILES AND CERAMICS LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

	Note	December 31, 2020 (Un-audited) ------(Rupees in `000)-----	June 30, 2020 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	2,494,638	2,672,266
Right-of-use assets	8	272,374	267,718
Investment property		7,656	8,277
Long-term loans		518	184
Long-term security deposits		24,276	22,886
		<u>2,799,462</u>	<u>2,971,331</u>
CURRENT ASSETS			
Stores and spare parts		382,216	337,125
Stock-in-trade	9	1,285,411	1,219,046
Trade debts	10	264,060	256,951
Loans and advances		58,586	31,686
Deposits, prepayments and other receivables		24,374	11,118
Short-term investments	11	1,269,244	200,000
Taxation - net		-	66,032
Cash and bank balances		203,067	295,592
		<u>3,486,958</u>	<u>2,417,550</u>
		<u>6,286,420</u>	<u>5,388,881</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
240,000,000 (June 2020: 240,000,000) ordinary shares of Rs. 5/- each		<u>1,200,000</u>	<u>1,200,000</u>
Issued, subscribed and paid-up capital			
239,320,475 (June 2020: 239,320,475) ordinary shares of Rs. 5/- each		1,196,600	1,196,600
Reserves		<u>1,044,931</u>	<u>522,448</u>
		2,241,531	1,719,048
NON-CURRENT LIABILITIES			
Long-term financing		-	209,300
Lease and other liabilities	12	892,789	198,284
Deferred taxation - net		154,266	132,511
		1,047,055	540,095
CURRENT LIABILITIES			
Trade and other payables		1,935,204	1,333,905
Unclaimed dividend		2,812	2,812
Unpaid dividend		1,644	1,644
Accrued mark-up		5	3,247
Current maturity of long-term financing		-	59,800
Current maturity of lease and other liabilities	12	319,868	1,215,476
Short-term running finance		109,526	125,255
Taxation - net		211,243	-
Sales tax payable		417,532	387,599
		2,997,834	3,129,738
CONTINGENCIES AND COMMITMENTS			
	13	<u>6,286,420</u>	<u>5,388,881</u>

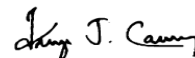
The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.



WAQAS AHMED
Chief Financial Officer



SYED MASOOD ABBAS JAFFERY
Chief Executive Officer



FEROZE JEHANGIR CAWASJI
Director

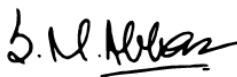
SHABBIR TILES AND CERAMICS LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE HALF YEAR ENDED DECEMBER 31, 2020
(UN-AUDITED)

	Half year ended		Quarter ended	
	December 31,	December 31,	December 31,	December 31,
	2020	2019	2020	2019
Note	----- (Rupees in '000) -----			
Turnover - net	4,855,384	3,710,931	2,550,185	2,045,447
Cost of sales	(3,278,613)	(2,991,026)	(1,687,507)	(1,570,630)
Gross profit	1,576,771	719,905	862,678	474,817
Selling and distribution costs	(720,672)	(610,906)	(362,653)	(326,220)
Administrative expenses	(153,048)	(133,891)	(69,495)	(66,233)
Reversal / (allowance) for expected credit loss	20,871	(12,481)	6,287	(5,960)
	(852,849)	(757,278)	(425,861)	(398,413)
Other income	12 215,031	21,566	197,675	7,327
Operating profit / (loss)	938,953	(15,807)	634,492	83,731
Finance costs	(51,373)	(47,431)	(35,489)	(31,678)
Other expenses	(73,357)	(4,043)	(45,220)	(4,043)
	(124,730)	(51,474)	(80,709)	(35,721)
Profit / (loss) before taxation	814,223	(67,281)	553,783	48,010
Taxation				
- Current	(270,534)	(55,946)	(160,489)	(30,984)
- Prior	-	(13,253)	-	(13,253)
- Deferred	(21,206)	1,223	(17,873)	(10,413)
	(291,740)	(67,976)	(178,362)	(54,650)
Profit / (loss) after taxation	522,483	(135,257)	375,421	(6,640)
	----- (Rupee) -----			
Earnings / (loss) per share – basic and diluted	2.18	(0.57)	1.57	(0.03)

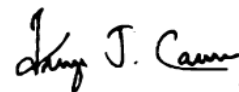
The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.



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 COMPREHENSIVE INCOME
 FOR THE HALF YEAR ENDED DECEMBER 31, 2020
 (UN-AUDITED)

	Half year ended		Quarter ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	----- (Rupees in '000) -----			
Profit / (loss) after taxation	522,483	(135,257)	375,421	(6,640)
Other comprehensive income	-	-	-	-
Total comprehensive income / (loss) for the period	522,483	(135,257)	375,421	(6,640)

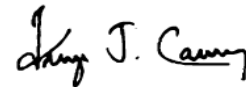
The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.



WAQUAS AHMED
Chief Financial Officer



SYED MASOOD ABBAS JAFFERY
Chief Executive Officer



FEROZE JEHANGIR CAWASJI
Director

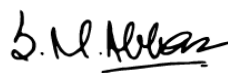
SHABBIR TILES AND CERAMICS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED DECEMBER 31, 2020

	Reserves					Total equity
	Issued, subscribed and paid-up capital	Capital reserve	Revenue reserves		Total reserves	
		Share premium	General reserve	Unappropri- -ated profit / accumulated losses		
----- (Rupees in `000) -----						
Balance as at June 30, 2019 (audited)	1,196,600	449,215	478,000	(19,163)	908,052	2,104,652
Final dividend @ 5% for the year ended June 30, 2019				(59,830)	(59,830)	(59,830)
Loss for the period	-	-	-	(135,257)	(135,257)	(135,257)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the period				(135,257)	(135,257)	(135,257)
Balance as at December 31, 2019 (un-audited)	<u>1,196,600</u>	<u>449,215</u>	<u>478,000</u>	<u>(214,250)</u>	<u>712,965</u>	<u>1,909,565</u>
Balance as at June 30, 2020 (audited)	1,196,600	449,215	478,000	(404,767)	522,448	1,719,048
Profit for the period	-	-	-	522,483	522,483	522,483
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	522,483	522,483	522,483
Balance as at December 31, 2020 (un-audited)	<u>1,196,600</u>	<u>449,215</u>	<u>478,000</u>	<u>117,716</u>	<u>1,044,931</u>	<u>2,241,531</u>

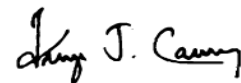
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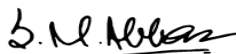
SHABBIR TILES AND CERAMICS LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED DECEMBER 31, 2020
(UN-AUDITED)

	December 31, 2020	December 31, 2019
Note	----- (Rupees in `000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	814,223	(67,281)
Adjustments for:		
Depreciation on:		
operating fixed assets	7.1 297,355	309,341
right-of-use assets	8 44,002	36,178
investment property	621	621
Finance costs	51,373	47,431
Dividend income	(7,493)	-
(Reversal) / allowance for expected credit loss	(20,871)	12,481
(Reversal) / provision for slow moving stores and spare parts	(10,667)	16,753
(Reversal) / provision for slow moving stock-in-trade	(13,377)	1,250
Unrealized gain on short-term investments - mutual fund units	(226)	-
Remeasurement gain	12.2 (161,749)	-
Gain on disposal of operating fixed assets	(808)	(956)
	178,160	423,099
Operating profit before working capital changes	992,383	355,818
(Increase) / decrease in current assets		
Stores and spare parts	(34,424)	(67,650)
Stock-in-trade	(52,988)	80,081
Trade debts	13,762	(251,468)
Loans and advances	(26,900)	(6,838)
Deposits, prepayments and other receivables	(13,256)	(3,238)
	(113,806)	(249,113)
Increase in current liabilities		
Trade and other payables	616,068	149,636
Sales tax payable	29,933	251,826
	646,001	401,462
Cash generated from operations	1,524,578	508,167
Income tax refund - net	7,290	168,988
Finance costs paid	(12,793)	(32,442)
Long-term loan - net	(334)	(33)
Long-term security deposits - net	(1,390)	(172)
GIDC paid	(94,904)	-
Net cash generated from operating activities	1,422,447	644,508
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(121,476)	(131,466)
Proceeds from disposal of operating fixed assets	2,557	10,340
Short-term investments made during the period - mutual fund units	(1,093,974)	-
Short-term investments redeemed during the period - mutual fund units	574,956	-
Dividend received	7,493	-
Net cash used in investing activities	(630,444)	(121,126)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term financing	(269,100)	(200,000)
Lease rental paid	(49,699)	(54,532)
Dividend paid	-	(60,588)
Net cash used in financing activities	(318,799)	(315,120)
Net increase in cash and cash equivalents	473,204	208,262
Cash and cash equivalents at the beginning of the period	370,337	(64,254)
Cash and cash equivalents at the end of the period	843,541	144,008

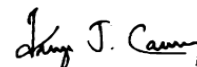
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WAQUAS AHMED
Chief Financial Officer



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 HALF YEAR ENDED DECEMBER 31, 2020
 (UN-AUDITED)

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 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.

1.2 Geographical location and addresses of all the business units are as under:

Business	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

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

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 and provisions of and directives issued under the Companies Act, 2017. Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3 BASIS OF PREPARATION

These condensed interim financial statements are un-audited but subject to limited scope review by the statutory auditors as required under Section 237 of the Companies Act, 2017. These condensed interim financial statements 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, 2020.

The figures of the condensed interim statement of profit or loss, condensed interim statement of comprehensive income for the quarters ended December 31, 2020 and December 31, 2019 and notes forming part thereof have not been reviewed by the statutory auditors of the Company, as they are required to review only the cumulative figures for the half year ended December 31, 2020.

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, 2020 except for the adoption of new standards, amendments and improvements to International Financial Reporting Standards (IFRSs) as disclosed in note 5.

5 NEW STANDARDS, AMENDMENTS AND IMPROVEMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Company has adopted the following amendments to International Financial Reporting Standards (IFRSs) and framework for financial reporting which became effective for the current period:

Standard or interpretation:

IFRS - 3	Definition of a Business (Amendments)
IFRS - 9 / IAS - 39 / IFRS - 7	Interest rate benchmark reform (Amendments)
IAS - 1 / IAS - 8	Definition of Material (Amendments)

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after January 01, 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards. The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on the Company's condensed interim financial statements.

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, 2020 except for significant judgement in determining the lease term of contracts with renewal options and discount rates used in calculation of present value of gas infrastructure development cess (GIDC).

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements as at and for the year ended June 30, 2020.

	Note	December 31, 2020 (Rupees in `000) (Un-audited)	June 30, 2020 (Audited)
7 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	7.1	2,383,508	2,619,310
Capital work-in-progress	7.2	111,130	52,956
		<u>2,494,638</u>	<u>2,672,266</u>
7.1 Operating fixed assets			
Opening Net Book Value (NBV)		2,619,310	3,078,484
Additions including transfers during the period / year - at cost	7.1.1	63,302	176,914
		2,682,612	3,255,398
Disposals during the period / year - at NBV	7.1.1	(1,749)	(9,411)
Depreciation charged during the period / year		(297,355)	(626,677)
Closing NBV		<u>2,383,508</u>	<u>2,619,310</u>

7.1.1 Additions and disposals of operating fixed assets

	Additions at cost / Transfers		Disposals at NBV	
	December 31, 2020 (Un-audited)	June 30, 2020 (Audited)	December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
	(Rupees in `000)			
Building on freehold land	-	4,735	-	-
Plant and machinery	54,017	162,342	1,335	7,481
Office equipment	3,826	5,429	30	-
Computers and accessories	1,442	1,878	27	-
Vehicles	4,017	2,530	357	1,930
	<u>63,302</u>	<u>176,914</u>	<u>1,749</u>	<u>9,411</u>

	Note	December 31, 2020 (Rupees in `000) (Un-audited)	June 30, 2020 (Rupees in `000) (Audited)
7.2 Capital work-in-progress			
Plant and machinery		48,219	50,530
Civil works		62,911	2,426
	7.2.1	<u>111,130</u>	<u>52,956</u>
7.2.1 Movement in capital work-in-progress			
Balance at the beginning of the period / year		52,956	37,832
Additions during the period / year		105,748	118,871
Transfers to operating fixed assets		(47,574)	(103,747)
Balance at the end of the period / year		<u>111,130</u>	<u>52,956</u>
8 RIGHT-OF-USE ASSETS			
Balance at the beginning of the period / year		267,718	-
Impact of initial application of IFRS 16		-	275,211
Additions during the period / year		52,374	70,925
Reassessment of right-of-use assets		(3,716)	-
		<u>316,376</u>	<u>346,136</u>
Depreciation charged during the period / year		(44,002)	(78,418)
Balance at the end of the period / year		<u>272,374</u>	<u>267,718</u>
9 STOCK-IN-TRADE			
Includes stock-in-trade costing Rs. 211.696 million (June 2020: Rs. 117.769 million) which has been written down to its net realizable value (NRV) amounting to Rs. 104.787 million (June 2020: Rs. 63.020 million).			
	Note	December 31, 2020 (Rupees in `000) (Un-audited)	June 30, 2020 (Rupees in `000) (Audited)
10 TRADE DEBTS - unsecured			
Considered good		264,060	256,951
Considered doubtful		157,093	177,964
		<u>421,153</u>	<u>434,915</u>
Allowance for expected credit loss		(157,093)	(177,964)
		<u>264,060</u>	<u>256,951</u>
11 SHORT-TERM INVESTMENTS			
Term deposit receipts (TDRs) - at amortised cost	11.1	750,000	200,000
Mutual fund units - at fair value through profit or loss	11.2	519,244	-
		<u>1,269,244</u>	<u>200,000</u>
11.1	Represents TDRs placed with commercial banks under conventional banking relationship carrying profit at the rate ranging from 6.9% to 7.75% (June 2020: 7.15%) per annum, having latest maturity up to February 1, 2021.		
		December 31, 2020 (Rupees in `000) (Un-audited)	June 30, 2020 (Rupees in `000) (Audited)
11.2 Mutual fund units - at fair value through profit or loss			
Faysal Islamic Cash Fund (1,809,686.8923 units at NAV of Rs.100)		180,969	-
MCB Cash Management Optimizer (1,489,029.0241 units at NAV of Rs. 100.8757)		150,207	-
Alhamra Islamic Money Market Fund (757,154.8095 units at NAV of Rs. 99.51)		75,344	-
Meezan Rozana Amdani Fund (1,254,074.451 units at NAV of Rs. 50)		62,704	-
UBL Liquidity Plus Fund (494,388.6884 units at NAV of Rs. 101.1746)		50,020	-
		<u>519,244</u>	<u>-</u>

	Note	December 31, 2020 (Rupees in '000) (Un-audited)	June 30, 2020 (Audited)
12 LEASE AND OTHER LIABILITIES			
Lease liabilities	12.1	306,127	289,681
Gas infrastructure development cess (GIDC)	12.2	906,530	1,124,079
		<u>1,212,657</u>	<u>1,413,760</u>

12.1 Lease liabilities

The maturity analysis of lease liabilities including total lease payments and present value of total lease payments is as follows;

Up to one year	97,044	91,397
After one year	209,083	198,284
Total lease liabilities	<u>306,127</u>	<u>289,681</u>

12.2 Gas infrastructure development cess (GIDC)

The maturity analysis of GIDC including total payments and present value of total payments is as follows;

Up to one year	222,824	1,124,079
After one year	683,706	-
Total GIDC	<u>906,530</u>	<u>1,124,079</u>

12.2.1 Pursuant to the decision of the Honorable Supreme Court of Pakistan in August 2020 in respect of Gas Infrastructure Development Cess (GIDC), and its subsequent judgement on the review petitions in November 2020, the management of the Company, during the period, has derecognised the existing liability for GIDC and recognised new liability for GIDC at the present value of future cashflows resulting in remeasurement gain amounting to Rs. 161.749 million recorded in other income in the condensed interim statement of profit or loss for the period. Corresponding liability of GIDC was classified as current liability up till June 30, 2020 until the decision of the Honorable Supreme Court of Pakistan.

13 CONTINGENCIES AND COMMITMENTS**13.1 Contingencies**

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

13.2 Commitments

- (i) Commitments in respect of outstanding letters of credit against raw materials and spares amounted to Rs. 334.949 million (June 2020: Rs. 116.224 million).
- (ii) Commitments in respect of capital expenditure amounted to 48.913 million (June 2020: Nil) for the import of machinery.
- (iii) Commitment in respect of bank guarantees issued by a commercial bank, amounted to Rs. 727.691 million (June 2020: Rs. 704.374 million)

	December 31, 2020 (Rupees in '000) ----- (Un-audited) -----	December 31, 2019
14 CASH AND CASH EQUIVALENTS		
Cash and bank balances	203,067	163,215
Short-term investments - term deposit receipts	750,000	-
Short-term running finance	(109,526)	(19,207)
	<u>843,541</u>	<u>144,008</u>

15 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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 in normal course of business as approved by the Board of Directors of the Company. Balance due from / to the related parties have been disclosed in respective notes to these condensed interim financial statements wherever applicable. 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:

	Half year ended	
	December 31, 2020	December 31, 2019
	(Rupees in '000)	
	----- (Un-audited) -----	
Associated companies		
Sales	10,615	14,006
Purchases of goods, material and services	62,376	38,375
Insurance premium	14,815	12,970
Insurance claims received	3,080	1,014
Rent and service charges paid	7,795	6,062
Rent income	-	396
Mark-up earned	-	2,312
Mark-up expense	-	897
Donation	-	2,483
Commission on letter of guarantee	-	1,092
Staff retirement benefits		
Contribution to provident fund	11,538	12,193
Key management personnel		
Remuneration and other benefits	29,355	27,648
Fee for attending board meetings	350	50
	December 31, 2020	June 30, 2020
	(Rupees in '000)	
	(Un-audited)	(Audited)
Balances as at period / year end		
Long-term security deposits	1,266	1,266
Trade debts	4,359	1,714
Bank balances	7,420	9,656
Trade and other payables	21,528	16,367
Short-term running finance	-	125,255

16 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on February 26, 2021 by the Board of Directors of the Company.

17 GENERAL

17.1 Figures have been rounded off to the nearest rupees in thousands unless otherwise stated.

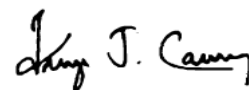
17.2 Certain corresponding figures have been reclassified for better presentation. However, there are no material reclassifications to report.



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Director



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