

SHABBIR TILES AND CERAMICS LIMITED

2026

Annual Report



NOTICE OF THE 48TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the 48th Annual General Meeting (“AGM”) of Shabbir Tiles and Ceramics Limited (“the Company”) will be held on Thursday, October 22, 2026, at 10:30 a.m. at The Pearl-Continental (PC) Hotel, Ballroom 1 & 2, Club Road, Civil Lines, Saddar Town, Karachi, as well as through electronic means/video-link facility to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Annual Audited Financial Statements of the Company together with the Chairman’s Review Report, Directors’ and Auditors’ report thereon for the year ended June 30, 2026. As required under 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 the weblink in the Notes.
2. To appoint Auditors of the Company and fix their remuneration for the year ending June 30, 2027. The present Auditors, M/s. A. F. Ferguson & Co., Chartered Accountants, retiring and being eligible, have offered themselves and consented for re-appointment. The Board of Directors have recommended their appointment.
3. To transact any other business with the permission of the Chair.

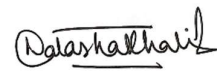
SPECIAL BUSINESS

4. To consider and, if thought fit, to pass the following resolution as a Special Resolution:

“RESOLVED THAT, Article 92 of the Articles of Association of the Company relating to the remuneration of Directors be and is hereby amended by replacing the words “not exceeding Rs. 100,000 for each meeting of the Board of Directors and its Committee meeting” with the words, “not exceeding Rs. 200,000/- for each meeting of the Board of Directors and its Committee meeting attended by him. The Chairman shall be paid out of the Funds of the Company by way of remuneration for his services, a sum not exceeding Rs. 250,000/- for each meeting attended by him. ”

FURTHER RESOLVED that the Company Secretary of the Company be and are hereby singly authorized to take all necessary actions, acts, and deeds as may be necessary to give effect to the foregoing resolution and the amendment to the Articles of Association of the Company.

By Order of the Board



NATASHA KHALID

Company Secretary

Karachi: October 1, 2026.

NOTES:

1. **Circulation of Annual Report through QR Code and through Web Link**

In accordance with Section 223(7) of the Companies Act, 2017 and S.R.O No.389(I)/2023 dated March 21, 2023, the financial statements of the Company have been uploaded on the Company’s website which can be downloaded from the following link and QR enabled code:

<https://www.stile.com.pk/financial-reports/>



2. **Closure of Share Transfer Books**

The Share Transfer Books of the Company will remain closed from October 15 , 2026, to October 22, 2026 (both days inclusive) for the purpose of the AGM. 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) 111111500, email: info @cdcsrsl.com at the close of business on October 14 , 2026, will be treated in time for the purpose to attend the AGM.

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

Shareholders intending to participate in the meeting via video conferencing, are requested to email the following information with the subject "Registration for the 48th Annual General Meeting," along with valid copy of their CNIC to corporate@stile.com.pk. The email should contain the shareholder's particulars, including Name, Folio Number, CNIC/NTN Number. The registration request must be received from the shareholder's registered email address at least 48 hours before the AGM. Video-link details and login credentials will be provided only to those members whose complete registration requests are received within the prescribed time.

Members whose names appear in the Register of Members as of October 14 , 2026, are entitled to attend and vote at the Meeting.

4. **Circulation of Notice through email**

Pursuant to S.R.O 452(I)/2025, Notice of the AGM shall be circulated to members at their registered email addresses, if provided to the Company, in accordance with applicable laws.

5. **Attendance at 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 their identity by showing his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.

In case of corporate entity, the Board of Directors' Resolution / Power of Attorney with specimen signature of the nominee shall be produced (if it has not been provided earlier) at the time of the meeting.

6. **Proxy**

A member entitled to attend and vote at this AGM is entitled to appoint a Proxy to attend, speak and vote in his place at the Meeting. A 'Proxy Form' appointing a proxy must be deposited at the Registered Office of the Company i.e. Shabbir Tiles and Ceramics Limited, 15th Milestone, National Highway, Landhi, Karachi, at least 48 hours before the time of the meeting, along with copy of CNIC of Proxy.

In case of corporate entity, the Board of Directors' Resolution / Power of Attorney with specimen signature of the nominee along with his/her copy of CNIC shall be provided at least 48 hours before the time of the meeting. The Form of Proxy in English and Urdu is attached in the Annual Report and should be witnessed by two persons whose names, addresses and CNIC Numbers should be mentioned on the Forms. The Form of Proxy is also available on the Company's website (www.stile.com.pk).

7. **E-Voting and Postal Ballot**

It is hereby notified that pursuant to the Companies (Postal Ballot) Regulations, 2018 and its amendments notified vide SRO 2192(1)/2022 dated December 5, 2022, members will be allowed to exercise their right to vote for the special businesses in the AGM, in accordance with the conditions mentioned in the aforesaid Regulations. The Company shall provide its members with the following options for voting:

a) **E-Voting Procedure:**

- i. Details of the e-voting facility will be shared through an e-mail with those members of the Company who have their valid CNIC numbers, cell numbers, and e-mail addresses available

in the register of members of the Company within due course. Members who intend to exercise their right of vote through E-Voting shall provide their valid cell numbers and e-mail addresses on or before October 14, 2026.

- ii. The web address, login details, will be communicated to members via email. The security codes will be communicated to members through SMS from web portal of CDC Share Registrar Services Limited (being the e-voting service provider).
- iii. Identity of the members intending to cast vote through e-Voting shall be authenticated through authentication for login.
- iv. E-Voting lines will start from October 19, 2026, and shall close on October 21, 2026, at 5 p.m. Members can cast their votes any time in this period. Once the vote on a resolution is cast by a member, he / she shall not be allowed to change it subsequently.

b) Postal Ballot

- i. Members may alternatively opt for voting through postal ballot. For convenience of the members, Ballot Paper is annexed to this notice and the same is also available on the Company's website www.stile.com.pk to download.
- ii. The members shall ensure that duly filled and signed ballot paper, along with copy of Computerized National Identity Card (CNIC) should reach the Chairman of the meeting through post at **15th Milestone, National Highway, Landhi, Karachi** or email at the address: corporate@stile.com.pk by or before October 21, 2026, before 5:00 p.m. during working hours. The signature on the ballot paper shall match with the signature on CNIC. A postal ballot received after this time / date shall not be considered for voting.

8. 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 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 for a penalty not exceeding level 1 on the standard scale.
- c) Additionally, SECP through its Circular 2 of 2018, dated February 9, 2018, has strictly prohibited companies from providing gifts or incentives, in lieu of gifts (tokens/coupons/lunches/takeaway packages) in any form or manner, to Shareholders at or in connection with general meetings. Under Section 185 of the Act, any violation of this directive is considered an offense, and companies failing to comply may face penalties.

9. Updating of Particulars

The Shareholders having physical shares are requested to immediately notify change in their address, if any, to the Company's Share Registrar. Whereas CDC account holders may contact their respective CDC Participant/Broker/Investor Account Services. In case of corporate entity, the shareholders are requested to immediately notify change in their particulars.

10. Submission of copies of valid CNIC (Mandatory)

Individual Shareholders are once again reminded to submit a copy of their valid CNIC, if not provided earlier, to the Company's Share Registrar. In case of non-availability of a valid copy of the Shareholder's CNIC in the records of the Company, the Company shall withhold the dividend under the provision of Section 243 of the Companies Act, 2017.

11. **Withholding tax on Dividend**

In compliance with Section 150 read with Division I of Part III of the First Schedule of the Income Tax Ordinance, 2001, withholding tax on dividend income will be deducted for 'filer' and 'non-filer' shareholders at 15% and 30% respectively. A 'filer' is a taxpayer whose name appears in the Active Taxpayers List (ATL) issued by the FBR from time to time and a 'non-filer' is a person other than a filer. To enable the Company to withhold tax at 15% for filers, all members are advised to ensure that their names appear in the latest available ATL on FBR's website, otherwise tax on their cash dividend will be deducted at 30% for non-filers. Withholding tax exemption from the dividend income shall only be allowed if a copy of valid tax exemption certificate is made available to the Share Registrar, / Transfer Agent CDC Share Registrar Services Limited (CDCSRSL), of the Company by the first day of book closure.

12. **Prohibition of Gifts**

The SECP, through its Circular No. 2 of 2018 dated February 9, 2018, and S.R.O. 452(I)/2025 dated March 17, 2025, has strictly prohibited companies from distributing gifts at the general meetings.

13. **Conversion of Physical Shares into Book-Entry Form (i.e. CDC Account)**

Section 72 of the Companies Act, 2017 requires all existing listed companies 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 script less form.

14. **Transmission of Annual Financial Statements through Email**

In pursuance of the directions given by SECP vide SRO 787(I) dated September 8, 2014, those shareholders who desire to receive the 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 a 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, 2026, are also being circulated to the shareholders in compliance with section 223(6) of the Companies Act, 2017.

15. **Unclaimed Dividend / Unpaid Shares**

In compliance with Section 244 of the Companies Act, 2017, once the Company has completed the 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 the Share Registrar of the Company, 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 to collect / inquire about their unclaimed dividend or shares, if any.

16. **Provision of International Banking Account Number (IBAN Detail)**

In accordance with the provisions of Section 242 of the Companies Act, 2017 and SECP's Circular No. 421(I) 2018 dated March 19, 2021, it is mandatory for a listed Company to pay cash dividend to its members only through electronic mode directly into bank account designated by the entitled member. In this context, in order to receive dividends directly into their bank account, members having shareholding in physical form are requested to provide their IBAN details duly signed along with a copy of CNIC to the Registrar of the Company CDC Share Registrar Services Limited, CDC House 99-B, Block 'B' S.M.C.H.S, Main Shakra-e-Faisal Karachi-74400. Members having shareholding in book entry form in CDS are advised to submit their IBAN details directly to relevant broker/ participant/CDC Investor Account Services. In case of non-receipt of information, the Company will be constrained to withhold payment of dividend to members.

STATEMENT OF MATERIAL FACTS UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017 AND SRO 423(I)/2018

Amendment of Articles

The Board of Directors has proposed an amendment to Article 92 of the Articles of Association of the Company relating to remuneration payable to Directors for attending meetings of the Board of Directors and its Committees.

The Board of Directors confirms that the proposed amendment to Article 92 is in accordance with the applicable provisions of the Companies Act, 2017 and the relevant rules, regulations and regulatory framework applicable to the Company.

Nature of Interest

The non-executive directors of the Company (other than those who would choose not to receive them) will have an interest in the meeting fees.

POSTAL BALLOT PAPER

For voting through post for the Special Business at the Annual General Meeting to be held on Thursday, October 22, 2026, at 10:30 a.m. at The Pearl-Continental (PC) Hotel, Ballroom 1 & 2, Club Road, Civil Lines, Saddar Town, Karachi.

UAN: +92-311-1178453 **Website:** www.stile.com.pk

Folio / CDS Account Number	
Name of Shareholder / Proxy Holder	
Registered Address	
Number of shares Held	
CNIC/Passport No. (in case of foreigner) (copy to be attached)	
Additional information and enclosures (in case of representative of body corporate, corporation, and Federal Government)	
Name of Authorized Signatory	
CNIC/Passport No. (in case of foreigner) of Authorized Signatory (copy to be attached)	

Resolution for Agenda Item No. 4

“RESOLVED THAT Article 92 of the Articles of Association of the Company relating to the remuneration of Directors be and is hereby amended by replacing the words “not exceeding Rs. 100,000 for each meeting of the Board of Directors and its Committee meeting” with the words, “not exceeding Rs. 200,000/- for each meeting of the Board of Directors and its Committee meeting attended by him. The Chairman shall be paid out of the Funds of the Company by way of remuneration for his services, a sum not exceeding Rs. 250,000/- for each meeting attended by him. ”

FURTHER RESOLVED that the Company Secretary of the Company be and are hereby singly authorized to take all necessary actions, acts, and deeds as may be necessary to give effect to the foregoing resolution and the amendment to the Articles of Association of the Company.

INSTRUCTIONS FOR POLL

1. Please indicate your vote by ticking (v) the relevant box.

2. In case if both the boxes are marked as (v), your poll shall be treated as **“Rejected”**.

I/we hereby exercise my/our vote in respect of the above resolution through ballot by conveying my/our assent or dissent to the resolution by placing tick (v) mark in the appropriate box below;

Resolutions	I/We assent to the Resolution (FOR)	I/We dissent to the Resolution (AGAINST)
Resolution For Agenda Item No. 3		

- Dully filled ballot paper should be sent to the the Chairman of the meeting through post at **15th Milestone, National Highway, Landhi, Karachi** or email at the address: corporate@stile.com.pk
- CNIC/ Passport (in case of foreigner) should be enclosed with the postal ballot form.
- Ballot paper should reach the Chairman within working hours by or before Wednesday, October 21, 2026. Any postal ballot received after this date will not be considered for voting.
- e on ballot paper should match with signature on CNIC/ Passport (In case of foreigner).
- ete, unsigned, incorrect, defaced, torn, mutilated, overwritten poll paper will be rejected.
- In case of a representative of a body corporate, corporation or Federal Government, the Ballot Paper Form must be accompanied by a copy of the CNIC of an authorized person, an attested copy of Board Resolution, / Power of Attorney, / Authorization Letter etc., in accordance with Section(s) 138 or 139 of the Companies Act, 2017 as applicable.
- Ballot Paper form has also been placed on the website of the Company at: www.stile.com.pk Members may download the ballot paper from the website.

Shareholder / Proxy holder Signature/Authorized Signatory
(In case of corporate entity, please affix company stamp)

Date:_____

CHAIRMAN'S REVIEW REPORT

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Chairman's Review of Shabbir Tiles & Ceramics Limited for the year ended June 30, 2026.

COMPANY PERFORMANCE OVERVIEW

Pakistan's economy continued on its path of recovery during FY2026, although the second half of the year saw a re-emergence of inflationary pressures, driven primarily by higher global commodity and petroleum prices. Recovery in the construction and housing sectors remained slower than anticipated, continuing to weigh on demand for building materials. The geopolitical development in the Gulf region also impacted Fuel, Power & Gas prices as well as supplies adversely impacting on freight and production costs.

Against this backdrop, the Company reported net sales revenue of Rs. 11.9 billion for FY2026, compared to Rs. 13.8 billion in the preceding year, reflecting the challenging market conditions and suppressed demand within the construction sector. Gross profit stood at Rs. 1.876 billion, while the Company reported a loss after taxation of Rs. 802 million, compared to a loss of Rs. 192 million in the preceding year. Loss per share stood at Rs. (3.35), compared to Rs. (0.80) last year.

Despite these challenging conditions, management remained focused on operational improvements and cost optimization, while maintaining its commitment to product quality, customer service, and financial discipline. Several key initiatives were undertaken during the year to stabilize the Company's operational base, including investment in a 6MW Battery Energy Storage System (BESS), rationalization of fixed costs, enhancement of trading operations, and increased utilization of renewable energy infrastructure, and exploration of export opportunities. These initiatives are expected to strengthen the Company's cost competitiveness and operational resilience, laying the foundation for future growth.

NEW LEADERSHIP

During the year, the Company underwent a significant transition in its leadership, with a new Chief Executive Officer taking charge, supported by key appointments across critical functions including sales, marketing, quality, and business development. This renewed leadership team brings together fresh perspectives, sharpened commercial focus, and a strong orientation towards execution and accountability.

I am confident that this strengthened leadership will provide the Company with the direction and drive needed to navigate the current business environment, sharpen its competitive positioning, and build a platform for sustainable, long-term growth. We look forward to the positive impact of this new team in the years ahead.

PEOPLE AND SAFETY

Ensuring health & safety of all employees and service providers associated with the Company is the foremost priority of the Board and management. With the new leadership, a top down approach has been adapted to reinforce safe work practices through a systematic training, auditing and accountability program aimed at improving behavioral safety. It is extremely heartening to highlight that Company achieved 2.45 million safe man-hours without a lost time injury (LTI) as on June 30th, 2026. The two key initiatives that led to this achievement are management safety audits and weekly safety meetings at shop floor level. Company has been fully compliant with applicable regulations on environment with several initiatives being taken on energy conservation and waste reduction.

BOARD PERFORMANCE AND OVERSIGHT

The Board remained actively engaged in providing strategic direction and oversight throughout the year. Particular focus was placed on business sustainability, risk management, financial discipline, operational efficiency, and long-term value creation for shareholders.

The Board regularly reviewed business performance, strategic initiatives, capital allocation decisions, and key operational risks. Through its Committees, the Board continued to strengthen governance practices, internal controls, and compliance frameworks in accordance with applicable regulatory requirements.

The annual evaluation of the Board and its Committees was conducted in line with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019. The evaluation confirmed the Board's continued effectiveness in discharging its fiduciary responsibilities and providing strategic leadership to the Company.

FUTURE OUTLOOK

Looking ahead, we remain cautiously optimistic regarding the future prospects of the Company.

The strategic initiatives implemented during FY2026, including product portfolio expansion, cost optimization measures, renewable energy investments and trading portfolio enhancement are deposited to provide a solid foundation for improved performance as market conditions gradually recover.

With the strength of the STILE brand, an established distribution network, experienced management team, and continued focus on operational excellence, your Company remains well-positioned to capitalize on emerging opportunities and create sustainable value for shareholders.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express sincere appreciation to our shareholders for their continued confidence and support. I also extend my gratitude to our customers, employees, dealers, architects, suppliers, business partners, and financial institutions whose trust and commitment remain instrumental to the Company's success.

I would particularly like to acknowledge the dedication, resilience, and professionalism demonstrated by our management team and employees during a challenging year. Their unwavering commitment continues to drive the Company forward and strengthens our confidence in the future.

On behalf of the Board

IMRAN ALI HABIB

Chairman

A handwritten signature in blue ink, appearing to read 'Imran', with a horizontal line drawn underneath it.

چیئرمین کی جائزہ رپورٹ

معزز حصص یافتگان

بورڈ آف ڈائریکٹرز کی جانب سے، میں کمپنی کی کارکردگی برائے سال ۳۰ جون ۲۰۲۶ پیش کر رہا ہوں۔

کمپنی کی کارکردگی کا جائزہ

مالی سال 2026 کے دوران پاکستان کی معیشت بحالی کی جانب اپنا سفر پر گامزن رہی، تاہم سال کے دوسرے نصف میں مہنگائی کے دباؤ میں دوبارہ اضافہ دیکھنے میں آیا، جس کی بنیادی وجہ عالمی اجناس اور پٹرولیم مصنوعات کی قیمتوں میں اضافہ تھا۔ تعمیرات اور ہاؤسنگ کے شعبوں میں بحالی توقعات سے کم رہی، جس کے باعث تعمیراتی سامان کی طلب متاثر ہوتی رہی۔ خلیجی خطے میں ہونے والی جغرافیائی سیاسی پیش رفت نے ایندھن، بجلی اور گیس کی قیمتوں کو بھی متاثر کیا، جبکہ رسد میں رکاوٹوں کے باعث مال برداری اور پیداواری اخراجات میں بھی اضافہ ہوا۔

اس پس منظر میں، کمپنی نے مالی سال 2026 کے دوران 11.9 ارب روپے کی خالص فروخت آمدنی رپورٹ کی، جبکہ گزشتہ سال یہ آمدنی 13.8 ارب روپے تھی۔ یہ کمی مارکیٹ کے مشکل حالات اور تعمیراتی شعبے میں طلب میں کمی کی عکاسی کرتی ہے۔ مجموعی منافع 1.876 ارب روپے رہا، جبکہ کمپنی نے ٹیکس کی ادائیگی کے بعد 802 ملین روپے کا خسارہ رپورٹ کیا، جبکہ گزشتہ سال 192 ملین روپے کا خسارہ ہوا تھا۔ فی حصص خسارہ 3.35 روپے رہا، جبکہ گزشتہ سال یہ 0.80 روپے تھا۔

ان مشکل حالات کے باوجود، انتظامیہ نے آپریشنل بہتری اور اخراجات کو بہتر بنانے پر اپنی توجہ برقرار رکھی، جبکہ مصنوعات کے معیار، صارفین کی خدمات اور مالیاتی نظم و ضبط کے حوالے سے اپنے عزم کو بھی قائم رکھا۔ کمپنی کے آپریشنل نظام کو مستحکم کرنے کے لیے سال کے دوران کئی اہم اقدامات کیے گئے، جن میں 6 میگاواٹ بیٹری انرجی اسٹوریج سسٹم (BESS) میں سرمایہ کاری، مستقل اخراجات کو معقول بنانا، تجارتی سرگرمیوں میں بہتری، قابل تجدید توانائی کے بنیادی ڈھانچے کے استعمال میں اضافہ، اور برآمدی مواقع کی تلاش شامل ہیں۔ توقع ہے کہ یہ اقدامات کمپنی کی لاگت کے اعتبار سے مسابقتی صلاحیت اور آپریشنل استحکام کو مضبوط بنائیں گے اور مستقبل میں ترقی کے لیے ایک مضبوط بنیاد فراہم کریں گے۔

نئی قیادت

سال کے دوران کمپنی کی قیادت میں ایک اہم تبدیلی رونما ہوئی، جس کے نتیجے میں ایک نئے چیف ایگزیکٹو آفیسر (CEO) نے ذمہ داریاں سنبھالیں۔ اس کے ساتھ ساتھ سیلز، مارکیٹنگ، کوالٹی اور بزنس ڈیولپمنٹ سمیت اہم شعبوں میں کلیدی تقرریاں بھی کی گئیں۔ قیادت کی یہ نئی ٹیم نئے نقطہ نظر، زیادہ مؤثر تجارتی توجہ، اور عملی اقدامات پر عمل درآمد اور جوابدہی کے حوالے سے مضبوط عزم کو یکجا کرتی ہے۔

مجھے پورا یقین ہے کہ یہ مضبوط قیادت کمپنی کو موجودہ کاروباری ماحول میں مؤثر انداز سے آگے بڑھنے، اپنی مسابقتی پوزیشن کو مزید مستحکم کرنے، اور پائیدار طویل مدتی ترقی کے لیے ایک مضبوط بنیاد قائم کرنے کے لیے ضروری سمت اور رفتار فراہم کرے گی۔ ہم آنے والے برسوں میں اس نئی ٹیم کے مثبت اثرات کے منتظر ہیں۔

افرادى قوت اور تحفظ

كمپنى سے وابستہ تمام ملازمين اور سروس فراہم كنندگان كى صحت اور حفاظت كو يقينى بنانا بورڈ اور انتظاميہ كى اولين ترجيح ہے۔ نئی قيادت كے تحت محفوظ كام كے طريقہ كار كو مزيد مضبوط بنانے كے ليے اعلیٰ سطح سے نچلی سطح تك ايك منظم حكمت عملی اپنائی گئی ہے، جس ميں باقاعده تربيت، آڈٹ اور جوابدہی كے پروگرام شامل ہيں، جن كا مقصد حفاظتی رويوں ميں بہتری لانا ہے۔ يہ امر انتہائی حوصلہ افزا ہے كہ كمپنى نے 30 جون 2026 تك كسى بہی ايسے حادثے كے بغير، جس كے نتيجے ميں كام كے وقت كا نقصان ہوا ہو (Lost Time Injury – LTI)، مجموعی طور پر 2.45 ملين محفوظ افرادى اوقات مكمل كيے۔ اس كاميابی كے حصول ميں دو اہم اقدامات نے بنيادی كردار ادا كيا: انتظاميہ كى جانب سے حفاظتی آڈٹس اور وركشاپ كى سطح پر ہفتہ وار حفاظتی اجلاس شامل ہيں۔ كمپنى ماحولياتی تحفظ سے متعلق تمام قابل اطلاق قوانين اور ضوابط كى مكمل پابندی كر رہی ہے، جبكہ توانائی كے تحفظ اور فضلے ميں كمی كے ليے بہی متعدد اقدامات كيے جا رہے ہيں۔

بورڈ كى كاركردى اور نگرانى

بورڈ نے پورے سال كمپنى كو اسٹريٹجك سمت فراہم كرنے اور نگرانى كے عمل ميں فعال كردار ادا كيا۔ خصوصى توجہ كاروبارى پائيدارى، رسك مينجمنٹ، مالی نظم و ضبط، آپريشنل كاركردى اور حصص يافتگان كے ليے طويل مدتى قدر پيدا كرنے پر مركزز رہی۔

بورڈ نے باقاعدگی سے كاروبارى كاركردى، اسٹريٹجك اقدامات، سرمائے كى تخصيص سے متعلق فيصلوں اور اہم آپريشنل خطرات كا جائزہ ليا۔ اپنی كمیٹیوں كے ذريعے بورڈ نے قابل اطلاق قانونی و ضابطہ جاتى تقاضوں كے مطابق گورننس كے طريقہ كار، داخلى كنٹرولز اور تعميل كے نظام كو مزيد مضبوط بنانے كا سلسلہ جارى ركھا۔ بورڈ اور اس كى كمیٹیوں كى سالانہ كاركردى كا جائزہ

Listed Companies (Code of Corporate Governance) Regulations, 2019 كے تقاضوں كے مطابق ليا گیا۔ اس جائزے نے اس امر كى توثيق كى كہ بورڈ كمپنى كے ليے اپنی امانتى ذمہ داریوں كى ادائیگی اور اسٹريٹجك قيادت كى فراہمی ميں مؤثر طور پر اپنا كردار جارى ركھے ہوئے ہے۔

مستقبل كا منظرنامہ

مستقبل قریب كو مد نظر ركھتے ہوئے، ہم كمپنى كے مستقبل كے امكانات كے حوالے سے محتاط مگر پُر امید ہيں۔ مالی سال 2026 كے دوران نافذ كيے گئے اسٹريٹجك اقدامات، جن ميں مصنوعات كے پورٹ فولیو ميں توسيع، لاگت كو بہتر بنانے كے اقدامات، قابل تجديد توانائی ميں سرمایہ كارى اور تجارتی پورٹ فولیو ميں بہتری شامل ہيں، توقع ہے كہ ماركيٹ كے حالات ميں بتدریج بحالی كے ساتھ كمپنى كى بہتر كاركردى كے ليے ايك مضبوط بنياد فراہم كريں گے۔ STILE برانڈ كى مضبوط ساكھ، ايك مستحکم ڈسٹری بيوشن نیٹ ورک، تجربہ كار انتظامی ٹيم اور آپريشنل بہترین كاركردى پر مسلسل توجہ كے باعث، آپ كى كمپنى ابھرتے ہوئے مواقع سے فائدہ اٹھانے اور شينر ہولڈرز كے ليے پائيدار قدر پيدا كرنے كے ليے مضبوط پوزيشن ميں ہے۔

اظہارِ شکر

بورڈ کی جانب سے، میں اپنے شیئر ہولڈرز کا ان کے مسلسل اعتماد اور تعاون پر دلی طور پر شکریہ ادا کرنا چاہتا ہوں۔ میں اپنے صارفین، ملازمین، ڈیلرز، آرکیٹیکٹس، سپلائرز، کاروباری شراکت داروں اور مالیاتی اداروں کا بھی تہہ دل سے شکر گزار ہوں، جن کا اعتماد اور عزم کمپنی کی کامیابی میں بنیادی کردار ادا کرتا ہے۔ میں بالخصوص اپنی انتظامی ٹیم اور ملازمین کی اُس لگن، ثابت قدمی اور پیشہ ورانہ صلاحیتوں کو سراہنا چاہتا ہوں جن کا انہوں نے ایک مشکل سال کے دوران مظاہرہ کیا۔ ان کا غیر متزلزل عزم کمپنی کو مسلسل آگے بڑھانے میں معاون ہے اور مستقبل کے حوالے سے ہمارے اعتماد کو مزید مضبوط کرتا ہے

بورڈ آف ڈائریکٹرز کی جانب سے



عمران علی حبیب
چیئرمین

SHABBIR TILES & CERAMICS LIMITED
DIRECTORS' REPORT TO THE SHAREHOLDERS
FOR THE YEAR ENDED JUNE 30, 2026

The Directors of Shabbir Tiles & Ceramics Limited ("the Company") are pleased to present their report together with the audited financial statements of the Company for the year ended June 30, 2026.

BUSINESS ENVIRONMENT

The fiscal year 2026 remained challenging for the ceramic tiles industry despite gradual improvement in Pakistan's macroeconomic environment. While inflationary pressures eased and economic indicators showed signs of stabilization, overall construction and housing activity continued to remain subdued, adversely affecting demand across the building materials sector.

In addition, geopolitical developments in the region continued to drive volatility in energy prices and supply chain disruptions throughout the year, resulting in sustained escalation of fuel and freight costs. These factors persisted throughout the fourth quarter and continued to weigh on the overall profitability of the industry for the full year.

Despite these challenges, the Company remained committed to maintaining its market share through product diversification, cost optimization, and focused brand-building initiatives.

FINANCIAL PERFORMANCE

The financial performance of the Company for the year under review is summarized below:

Particulars	2026	2025
Turnover (Rs. '000)	11,898,887	13,846,058
Gross Profit (Rs. '000)	1,876,403	2,748,102
Operating Loss (Rs. '000)	(649,239)	(37,090)
Loss Before Taxation (Rs. '000)	(968,898)	(242,379)
Loss After Taxation (Rs. '000)	(802,104)	(192,131)
Loss Per Share (Rs.)	(3.35)	(0.80)

During the year, Company's performance remained constrained, as sales volumes were below expectation amid subdued demand conditions. The Company recorded net turnover of Rs. 11.9 billion compared to Rs. 13.8 billion in the preceding year, reflecting a decline of approximately

14%. Margins continued to remain under pressure, primarily due to elevated energy, raw material, and logistics costs. The Company continued to undertake measures aimed at improving operational efficiency and cost control, including:

- Aligning production levels with prevailing demand
- Optimizing product mix towards relatively better-margin segments
- Rationalizing fixed and variable costs
- Improving energy efficiency and resource utilization

Notwithstanding these efforts, the overall impact remained limited due to continued demand weakness and oversupply situation in tile manufacturing industry.

6MW Battery Energy Storage System (BESS)

A significant achievement during the year was the investment in 6MW **Battery Energy Storage System (BESS)** project. This initiative will enable the Company to maximize utilization of its solar power infrastructure by storing excess energy for use during peak demand periods. The project is expected to improve energy efficiency, reduce power costs, enhance operational reliability, and further strengthen the Company's commitment towards sustainability.

COMMERCIAL STRATEGY

The Company continued to strengthen its management and, commercial capabilities during the year. To reinforce this focus, the Company appointed a new CEO, Sales Director and Head of Quality, bringing renewed leadership across the Company's quality and sales functions. During the year, the Company recalibrated its brand-building approach, shifting focus towards digital media and marketing to enhance customer engagement and improve the cost-efficiency of its outreach. The Board and management also remained focused on strengthening the Company's outlet business, with plans to broaden the portfolio at Stile Emporiums to drive higher footfall and improve profitability. Based on a revised commercial approach, the Company remains committed to sustained efforts aimed at maintaining STILE's position as a leading premium brand in the industry.

DIGITAL TRANSFORMATION – ERP IMPLEMENTATION

During the year, the Company successfully completed Phase 1 of its SAP S/4HANA Public Cloud implementation, covering Finance, Sales, Materials Management, and Warehouse Management modules. This implementation is expected to streamline the order-to-cash and procure-to-pay cycles, enhance sales and customer order visibility, strengthen internal controls, improve reporting accuracy, enhance compliance, and enable real-time decision-making across the Company's operations.

Building on this progress, the Company has commenced Phase 2 of the SAP S/4HANA implementation, covering Production, Costing, and Maintenance modules, which will further extend system integration across the Company's manufacturing operations. The Board and management consider this implementation a strategic investment towards strengthening the Company's digital infrastructure, driving operational efficiency, and supporting the Company's future growth.

LIQUIDITY AND CASH FLOW MANAGEMENT

The Company's cash flow position weakened during the year, resulting in increased reliance on running finance facilities to meet working capital requirements. The Company continued to focus on optimizing inventory levels, strengthening receivable management, and prudently deploying available financial resources. Management remains committed to closely monitoring the Company's liquidity position and working capital cycle, and implementing measures aimed at easing pressure on cash flows going forward.

CONTRIBUTION TO NATIONAL EXCHEQUER

The company contributed approximately Rs. 2,697 million (2025: Rs. 3,190 million) into the Government Treasury on account of income tax, sales tax, custom duties and other Government levies.

BUSINESS RISKS AND CHALLENGES

The Company continues to operate in an environment characterized by various business risks and challenges, including:

- Fluctuation / interruption in gas supply due to curtailment, gas reserve depletion
- Increase in energy prices
- Contraction in construction leading to low secondary sales
- Freight cost upsurge due to higher diesel prices
- Increase in material costs and overheads due to high inflation
- Relaxation of regulatory duties on the import of tiles
- Heavy reliance on debt financing leading to higher finance costs
- Inability to pass price increases to customers because of competitive pricing

Management continuously reviews these risks and implements appropriate mitigation measures to minimize their impact on business operations.

CORPORATE & SOCIAL RESPONSIBILITY

The Company remains committed to its corporate social responsibilities and continues to contribute towards the welfare of society through initiatives focused on healthcare, employee well-being, environmental sustainability, and community development. The Company believes that creating long-term value extends beyond business performance and includes a commitment towards social development and responsible corporate citizenship.

HEALTH & SAFETY

The health and safety of employees remains a core priority for the Company. During the year, the Company achieved **2.45 million safe man-hours without a Lost Time Injury (LTI)** reflecting a renewed focus on implementing a strong safety culture and operational discipline.

The Company continues to invest in safety awareness, training programs, and proactive risk management practices to ensure a safe and healthy working environment for all its employees and service providers.

ESG AND SUSTAINABILITY

The Board recognizes its responsibility towards environmental, social and governance (ESG) and its integration in the Company's long-term strategy and decision-making. During the year, a high level ESG Committee was formed chaired by CEO that oversees ESG-related policies and initiatives and reports to the Board. The ESG Committee organized a full day awareness workshop for key management personnel to embark on this journey.

ADEQUACY OF INTERNAL CONTROLS

The Company maintains a comprehensive and effective framework of internal controls designed to safeguard assets, ensure accuracy of financial reporting, promote operational efficiency, and ensure compliance with applicable laws and regulations.

The Board, through the Board Audit and Risk Committee, regularly reviews the effectiveness of internal controls, risk management systems, and governance processes. The Board is satisfied that the Company's internal control framework remains adequate and effective.

AUDITORS

The present Auditors, **M/s A. F. Ferguson & Co., Chartered Accountants**, retire at the forthcoming Annual General Meeting and, being eligible, have offered themselves for reappointment. The Board, on the recommendation of the Board Audit and Risk Committee,

has recommended their reappointment as auditors of the Company for the year ending June 30, 2027, subject to approval of the shareholders at the forthcoming Annual General Meeting.

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

The Directors confirm that:

- The financial statements fairly present the state of affairs, results of operations, cash flows, and changes in equity of the Company.
- Proper books of account have been maintained.
- Appropriate accounting policies have been consistently applied.
- International Financial Reporting Standards as applicable in Pakistan have been followed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts regarding the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance as required under the Listed Companies (Code of Corporate Governance) Regulations, 2019.

BOARD OF DIRECTORS AND ITS COMMITTEES

The Board

The Board comprises two Independent Directors (including one female director), four Non-Executive Directors, and one Executive Director. During the year, five meetings of the Board of Directors were held.

Name of Director	Status	Meetings Attended
Mr. Imran Ali Habib	Chairman	5
Mr. Syed Masood Abbas Jaffery	Executive Director & CEO (Retired)	2
Mr. Abul Fazal Rizvi	Executive Director & CEO	3
Mr. Abdul Hai M. Bhaimia	Non-Executive Director	3
Mr. Asad Said Jafar	Independent Director	4

Ms. Farhana Mowjee Khan	Independent Director	5
Mr. Muhammad Salman Burney	Non-Executive Director	5
Ms. Zehra Hassan	Non-Executive Director	3

Board Audit and Risk Committee

During the year, five meetings of the Board Audit and Risk Committee were held. The attendance and composition of the Committee were as follows:

Name of Director	Meetings Attended
Ms. Farhana Mowjee Khan (Chairperson)	5
Mr. Imran Ali Habib (Resigned from BARC)	3
Mr. Asad Said Jafar	5
Mr. Abdul Hai M. Bhaimia	5
Ms. Zehra Hassan	3

Human Resource & Remuneration Committee

For the year under review, one meeting of the Human Resource & Remuneration Committee was held. The attendance was as follows:

Name of Director	Meetings Attended
Mr. Asad Said Jafar (Chairman)	1
Mr. Muhammad Salman Burney	1
Mr. Abul Fazal Rizvi	1
Ms. Farhana Mowjee Khan	1

DIVIDEND

In view of the financial performance for the year ended June 30, 2026, the Board of Directors has not recommended any cash dividend for the year.

PATTERN OF SHAREHOLDING

Statements showing the pattern of shareholding as at June 30, 2026 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

Transactions with related parties were carried out in the ordinary course of business and on terms equivalent to those prevailing in arm's length transactions. All related party transactions were reviewed by the Board Audit and Risk Committee and approved by the Board of Directors in accordance with applicable legal and regulatory requirements.

GENDER PAY GAP

The Company remains committed to fostering an inclusive and equitable workplace where all employees are provided equal opportunities based on merit and capability.

Our analysis for the period indicates that female employees, on average, earn 12.8% more than their male counterparts based on the mean pay gap measure. The median pay gap indicates that female employees earn 12.3% more than their male counterparts. The Company remains committed to maintaining fair and equitable employment practices and will continue to promote diversity, inclusion, and equal opportunity across all levels of the organization.

BUSINESS CONTINUITY PLANS

The Company maintains a robust Business Continuity Plan (BCP) to ensure the continuity of critical operations in the event of unforeseen disruptions. Appropriate disaster recovery arrangements and data backup systems remain in place to safeguard critical business information and maintain operational resilience. The BCP is overseen by a BCP Committee comprising all departmental heads, which is responsible for maintaining clear guidelines on backup protocols and process-level checklists to ensure the continuity of operations across all key business functions.

PERFORMANCE EVALUATION OF THE BOARD AND ITS COMMITTEES

In accordance with the requirements of the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019, the Board undertook an annual evaluation of its own performance and that of its Committees. The evaluation covered various aspects

including strategic oversight, governance effectiveness, Board independence, committee performance, and achievement of corporate objectives.

The overall performance and effectiveness of the Board and its Committees was assessed 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 performance, achievement of objectives related to profitability, organizational development, succession planning and overall corporate success.

During the year, the Board appointed Mr. Syed Abul Fazal Rizvi as the new Chief Executive Officer to lead the Company's strategic and operational turnaround. Mr. Rizvi brings over 28 years of diversified experience. He has held senior leadership positions across major industrial and energy-sector organizations and has successfully led complex operational and development initiatives. He holds both a Bachelor's and Master's degree in Mechanical Engineering from Kansas State University and completed an executive leadership program at INSEAD, France. He has been tasked with strengthening operational performance, market positioning, and the long-term sustainability of the Company.

DIRECTORS' REMUNERATION

The Company has established a policy governing Directors' remuneration in compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019. Executive Directors receive remuneration and benefits approved by the Board, while Non-Executive Directors are entitled to meeting fees in accordance with the approved policy. Details of remuneration and meeting fees are disclosed in the notes to the financial statements.

OUTLOOK AND FUTURE PROSPECTS

The year under review remained a challenging one for the Company and the broader industry, with subdued construction activity coupled with elevated input and freight costs weighing on sales volumes and profitability. Notwithstanding these headwinds, the Company continued to strengthen its organizational foundation, reinforcing its leadership team, sharpening its brand and commercial strategy, and maintaining discipline over costs and working capital, positioning it to respond effectively as conditions improve. In response to the current financial position, management and the Board have adopted a targeted turnaround strategy, including energy mix optimization, fixed overhead rationalization, new product launch and working capital optimization, alongside the commercial initiatives already underway across sales, marketing, and the outlet business. Detailed business plans and cash flow projections have been prepared by the management and the Board remains confident that the Company will be able

to meet its operational and financial obligations as they become due and to gradually restore profitability.

ACKNOWLEDGEMENT

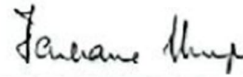
The Board of Directors extends its sincere gratitude to shareholders, customers, employees, dealers, architects, bankers, suppliers, regulators, and other stakeholders for their continued support, confidence, and trust in the Company.

The Board also acknowledges the dedication, commitment, and resilience demonstrated by the management team and employees during a challenging year. Their efforts have been instrumental in sustaining operations and advancing the Company's strategic objectives.

On behalf of the Board



SYED ABUL FAZAL RIZVI
Chief Executive Officer



FARHANA MOWJEE KHAN
Director

Date: September 22, 2026

شیر ٹائلز اینڈ سیرامکس لمیٹڈ

رپورٹ برائے حصص یافتگان از جانب بورڈ آف ڈائریکٹرز

برائے سال اختتام پذیر 30 جون 2026

کمپنی کے ڈائریکٹرز کو 30 جون 2026 کو ختم ہونے والے سال کے لیے آڈٹ شدہ مالیاتی گوشواروں کے ساتھ اپنی رپورٹ پیش کرتے ہوئے مسرت محسوس ہو رہی ہے۔

کاروباری ماحول

مالی سال 2026 سیرامک ٹائلز صنعت کے لیے چیلنجز سے بھرپور رہا، اگرچہ پاکستان کی مجموعی اقتصادی صورتحال میں بتدریج بہتری کے آثار نمایاں ہوئے۔ افراط زر میں کمی اور معاشی اشاریوں میں استحکام کے باوجود تعمیراتی اور ہاؤسنگ سرگرمیاں نسبتاً کمزور رہیں، جس کے نتیجے میں تعمیراتی مصنوعات کی مجموعی طلب متاثر ہوئی۔ علاقائی جغرافیائی و سیاسی صورتحال کے باعث توانائی کی قیمتوں میں اتار چڑھاؤ اور طلب و رسد میں رکاوٹیں برقرار رہیں، جس سے ایندھن اور نقل و حمل کے اخراجات میں مسلسل اضافہ ہوا۔ یہ عوامل چوتھی سہ ماہی کے دوران بھی برقرار رہے اور پورے سال کے دوران صنعت کی مجموعی منافع بخش کارکردگی کو متاثر کرتے رہے۔ ان حالات کے باوجود کمپنی نے مصنوعات میں تنوع، لاگت کے بہتر انتظام اور برانڈ کی مضبوطی کے ذریعے اپنی مارکیٹ پوزیشن برقرار رکھنے کے لیے بھرپور کوششیں جاری رکھیں۔

مالیاتی کارکردگی

سال کے دوران کمپنی کی مالیاتی کارکردگی کا خلاصہ درج ذیل ہے

روپے "000" میں

تفصیلات	2026	2025
خالص فروخت	11,898,887	13,846,058
مجموعی منافع	1,876,403	2,748,102
آپریٹنگ خسارہ	(649,239)	(37,090)
قبل از ٹیکس خسارہ	(968,898)	(242,379)
بعد از ٹیکس خسارہ	(802,104)	(192,131)
نی حصص خسارہ (روپے)	(3.35)	(0.80)

سال کے دوران طلب میں کمی کے باعث فروخت کے حجم توقعات سے کم رہے۔ کمپنی کی خالص فروخت 11.9 ارب روپے رہی جو گزشتہ سال کے 13.8 ارب روپے کے مقابلے میں تقریباً 14 فیصد کم ہے۔ بلند توانائی، خام مال اور نقل و حمل اخراجات کے باعث منافع کی شرح مسلسل دباؤ کا شکار رہی۔

کارکردگی بہتر بنانے اور اخراجات کنٹرول کرنے کے لیے کمپنی نے درج ذیل اقدامات کیے:

- پیداوار کو مارکیٹ طلب کے مطابق ہم آہنگ کرنا
- بہتر مارجن والی مصنوعات پر توجہ مرکوز کرنا
- مستقل اور متغیر اخراجات میں کمی
- توانائی کی بچت اور وسائل کے مؤثر استعمال کو فروغ دینا

تاہم صنعت میں طلب کی کمزوری اور زائد پیداواری صلاحیت کے باعث ان اقدامات کے مثبت اثرات محدود رہے۔

6 میگا واٹ بیٹری انرجی اسٹوریج سسٹم (BESS)

سال کے دوران کمپنی نے 6 میگا واٹ بیٹری انرجی اسٹوریج سسٹم (BESS) کے منصوبے میں سرمایہ کاری کی، جو ایک اہم سنگ میل ثابت ہوئی۔ یہ منصوبہ کمپنی کو شمسی توانائی سے پیدا ہونے والی اضافی بجلی کو محفوظ کر کے ضرورت کے اوقات میں استعمال کرنے کے قابل بنائے گا۔ اس سے توانائی کی لاگت میں کمی، آپریشنز کی قابل اعتمادیت میں اضافہ اور ماحولیاتی پائیداری کے عزم کو مزید تقویت ملے گی۔

تجارتی حکمت عملی

کمپنی نے سال کے دوران اپنے انتظامی اور تجارتی صلاحیتوں کو مضبوط کرنا جاری رکھا۔ اس توجہ کو تقویت دینے کے لیے، کمپنی نے ایک نیاسی ای او، سیلز ڈائریکٹر اور ہیڈ آف کوالٹی کا تقرر کیا، جس سے کمپنی کے معیار اور سیلز کے افعال میں نئی قیادت سامنے آئی۔ سال کے دوران، کمپنی نے اپنے برانڈ سازی کے نقطہ نظر کو دوبارہ ترتیب دیا، ڈیجیٹل میڈیا اور مارکیٹنگ کی طرف توجہ مرکوز کرتے ہوئے صارفین کی مصروفیت کو بڑھایا اور اپنی رسائی کی لاگت کی کارکردگی کو بہتر بنایا۔ بورڈ اور انتظامیہ نے کمپنی کے آؤٹ لیٹ کاروبار کو مضبوط بنانے پر بھی توجہ مرکوز رکھی، اسٹائل ایپوریٹمنز میں پورٹ فولیو کو وسیع کرنے کے منصوبوں کے ساتھ، زیادہ تعداد میں اضافہ اور منافع کو بہتر بنانے کے لیے۔ نظر ثانی شدہ تجارتی نقطہ نظر کی بنیاد پر، کمپنی مسلسل کوششوں کے لیے عزم ہے جس کا مقصد STILE کی صنعت میں ایک معروف پریمیم برانڈ کے طور پر پوزیشن کو برقرار رکھنا ہے۔

ڈیجیٹل ٹرانسفارمیشن - ERP کا نفاذ

کمپنی سال کے دوران، کمپنی نے اپنے SAP S/4HANA پبلک کلاؤڈ کے نفاذ کے فیئر 1 کو کامیابی سے مکمل کیا، جس میں فنانس، سیلز، میٹریلز مینجمنٹ، اور ویریٹاؤس مینجمنٹ ماڈیولز شامل ہیں۔

اس عمل درآمد سے آرڈر ٹو کیش اور پروکیور ٹوپے سائیکلوں کو ہموار کرنے، سیلز اور کسٹر آرڈر کی مریت کو بڑھانے، اندرونی کنٹرول کو مضبوط بنانے، رپورٹنگ کی درستگی کو بہتر بنانے، تعین کو بڑھانے اور کمپنی کے تمام آپریشنز میں حقیقی وقت میں فیصلہ سازی کو فعال کرنے کی توقع ہے۔

اس پیش رفت کی بنیاد پر، کمپنی نے SAP S/4HANA کے نفاذ کے فیئر کا آغاز کیا ہے، جس میں پیداوار، لاگت، اور دیکھ بھال کے ماڈیولز شامل ہیں، جو کمپنی کے مینوفیکچرنگ آپریشنز میں سسٹم کے انضمام کو مزید وسعت دیں گے۔ بورڈ اور انتظامیہ اس عمل کو کمپنی کے ڈیجیٹل انفراسٹرکچر کو مضبوط بنانے، آپریشنل کارکردگی کو بڑھانے اور کمپنی کی مستقبل کی ترقی میں معاونت کے لیے ایک اسٹریٹجک سرمایہ کاری سمجھتے ہیں۔

لیکویڈیٹی اور کیش فلو مینجمنٹ

سال کے دوران کمپنی کی کیش فلو کی صورتحال کمزور رہی، جس کے نتیجے میں ورکنگ کیپیٹل کی ضروریات پوری کرنے کے لیے 'رنگ فنانس' کی سہولیات پر انحصار بڑھ گیا۔ کمپنی نے انویسٹری کی سطح کو بہترین بنانے، قابل وصول رقوم کے انتظام کو مستحکم کرنے اور دستیاب مالی وسائل کو دانشمندی سے استعمال کرنے پر اپنی توجہ مرکوز رکھی۔ انتظامیہ کمپنی کی لیکویڈیٹی کی صورتحال اور ورکنگ کیپیٹل سائیکل کی کڑی نگرانی کرنے، نیز مستقبل میں کیش فلو پر دباؤ کو کم کرنے کے لیے اقدامات پر عمل درآمد کرنے کے عزم پر قائم ہے۔

قومی خزانے میں شراکت

کمپنی نے مالی سال 2026 کے دوران انکم ٹیکس، سیلز ٹیکس، کسٹم ڈیوٹی اور دیگر سرکاری محصولات کی مد میں تقریباً 2.697 ارب روپے قومی خزانے میں جمع کرائے، جبکہ گزشتہ سال یہ رقم 3.190 ارب روپے تھی۔

کاروباری خطرات اور چیلنجز

کمپنی ایک ایسے ماحول میں کام جاری رکھے ہوئے ہے جس میں مختلف کاروباری خطرات اور چیلنجز شامل ہیں، بشمول:

- گیس کے ذخائر میں کمی کی وجہ سے گیس کی فراہمی میں اتار چڑھاؤ / رکاوٹ، کمی
- توانائی کی قیمتوں میں اضافہ
- تعمیرات میں سنگین جس کی وجہ سے ثانوی فروخت کم ہوتی ہے۔
- ڈیزل کی زیادہ قیمتوں کی وجہ سے مال بردار لاگت میں اضافہ
- اعلیٰ افراط زر کی وجہ سے مادی اخراجات اور اوور ہیڈز میں اضافہ
- ٹانکوں کی درآمد پر ریگولیٹری ڈیوٹی میں نرمی
- قرض کی مالی اعانت پر بہت زیادہ انحصار جس کی وجہ سے مالیاتی اخراجات زیادہ ہوتے ہیں۔

• مسابقتی قیمتوں کے تعین کی وجہ سے قیمتوں میں اضافہ گاہکوں کو منتقل کرنے میں ناکامی۔

انتظامیہ ان خطرات کا مسلسل جائزہ لیتی ہے اور کاروباری کارروائیوں پر ان کے اثرات کو کم کرنے کے لیے مناسب تخفیف کے اقدامات کو نافذ کرتی ہے۔

کارپوریٹ سماجی ذمہ داری

کمپنی اپنی کارپوریٹ سماجی ذمہ داریوں کے حوالے سے پر عزم ہے اور صحت کی دیکھ بھال، ملازمین کی فلاح و بہبود، ماحولیاتی پائیداری اور کمیونٹی کی ترقی پر مرکوز اقدامات کے ذریعے معاشرے کی فلاح و بہبود میں اپنا حصہ ڈال رہی ہے۔ کمپنی کا ماننا ہے کہ طویل مدتی قدر کی تخلیق کا دائرہ کار محض کاروباری کارکردگی تک محدود نہیں، بلکہ اس میں سماجی ترقی اور ذمہ دارانہ کارپوریٹ شہریت کے عزم کا بھی احاطہ کیا گیا ہے۔

صحت اور حفاظت

ملازمین کی صحت اور حفاظت کمپنی کی اولین ترجیح ہے۔ سال کے دوران، کمپنی نے کام کے دوران چوٹ لگنے کے باعث کام سے غیر حاضری کے کسی بھی واقعے کے بغیر 2.45 ملین محفوظ 'مین آؤز' کا سنگ میل عبور کیا؛ یہ کامیابی ایک مضبوط حفاظتی کلچر اور آپریشنل نظم و ضبط کے نفاذ پر نئی توجہ مرکوز کرنے کی عکاس ہے۔ کمپنی اپنے تمام ملازمین اور سروس فراہم کرنے والوں کے لیے محفوظ اور صحت مند کام کا ماحول یقینی بنانے کی خاطر حفاظتی آگاہی، تربیتی پروگراموں اور خطرات کے پیشگی انتظام کے طریقوں میں سرمایہ کاری کا سلسلہ جاری رکھے ہوئے ہے۔

ESG اور پائیداری

بورڈ ماحولیاتی، سماجی اور گورننس (ESG) کے حوالے سے اپنی ذمہ داری اور کمپنی کی طویل مدتی حکمت عملی اور فیصلہ سازی میں اس کے انضمام کی اہمیت کو تسلیم کرتا ہے۔ سال کے دوران، سی ای او (CEO) کی سربراہی میں ایک اعلیٰ سطحی ESG کمیٹی تشکیل دی گئی جو ESG سے متعلقہ پالیسیوں اور اقدامات کی نگرانی کرتی ہے اور بورڈ کو رپورٹ پیش کرتی ہے۔ اس سفر کا آغاز کرنے کے لیے، ESG کمیٹی نے انتظامیہ کے کلیدی عہدیداران کے لیے آگاہی پر مبنی ایک روزہ ورکشاپ کا اہتمام کیا۔

داخلی کنٹرول کا نظام

کمپنی نے داخلی کنٹرول کا ایک جامع اور موثر نظام قائم کر رکھا ہے تاکہ اثاثوں کا تحفظ، مالیاتی رپورٹنگ کی درستگی، آپریشنل افادیت اور قانونی تعمیل کو یقینی بنایا جاسکے۔ بورڈ کی رائے میں کمپنی کا داخلی کنٹرول سسٹم موثر اور مناسب ہے۔

آڈیٹرز

موجودہ آڈیٹرز، میسرز اے ایف فرگوسن اینڈ کمپنی (چارٹرڈ اکاؤنٹنٹس)، آئندہ سالانہ اجلاس عام میں سبکدوش ہو رہے ہیں اور اہل ہونے کی بنا پر انہوں نے دوبارہ تقرری کے لیے اپنی رضامندی ظاہر کی ہے۔ بورڈ نے، 'بورڈ آف آڈٹ اینڈ رسک کمیٹی' کی سفارش پر، 30 جون 2027 کو ختم ہونے والے سال کے لیے کمیٹی کے آڈیٹرز کے طور پر ان کی دوبارہ تقرری کی سفارش کی ہے، جس کا انحصار آئندہ سالانہ اجلاس عام میں شیئر ہولڈرز کی منظوری پر ہو گا۔

کوڈ آف کارپوریٹ گورننس کے ساتھ تعمیل

ڈائریکٹرز تصدیق کرتے ہیں کہ:

- مالی بیانات منصفانہ طور پر معاملات کی حالت، آپریشن کے نتائج، نقد بہاؤ، اور کمپنی کی ایکویٹی میں تبدیلیوں کو پیش کرتے ہیں۔
- حساب کتاب کی مناسب دیکھ بھال کی گئی ہے۔
- مناسب اکاؤنٹنگ پالیسیوں کو مستقل طور پر لاگو کیا گیا ہے۔
- پاکستان میں لاگو ہونے والے بین الاقوامی مالیاتی رپورٹنگ کے معیارات پر عمل کیا گیا ہے۔
- اندرونی کنٹرول کا نظام ڈیزائن میں درست ہے اور اسے مؤثر طریقے سے لاگو کیا گیا ہے اور اس کی نگرانی کی گئی ہے۔
- ایک جاری تشویش کے طور پر جاری رکھنے کی کمیٹی کی صلاحیت کے بارے میں کوئی خاص شک نہیں ہے۔
- لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے تحت مطلوبہ کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی رخصتی نہیں ہوئی 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۔

ڈائریکٹر کا نام	عہدہ	شرکت کردہ اجلاس کی تعداد
جناب عمران علی حبیب	چیئرمین	5
جناب سید مسعود عباس جعفری	ایگزیکٹو ڈائریکٹر اور سی ای او (ریٹائرڈ)	2
جناب ابوالفضل رضوی	ایگزیکٹو ڈائریکٹر اور سی ای او	3
جناب عبدالحی ایم بھائی میاں	نان ایگزیکٹو ڈائریکٹر	3
جناب اسد سید جعفر	آزاد ڈائریکٹر	4
محترمہ فرحانہ موجی خان	آزاد ڈائریکٹر	5
جناب محمد سلمان برنی	نان ایگزیکٹو ڈائریکٹر	5
محترمہ زہرا حسن	نان ایگزیکٹو ڈائریکٹر	3

بورڈ کی آڈٹ اور رسک کمیٹی

سال کے دوران، بورڈ کی آڈٹ اور رسک کمیٹی کے پانچ اجلاس منعقد ہوئے۔ کمیٹی کی حاضری اور تشکیل حسب ذیل تھی:

ڈائریکٹر کا نام	شرکت کردہ اجلاس کی تعداد
محترمہ فرحانہ ماوجی خان (chairperson)	5
جناب عمران علی حبیب	3
جناب عبدالحی ایم بھائی میاں	5
جناب اسد سید جعفر	5
محترمہ زہرا حسن	3

کمپنی برائے انسانی وسائل و معاوضہ جات

زیرِ جائزہ سال کے دوران، کمپنی برائے انسانی وسائل و معاوضہ جات کا ایک اجلاس منعقد ہوا۔ حاضرین کی تفصیل حسبِ ذیل تھی

ڈائریکٹر کا نام	شرکت کردہ اجلاس کی تعداد
جناب اسد سید جعفر (چیئر مین)	1
جناب محمد سلمان برنی	1
جناب ابو الفضل رضوی	1
محترمہ فرحانہ ماوجی خان	1

منافع منقسم

سال 30 جون 2026 کے لئے بورڈ نے اپنے اجلاس مورخہ 22 ستمبر 2026 میں کسی بھی منافع منقسم کی سفارش نہیں کی۔

شیئر ہولڈنگ کا نمونہ

کمپنیز ایکٹ 2017 کی دفعہ 227(2)(f) اور کارپوریٹ گورننس کے ضابطے کے تحت درکار، 30 جون 2026 تک شیئر ہولڈنگ کے نمونے کو ظاہر کرنے والے گوشوارے اس رپورٹ کے ساتھ منسلک ہیں۔ ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکریٹری، ہیڈ آف انٹرنل آڈٹ اور ان کے شریک حیات یا نابالغ بچوں نے سال کے دوران کمپنی کے شیئرز کی کوئی خرید و فروخت نہیں کی۔

بعد از بیلنس شیٹ واقعات

مالی سال کے اختتام اور اس رپورٹ کی تاریخ کے درمیان کمپنی کی مالی پوزیشن پر اثر انداز ہونے والی کوئی اہم تبدیلی یا ذمہ داری رونما نہیں ہوئی، سوائے ان امور کے جو مالیاتی گوشواروں میں ظاہر کیے گئے ہیں۔

متعلقہ فریقین سے لین دین

متعلقہ فریقین کے ساتھ لین دین معمول کے کاروباری عمل کے دوران اور ایسے شرائط و ضوابط کے تحت کیے گئے جو آزادانہ کاروباری لین دین میں رائج شرائط کے مساوی تھے۔ متعلقہ فریقین کے ساتھ ہونے والے تمام لین دین کا جائزہ بورڈ کی آڈٹ اینڈ رسک کمیٹی نے لیا اور بورڈ آف ڈائریکٹرز نے قابل اطلاق قانونی و ضابطہ جاتی تقاضوں کے مطابق ان کی منظوری دی۔

صنعتی مساوات

کمپنی ایک ایسے جامع اور منصفانہ کام کے ماحول کو فروغ دینے کے لیے پر عزم ہے جہاں تمام ملازمین کو اہلیت اور صلاحیت کی بنیاد پر مساوی مواقع فراہم کیے جائیں۔ اس عرصے کے لیے کیے گئے ہمارے تجزیے سے ظاہر ہوتا ہے کہ 'اوسط تنخواہ کے فرق' کے پیمانے کے مطابق، خواتین ملازمین اوسطاً اپنے مرد ساتھیوں کے مقابلے میں 12.8 فیصد زیادہ آمدنی حاصل کرتی ہیں۔ 'میڈین پے گیپ' کے اعداد و شمار بتاتے ہیں کہ خواتین ملازمین اپنے مرد ساتھیوں کے مقابلے میں 12.3 فیصد زیادہ کماتی ہیں۔ کمپنی ملازمت کے منصفانہ اور مساوی طریقوں کو برقرار رکھنے کے لیے پر عزم ہے اور تنظیم کی تمام سطحوں پر تنوع، شمولیت اور مساوی مواقع کے فروغ کا سلسلہ جاری رکھے گی۔

کاروباری تسلسل کا منصوبہ

کمپنی غیر متوقع رکاوٹوں کی صورت میں اہم کاروباری سرگرمیوں کا تسلسل برقرار رکھنے کے لیے ایک موثر 'بزنس کنٹینیوٹی پلان' پر عمل پیرا ہے۔ کاروباری اہم معلومات کے تحفظ اور آپریشنل پلگ کو برقرار رکھنے کے لیے 'ڈیزاسٹر ریکوری' کے مناسب انتظامات اور ڈیٹا بیک اپ کے نظام موجود ہیں۔ BCP کی نگرانی تمام شعبہ جات کے سربراہان پر مشتمل ایک کمیٹی کرتی ہے؛ یہ کمیٹی بیک اپ پروٹوکولز اور عمل کی سطح پر چیک لسٹس کے حوالے سے واضح ہدایات مرتب کرنے کی ذمہ دار ہے تاکہ کاروبار کے تمام کلیدی شعبوں میں سرگرمیوں کا تسلسل یقینی بنایا جاسکے۔

بورڈ اور اس کی کمیٹیوں کی کارکردگی کا جائزہ

کمپنیز ایکٹ 2017 اور لسٹڈ کمپنیز (کارپوریٹ گورننس کا ضابطہ) ضوابط 2019 کے تقاضوں کے مطابق، بورڈ نے اپنی اور اپنی کمیٹیوں کی کارکردگی کا سالانہ جائزہ لیا۔ اس جائزے میں مختلف پہلوؤں کا احاطہ کیا گیا جن میں اسٹریٹجک نگرانی، گورننس کی افادیت، بورڈ کی خود مختاری، کمیٹیوں کی کارکردگی اور کارپوریٹ مقاصد کا حصول شامل ہیں۔ بورڈ اور اس کی کمیٹیوں کی مجموعی کارکردگی اور افادیت کو تسلی بخش قرار دیا گیا۔

سی ای او کی کارکردگی کا جائزہ

سی ای او کی کارکردگی کا جائزہ ایک ایسے رسمی نظام کے تحت لیا جاتا ہے جو مختلف پہلوؤں کا احاطہ کرتا ہے۔ اس میں کاروباری کارکردگی، منافع، بحیثیت سے متعلق اہداف کا حصول، تنظیمی ترقی، جانشینی کے منصوبے اور مجموعی کارپوریٹ کامیابی کا جائزہ شامل ہے۔

سال کے دوران، بورڈ نے کمپنی کی تزویراتی اور آپریشنل بحالی کی قیادت کرنے کے لیے جناب سید ابوالفضل رضوی کو نیا چیف ایگزیکٹو آفیسر مقرر کیا۔ جناب رضوی 28 سال سے زائد کا متنوع تجربہ رکھتے ہیں۔ وہ صنعتی اور توانائی کے شعبوں کے بڑے اداروں میں اعلیٰ قیادت کے عہدوں پر فائز رہ چکے ہیں اور انہوں نے پیچیدہ آپریشنل اور ترقیاتی اقدامات کی کامیابی سے قیادت کی ہے۔ انہوں نے کینساس اسٹیٹ یونیورسٹی سے مینیکل انجینئرنگ میں پیچر اور ماسٹر دونوں ڈگریاں حاصل کی ہیں اور فرانس کے ادارے

INSEAD سے ایگزیکٹو لیڈرشپ پروگرام مکمل کیا ہے۔ انہیں کمپنی کی آپریشنل کارکردگی، مارکیٹ میں پوزیشننگ اور طویل مدتی پائیداری کو مستحکم کرنے کی ذمہ داری سونپی گئی ہے۔

ڈائریکٹرز کا معاوضہ

کمپنی نے الیٹڈ کمپنیز (کارپوریٹ گورننس کا ضابطہ) 2019ء کی تعمیل میں ڈائریکٹرز کے معاوضے سے متعلق ایک پالیسی وضع کی ہے۔ ایگزیکٹو ڈائریکٹرز بورڈ کی جانب سے منظور شدہ معاوضہ اور مراعات حاصل کرتے ہیں، جبکہ نان ایگزیکٹو ڈائریکٹرز منظور شدہ پالیسی کے مطابق اجلاس کی فی کے حقدار ہوتے ہیں۔ معاوضے اور اجلاس کی فیس کی تفصیلات مالیاتی گوشواروں کے نوٹسز میں ظاہر کی گئی ہیں۔

مستقبل کا لائحہ عمل

زیر جائزہ سال کمپنی اور وسیع تر صنعت کے لیے ایک چیلنجنگ رہا، جس میں کم تعمیراتی سرگرمی کے ساتھ ساتھ فروخت کے حجم اور منافع پر وزن میں اضافے اور مال برداری کے اخراجات شامل تھے۔ ان پریشانیوں کے باوجود، کمپنی نے اپنی تنظیمی بنیاد کو مضبوط کرنا، اپنی قیادت کی ٹیم کو مضبوط کرنا، اپنی برانڈ اور تجارتی حکمت عملی کو تیز کرنا، اور اخراجات اور ورکنگ کیپیٹل پر نظم و ضبط برقرار رکھنا، حالات میں بہتری کے ساتھ مؤثر طریقے سے جواب دینے کے لیے پوزیشننگ جاری رکھی۔ موجودہ مالیاتی پوزیشن کے جواب میں، انتظامیہ اور بورڈ نے ہدف بدلنے کی حکمت عملی اپنائی ہے، جس میں توانائی کے کس اور نئے سرے سے شروع ہونے والی مصنوعات کی اصلاح، نئے سرے سے کام کرنے والی مصنوعات کی اصلاح شامل ہے۔ سیلز، مارکیٹنگ، اور آؤٹ لیٹ کاروبار میں پہلے سے جاری تجارتی اقدامات کے ساتھ، اصلاح۔ انتظامیہ کی طرف سے تفصیلی کاروباری منصوبے اور کیش فلو کے تخمینے تیار کیے گئے ہیں اور بورڈ کو یقین ہے کہ کمپنی اپنی آپریشنل اور مالی ذمہ داریوں کو پورا کرنے کے قابل ہو جائے گی جیسے ہی وہ واجب الادا ہوں گے اور آہستہ آہستہ منافع کو بحال کر سکیں گے۔

اظہار تشکر

بورڈ آف ڈائریکٹرز حصص یافتگان، صارفین، ملازمین، ڈیلرز، آرکیٹیکٹس، بینکاروں، سپلائرز، ریگولیٹری اداروں اور دیگر تمام اسٹیک ہولڈرز کا ان کے مسلسل اعتماد، تعاون اور حمایت پر تہ دل سے شکریہ ادا کرتا ہے۔

بورڈ انتظامیہ اور تمام ملازمین کی غیر معمولی محنت، عزم اور ثابت قدمی کو بھی خراج تحسین پیش کرتا ہے جن کی کاوشوں سے مشکل حالات کے باوجود کاروباری سرگرمیاں جاری رہیں اور کمپنی اپنے اسٹریٹجک اہداف کی جانب پیش رفت کرتی رہی۔

بورڈ کی جانب سے

Farehan Maqsood

فرحانہ ماوجی خان

ڈائریکٹر

Syed A. Raza

سید ابوالفضل رضوی

چیف ایگزیکٹو آفیسر

تاریخ: 22 ستمبر 2026



INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Shabbir Tiles and Ceramics Limited

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 and Ceramics Limited (the Company) for the year ended June 30, 2026 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 June 30, 2026.

A.F Ferguson & Co.
Chartered Accountants
Karachi
Dated: October 1, 2026
UDIN: CR202610068z3WjI2FXM



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

SHABBIR TILES AND CERAMICS LIMITED (STCL) - FOR THE YEAR ENDED JUNE 30, 2026

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: - 05
 - b) Female: - 02
2. The composition of Board is as follows:
 - a) Independent Directors*
(including a Female Director)
 - Mr. Asad Said Jafar
 - Mrs. Farhana Mowjee Khan
 - b) Other Non-executive Directors
 - Mr. Imran Ali Habib
 - Mr. Muhammad Salman Burney
 - Mr. Abdul Hai M. Bhaimia
 - Ms. Zehra Hassan
 - c) Executive Director
 - Mr. Syed Abul Fazal Rizvi
3. The Directors have confirmed that none of them is serving as a director on more than seven listed companies, including this, Company.
4. 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.
5. 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.
6. 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.
7. 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.
8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. All the directors on the board have either acquired training program or are exempt from the requirement.
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head Of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed committees comprising of members given below:
 - a) **Audit and Risk Committee**
 - Mrs. Farhana Mowjee Khan
 - Mr. Abdul Hai M. Bhaimia
 - Mr. Asad Said Jafar
 - Ms. Zehra Hassan

Chairperson

Member

Member

Member
 - b) **H.R. and Remuneration Committee**
 - Mr. Asad Said Jafar
 - Mrs. Farhana Mowjee Khan

Chairman

Member

**SHABBIR TILES &
CERAMICS LTD.**

16th Milestone, National Highway,
Landhi, Karachi - 75120, Pakistan.
Tel: + (9221) 35015024-25, + (9221) 35014044-45
Fax: + (9221) 35015545 E-mail: info@stile.com.pk





- | | |
|------------------------------|--------|
| - Mr. Muhammad Salman Burney | Member |
| - Mr. Syed Abul Fazal Rizvi | Member |

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance. The functions of the Nomination and Risk Management Committee are being performed by the Board. Further, Board itself and through its Audit Committee regularly reviews business risk and ensures that risk mitigation measures are robust. Therefore, separate committees for Nomination and Risk Management are not required. In addition, responsibilities pertaining to sustainability risks and opportunities have been added in the terms of reference of the Board Audit Committee and the Board provides governance and oversight in relation to the Company's initiatives on environmental, social and governance matters.
14. The frequency of meetings of the committee were as per following:
- | | |
|----------------------------------|-----------------|
| a) Audit Committee | - Five meetings |
| b) HR and Remuneration Committee | - One meeting |
15. 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;
16. 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;
17. 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;
18. We confirm that all requirements of the regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.
19. Explanation for not rounding up the fractional number under Regulation 6(1) is as follows:
- 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 responsibilities diligently.
20. Explanation for non-compliance with requirements, other than Regulations 3, 6, 7, 8, 27, 32, 33 and 36 are provided below:

Matters	Regulation No.	Explanation
<u>Director Training Program</u> 1) It is encouraged that: All the directors have acquired prescribed training program as per the Code of Corporate Governance, with the following timelines: 50% by June 30, 2020 75% by June 30, 2021 100% by June 30, 2022 Provided that Directors with 14 years of education and 15 years of board experience are exempt. It was identified that the exemption certificate of Mr. Abdul Hai M. Bhaimia was not available for verification.	19 (1)	In reference to the observation under Regulation 19(1) of the Listed Companies (Code of Corporate Governance) Regulations, 2019, we wish to inform that Mr. Abdul Hai M. Bhaimia is exempt from the Directors' Training Program requirement, as he possesses more than 40 years of managerial, entrepreneurial, and professional experience and holds at least 14 years of education, thereby meeting the prescribed criteria for exemption under the Regulations. Accordingly, no separate exemption certificate is required in his case.
<u>Directors Orientation Program</u>		In reference to the Regulation 18 of Listed Companies (Code of Corporate Governance)



Matters	Regulation No.	Explanation
All companies shall make appropriate arrangements to carry out orientation for their directors to acquaint them with these Regulations, applicable laws, their duties and responsibilities to enable them to effectively govern the affairs of the listed company for and on behalf of shareholders. However, no documentation was available to evidence the conduct of such orientation for the newly appointed director, Ms. Zehra Hassan, and the Executive Director, Mr. Syed Abul Fazal Rizvi.	18	Regulations, 2019, 5 out of 7 directors were reappointed and are already familiar with their roles and responsibilities. Whereas, Mr. Abul Fazal Rizvi (CEO) and Ms. Zehra Hassan, the newly elected directors, possess sufficient experience and knowledge regarding applicable laws and regulations.
<u>Agenda and discussion in meetings</u> (1) The Chairman shall set agenda of the meeting of the Board and ensure that reasonable time is available for discussion of the same. (2) All written notices and relevant material, including the agenda of the meeting shall be circulated at least seven days prior to the meeting, except in the case of emergency meeting, where the notice period may be reduced or waived. It was observed from the minutes of the meetings that the agenda was prepared by the Company Secretary and formally approved by the Chairman. It was observed that written notices and relevant material, including the agenda of Board meetings, were circulated within the prescribed timeframe, except for the 176th Board of Directors meeting, for which the notice and agenda were circulated six days prior to the meeting instead of the required minimum period of seven days.	11 (1) & (2)	The Company Secretary drafts the agenda for Board meetings and the Chairman formally approves it prior to circulation, ensuring compliance with governance requirements. Additionally, the Chairman is included in all related email communications where the agenda is shared, maintaining oversight and involvement in the process. Further, the notice for the 176th Board of Directors meeting was circulated six days prior, which is one day shorter than the required seven-day notice. This was due to certain agenda items and supporting documents needing additional time for finalization and approval. While the policy allows flexibility in urgent situations, we will continue to prioritize timely circulation and aim to meet the standard notice period in the future.
<u>Disclosure of significant policies on website</u> The Company may post the following on its website: (1) key elements of its significant policies including but not limited to the following: (i) communication and disclosure policy; (ii) code of conduct for members of board of directors, senior management and other employees; (iii) risk management policy; (iv) internal control policy; (v) whistle blowing policy; and (vi) corporate social responsibility/sustainability/ environmental, social and governance related policy. None of the above-mentioned policies is available on the website. Under the mentioned clause, the company may post following on its website:	35	With reference to the observation in the context of Regulation 35 to the Listed Companies (Code of Corporate Governance) Regulation, 2019, we understand that the disclosure of Policies and synopsis of TORs (listed in the Regulations) on the Company's website are not mandatory, which may be placed by the management on its discretion. The Company will evaluate the need for placing these policies and TORs on Company's website in the ensuing year.



Matters	Regulation No.	Explanation
(1) Brief synopsis of terms of reference of the Board's committees including: i. Audit Committee ii. HR and Remuneration Committee iii. Nomination Committee iv. Risk Management Committee (2) key elements of the directors' remuneration policy. However, the above have not been mentioned. Directors' Report (3) Companies are encouraged to provide the details of remuneration of individual directors in the annual report. However, such details were not specifically disclosed in the annual report.		
	34[3]	In accordance with Clause 34, Subclause 3 of the Code of Corporate Governance, while companies are encouraged to disclose individual directors' remuneration in the annual report, the Company has opted not to provide these details due to confidentiality considerations, ensuring sensitive personal compensation information remains protected.


Chief Executive Officer


Chairman

**SHABBIR TILES &
CERAMICS LTD.**

15th Milestone, National Highway,
Landhi, Karachi - 75120, Pakistan.
Tel: + (9221) 35015024-25, + (9221) 35014044-45
Fax: + (9221) 35015545 E-mail: info@stile.com.pk



INDEPENDENT AUDITOR'S REPORT

To the members of Shabbir Tiles and Ceramics Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Shabbir Tiles and Ceramics Limited (the Company), which comprise the statement of financial position as at June 30, 2026, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information 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, statement of profit or loss, 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 June 30, 2026 and of the loss and 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.

Following are the Key audit matters:

S.No	Key audit matters	How the matters were addressed in our audit
1	Turnover - Net (Refer notes 6.27 and 30 of the annexed financial statements)	
	Net Turnover for the year ended June 30, 2026, amounted to Rs. 11,899 million. Revenue is recognised when the Company satisfies performance obligations at a point in time when control of the goods is transferred to the customer at an amount that reflects the consideration to which the	Our audit procedures, amongst others, included the following: Obtained understanding and evaluated the accounting policies and the Company's procedures with respect to revenue recognition.





S.No	Key audit matters	How the matters were addressed in our audit
	Company expects to be entitled in exchange for those goods. We considered revenue as a key audit matter, being one of the Company's key performance indicators of the Company. In addition, revenue was also considered as an area of significant audit risk as part of the audit process.	- Evaluated the design and tested the operating effectiveness of key internal controls involved in revenue recognition. - Reviewed customer agreements to obtain an understanding of the terms particularly relating to timing and transfer of control of the products and assessed the appropriateness of revenue recognition policies and practices followed by the Company. - Tested on a sample basis, specific revenue transactions by inspecting underlying documentation including dispatch documents and sales invoices. - Performed analytical procedures over revenue transactions to identify trends and any unusual change in revenue for each segment. - Tested specific revenue transactions on a sample basis recorded before and after the reporting date with underlying documentation to assess whether revenue was recognised in the correct period. - Assessed the related disclosures made in the annexed financial statements in accordance with the requirements of the applicable financial reporting framework.
2	Valuation of stock-in-trade (Refer notes 6.7 and 14 of the annexed financial statements)	
	The stock-in-trade balance constitutes approximately 35% of total assets of the Company as at the reporting date. This comprises of raw and packing material, work-in-process (WIP), finished goods and stock-in-transit. Stock-in-trade is valued at the lower of cost and net realisable 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. 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.	Our audit procedures, amongst others, included the following: - 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 reporting date 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 the provision for slow moving stock-in-trade assessed by the management - Assessed the appropriateness of management's basis for allocation of overheads and tested the calculation of per unit cost of finished goods, on a sample basis - Reviewed the relevant documents, including but not limited to suppliers' invoices, letters of credit and shipping documentation to verify the valuation of goods-in-transit as at the reporting date as well as inspected subsequent goods receipt notes on a sample basis. - Assessed the adequacy of the related disclosures in accordance with the applicable financial reporting framework.

Information Other than the Financial Statements and Auditor's Reports 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 reports thereon.

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



A.F. FERGUSON & CO.

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) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

A. F. Ferguson & Co.
Chartered Accountants
Karachi

Dated: October 1, 2026

UDIN: AR202610068hI1DWNSTV

ASSETS

The annexed notes from 1 to 50 form an integral part of these financial statements.

10-11-12

[Handwritten signature]

Japanese things

Farhana Mowjee Khan
Director

SHABBIR TILES AND CERAMICS LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026 ------(Rupees in '000)-----	2025 ------(Rupees in '000)-----
Turnover - net	30	11,898,887	13,846,058
Cost of sales	31	(10,022,484)	(11,097,956)
Gross profit		<u>1,876,403</u>	<u>2,748,102</u>
Selling and distribution expenses	32	(2,156,577)	(2,370,627)
Administrative expenses	33	(619,526)	(518,590)
Allowance for expected credit losses	15.3	(8,283)	(10,938)
		<u>(2,784,386)</u>	<u>(2,900,155)</u>
Other income	34	258,744	114,963
Operating loss		<u>(649,239)</u>	<u>(37,090)</u>
Finance costs	35	(309,859)	(178,992)
Other expenses	36	(9,800)	(26,297)
		<u>(319,659)</u>	<u>(205,289)</u>
Loss before taxation and levy		<u>(968,898)</u>	<u>(242,379)</u>
Levy	37	-	(3,587)
Loss before taxation		<u>(968,898)</u>	<u>(245,966)</u>
Taxation	37	166,794	53,835
Loss for the year		<u><u>(802,104)</u></u>	<u><u>(192,131)</u></u>
		-----Rupees-----	
Loss per share - basic and diluted	38	<u><u>(3.35)</u></u>	<u><u>(0.80)</u></u>

The annexed notes from 1 to 50 form an integral part of these financial statements.

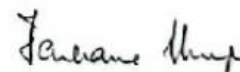




Umair Ali Bhatti
Chief Financial Officer



Syed Abul Fazal Rizvi
Chief Executive Officer



Farhana Mowjee Khan
Director

SHABBIR TILES AND CERAMICS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2026

	2026	2025
	----- (Rupees in '000) -----	
Loss for the year	(802,104)	(192,131)
Other comprehensive income	-	-
Total comprehensive loss for the year	<u>(802,104)</u>	<u>(192,131)</u>

The annexed notes from 1 to 50 form an integral part of these financial statements.

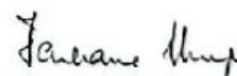
Ali



Umair Ali Bhatti
Chief Financial Officer



Syed Abul Fazal Rizvi
Chief Executive Officer



Farhana Mowjee Khan
Director

SHABBIR TILES AND CERAMICS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2026

	Issued, subscribed and paid-up capital	Reserves			Total reserves	Total equity
		Capital reserve	Revenue reserves			
			Share premium	General reserve		
(Rupees in '000)						
Balance as at June 30, 2024	1,196,600	449,215	478,000	896,581	1,823,796	3,020,396
Loss after taxation	-	-	-	(192,131)	(192,131)	(192,131)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(192,131)	(192,131)	(192,131)
Transaction with owners recorded directly in equity						
Final dividend for the year ended June 30, 2024 @ PKR 0.75 per share				(179,490)	(179,490)	(179,490)
Balance as at June 30, 2025	1,196,600	449,215	478,000	524,960	1,452,175	2,648,775
Loss after taxation	-	-	-	(802,104)	(802,104)	(802,104)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(802,104)	(802,104)	(802,104)
Balance as at June 30, 2026	1,196,600	449,215	478,000	(277,144)	650,071	1,846,671

The annexed notes from 1 to 50 form an integral part of these financial statements.

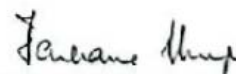
Ali



Umair Ali Bhatti
Chief Financial Officer



Syed Abul Fazal Rizvi
Chief Executive Officer



Farhana Mowjee Khan
Director

SHABBIR TILES AND CERAMICS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026 ------(Rupees in '000)-----	2025
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(968,898)	(245,966)
Adjustments for non-cash and other items:			
Levy		-	3,587
Depreciation on			
- operating fixed assets	7.1	555,753	602,676
- right-of-use assets	9.3	158,000	155,428
- investment properties	10	540	891
Finance costs	35	286,155	154,528
Dividend income on mutual funds	34	-	(13,054)
Allowance for expected credit losses	15.3	8,283	10,938
Allowance for slow moving stores and spare parts	13.1	(6,345)	45,430
Allowance for slow moving stock-in-trade	14.2	60,025	58,062
Reversal of Gas Infrastructure Development Cess provision	24	(192,246)	-
Gain on lease termination	34	(3,140)	-
Gain on discounting of Sindh Infrastructure Development Cess	34	(135,448)	-
Amortisation of deferred income	34	(6,267)	(4,840)
Gain on disposal of operating fixed assets	34	(19,273)	(4,092)
		<u>706,037</u>	<u>1,009,554</u>
Operating (loss) / profit before working capital changes		<u>(262,861)</u>	<u>763,588</u>
Increase in assets			
Stores and spare parts		(53,057)	(148,912)
Stock-in-trade		(485,536)	(28,594)
Trade debts		(265,983)	45,308
Loans and advances		(91,955)	(74,431)
Long-term security deposits		(3,712)	(1,207)
Prepayments and other receivables		9,853	(29,922)
		<u>(890,390)</u>	<u>(237,758)</u>
(Decrease) / increase in liabilities			
Trade and other payables		(289,653)	394,421
Long term portion of Sindh Infrastructure Development Cess		98,401	-
Sales tax payable		79,199	(10,659)
		<u>(112,053)</u>	<u>383,762</u>
Cash (used in) / generated from operations		<u>(1,265,304)</u>	<u>909,592</u>
Income tax received / (paid)		1,489	(352,283)
Levies paid		-	(3,587)
Payment of Sindh Infrastructure Development Cess		(35,882)	-
Finance costs paid		(183,157)	(73,141)
Cash (used in) / generated from operating activities		<u>(1,482,854)</u>	<u>480,581</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(1,027,096)	(223,381)
Proceeds from disposal of operating fixed assets		44,290	12,064
Capital expenditure on intangible assets		(11,945)	-
Short-term investments made during the year		-	(1,784,025)
Short-term investments redeemed during the year		-	1,923,803
Dividend on mutual funds received		-	13,054
Net cash used in investing activities		<u>(994,751)</u>	<u>(58,485)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term financing obtained / (repaid) during the year	21.4	707,337	-
Repayment of long-term financing		(100,493)	(137,108)
Short-term financing obtained during the year		2,167,052	-
Repayment of lease liabilities		(224,327)	(206,495)
Dividend paid	42	20	(179,519)
Net cash generated from / (used in) financing activities		<u>2,549,589</u>	<u>(523,122)</u>
Net increase / (decrease) in cash and cash equivalents		<u>71,984</u>	<u>(101,026)</u>
Cash and cash equivalents at the beginning of the year		185,350	286,376
Cash and cash equivalents at the end of the year	39	<u><u>257,334</u></u>	<u><u>185,350</u></u>

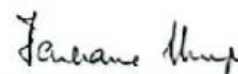
The annexed notes from 1 to 50 form an integral part of these financial statements.



Umair Ali Bhatti
Chief Financial Officer



Syed Abul Fazal Rizvi
Chief Executive Officer



Farhana Mowjee Khan
Director

SHABBIR TILES AND CERAMICS LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

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 are as follows:

Production facilities and warehouses:

Business Units	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
Warehouse (Multan)	Behind Vehari Road, near BCG Chowk, Multan	Warehouse

Sale emporiums:

City	Address
Karachi	Plot No. C-8-C, 26th Street, Tauheed Commercial, Phase-V, DHA, Karachi
Karachi	Metro Star Gate, Shahrah-e-Faisal, Karachi
Karachi	Plot No. 39-C, Bukhari Commercial, Lane 15, Phase-VI, DHA, Karachi
Karachi	Build-Mate, 82-B, Midway Commercial, Precinct-2, Bahria Town, Karachi
Karachi	Shop No. 3, KDA Scheme No. 7, Chandni Chowk (New Town), Karachi
Karachi	15th Milestone, National Highway, Landhi, Karachi
Lahore	164, CCA, Phase-IV, DHA, Lahore
Lahore	Metro Cash & Carry, Thokar Niaz Baig, Multan Road, Lahore
Lahore	Plot No. 1, Ferozepur Road, Fazlia Colony, Lahore
Islamabad	Metro Cash & Carry, Sector I-11/4, Islamabad
Rawalpindi	Al Shareef Plaza, Ground Floor, Shamsabad, Main Murree Road, Rawalpindi
Bahawalpur	Ground Floor, Commercial Building, Khawat No. 199/197, Moza Bandra, Multan Road, Bahawalpur
Dera Ghazi Khan	Jampur Road, Plot No. A-1/2, New Defence View Housing Scheme, Dera Ghazi Khan
Faisalabad	Talha Heights, P-243, 2-A, Susan Road, Near Khyber Bank, Faisalabad
Gilgit	Shop No. 14, Akbar Market, Khomar Yarkot, Gilgit
Hyderabad	Shop No. 13 & 14, Fortune Arcade, Jamshoro Road, Next to KFC, Near Qasim Chowk, Hyderabad
Multan	Property No. 2378, Northern Bypass Road, Near Syedan Wala Chowk, WAPDA Town Road, Multan
Peshawar	Khalil Heights, Nasir Bagh Road, Opposite Police Colony (Near DHA), Peshawar
Rahim Yar Khan	Commercial Plot No. 1, New Officers Colony, Club Road, Near Jullundur Mall, Rahim Yar Khan
Sukkur	Shop No. 80, Opposite JS Bank, Military Road, Sukkur
Wah Cantt	Khan Plaza, Khasra No. 434, Grand Trunk Road, Near Raja Saab Mall, Wah Cantt

1.3 During the year ended June 30, 2026, the Company incurred a net loss after tax of Rs. 802.104 million (2025: Rs. 192.131 million), resulting in accumulated losses of Rs. 277.144 million as of the reporting date. Additionally, current liabilities exceeded current assets by Rs. 385.699 million. The loss for the year was primarily attributable to lower sales volumes arising from the slowdown in the construction sector together with higher input costs.

The management and the Board of Directors have adopted targeted mitigation strategies, including measures related to energy mix optimization, fixed overhead rationalization, product pricing realignments, and working capital optimization.

Management has prepared detailed business plans and cash flow projections. Based on these Board-approved projections and available credit facilities, management is confident that the Company will generate sufficient cash flows to meet its operational and financial obligations as they fall due.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. Accounting and reporting standards applicable in Pakistan comprise of IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of, directives and notifications issued under the Companies Act, 2017. Where provisions of, directives and notifications issued under the Companies Act, 2017 differ from the IFRS Accounting Standards, the provisions of, directives and notifications issued under the Companies Act, 2017 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. NEW STANDARDS, AMENDMENTS TO ACCOUNTING AND REPORTING STANDARDS AND NEW INTERPRETATIONS

4.1 **Amendments and interpretations to accounting and reporting standards that are effective in the current year**

There are certain new amendments and interpretations to the accounting and reporting standards which are mandatory for accounting periods which began on July 1, 2025. However, these do not have any significant impact on the Company's financial statements and therefore, have not been stated in these financial statements.

4.2 Standards, amendments and interpretations to accounting and reporting standards that are not yet effective

There are certain new standards and amendments to the published accounting and reporting standards that will be applicable to the Company for its annual periods beginning on or after July 1, 2026. However, these are not considered to be relevant or do not have any material effect on the Company's financial statements except for:

- IFRS 18 - Presentation and Disclosure in Financial Statements (IFRS 18) (published in April 2024) is applicable for periods beginning on or after January 1, 2027. IFRS 18, when applicable, shall impact the presentation of 'statement of profit or loss' with certain additional disclosures in the financial statements of the Company.
- amendments to IFRS 9 and IFRS 7 - Classification and Measurements of Financial Instruments (published in May 2024) applicable for periods beginning on or after January 1, 2026. These amendments:
 - clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; and
 - clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion.

The management is in the process of assessing the impacts of the new standards and amendments on the financial statements of the Company.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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:

These estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the year in which the estimates are revised if the revision affects only that year, or in the year of the revision and future year if the revision affects both the current and future years.

In the process of applying the Company's accounting policies, management has made the following judgements, 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, 9.2 & 10
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, 13 & 14
c) Determining the allowance for expected credit loss on trade debts	6.8 & 15
d) Classification, measurement and impairment of financial assets	6.19.1 & 6.21.1
e) Impairment of non-financial assets	6.21.2
f) Levies and provision for income tax and deferred tax	6.14, 12 & 37
g) Leases	6.13 & 23
h) Contingent liabilities	6.17 & 28
i) Gas Infrastructure Development Cess (GIDC) payable	23
j) Deferred income	6.12 & 21
k) Sindh Infrastructure Development Cess	25.7

6. MATERIAL ACCOUNTING POLICY INFORMATION

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 is stated at cost less impairment loss, if any.

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 up to the month immediately preceding the month of disposal.



The residual values, useful lives and methods of depreciation of operating fixed assets are reviewed at each reporting date and adjusted prospectively, if appropriate.

Repairs and maintenance are charged to the statement of profit or loss as and when incurred. Major renewals and improvements, if any, are capitalised 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 and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

6.1.2 Capital work-in-progress

All expenditures connected to the specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when 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 accumulated 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. Right-of-use assets are depreciated on a straight-line basis over the shorter of lease term and the estimated useful lives of the assets.

6.3 Investment properties

Investment property is 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 disposal up to the month immediately preceding the disposal.

Maintenance and normal repairs are charged to statement of profit or loss as and when incurred while major repairs and renewals are capitalised. Any gains or losses on disposal of an investment property are recognised in profit or loss in the year of disposal. The carrying values of investment properties are reviewed at each financial year end for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, and where the carrying values exceed the estimated recoverable amount, the investment properties are written down to their recoverable amount.

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 recognised 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 valued at weighted average cost except for items in transit which are stated at invoice value plus other charges incurred thereon till the reporting date. For items which are slow moving, adequate provision is made for any excess book value over estimated realisable value.

6.7 Stock-in-trade

Stock-in-trade, except goods-in-transit, is valued at the lower of weighted average cost or net realisable value. The cost is 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.

Net realisable value 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. Provision is made for items which are obsolete and slow moving and is determined based on management estimate regarding their future usability.

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

For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand, bank balances and short-term investments with a maturity of three months or less from the date of acquisition net of bank overdraft / running finance facility that are deemed integral to the Company's cash management. The cash and cash equivalents are readily convertible to known amount of cash and are therefore subject to insignificant risk of changes in value. These are measured at amortised cost.

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.

Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

6.11 Provisions

Provisions are recognised in the statement of financial position when the Company has a present legal or constructive obligation as a result of past event, 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

Benefit of a loan at a below-market rate of interest is recognised as deferred income. Deferred income is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

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.

6.13.1 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 - Levy and Income tax

Levy

In accordance with the Income Tax Ordinance, 2001, computation of final taxes is not based on taxable income. Therefore, as per IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes issued by the ICAP, these fall within the scope of IFRIC 21 / IAS 37 and accordingly have been classified as levy in these financial statements.

Income tax

The tax expense for the year comprises of current and deferred tax. Tax is recognised in the statement of profit or loss, except to the extent that it relates to items recognised in OCI or directly in equity. In which case, the tax is also recognised in OCI or directly in equity.

Current

Provision for current taxation is based on the taxable income for the year calculated on the basis of the tax laws enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years.

Sales tax

Expenses and assets are recognised net of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of sales tax included the net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Current tax assets and tax liabilities are offset where the Company has the legally enforceable right to offset and intends either to settle on net basis or to realise the asset and settle the liability simultaneously.

Deferred

Deferred tax is recognised using the balance sheet liability method, providing for all temporary differences between the carrying amounts of assets and liabilities used for financial reporting purposes and the amounts used for taxation purposes. 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 (and tax laws) that have been enacted or substantively enacted at reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority.

6.15 Staff retirement benefit - Defined contribution plan

The Company operates an approved provident fund scheme for its permanent employees. Equal monthly contributions are made to the fund by the Company and the employees in accordance with the rules of the scheme. The Company has no further obligation once the contributions have been paid. The contributions made by the Company are recognised as employee benefit expense when they are due.

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

- 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 measured 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 assets

6.19.1 Initial recognition and measurement

The Company recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

Financial liabilities are not recognised unless one of the parties has performed its part of the contract or the contract is a derivative contract.

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of financial assets or liabilities, as appropriate, on initial recognition.

6.19.2 Classification and measurement

Under IFRS 9 Financial assets are classified, at initial recognition, as subsequently measured at the following:

- (a) at amortised cost;
- (b) at fair value through other comprehensive income (FVOCI); and
- (c) at fair value through profit or loss (FVPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the business model for managing them.

(a) At amortised cost

A financial asset is measured at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

(b) At fair value through other comprehensive income (OCI)

A debt instrument is measured at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that are initially recognised at fair value through OCI are subsequently measured at fair value. Interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.



On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis. The Company has irrevocably elected to carry its quoted investments in equity instruments under this category.

Equity instruments that are initially recognised at fair value through OCI are subsequently measured at fair value. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

(c) At fair value through profit or loss

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

6.19.3 Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's statement of financial position) 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 (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

6.20 Financial Liabilities

6.20.1 Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

6.20.2 Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 is satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

Alfa

6.20.3 Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in 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 generally applies to interest-bearing loans and borrowings.

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

6.20.5 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.

Income and expenses are presented on a net basis only when permitted by the accounting and reporting standards as applicable in Pakistan.

6.21 Impairment of financial and non financial assets

6.21.1 Impairment of financial assets

The impairment model under IFRS 9 applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

ECLs are 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. 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 reporting 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. The Company considers a financial asset in default when contractual payments are 90 days past due.

6.21.2 Impairment of non-financial assets

The carrying amounts of non-financial assets are assessed at each reporting 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 statement of profit or loss and other comprehensive income. 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 for which the estimate of future cash flow have not been adjusted. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised previously. Reversal of an impairment loss is recognised immediately in statement of comprehensive income.



6.22 Unclaimed dividend

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

6.23 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.

6.24 Operating segments

Segment reporting is based on the operating (business) segments of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the Executive Management Committee i.e., the Chief Operating Decision Maker (CODM), that includes Chief Executive to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

6.25 Loans, advances, deposits and short term prepayments (other than financial assets)

These are initially recognised at cost, which is the fair value of the consideration given. Subsequent to initial recognition, assessment is made at each statement of financial position date to determine whether there is an indication that an asset or group of assets may be impaired. If such indication exists, the estimated recoverable amount of that asset or group of assets is determined and any impairment loss is recognised for the difference between the recoverable amount and the carrying value.

6.26 Share capital and reserves

Ordinary shares are classified as equity and recognized 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.

6.27 Revenue from contract with customers

The Company is in the business of sale of goods. Revenue from contracts with customers is recognised at a point in time when 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. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer. The point at which the control passes generally occurs on dispatch of goods to the customers. The normal credit term is 1 to 30 days upon dispatch.

The Company recognises revenue based on the following principles:

- identification of customer contracts;
- identification of performance obligations;
- determination of transaction price in the contract;
- allocation of price to performance obligations; and
- recognition of revenue when the performance obligations are fulfilled.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, non cash consideration, and consideration payable to the customer (if any).

6.28 Other income

Other income is recognised to the extent it is probable that the economic benefits will flow to the Company and amount can be measured reliably. Other income is measured at the fair value of the consideration received or receivable and is recognised on the following basis:

- Dividend income is recognised when the right to receive the dividend is established;
- Interest on Term Deposit Receipts are recognised on the basis of effective interest rate.

- Profit/Interest on deposit accounts is recognised on the basis of effective interest rate.
- Capital gain on treasury bill is recognised as the difference between sales proceeds and carrying value at the time of disposal.
- Rental income arising from investment property is accounted for on a straight-line basis over the lease term;
- Scrap sales are recognised on an receipt basis; and
- Gain on disposal of property, plant and equipment is recognised at the difference between sales proceeds and carrying value when the relevant item of property, plant and equipment is disposed of.

6.29 Dividend and appropriation to reserves

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

6.30 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.

	Note	2026	2025
		--- (Rupees in '000) ---	
Operating fixed assets	7.1	2,212,526	2,419,247
Capital work-in-progress	7.4	726,681	73,634
		<u>2,939,207</u>	<u>2,492,881</u>

7.1 Following is the statement of operating fixed assets:

Note	Freehold land	Building on freehold land	Plant and machinery	Furniture and fixtures	Office equipment	Computers and accessories	Vehicles	Total
----- (Rupees in '000) -----								
Year ended June 30, 2026								
Net carrying value basis								
Opening net book value	266,135	211,211	1,791,478	249	21,907	4,005	124,262	2,419,247
Additions / transfers	-	-	314,424	-	453	2,609	56,563	374,049
Disposals at net book value	7.1.2	-	(2,550)	-	-	(17)	(22,450)	(25,017)
Depreciation charge	7.3	-	(30,763)	(471,393)	-	(13,838)	(2,277)	(37,482)
								(555,753)
Closing net book value	<u>266,135</u>	<u>180,448</u>	<u>1,631,959</u>	<u>249</u>	<u>8,522</u>	<u>4,320</u>	<u>120,893</u>	<u>2,212,526</u>
Gross carrying value basis								
Cost	266,135	1,042,424	8,120,788	24,310	112,421	27,447	228,132	9,821,657
Accumulated depreciation	-	(861,976)	(6,488,829)	(24,061)	(103,899)	(23,127)	(107,239)	(7,609,131)
Closing net book value	<u>266,135</u>	<u>180,448</u>	<u>1,631,959</u>	<u>249</u>	<u>8,522</u>	<u>4,320</u>	<u>120,893</u>	<u>2,212,526</u>
Depreciation rate per annum (%)	-	5 to 33	5 to 33	20	20 to 33	33 to 50	20	
Year ended June 30, 2025								
Net carrying value basis								
Opening net book value	266,135	245,138	2,040,320	249	34,988	3,692	140,901	2,731,423
Additions / transfers	-	1,721	261,989	-	3,950	2,791	28,021	298,472
Disposals at net book value	-	-	-	-	(77)	(21)	(7,874)	(7,972)
Depreciation charge	7.3	-	(35,648)	(510,831)	-	(16,954)	(2,457)	(36,786)
								(602,676)
Closing net book value	<u>266,135</u>	<u>211,211</u>	<u>1,791,478</u>	<u>249</u>	<u>21,907</u>	<u>4,005</u>	<u>124,262</u>	<u>2,419,247</u>
Gross carrying value basis								
Cost	266,135	1,042,424	7,857,371	24,310	111,968	28,593	238,642	9,569,443
Accumulated depreciation	-	(831,213)	(6,065,893)	(24,061)	(90,061)	(24,588)	(114,380)	(7,150,196)
Closing net book value	<u>266,135</u>	<u>211,211</u>	<u>1,791,478</u>	<u>249</u>	<u>21,907</u>	<u>4,005</u>	<u>124,262</u>	<u>2,419,247</u>
Depreciation rate per annum (%)	-	5 to 33	5 to 33	20	20 to 33	33 to 50	20	

- 7.1.1 Includes assets costing Rs. 6,084.69 million (2025: Rs. 5,650.66 million) which are fully depreciated and held at their residual values amounting to Rs. 406.04 million (2025: Rs. 414.69 million).
- 7.1.2 Cost of computer accessories, plant and machinery and vehicles disposed off during the year amounts to Rs. 3.75 million, Rs. 121.84 million and Rs. 66.92 million respectively.
- 7.1.3 Details of disposal of operating fixed assets with net book value exceeding amount of Rs. 0.5 million are as follows:

	Cost	Accumulated depreciation	Net book value	Sale proceed	Gain on disposal	Mode of disposal	Particulars of buyers	Relationship with buyers
	(Rupees in '000)							
Toyota Fortuner	9,773	6,906	2,867	4,027	1,160	As per Company policy	Syed Masood Abbas Jaffery	Ex Employee
Suzuki Cultus	1,955	1,356	599	3,000	2,401	Auction	Awais Arif	Negotiated
Suzuki Cultus	1,939	1,293	646	931	285	As per Company policy	Jahanzaib Ali Memon	Employee
Suzuki Cultus	2,002	1,335	667	983	316	As per Company policy	Owais Ahmed	Employee
Suzuki Cultus	2,002	1,281	721	1,221	500	As per Company policy	Rabbia Javed	Ex Employee
Suzuki Cultus	1,996	1,437	559	1,218	659	As per Company policy	Raheel Farooq	Employee
Suzuki Cultus	4,319	1,473	2,846	3,242	396	As per Company policy	Samar Din	Ex Employee
Toyota Yaris	2,715	1,954	761	1,303	542	As per Company policy	Asif Meer	Ex Employee
Generator - Power House Unit-1	51,008	48,458	2,550	11,017	8,467	Auction	Irfan Engineering	Negotiated
Toyota Yaris	4,922	2,232	2,690	3,188	498	As per Company policy	Marium Aman	Ex Employee
Toyota Yaris	3,083	2,467	616	969	353	As per Company policy	Hussain Raza	Ex Employee
Suzuki Cultus	2,093	1,563	530	681	151	As per Company policy	Abdul Nasir	Ex Employee
Toyota Yaris	2,986	2,229	757	935	178	As per Company policy	Ata Mehdi	Ex Employee
Suzuki Cultus	2,093	1,563	530	681	151	As per Company policy	Ahmed Raza	Ex Employee
Toyota Yaris	2,910	2,328	582	969	387	As per Company policy	Khurram Abbas	Ex Employee
Toyota Yaris	2,765	2,212	553	630	77	As per Company policy	Huma Farhan	Ex Employee
Toyota Corolla	4,870	2,792	2,078	2,693	615	As per Company policy	Tafveez Amin	Ex Employee
Toyota Yaris	2,767	2,214	553	969	416	As per Company policy	Wajih Ahmed	Ex Employee
Toyota Yaris	3,082	2,466	616	1,079	463	As per Company policy	Zohaib Ahmed	Employee
Toyota Yaris	2,663	2,095	568	932	364	As per Company policy	Waqas Javed	Employee
Suzuki Cultus	1,955	1,408	547	939	392	As per Company policy	Mohsin Raza	Ex Employee
Suzuki Cultus	1,939	1,293	646	931	285	As per Company policy	Fakhar Jamil	Ex Employee
	115,837	92,355	23,482	42,538	19,056			

7.2 Particulars of immovable fixed assets of the Company are as follows:

Location	Freehold land		Building on freehold land	
	Total area	Cost as at June 30, 2026 (Rupees in '000)	Total area	Cost as at June 30, 2026 (Rupees in '000)
15th Milestone, National Highway, Landhi, Karachi.	12 acre 19 ghunta	553	201,339 sq. ft.	281,033
Deh Khanto Tappo, Landhi, District Malir, Bin Qasim Town Karachi.	28 acre 14 ghunta	265,582	403,617 sq. ft.	761,391
Total		266,135		1,042,424

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

	Note	2026 ---- (Rupees in '000) ----	2025
Cost of sales - manufacturing	31.1	517,486	568,704
Selling and distribution costs	32	18,397	20,089
Administrative expenses	33	19,870	13,883
		555,753	602,676

7.4 Capital work-in-progress:

Plant and machinery		726,681	73,634
	7.5	726,681	73,634

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

Balance at beginning of the year	73,634	148,725
Additions during the year	1,027,096	174,846
Transferred to operating fixed assets	(374,049)	(249,937)
Balance at end of the year	726,681	73,634



8. INTANGIBLE ASSETS	Note	2026	2025
		---- (Rupees in '000) ----	
Capital work-in-progress (CWIP)		11,945	-
		<u>11,945</u>	<u>-</u>
9. RIGHT-OF-USE ASSETS			
Cost	9.1	917,981	862,738
Accumulated depreciation	9.2	<u>(548,216)</u>	<u>(485,557)</u>
		<u>369,765</u>	<u>377,181</u>
9.1 Cost			
Balance at beginning of the year		862,738	667,746
Additions during the year		164,348	194,992
Derecognition on lease expiry		(68,918)	-
Termination during the year		<u>(40,187)</u>	<u>-</u>
Balance at end of the year		<u>917,981</u>	<u>862,738</u>
9.2 Accumulated depreciation			
Balance at beginning of the year		485,557	330,129
Charge for the year	9.3	158,000	155,428
Derecognition on lease expiry		(68,918)	-
Termination during the year		<u>(26,423)</u>	<u>-</u>
Balance at end of the year		<u>548,216</u>	<u>485,557</u>
Lease terms		<u>4-55</u>	<u>10-48</u>
9.3 Depreciation charge for the year has been allocated as follows:			
Cost of sales - manufacturing	31.1	45,196	38,760
Selling and distribution costs	32	<u>112,804</u>	<u>116,668</u>
		<u>158,000</u>	<u>155,428</u>

10. INVESTMENT PROPERTIES

	Cost			Accumulated depreciation			Net book value	Depreciation rate
	As at July 01, 2025	Additions	As at June 30, 2026	As at July 01, 2025	Charge for the year (note 32)	As at June 30, 2026	As at June 30, 2026	
	Rupees in '000							%
Freehold land	3	-	3	-	-	-	3	-
Building on freehold land	1,083	-	1,083	1,083	-	1,083	-	10
Showroom	7,800	-	7,800	7,020	-	7,020	780	10
Apartments	6,000	-	6,000	4,365	540	4,905	1,095	10
	<u>14,886</u>	<u>-</u>	<u>14,886</u>	<u>12,468</u>	<u>540</u>	<u>13,008</u>	<u>1,878</u>	
As at June 2025	<u>14,886</u>	<u>-</u>	<u>14,886</u>	<u>11,577</u>	<u>891</u>	<u>12,468</u>	<u>2,418</u>	

- 10.1 The forced sale values and fair values of investment properties based on the latest valuation carried out by an independent valuer as on June 30, 2026, are as under:

	Forced sale values		Fair values	
	2026	2025	2026	2025
	(Rupees in '000)			
Freehold land	10,624	9,562	13,280	11,952
Building on freehold land	3,826	3,587	4,782	4,484
Showroom	3,094	3,276	4,420	4,680
Apartments	6,800	6,000	8,500	7,500
	<u>24,344</u>	<u>22,425</u>	<u>30,982</u>	<u>28,616</u>

10.2 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.

	Note	2026 ---- (Rupees in '000) ----	2025
11. LONG-TERM SECURITY DEPOSITS			
Rent	11.1	48,371	44,659
Utilities		2,943	2,943
Others		1,108	1,108
	11.2	<u>52,422</u>	<u>48,710</u>

11.1 It includes security deposits of Rs. 1.27 million (June 2025: Rs. 1.27 million) and Rs. 0.71 million (June 2025: Rs. 0.71 million) paid to Habib Metro Pakistan (Pvt) Limited and Thal Limited, respectively, related parties, against rent.

11.2 This represents refundable deposits paid to landlords, utilities and other service providers.

	Note	2026 ---- (Rupees in '000) ----	2025
12. DEFERRED TAX ASSET - net			
Deferred tax asset on deductible temporary differences:			
- provisions		199,309	181,340
- lease liabilities and right of use assets		18,019	20,197
		<u>217,328</u>	<u>201,537</u>
Deferred tax liabilities on taxable temporary differences:			
- accelerated tax depreciation		(8,641)	(48,889)
-unrealised gain on investments		-	-
		<u>(8,641)</u>	<u>(48,889)</u>
- Minimum Tax u/s 113		-	154,233
		<u>208,687</u>	<u>306,881</u>

As at June 30, 2026, the Company has an aggregate deferred tax asset arising on business losses and minimum tax amounting to Rs. 227.714 million and Rs. 303.822 million, respectively. No deferred tax asset has been recognized in respect of these amounts.

13 STORES AND SPARE PARTS

Stores		172,204	312,269
Spare parts			
- in hand		1,021,878	712,729
- in transit		14,696	130,723
		<u>1,036,574</u>	<u>843,452</u>
		1,208,778	1,155,721
Provision for slow moving stores and spare parts	13.1	<u>(224,250)</u>	<u>(230,595)</u>
		<u>984,528</u>	<u>925,126</u>

13.1 Movement of provision for slow moving stores and spare parts:

Balance at beginning of the year		230,595	185,165
Charge for the year	31.1	<u>(6,345)</u>	<u>45,430</u>
Balance at end of the year		<u>224,250</u>	<u>230,595</u>

14. STOCK-IN-TRADE	Note	2026 ---- (Rupees in '000) ----	2025
Raw and packing material - in hand - in transit	31.1	1,193,656 175,064 1,368,720	1,258,065 279,336 1,537,401
Work-in-process	31.1	150,496	90,612
Finished goods - manufacturing - trading	31.1 31.2 14.1	1,970,689 46,974 2,017,663	1,399,469 23,861 1,423,330
Provision for slow moving and obsolete stock-in-trade	14.2	3,536,879 (192,552) 3,344,327	3,051,343 (132,527) 2,918,816
14.1 Includes stock-in-trade costing Rs. 520.12 million (2025: Rs. 486.49 million) which has been written down to its net realizable value (NRV) amounting to Rs. 323.51 million (2025: Rs. 250.20 million) during the year.			
14.2 Movement of provision for slow moving stock-in-trade:	Note	2026 ---- (Rupees in '000) ----	2025
Balance at beginning of the year	31.1	132,527	74,465
Charge for the year		60,025	58,062
Balance at end of the year		192,552	132,527
15. TRADE DEBTS			
Related parties	15.1 & 15.2	1,092	799
Other parties		823,507 824,599	557,817 558,616
Allowance for expected credit loss (ECL)		(199,464) 625,135	(191,181) 367,435
15.1 This includes amount due from the following related parties:			
Indus Motor Company Limited		234	249
Habib Metro Pakistan (Pvt) Ltd		69	69
Habib University Foundation		7	7
Thal Limited		782	474
15.2 The maximum aggregate amount due from the related parties at the end of any month during the year was Rs. 1.22 million (2025: Rs. 6.63 million).			
15.3 Movement in allowance for expected credit losses:	Note	2026 ---- (Rupees in '000) ----	2025
Balance at beginning of the year		191,181	180,243
Allowance for expected credit losses for the year		8,283	10,938
Balance at end of the year		199,464	191,181
15.4 Aging of trade debts			
Not yet due		255,760	149,457
0-30 days		168,419	107,506
31-60 days		104,041	50,950
61-90 days		23,007	26,878
Above 90 days		273,372	223,825
		824,599	558,616

	Note	2026 ---- (Rupees in '000) ----	2025
16. LOANS AND ADVANCES			
Considered good			
Loans due from:			
- employees	16.1	7,486	6,033
Advances to:			
- suppliers and contractors		178,911	109,208
- collector of customs		84,615	63,648
- employees		42	210
		263,568	173,066
		<u>271,054</u>	<u>179,099</u>
16.1	This represents 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.		
17. PREPAYMENTS AND OTHER RECEIVABLES		2026 ---- (Rupees in '000) ----	2025
Prepayments			
Insurance		8,296	3,227
Letter of guarantee		1,741	12,651
Software and licences		8,909	30,605
Others		900	2,417
		19,846	48,900
Other receivables		21,796	2,595
		<u>41,642</u>	<u>51,495</u>
18. SHORT-TERM INVESTMENTS			
At amortised cost			
Term deposit receipts (TDRs)			
- up to three months	18.1	56,000	56,000
18.1	This represents TDR placed with the Bank Alfalah Limited amounting to Rs. 56.00 million (2025: Rs. 56.00 million) which is placed under lien against the SBP refinance scheme for renewable energy as disclosed in note 21 and carries profit rate of 10.45% (2025: 10.15%) per annum.		
	Note	2026 ---- (Rupees in '000) ----	2025
19. CASH AND BANK BALANCES			
Cash in hand		1,116	2,203
Cash at banks:			
Current accounts with:			
- conventional banks	19.1	182,596	139,309
- islamic banks		40,096	1,007
Savings accounts	19.2	33,526	42,831
		256,218	183,147
		<u>257,334</u>	<u>185,350</u>
19.1	It includes balance of Rs. 20.18 million (2025: Rs. 20.99 million) maintained with Bank Al Habib Limited, a related party.		
19.2	These carry profit at the rates ranging from 9% to 10% per annum (2025: 8% to 19% per annum). These balances are held in accounts maintained under conventional banking.		



20. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2026 (Number of shares in '000)	2025		2026 ---- (Rupees in '000) ----	2025 ---- (Rupees in '000) ----
199,627	199,627	Ordinary shares of Rs. 5/- each	998,135	998,135
1,150	1,150	Fully paid-up in cash	5,750	5,750
38,543	38,543	Issued against plant and machinery	192,715	192,715
<u>239,320</u>	<u>239,320</u>	Issued as bonus shares	<u>1,196,600</u>	<u>1,196,600</u>

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

	Note	2026 ---- (Rupees in '000) ----	2025 ---- (Rupees in '000) ----
21. LONG-TERM FINANCING			
Long-Term Finance Facility (LTFF)	21.1 & 21.4	157,061	187,093
Term loan	21.2	181,250	253,750
Liabilities against assets subject to Diminishing Musharakah	21.3	<u>709,376</u>	<u>-</u>
		1,047,687	440,843
Accrued markup on long-term loan		<u>27,545</u>	<u>11,157</u>
		1,075,232	452,000
Current maturity of long-term financing		<u>(145,757)</u>	<u>(127,158)</u>
		<u>929,475</u>	<u>324,842</u>

21.1 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 recognised at the present value using the effective interest rates applicable at the dates of the drawdown i.e. three month KIBOR plus 0.5% (June 2025: three month KIBOR plus 0.5%) per annum. The differential of present value and the drawn amounts are recognised as deferred income and will be amortised 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.

21.2 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.

21.3 This represents an obligation in respect of assets acquired under Diminishing Musharakah arrangements with Faysal Bank Limited for a period of five years, carrying a mark-up rate linked to three-month KIBOR plus a spread of 0.5% per annum, which has been used as the discounting factor; rentals are payable in quarterly installments commencing after a two-year grace period, while all duties and tax costs are to be borne by the lessee.

2026 ---- (Rupees in '000) ----	2025 ---- (Rupees in '000) ----
21.4 Movement of long-term financing:	
Balance at beginning of the year	187,093
Repayments made during the year	(44,861)
Unwinding of finance cost	<u>14,829</u>
Balance at end of the year	<u>157,061</u>
	187,093
Current maturity of long-term financing	<u>(42,877)</u>
	<u>114,184</u>
	<u>143,592</u>



22. DEFERRED INCOME	Note	2026 ---- (Rupees in '000) ----	2025
Movement of deferred income:			
Balance at beginning of the year		46,891	51,731
Amortised during the year	34	(6,267)	(4,840)
Balance at end of the year		40,624	46,891
Current maturity of deferred income		(6,267)	(6,267)
		34,357	40,624

23. LEASE LIABILITIES

Lease liabilities	23.1	431,898	446,831
Current maturity of lease liabilities		(142,597)	(142,926)
		289,301	303,905

23.1 Movement of lease liabilities:

Balance at beginning of the year	446,831	394,477
Additions during the year	164,348	194,992
Unwinding of finance cost during the year	61,951	63,857
Payments made during the year	(224,327)	(206,495)
Termination of Lease Liabilities	(16,905)	-
Balance at end of the year	431,898	446,831

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

	2026		2025	
	Minimum Lease payments	Present value of minimum lease payments	Minimum Lease payments	Present value of minimum lease payments
	---- (Rupees in '000) ----		---- (Rupees in '000) ----	
Not later than one year	190,976	142,926	203,493	142,926
Later than one year and not later than five years	334,669	288,972	343,884	303,905
	525,645	431,898	547,377	446,831
Finance cost allocated to future periods	(93,747)	-	(100,546)	-
Present value of minimum lease payments	431,898	431,898	446,831	446,831
Less: current portion	(142,597)	(142,597)	(142,926)	(142,926)
	289,301	289,301	303,905	303,905

24. GAS INFRASTRUCTURE DEVELOPMENT CESS PAYABLE	Note	2026 ---- (Rupees in '000) ----	2025
Balance at beginning of the year		830,408	829,952
Unwinding of finance cost		-	456
Reversal of provision	31.1	(192,246)	-
Current maturity of GIDC payable		(638,162)	(830,408)
		-	-

24.1 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 2025 amounting to Rs. 830.408 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 2026 are included in the current maturity of GIDC.

During the year, the Company obtained an independent legal opinion regarding the enforceability of GIDC relating to the period prior to the enactment of the GIDC Act, 2015. Based on the legal opinion and management's assessment of the underlying legal position, it was concluded that no present obligation existed in respect of cess pertaining to the period before the applicability of the GIDC Act, 2015. Accordingly, the Company reversed the related provision of Rs. 192.246 million, which has been recognized in the statement of profit or loss for the year.

	Note	2026	2025
		---- (Rupees in '000) ----	
25. TRADE AND OTHER PAYABLES			
Creditors	25.1	557,537	523,528
Accrued liabilities and levies	25.2	1,309,515	1,772,337
Advance from customers		488,577	235,679
Payable to provident fund	25.3	7,383	7,436
Advance from employees against vehicles	25.4	8,827	18,266
Withholding tax payables		22,708	21,179
Workers' Profit Participation Fund	25.5	-	-
Workers' Welfare Fund	25.6	-	-
Current portion of Sindh Infrastructure Development Cess	25.7	23,676	274,307
Others		75,871	99,694
		<u>2,494,094</u>	<u>2,952,426</u>
25.1	This includes payable due to the following related parties:		
Thal Limited		52,424	12,294
Noble Computer Services		56	-
Habib Insurance		-	5,408
25.2	It includes accrual for leave encashment of Nil (2025: Rs. 14.407 million) and bonus of Rs. 46.735 million (2025: Rs. 81.200 million).		
25.3	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.		
25.4	This 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.		
25.5 Workers' Profit Participation Fund		2026	2025
		---- (Rupees in '000) ----	
Balance at beginning of the year		-	26,800
Allocation for the year		-	-
		<u>-</u>	<u>26,800</u>
Payment made during the year		-	(26,800)
Balance at end of the year		<u>-</u>	<u>-</u>



25.6 Workers' Welfare Fund	2026	2025
	---- (Rupees in '000) ----	
Balance at beginning of the year	-	54,330
Allocation for the year	-	-
	-	54,330
Payment made / transferred during the year	-	(54,330)
Balance at end of the year	-	-

- 25.7** In February 2026, the Sindh Assembly enacted the Sindh Development and Maintenance of Infrastructure Cess (Amendment) Act, 2026, which reduced the cess rate from 1.85% to between 0.8% and 0.85%. The amendment also introduced a Settlement Agreement facility, allowing petitioners to enter into structured payment plans either to pay the cess in full or in instalments for outstanding cess obligations. The Company entered into a Settlement Agreement on April 13, 2026, and opted to pay the cess in instalments and issued post dated cheques in favour of the Government of Sindh.

The Company has re-estimated the liability on the present value as of June 30, 2026 and the difference in the present value and total of post dated cheques has been charged to other income.

	Note	2026	2025
		---- (Rupees in '000) ----	
Opening		274,307	247,350
Accrual for the year		16,449	26,957
Payment during the year		(35,882)	-
Closing balance - gross		254,874	274,307
Finance cost	35.	2,651	-
Discounting income	34.	(135,448)	-
Closing value - present value		122,077	274,307

26. SHORT-TERM FINANCING

Habib Metropolitan Bank Limited		735,471	75,731
Faysal Bank Limited	26.1	330,420	24,109
Habib Bank Limited		64,755	18,665
Allied Bank Limited		-	18,287
Meezan Bank Limited	26.2	1,200,000	26,802
		2,330,646	163,594
Accrued markup on short-term financing		27,792	5,784
		2,358,438	169,378

- 26.1** The Company has obtained running finance facility of PKR 2,600 million (2025: PKR 2,100 million) from a number of banks. These facilities are secured by way of hypothecation charge over plant, machinery, stock-in-trade and trade receivables. These facilities carry mark-up at the rates ranging from 12.51% to 12.96% per annum.

- 26.2** The Company has obtained Istisna facility of Rs. 1,200 million (2025: Nil) from a Meezan Bank Limited. The facility is secured by way of hypothecation charge over stock-in-trade and trade receivables. The facility carries mark-up at the rate of six-month KIBOR plus a spread of 0.1%.

27. 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.

28. SALES TAX PAYABLE

Includes an amount of Rs. 10.26 million (2025: Rs. 10.10 million), Rs. 80.51 million (2025: Rs. 1.35 million), Rs. 352.43 million (2025: Rs. 352.43 million), Rs.16.63 million (2025: Rs. 16.75 million) and Rs. 8.19 million (2025: 8.19 million) in respect of withholding provincial sales tax, sales tax payable (federal), further tax (not charged to the customers), advance income tax on sales and inadmissible input tax on exempt supplies respectively as at the statement of financial position date.

29. CONTINGENCIES AND COMMITMENTS**29.1 Contingencies**

The taxation authorities passed amended assessment order for the tax year 2020 during the year ended on June 19, 2026 wherein disallowances were made in respect of various matters. Consequently, tax demand of Rs. 145.414 million was raised. The Company has filed appeal against the aforesaid order before the Commissioner Inland Revenue (Appeals-II), Karachi, which is pending adjudication and has also obtained stay order against the recovery of the demand. The Company has accordingly reversed the provision in respect of the matters that have been decided in its favour. 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.

29.2 Commitments

(i) Commitments in respect of outstanding letters of credit against raw materials and spares amounting to Rs. 423.17 million (2025: Rs. 780.77 million), issued by commercial banks.

(ii) Commitment in respect of bank guarantees issued by a commercial bank in favour of:

Note	2026 ---- (Rupees in '000) ----	2025 ---- (Rupees in '000) ----
Sui Southern Gas Company Limited	923,195	923,195
Nazir of Sindh High Court	382,044	481,766
Pakistan State Oil Company Limited	70,000	-
Excise and Taxation Department	2,669	208,281
K-Electric	16,516	16,516
PARCO Pearl (Private) Limited	-	50,000
Lucky Cement	20,000	20,000
	<u>1,414,424</u>	<u>1,699,758</u>

30. TURNOVER - NET**Local Turnover**

Manufacturing	15,476,581	17,819,787
Trading	228,647	86,715
	<u>15,705,228</u>	<u>17,906,502</u>

Less: Sales Tax

Manufacturing	(2,400,394)	(2,705,932)
Trading	(35,116)	(13,228)
	<u>(2,435,510)</u>	<u>(2,719,160)</u>

Less: Trade discount

Manufacturing	(1,183,437)	(1,037,043)
Trading	(8,538)	-
	<u>(1,191,975)</u>	<u>(1,037,043)</u>

Less: Sales Return

Manufacturing	(177,011)	(304,063)
Trading	(1,845)	(178)
	<u>(178,856)</u>	<u>(304,241)</u>

Net Local Turnover

Manufacturing	11,715,739	13,772,749
Trading	183,148	73,309
	<u>11,898,887</u>	<u>13,846,058</u>

30.1

30.1 Revenue recognised from an amount included in advance from customers at beginning of the year amounted to Rs. 112.37 million (2025: Rs. 230.71 million).

31. COST OF SALES

Manufacturing	31.1	9,858,804	11,037,614
Trading	31.2	<u>163,680</u>	<u>60,342</u>
		<u>10,022,484</u>	<u>11,097,956</u>



31.1	Cost of sales - manufacturing	Note	2026	2025
			---- (Rupees in '000) ----	
Raw and packing materials consumed				
			1,537,401	1,366,252
Opening stock			4,797,620	4,966,106
Purchases			(1,368,720)	(1,537,401)
Closing stock	14		4,966,301	4,794,957
Manufacturing expenses				
Salaries, wages and other benefits	31.1.1		1,462,326	1,328,563
Fuel and power	24.		2,419,118	3,105,605
Stores and spare parts consumed			797,706	649,908
Provision for slow moving stores and spare parts	13.1		(6,345)	45,430
Provision for slow moving stock-in-trade	14.2		60,025	58,062
Depreciation on				
- operating fixed assets	7.3		518,026	568,704
- right-of-use assets	9.3		45,196	38,760
Repairs and maintenance			137,674	173,786
Insurance			37,694	31,526
Vehicle running expenses			27,696	28,309
Travelling and conveyance			4,862	7,080
Printing and stationery			5,048	15,635
Communication			1,286	4,143
Rates and taxes			2,992	1,485
Research costs			3,229	7,729
Legal and professional charges			2,502	5,778
Others			4,572	14,779
			5,523,607	6,085,282
Work-in-process				
Opening stock			90,612	145,569
Closing stock	14		(150,496)	(90,612)
Cost of goods manufactured			10,430,024	10,935,196
Finished goods				
Opening stock			1,399,469	1,501,887
Closing stock	14		(1,970,689)	(1,399,469)
			9,858,804	11,037,614

31.1.1 This includes charge of Rs. 21.10 million (2025: Rs. 20.97 million) in respect of staff retirement benefits.

31.2	Cost of sales - trading	Note	2026	2025
			---- (Rupees in '000) ----	
			23,861	9,041
Opening stock			186,793	75,162
Purchases			(46,974)	(23,861)
Closing stock	14		163,680	60,342
32. SELLING AND DISTRIBUTION EXPENSES				
Salaries, wages and other benefits	32.1		402,562	400,412
Freight			1,344,047	1,568,279
Advertisement and sales promotion			92,708	77,974
Travelling and conveyance			24,643	24,401
Rates and taxes			11,369	8,853
Communication			4,177	8,137
Insurance			6,565	11,137
Depreciation on				
- operating fixed assets	7.3		18,397	20,089
- right-of-use assets	9.3		112,804	116,668
- investment properties	10		540	891
Vehicle running expenses			28,552	25,845
Repairs and maintenance			30,575	20,660
Utilities			58,404	65,861
Printing and stationery			9,389	13,099
Entertainment			2,503	4,340
Legal and professional charges			8,507	3,755
Others			835	226
			2,156,577	2,370,627

32.1 This includes charge of Rs. 10.97 million (2025: Rs. 11.17 million) in respect of staff retirement benefits.

	Note	2026	2025
		---- (Rupees in '000) ----	
33. ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits	33.1	447,230	412,161
Travelling and conveyance		10,031	10,445
Printing and stationery		60,838	30,018
Legal and professional charges		18,639	6,867
Depreciation on operating fixed assets	7.3	19,870	13,883
Vehicle running expenses		24,076	18,575
Communication		4,503	3,993
Repair and maintenance		12,760	8,774
Auditors' remuneration	33.2	11,942	5,252
Subscriptions		346	685
Insurance		2,811	3,521
Others		6,480	4,416
		<u>619,526</u>	<u>518,590</u>

33.1 This includes charge of Rs. 11.85 million (2025: Rs. 11.58 million) in respect of staff retirement benefits.

	Note	2026	2025
		---- (Rupees in '000) ----	
33.2 Auditors' remuneration			
Services rendered as auditors			
Audit fee		2,925	2,250
Half-yearly review		813	625
Out-of-pocket expenses		358	575
Sales Tax		554	276
		<u>4,650</u>	<u>3,726</u>
Services rendered in other capacity			
Taxation services		5,035	648
Other certifications		2,257	878
		<u>11,942</u>	<u>5,252</u>

34. OTHER INCOME

Income from financial assets

Profit on bank deposits / saving accounts		2,796	21,182
Interest income on TDRs		4,158	21,379
Dividend income on mutual fund units		-	13,054
Amortisation of deferred income		6,267	4,840
Income from Market Treasury Bills		-	22,395
		<u>13,221</u>	<u>82,850</u>

Income from non-financial assets

Rental income from investment property		3,704	957
Gain on disposal of operating fixed assets		19,273	4,092
Gain on lease termination		3,140	-
Income from scrap sales		75,212	23,287
Gain on discounting of Sindh Infrastructure Development Cess	25.7	135,448	-
Others		8,746	3,777
		<u>245,523</u>	<u>32,113</u>
		<u>258,744</u>	<u>114,963</u>

35. FINANCE COSTS

Mark-up on long-term financing		64,958	62,980
Mark-up on short-term financing		156,595	27,235
Unwinding of finance cost of lease liabilities	23.1	61,951	63,857
Unwinding of finance cost of GIDC	24	-	456
Unwinding of finance cost of Sindh Infrastructure Cess		2,651	-
		<u>286,155</u>	<u>154,528</u>
Bank charges and commission		23,704	24,464
		<u>309,859</u>	<u>178,992</u>



36. OTHER EXPENSES	Note	2026 ---- (Rupees in '000) ----	2025 ---- (Rupees in '000) ----
Donations	36.1	300	1,432
Exchange loss - net		9,500	24,865
		<u>9,800</u>	<u>26,297</u>

36.1 Donation to following parties exceeds the higher of 10% of the Company's total donations or Rs. 1 million:

	Note	2026 ---- (Rupees in '000) ----	2025 ---- (Rupees in '000) ----
Liaquat National Hospital		300	-
Indus Hospital and Health Network		-	1,000

37. LEVY AND TAXATION

Levy	37.1	-	3,587
Taxation			
Current		(264,988)	173,517
Deferred		98,194	(227,352)
		(166,794)	(53,835)
New levy and tax charged		<u>(166,794)</u>	<u>(50,248)</u>

37.1 This represents final taxes paid under sections 150 of Income Tax Ordinance, 2001, representing levy in terms of requirements of IFRIC 21 and IAS 37.

The numerical reconciliation between average tax rate and the applicable tax rate for the current period has not been presented as the provision for income represents minimum tax on turnover as stipulated in the Income Tax Ordinance, 2001.

37.2 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.

38. LOSS PER SHARE - BASIC AND DILUTED	Note	2026	2025
Loss for the year (Rupees in '000)		<u>(802,104)</u>	<u>(192,131)</u>
Weighted average number of ordinary shares outstanding during the year (shares in '000)		<u>239,320</u>	<u>239,320</u>
Loss per share (Rupees) - basic and diluted	38.1	<u>(3.35)</u>	<u>(0.80)</u>

38.1 Diluted loss per share has not been presented as the Company does not have any convertible instruments in issue as at June 30, 2026 and June 30, 2025 which would have any dilutive effect on the earnings per share if the option to convert is exercised.

39. CASH AND CASH EQUIVALENTS	Note	2026 ---- (Rupees in '000) ----	2025 ---- (Rupees in '000) ----
Cash and bank balances	19	<u>257,334</u>	<u>185,350</u>
		<u>257,334</u>	<u>185,350</u>

Alfa

40 SHARIAH DISCLOSURES UNDER CLAUSE VII OF PART I OF SCHEDULE IV OF THE COMPANIES ACT, 2017

	Note	2026			2025		
		Conventional	Shariah Compliant	Total	Conventional	Shariah Compliant	Total
Statement of Financial Position							
(Rupees in '000)							
Assets							
Short-term investments	18	56,000	-	56,000	56,000	-	56,000
Bank Balances	19	216,122	40,096	256,218	182,140	1,007	183,147
Liabilities							
Long-term financing	21	365,856	709,376	1,075,232	452,000	-	452,000
Deferred income	22	40,624	-	40,624	46,891	-	46,891
Short-term financing	26	800,226	1,530,420	2,330,646	112,683	50,911	163,594
Advance from customers	25	-	488,577	488,577	-	235,679	235,679
Advance from employees against vehicles	26	-	8,827	8,827	-	18,266	18,266
Statement of profit or loss							
Turnover - net	30	-	11,898,887	11,898,887	-	13,846,058	13,846,058
Other income	34	19,986	238,758	258,744	91,042	23,921	114,963
Finance costs	35	125,321	184,538	309,859	162,415	16,577	178,992
Exchange loss	36	-	(9,500)	(9,500)	-	(24,865)	(24,865)
Other income	34						
Profit on bank deposits / saving accounts		2,796	-	2,796	21,182	-	21,182
Interest income on TDRs		4,158	-	4,158	21,379	-	21,379
Dividend income on mutual fund units		-	-	-	13,054	-	13,054
Amortisation of deferred income		-	6,267	6,267	-	4,840	4,840
Income from Market Treasury Bills		-	-	-	22,395	-	22,395
Rental income from investment property		-	3,704	3,704	-	957	957
Gain on disposal of operating fixed assets		-	19,273	19,273	-	4,092	4,092
Gain on lease termination		-	3,140	3,140	-	-	-
Income from scrap sales		-	75,212	75,212	-	23,287	23,287
Gain on discounting of Sindh Infrastructure Development Cess		-	135,448	135,448	-	-	-
Others		-	8,746	8,746	-	3,777	3,777

Relationship with Shariah-compliant financial institutions:

Name	Relationship
Meezan Bank Limited	Short Term Financing and Bank Deposits
Dubai Islamic Bank Limited	Bank Deposits
Faysal Bank Limited	Short Term Financing, Long Term Financing and Bank Deposits

41 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 minimise potential adverse effects on the financial performance. No changes were made in the objectives, policies or processes and assumptions during the year ended June 30, 2026 which are summarized below:

41.1 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 or 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, long-term financing and short-term financing.

At June 30, 2026, had interest rates been 1% higher / lower with all other variables held constant, loss before tax for the year would have been lower / higher by Rs. 33.12 million (2025: Rs. 5.22 million). However, in practice, the actual result may differ from the sensitivity analysis.

As of June 30, 2026, the Company has fixed rate financing from BAFL which expose to cash flow interest rate risk. In case of 100 basis points increase / decrease in current market interest rates with all other variables held constant, the net income for the year and net assets would have been lower / higher by Rs. 1.66 million (2025: Rs. 1.87 million).

(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 on payables that exist due to transactions in foreign currency.

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

	2026	2025
	----- (FCY) -----	
Trade payables - USD	6,600	330,818
Trade payables - Euro	293,740	68,800

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

	2026	2025
	----- (Rupees) -----	
Exchange rate – USD	278.55	283.76
Exchange rate – Euro	317.52	332.65

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. 9.51 million (2025: Rs. 11.67 million). This analysis assumes that all other variables, in particular interest rates, remain constant.

(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.

41.2 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 exposed to credit risk on security deposits, trade debts, accrued mark-up, loan to employees, short-term investments, deposits and other receivable and bank balances. The Company seeks to minimise 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:

	Note	2026	2025
		---- (Rupees in '000) ----	
Long-term security deposits	11	52,422	48,710
Trade debts	15	625,135	367,435
Loan to employees	16	7,486	6,033
Deposits and other receivables	17	21,796	2,595
Short-term investments	18	56,000	56,000
Bank balances	19	256,218	183,147
		<u>1,019,057</u>	<u>663,920</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:

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

	Not overdue	Past due but not impaired				2026	2025
		1 to 30 days	31 to 60 days	61 to 90 days	over 90 days	Total	Total
		(Rupees in '000)					
Due from related parties	-	-	27	-	1,065	1,092	799
Other parties	255,760	168,419	104,013	23,007	272,308	823,507	557,817
Total	255,760	168,419	104,040	23,007	273,373	824,599	558,616
Expected credit loss	1,616	3,521	3,509	1,228	189,534	199,408	191,181
Expected credit loss effective rate	1%	2%	3%	5%	69%	24%	34%

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

Name of bank	Rating agency	Ratings	2026	2025	2026	2025
			Amount of bank balances		% of total balances	
Allied Bank Limited	PACRA	A-1+ / AAA	36,874	3,593	14.39%	1.96%
Askari Bank Limited	PACRA	A-1+ / AAA	25,761	17,462	10.05%	9.53%
Bank Alfalah Limited	PACRA	A-1+ / AAA	56,921	34,813	22.22%	19.01%
Bank-Al-Habib Limited	PACRA	A-1+ / AAA	23,564	20,987	9.20%	11.46%
Bank of Punjab	PACRA	A-1+ / AAA	25,416	391	9.92%	0.21%
Faysal Bank Limited	PACRA	A-1+ / AA	-	-	0.00%	0.00%
Habib Bank Limited	PACRA	A-1+ / AAA	-	38,396	0.00%	20.96%
Habib Metropolitan Bank Limited	PACRA	A-1+ / AAA	11,037	18,819	4.31%	10.28%
MCB Bank Limited	PACRA	A-1+ / AAA	22,340	23,669	8.72%	12.92%
JS Bank Limited	PACRA	A1+ / AA	171	2,171	0.07%	1.19%
Meezan Bank Limited	VIS	A-1+ / AA	22,622	-	8.83%	0.00%
United Bank Limited	VIS	A-1+ / AAA	14,039	21,839	5.48%	11.92%
Dubai Islamic Bank Limited	VIS	A-1+ / AA	17,473	1,007	6.82%	0.55%
			256,218	183,147	100.00%	100.00%

41.3 Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with the financial instruments. The Company applies the prudent risk management policies by maintaining sufficient cash and bank balances, liquid investments and by keeping committed credit lines.

The financial liabilities of the Company are analysed into the relevant maturity buckets based on their contractual maturity dates in the table below:

June 30, 2026					
Total	Upto three months	More than three months and upto one year	More than one year and upto five years	More than five years	
Rupees in '000					
Financial liabilities					
Lease liabilities	525,645	26,756	164,220	334,669	-
Long-term financing	1,075,232	43,675	76,315	949,071	6,171
Short-term financing	2,330,646	1,130,646	1,200,000	-	-
Trade and other payables	2,273,302	2,273,302	-	-	-
Unclaimed dividend	4,139	4,139	-	-	-
Unpaid dividend	2,451	2,451	-	-	-
	6,211,415	3,480,969	1,440,535	1,283,740	6,171

Attest

June 30, 2025				
Total	Upto three months	More than three months and upto one year	More than one year and upto five years	More than five years
Rupees in '000				
Financial liabilities				
Lease liabilities	547,377	50,652	152,841	343,884
Long-term financing	502,625	47,237	68,764	342,809
Short-term financing	169,378	5,784	163,594	-
Trade and other payables	2,428,428	2,428,428	-	-
Unclaimed dividend	4,146	4,146	-	-
Unpaid dividend	2,424	2,424	-	-
	<u>3,654,378</u>	<u>2,538,671</u>	<u>385,199</u>	<u>686,693</u>
				<u>43,815</u>

41.4 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:

	2026	2025
	---- (Rupees in '000) ----	
Total debt	1,109,589	492,624
Total equity	1,846,671	2,648,775
Total debt plus equity	<u>2,956,260</u>	<u>3,141,399</u>
Gearing ratio	<u>37.53%</u>	<u>15.68%</u>

41.5 Unavailed Credit Facilities

41.5.1 The facility for short-term running finance, opening letters of credit and letters of guarantees amounted to Rs. 3,800 million (2025: Rs. 2,100 million), Rs. 2,150 million (2025: Rs. 2,450 million) and Rs. 2,000 million (2025: Rs. 2,000 million) respectively, of which Rs. 1,467 million (2025: Rs. 1,944.98 million), Rs. 1,726.83 million (2025: Rs. 1,669.23 million) and Rs. 588.25 million (2025: Rs. 398 million) respectively, remained unutilized as at the statement of financial position date.

41.5.2 Mark-up rates on running finance facilities range from one month KIBOR + 0.5% to three months KIBOR + 0.3% to 0.75% (2025: one month KIBOR + 0.5% to three months KIBOR + 0.3% to 0.75%) per annum.

41.6 FINANCIAL INSTRUMENTS BY CATEGORY

2026								
Interest / Mark-up bearing				Non-Interest / Non-Mark-up bearing				Total
No Maturity / on demand	Maturity upto one year	Maturity after one year	Subtotal	No Maturity / on demand	Maturity upto one year	Maturity after one year	Subtotal	
				(Rupees '000)				

2025								
Interest / Mark-up bearing				Non-Interest / Non-Mark-up bearing				Total
No Maturity / on demand	Maturity upto one year	Maturity after one year	Subtotal	No Maturity / on demand	Maturity upto one year	Maturity after one year	Subtotal	
----- (Rupees '000) -----								

(Rupees '000)

Financial assets**Amortised cost**

Long-term security deposits	-	-	-	-	-	48,710	48,710	48,710
Trade debts	-	-	-	-	367,435	-	367,435	367,435
Loan to employees	-	-	-	-	6,033	-	6,033	6,033
Deposits and other receivables	-	-	-	-	2,595	-	2,595	2,595
Short-term investments - TDRs and T-bills	56,000	-	-	56,000	-	-	-	56,000
Cash and bank balances	42,831	-	-	42,831	140,316	-	140,316	183,147
	98,831	-	-	98,831	140,316	376,063	48,710	565,089

Financial liabilities**Amortized cost**

Lease liabilities	-	142,926	303,905	446,831	-	-	-	-	446,831
Long-term financing	-	127,158	324,842	452,000	-	-	-	-	452,000
Short-term financing	-	169,378	-	169,378	-	-	-	-	169,378
Trade and other payables	-	-	-	-	-	2,428,428	-	2,428,428	2,428,428
Unclaimed dividend	-	-	-	-	4,146	-	-	4,146	4,146
Unpaid dividend	-	-	-	-	2,424	-	-	2,424	2,424
	-	439,462	628,747	1,068,209	6,570	2,428,428	-	2,434,998	3,503,207

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

2026		
Unclaimed / unpaid dividend	Lease liabilities	Long-term financing including deferred income

(Rupees in '000)

Balance at beginning of the year 6,570 446,831 487,734

Changes from financing cash flows

Dividend paid during the year	20	-	-
Financing obtained during the year	-	-	-
Payments made during the year	-	(224,327)	707,337
	20	(224,327)	707,337

Other changes

Dividend declared during the year	-	-	-
Termination of lease liabilities	-	(16,905)	-
Unwinding of finance cost during the year	-	61,951	14,829
Amortisation of deferred income	-	-	(6,267)
Additions during the year	-	164,348	-
	-	209,394	8,562

Balance at end of the year

6,590	431,898	1,203,633
-------	---------	-----------

2025		
Unclaimed / unpaid dividend	Lease liabilities	Long-term financing including deferred income

(Rupees in '000)

Balance at beginning of the year 6,599 394,477 612,608

Changes from financing cash flows

Dividend paid during the year	(179,519)	-	-
Financing obtained during the year	-	-	-
Payments made during the year	-	(206,495)	(137,108)
	(179,519)	(206,495)	(137,108)

Other changes

Dividend declared during the year	179,490	-	-
Termination of lease liabilities	-	-	-
Unwinding of finance cost during the year	-	63,857	17,074
Amortization of deferred income	-	-	(4,840)
Additions during the year	-	194,992	-
	179,490	258,849	12,234

Balance at end of the year

6,570	446,831	487,734
-------	---------	---------

43. TRANSACTIONS WITH RELATED PARTIES

- 43.1 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:

	2026	2025
	---- (Rupees in '000) ----	
Associated companies / other related parties		
Sales	2,536	13,347
Purchases of goods, material and services	316,976	296,419
Purchase of vehicles	47,580	28,021
Insurance premium	-	46,952
Insurance	-	9,216
Lease rentals	25,328	23,238
Key management personnel		
Remuneration and other benefits of Chief Financial Officer and Company Secretary	37,827	34,588
Staff retirement benefits		
Contribution to provident fund	49,057	43,691

- 43.2 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	Nature of Transaction
Thal Limited	Common Directorship	1.3	Purchases of goods, material and services, Rent paid and sales
Indus Motor Company Limited	Common Directorship	N/A	Purchase of vehicles
Habib Metro Pakistan (Private) Limited	Common Directorship	N/A	Rent paid
Shabbir Tiles & Ceramics Limited - Employees' Provident Fund	Staff retirement benefits	N/A	Contribution to provident fund
Agriauto Stamping Company Private Limited	Common Directorship	N/A	Sale of goods

44. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

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

	2026			2025		
	Chief Executive Officer	Directors	Executives	Chief Executive Officer	Directors	Executives
	(Rupees in '000)					
Managerial remuneration	32,861	-	236,679	27,754	-	191,560
Housing and utilities	21,202	-	181,733	19,876	-	186,815
Leave fare assistance, leave encashment and bonus	35,022	-	36,224	16,190	-	26,802
Reimbursement of medical expenses	3,286	-	22,066	2,775	-	17,863
Retirement benefits	1,576	-	16,774	2,589	-	50,028
Meeting fee	-	3,210	-	-	1,600	-
	<u>93,947</u>	<u>3,210</u>	<u>493,476</u>	<u>69,184</u>	<u>1,600</u>	<u>473,068</u>
Number of persons	<u>1</u>	<u>4</u>	<u>83</u>	<u>1</u>	<u>4</u>	<u>71</u>

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



45. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the assumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The estimated fair value of financial assets and liabilities is considered not to be significantly different from carrying values as the items are either short-term in nature or are periodically repriced other than those mentioned in note 44.1.

45.1 Fair value hierarchy

The different levels of fair valuation methods have been defined as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level-3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2026	Note	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----					

Assets

- Investments carried at fair value through profit or loss	18	-	-	-	-
--	----	---	---	---	---

2025		Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----					

Assets

- Investments carried at fair value through profit or loss	18	-	-	-	-
--	----	---	---	---	---

There were no transfers amongst levels during the year.

The market prices of mutual fund units have been obtained from Mutual Fund Association of Pakistan respectively.

The market value of TDRs is approximately equal to its carrying amount.

46. PLANT CAPACITY AND ACTUAL PRODUCTION

	2026	2025
	--- (million sq. meters) ---	
Annual capacity	14.40	14.40
Actual Production	6.85	7.74

47. NUMBER OF EMPLOYEES

	2026	2025
Total number of employees as at year end	569	681
Average number of employees during the year	625	692

48. 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 19.32% of the Company's total sales during the year (2025: 9.96%).

49. GENERAL

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

50. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 22, 2026 by the Board of Directors of the Company. The Board of Directors have the power to amend and re-issue the financial statements.

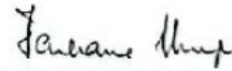
Ali



Umair Ali Bhatti
Chief Financial Officer



Syed Abul Fazal Rizvi
Chief Executive Officer



Farhana Mowjee Khan
Director