



2019

Annual Report

Vision Statement

Our Vision is to be Pakistan's Largest ready mix concrete services company, signing under the prominent projects for tomorrow's world of business, harmonizing, innovative and progressive technology with the Company's experience and excellence in the quality of work.

Mission Statement

Safe Mix once a dream has shaped into reality, through conviction and untiring efforts to see it grow into a corporate company with one of the principal market clientele.

The aim of the company is to establish a platform for the transfer of foreign technology with forming the basis for further development in Pakistan.

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Company Information

Board of Directors

Mr. Shahid Aziz Siddiqi – Chairman
Mr. Samad Habib - Chief Executive Officer
Mr. Kashif Habib
Syed Najamuddujah Jaffri
Mr. Khalil Ahmed
Mr. Ahsan Anis
Mrs. Anna Samad

Audit Committee

Syed Najamuddujah Jaffri
Mr. Kashif Habib
Mr. Ahsan Anis

Human Resources & Remuneration Committee

Mr. Samad Habib
Syed Najamuddujah Jaffri
Mr. Kashif Habib

Chief Financial Officer

Mr. Arif Ghani

Company Secretary

Mr. Arif Ghani

Auditors

Naveed Zafar Ashfaq Jaffery & Co. Chartered Accountants

Legal Advisor

Advocate Ahsan-ul-haq Advocates and Corporate council

Bankers and Financial institutions

Bank Islami Pakistan Limited
Habib Metropolitan Bank Limited
The Bank of Punjab
Bank Alfalah Limited
First Habib Modaraba
Summit Bank Limited
Meezan Bank Limited

Registered Office

Plot # 1,6 sector # 26, Bilal Chowrangi
Korangi Industrial Area, Karachi.
Tel # +92 21 35074581-84
Fax # +92 21 35074603
www.safemixlimited.com

Shares Registrar

THK Associates (Private) Limited
1st Floor, 40-C, Block 6, PECHS, Karachi.

Notice of Annual General Meeting

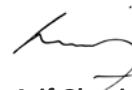
Notice is hereby given that the fourteen Annual General Meeting of the members of Safe Mix Concrete Limited will be held at the Pakistan Stock Exchange Auditorium, Karachi on Monday, 28th October 2019 at 06:20 p.m. to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of last Annual General Meeting held on October 26, 2018.
2. To receive, consider and adopt the Audited Financial statements of the Company for the year ended 30th June 2019 together with the Directors' and Auditors' reports thereon.
3. To appoint Auditors for the financial year ending June 30, 2020 and to fix their remuneration. The present Auditors, Messrs Naveed Zafar Ashaq Jaffery & Co., Chartered Accountants, being eligible, offer themselves for re-appointment.
4. To consider any other business with the permission of the Chair.

Karachi, October 04, 2019

By order of the Board



Arif Ghani
Company Secretary

Notes:

1. Share transfer books of the Company will remain closed from October 22, 2019 to October 28, 2019 (both days inclusive). Transfers received in order at the office of the company's share registrar, M/s THK Associated (Private) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi 75400, Pakistan up to the close of business on October 21, 2019 will be considered in time for determination of entitlement of shareholders to attend and vote at the meeting.
2. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend the meeting and vote for him/her. Proxy form is enclosed with the Annual report. A proxy must be a member of the Company. Proxies, in order to be effective, must be received at the Registered Office of the Company, duly stamped, signed and witnessed, not less than 48 (forty eight) hours before the meeting.
3. Procedure including the guidelines as laid down in Circular No. 1- Reference No. 3(5-A) Misc/ARO/LESf96 dated 2611 January 2000 issued by Securities and Exchange Commission of Pakistan:
 - a) Members, proxies or nominees shall authenticate their identity by showing their original national identity card or original passport and bring their folio numbers at the time of attending the meeting.
 - b) In the case of a corporate entity, Board of Directors' resolution/power of attorney and attested copy of the CNIC or passport of the nominee shall also be produced (unless provided earlier) at the time of meeting.
 - c) In order to be effective, the proxy forms must be received at office of our registrar not later than 48 hours before the meeting, duly signed and stamped and witnessed by two persons with their names, address, CNIC numbers and signatures.
 - b) In the case of individuals, attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
 - a) In the case of proxy by a corporate entity, Board of Directors' resolution/power of attorney and attested copy of the CNIC or passport of the proxy shall be submitted along with proxy form.

4. Members are request to notify the change in their addresses, if any, immediately to the share registrar of the Company, M/s THK Associates (Pvt.) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi 75400, Pakistan.

Notice to Shareholders who have not provided their CNIC

The Individual Members who have not yet submitted photocopy of their valid Computerized National Identity Card (CN1C) to the Company Share Registrar, are once again reminded to send the same at the earliest directly to Company's Share Registrar, M/s. THK Associates, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi 75400, Pakistan. The Corporate Entities are requested to provide their National Tax Number (NTN). Please give Folio Number with the copy of CNIC / NTN details. Reference is also made to the Securities and Exchange Commission of Pakistan (SECP) Notifications SRO 779(1)/2011 dated 18th August 2011, SRO 831 (1)/2012 dated 5' July 2012, SRO 19(1)/2014 dated 10th January 2014 and SRO 275(1)/2016 dated 31st March 2016 which mandates that the dividend warrants should bear CNIC number of the registered member or the authorized person, except in case of minor(s) and corporate members.

In case of non-receipt of the copy of a valid CNIC, the Company would be unable to comply with aforementioned directives of SECP and therefore will be constrained under Section 251 (2) (a) of the Companies Ordinance, 1984 to withhold dispatch of future dividend warrants, if any, of such shareholders.

Directors' Report

The Board of Directors of Safe Mix Concrete Limited (SMCL) present herewith the Annual Report for the year ended June 30, 2019.

Overview

The overall economy is going through a challenging time. The Government had to enter an IMF Programme to address a serious reduction in the country's foreign exchange reserves. As of writing of this report, the macroeconomic indicators have started showing some improvements. However, corrective actions entailed a significant devaluation of the Pakistan Rupee, as well as more than doubling of the interest rates. Apart from the deficit on the foreign account, the government also had to address the high fiscal deficit, which has resulted in a significant increase in the tax collection target and it includes enforcement of tax collection from sectors of the economy that have remained largely undocumented. These strict measures, though much needed, have created an understandable resistance, which has added to the slowing down of procurement by the undocumented sectors of the economy. The contraction of the economy as a result of higher import costs, strict discipline on the fiscal account and the efforts towards documentation have resulted in the reduction of GDP growth for the year ended 30 June 2019 at 3.3% versus 5.3% in the previous year, while the Large Scale Manufacturing sector has recorded a decline of 2.1% (2018: Growth by 6.1%). In turn, the construction activity in the country decreased by 7.6% (2018: Growth of 9.0%).

The Industry gross margins declined over the year due to persistent upward pressure on input costs, particularly fuel and energy prices, exacerbated by currency devaluation and rising interest rates.

During the year under review, the Company's volumetric sales have decreased by 11 % i.e., 18,053 cubic meters to 143,359 cubic meters, as compared to 161,411 cubic meters in the prior year. The Company took serious measures to reduce its distribution costs, through efficient utilization of the Company's Transit Mixer fleet. However, despite these measures, the Company suffered an after-tax Loss of Rs. 29.771 million, as against the profit after-tax for the year ended 30th June 2018 of Rs. 2.415 million.

Operating Results

	Year Ended June 30	
	2019	2018
(Loss) / Profit before taxation	(39,152,575)	4,420,640
Taxation	9,381,521	(2,005,266)
(Loss) / Profit after taxation	<u>(29,771,054)</u>	<u>2,415,374</u>
(LPS) / EPS – Basic and diluted	<u>(1.19)</u>	<u>0.10</u>

Accounting Standards

The accounting policies of the Company fully reflects the requirements of the Companies Act 2017 and as such approved International Accounting Standards and International Financial Reporting Standards as have been notified under this ordinance as well as through directives issued by the Securities and Exchange Commission of Pakistan.

Capital Expenditure

The Company incurred a total expenditure of Rs. 1.808 million as addition to Property, Plant & Equipment's.

Cash flow Strategy

The Company has an effective Cash Flow Management System in place whereby cash inflows and outflows are projected on regular basis.

Working capital requirements have been planned through internal cash generations and short term borrowings.

Directors' Remuneration

The Board of Directors is authorized to fix remuneration of the Directors for their extra services. In this regard, the Board of Directors have developed a comprehensive Remuneration policy for Non-executive and Independent Directors of the Company.

Audit Committee

The Board of Directors in compliance to the Code of Corporate Governance established an Audit committee which consists of non-executive directors and following is the composition of the committee:

Name	Designation
1. Syed Najamuddujah Jaffri	(Chairman)
2. Mr. Kashif Habib	(Member)
3. Mr. Ahsan Anis	(Member)

Meetings of the Audit Committee

During the year 2018-19 four meetings of the audit committee were held and the number of meetings attended by each member is given hereunder:

Name of the Directors	Meetings attended
Mr. Nasim Beg	1/4
Mr. Samad Habib	2/4
Syed Najmudujjah Jaffri	4/4
Mr. Kashif Habib	2/4
Mr. Ahsan Anis	2/4

Human resource

Our people remain our most valued asset. The Management encourages teamwork and realization of maximum potential to promote performance focussed culture. Focus of our Human Resource strategy is therefore, to develop and align intellectual capital to achieve our business goals. Our hiring system stresses diversity, skills and innovative approach. We encourage continuous improvement at all levels and facilitate opportunities for growth to employees without discrimination.

Auditors

The present auditors, M/S. Naveed Zafar Ashfaq Jaffery & Co. Chartered Accountants are due to retire and being eligible, offer themselves for reappointment for the year 2019-2020.

Pattern of Shareholding

Pattern of shareholding whose disclosure is required under the reporting framework is attached to this report.

Director's statement

The directors confirm compliance with Corporate and Financial reporting framework of the SECP Code of Corporate Governance for the following:

- The financial statements Company present a true and fair state of affairs of the Company.
- Proper books of account have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

Meetings of the Board of Directors

During the year 2018-19 four meetings of the board were held and the number of meetings attended by each Director is given hereunder:

Name of the Directors	Meetings attended
Mr. Shahid Aziz Siddiqi	4/4
Mr. Samad Habib	3/4
Mr. Kashif Habib	4/4
Syed Najmuddujah Jaffri	4/4
Mr. Khalil Ahmed	4/4
Mr. Ahsan Anis (Appoint October 26, 2018)	3/4
Mrs. Anna Samad (Appoint October 26, 2018)	2/4
Mr. Nasim Beg (Resign October 26, 2018)	1/4
Syed Muhammad Talha (Resign October 26, 2018)	1/4

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

Statutory Payments

There are no outstanding statutory payment on account of taxes, duties and levies except of normal and routine charges.

Earnings per Share

Loss per share for the year ended June 30, 2019 is Rs. (1.19) as compared to Earning per share for the same period of the last year of Rs. 0.10


Future Outlook

The Company is determined to adopt new marketing strategies to capture the growing market of ready-mix services. Further the Company is focusing on investing in exclusive supply contracts of specific private sector development projects.

Acknowledgement

The Company strongly believes that its success is driven by the commitment and dedication of its employees. We acknowledge the contribution of each and every member of the Company in areas of expertise. We would also like to express our thanks to the customers for their trust in our products and look forward to their continued patronage. We also thank our shareholders, banks and financial institutions for their support, guidance and confidence reposed in our enterprise and stand committed to do our best to ensure full reward of their investment in the coming years. Further, we would also like to thank SECP and the management of PSX for their continued support and guidance.

For and on behalf of the board


Samad Habib

Chief Executive Officer

Karachi: October 2, 2019

KEY OPERATIONAL & FINANCIAL DATA

	2019	2018	2017	2016	2015	2014
	----- (Rupees) -----					
Revenue	879,312,072	590,070,371	197,858,437	304,467,342	690,183,505	506,199,046
Cost of sales	(865,539,147)	(551,690,674)	(190,969,639)	(281,687,468)	(628,727,921)	(469,813,447)
Gross Profit	13,772,925	38,379,697	6,888,798	22,779,874	61,455,584	36,385,599
Selling and administrative expenses	(50,061,388)	(33,581,397)	(28,467,849)	(25,056,498)	(32,345,513)	(25,026,483)
Finance cost	(13,924,828)	(11,278,697)	(9,524,898)	(6,721,723)	(7,620,577)	(7,358,526)
Profit / (Loss) before tax	(39,152,575)	4,420,640	(19,756,611)	(54,897,677)	30,146,264	8,031,425
Profit / (Loss) after tax	(29,771,054)	2,415,374	(16,767,581)	(37,250,757)	22,262,785	13,546,182
Paid up Capital	250,000,000	250,000,000	250,000,000	250,000,000	250,000,000	200,000,000
Total Assets	608,474,409	753,508,449	503,902,449	453,987,266	458,307,524	387,934,327
Total Liabilities	420,325,976	512,452,055	265,208,239	197,546,247	160,180,512	162,070,100

Pattern of Shareholding

As on 30/06/2019

No. of Shareholders	<--Having Shares-->		Shares held	Percentage
	From	To		
166	1	100	1,927	0.0077
298	101	500	145,277	0.5811
156	501	1,000	151,890	0.6076
269	1,001	5,000	774,473	3.0979
96	5,001	10,000	777,892	3.1116
23	10,001	15,000	314,207	1.2568
21	15,001	20,000	397,485	1.5899
17	20,001	25,000	402,500	1.61
12	25,001	30,000	349,500	1.398
2	30,001	35,000	67,500	0.27
5	35,001	40,000	193,000	0.772
2	40,001	45,000	89,500	0.358
8	45,001	50,000	389,000	1.556
5	50,001	55,000	268,000	1.072
3	55,001	60,000	179,000	0.716
1	60,001	65,000	63,000	0.252
1	70,001	75,000	75,000	0.3
3	80,001	85,000	254,500	1.018
1	85,001	90,000	90,000	0.36
1	95,001	100,000	100,000	0.4
2	105,001	110,000	215,423	0.8617
1	145,001	150,000	149,000	0.596
2	195,001	200,000	395,000	1.58
1	200,001	205,000	204,000	0.816
1	220,001	225,000	225,000	0.9
1	295,001	300,000	298,000	1.192
1	300,001	305,000	304,500	1.218
1	335,001	340,000	337,000	1.348
1	495,001	500,000	500,000	2
1	605,001	610,000	606,054	2.4242
1	1,145,001	1,150,000	1,146,042	4.5842
1	2,875,001	2,880,000	2,879,002	11.516
1	7,480,001	7,485,000	7,484,828	29.9393
1,106			25,000,000	100%

Category of shareholders

As on 30/06/2019

PARTICULARS	NO. OF FOLIO	NO.OF SHARES	PERCENTAGE
Director, Sponsors & Childern	7	4,027,544	16.11%
Associated Companies	2	7,534,828	30.14%
Corporate Share Holders	14	6,579,228	26.32%
General Public	1083	6,858,400	27.43%
Total	1106	25,000,000	100%

List of Shareholders holding 5 % And Above Shares

As on 30/06/2019

NAME	NO.OF SHARES	PERCENTAGE
ARIF HABIB LIMITED	7,484,828	29.94%
SAMAD HABIB	2,879,002	11.52%
ARIF HABIB	5,172,500	20.69%
Total	15,536,330	62%

Statement of Compliance with the Code of Corporate Governance

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

1. The total number of directors are Seven as per the following:
 - a. Male : Seven (6)
 - b. Female: -1

2. The Composition of the Board is as follows:

CATEGORY	NAMES
Independent Director	1) Mr. Shahid Aziz Siddiqi, 2) Mr. Khalil Ahmed 3) Syed Najmuddujah Jaffri and 4) Mr. Ahsan Anis
Non- Executive Director	5) Mr. Kashif Habib and 6) Mrs. Anna Samad
Executive Directors	7) Mr. Samad Habib

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including Safe Mix Concrete Limited.
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. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by 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. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors has a formal policy and transparent procedures for remunerations of directors in accordance with the Act and these Regulations.
9. None of the Directors has attended the Director's Training program during the year, however, Two Directors have already completed the training program and the condition of training certification for the remaining director's shall be complied with in due course.
10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

*Mr. Arif Ghani has been appointed as Chief Financial Officer (CFO) and Company secretary on April 23, 2019 in place of Mr. Bilal Yaseen. As the CFO and Company Secretary of the Company is the same person. The Company is in process of appointing separate person as a Company Secretary.

Mr. Owais Khatri Has been appointed as Head of Internal Audit in Place of Adeel Khan

11. CFO and CEO duly endorsed the financial statements before approval of the board.

12. The Board has formed committees comprising of members given below.

Name of Committee	Name of Members and Chairman
Audit Committee	1) Mr. Syed Najmuddujah Jaffri (Director) – Chairman 2) Mr. Kashif Habib (Director) – Member 3) Mr. Ahsan Anis Director) -Member
Human Resource and Remuneration Committee	1) Mr. Kashif Habib (Director) – Chairman 2) Mr. Samad Habib (Director) – Member 3) Mr. Syed Najmuddujah Jaffri (Director) – Member

13. The terms and reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings quarterly of the committee were as following:

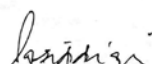
- | | |
|-----------------------------|----------------------------------|
| a. Audit Committee | Four Meetings |
| b. Human Resource Committee | One meeting held during the year |

15. The board has set up an effective internal audit function. The staff is considered to be suitably qualified and experienced for the purpose and is 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 (ICAP) and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all of its partners are following International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan (ICAP).

17. The company is following the requirements and regulations laid down in section 208 of the Companies Act, 2017 except for the definition of "Related Party", compliance of which is dependent on the clarification from the SECP. The Company has presented the details of all related party transaction as disclosed in the financial statement before the Board Audit Committee and upon their recommendation to the Board of Directors for review and approval.

18. We confirm that all other requirements of the Regulations have been complied with.


Chairman


Chief Executive

Karachi

Dated: October 2, 2019

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Safe Mix Concrete Limited (the Company) for the year ended June, 30 2019 in accordance with the requirements of regulation 40 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2019.

Further, we highlighted below instance of non-compliance with the requirement of the Codes as reflected in the paragraph 9 and 10 of the statement of compliance:

- | | | |
|---|----|--|
| 1 | 9 | The company has not arranged the directors training program or obtained the exemption from the director training program from the commission as required under clause 20 of the Regulations. |
| 2 | 10 | Chief Financial Officer and Company Secretary are the same person. |

Chartered Accountants
Engagement Partner: **Ahsan Elahi Vohra**

Karachi :
Dated : October 2, 2019

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SAFE MIX CONCRETE LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Safe Mix Concrete Limited (the Company), which comprise the statement of financial position as at June 30, 2019, 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 a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2019 and of the loss and other comprehensive loss, 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 Matter(s)

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 matter(s):

S. No	Key audit matter(s)	How the matter was addressed in our audit
01	<p>Review of recoverability of deferred tax asset (Refer note 6)</p> <p>Under International Accounting Standard 12, Income Taxes, the Company is required to review recoverability of the deferred tax assets recognised in the statement of financial position at each reporting period.</p> <p>Recognition of deferred tax asset position involved managements' estimate of the future available taxable profits of the Company and there is an inherent uncertainty in such estimation in relation to the future cash flows and timing of reversals of un-used tax losses to determine whether or not the availability of future profits against which tax deductions represented by the deferred tax assets would be adjusted.</p>	<p>Our procedures in relation to this matter included:</p> <ul style="list-style-type: none"> We evaluated the appropriateness of amounts of un-used tax losses, tax credit on investments and minimum tax against which deferred tax asset was recognised; We assessed the reasonableness of management's projections with underlying assumptions including growth rate, future revenue and costs, comparing the assumptions to, historical results and considering other relevant information to assess whether the deferred tax asset would be adjusted against future taxable profits as per the management projections;

	<p>As at June 30, 2019, the Company carries a net deferred tax asset of Rs 67.03 million in its statement of financial position.</p> <p>We considered this as a key audit matter owing to its significant value and estimation uncertainty of the assumptions used by management about future profitability.</p>	<ul style="list-style-type: none"> We tested mathematical accuracy of projections along with use of appropriate tax rate on temporary differences; We assessed the appropriateness of management's accounting for deferred taxes and the accuracy of related disclosures
03	<p>Trade Debts</p> <p>Refer notes 8 to the financial Statements</p> <p>The company has significant balance of trade debts. Provision against doubtful trade debts is based on loss allowance for Expected Credit Loss (ECLs).</p> <p>The ECL model has been adopted during the year due to application of IFRS 9 (Financial instruments). Details about the application of the IFRS and the effect are given in note 3.1.3 to the financial statements.</p> <p>We identified recoverability of trade debts as a key audit matter as it involves significant management judgement in determining the recoverable amount of trade debts.</p>	<ul style="list-style-type: none"> Our audit procedures to assess the valuation of trade debts, amongst others, included the following: obtaining an understanding of the management's basis for the determination of the provision required at the year end and the receivables collection process; assessing the method used by the company for the recognition of the impact of the application of IFRS 9 regarding provision for doubtful debts as allowable under IFRS 9 testing the accuracy of the data on a sample basis extracted from the Company's accounting system which has been used to calculate the provision required including the subsequent recoveries
04	<p>Valuation of Stock-in-trade</p> <p>Refer notes 7 to the financial statements.</p> <p>Inventory forms a significant part of the Company's assets. During the year 67% of raw materials were purchased by the Company from a related party.</p> <p>We identified the valuation of stock in trade as key audit matter as it directly affects the profitability of the Company.</p>	<p>Our audit procedures to assess the valuation of stock-in-trade, amongst others, included the following:</p> <ul style="list-style-type: none"> obtaining an understanding of internal controls over purchases and valuation of stock in trade and testing, on a sample basis, their design, implementation and operating effectiveness; comparing on a sample basis specific purchases (including those from related party) with underlying supporting documents / agreements, if any; comparing calculations of the allocation of directly attributable costs with the underlying supporting documents; obtaining an understanding of management's determination of net realizable value (NRV) and the key estimates adopted, including future selling prices, future costs to complete work-in-process and costs necessary to make the sales and their basis; and

		<ul style="list-style-type: none"> comparing the NRV, on a sample basis, with the cost of finished goods to assess whether any adjustments are required to value inventory in accordance with applicable accounting and reporting standards.
05	Tax Contingencies <p>As disclosed in note 19 to the accompanying financial statements, various tax matters are pending adjudication at various levels with the taxation authorities and other legal forums.</p> <p>The tax contingencies requires the management to make judgements and estimates in relation to the interpretation of tax laws and regulations and the recognition and measurement of any provisions that may be required against such contingencies. Due to inherent uncertainties and the time period such matters may take to resolve, the management judgements and estimates in relation to such contingencies may be complex and can significantly impact the financial statements</p> <p>Due to the uncertainty involved in the outcome of this case we have identified this as key audit matter.</p>	<p>Our procedures in relation to this matter included:</p> <ul style="list-style-type: none"> Our key audit procedures in this area included, amongst others, a review of the correspondence of the management of company's with the relevant tax authorities and tax advisors including judgments or orders passed by the competent authorities. Obtained and reviewed details of the significant pending legal case and discussed the same with Company's management; Circulated confirmations to the company's external legal tax consultant for their views on open tax matters ; Evaluated rationale provided by the company and opinion of the external legal tax counsel Reviewed the disclosures made in the financial statements in respect of such contingencies

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

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- 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;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business;
- in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Ahsan Elahi Vohra - FCA

Chartered Accountants

Karachi :

Dated : October 2, 2019

STATEMENT OF FINANCIAL POSITION

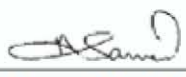
As at June 30, 2019

Annexure A1

	Note	2019	2018
		Rupees	
ASSETS			
Non - current assets			
Property, plant and equipment	4	249,491,518	258,357,963
Long term deposits	5	28,722,030	34,078,430
Deferred taxation	6	67,034,421	43,306,892
		345,247,969	335,743,285
Current assets			
Stores, spare parts and loose tools		5,668,874	5,231,437
Stock in trade	7	53,118,037	76,725,427
Trade debts	8	122,915,602	203,430,112
Advances, prepayments and other receivables	9	44,265,373	84,685,953
Taxation - net of provision	10	34,523,233	43,320,476
Cash and bank balances	11	2,735,321	4,371,758
		263,226,440	417,765,164
Total assets		608,474,409	753,508,449
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital			
35,000,000 ordinary shares of Rs 10 each		350,000,000	350,000,000
Issued, subscribed and paid up capital	12	250,000,000	250,000,000
Share premium		14,728,576	14,728,576
Accumulated loss		(76,580,143)	(23,672,182)
		188,148,433	241,056,394
Liabilities			
Non - current liabilities			
Long term financing - secured	13	21,044,135	49,925,874
Staff retirement benefits	15	6,937,495	7,687,190
Deferred income	16	1,120,000	4,480,000
		29,101,630	62,093,064
Current liabilities			
Trade and other payables	17	267,198,223	365,384,070
Current portion of deferred income	16	3,360,000	3,360,000
Current portion of long term financing	13	29,653,996	20,561,688
Loan from related party	18	90,000,000	60,000,000
Accrued markup		1,012,127	1,053,233
		391,224,346	450,358,991
TOTAL EQUITY AND LIABILITIES		608,474,409	753,508,449
Contingencies and commitments			
	19		

The annexed notes from 1 to 39 form an integral part of these financial statements.

The annexed notes from 1 to 39 form an integral part of these financial statements.


Samad Habib
CEO


Kashif Habib
Director


Arif Ghani
CFO

STATEMENT OF PROFIT AND LOSS ACCOUNT

For the year ended June 30, 2019

	Note	2019 (Rupees)	2018
Revenue - Net	20	879,312,072	590,070,371
Cost of sales	21	<u>(865,539,147)</u>	<u>(551,690,674)</u>
Gross profit		13,772,925	38,379,697
Selling and distribution expenses	22	<u>(25,119,379)</u>	<u>(4,543,854)</u>
Administrative expenses	23	<u>(24,942,008)</u>	<u>(29,037,543)</u>
Operating (Loss) / Profit		(36,288,462)	4,798,300
Finance cost	24	<u>(13,924,828)</u>	<u>(11,278,698)</u>
Other operating expense	25	-	(713,407)
Other operating income	26	<u>11,060,715</u>	<u>11,614,445</u>
(Loss) / Profit before taxation		(39,152,575)	4,420,640
Provision for taxation	27	<u>9,381,521</u>	<u>(2,005,266)</u>
(Loss) / Profit after taxation		<u>(29,771,054)</u>	<u>2,415,374</u>
(Loss) / Earning per share - basis and diluted	37	<u>(1.19)</u>	<u>0.10</u>

The annexed notes from 1 to 39 form an integral part of these financial statements.



Samad Habib
CEO



Kashif Habib
Director



Arif Ghani
CFO

STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2019

	2019	2018
	(Rupees)	
(loss) / Profit after taxation	(29,771,054)	2,415,374
Other comprehensive income / (loss) for the year		
Items that will never be reclassified to profit and loss account		
Remeasurements of defined benefit liability	533,451	(74,915)
Tax thereon	(154,701)	21,725
Other comprehensive Income - net of tax	378,750	(53,190)
Total comprehensive (loss) / income for the year	(29,392,304)	2,362,184

The annexed notes from 1 to 39 form an integral part of these financial statements.



Samad Habib
CEO



Kashif Habib
Director



Arif Ghani
CFO

STATEMENT OF CASH FLOWS

For the year ended June 30, 2019

Annexure A2

	2019	2018
	(Rupees)	
Cash flow from operating activities		
(Loss) / Profit before taxation	(39,152,575)	4,420,640
Adjustments for:		
Depreciation	17,563,229	13,375,698
(Gain) / Loss on sale of fixed assets	(218,223)	487,767
Provision for staff benefits	2,444,337	1,801,984
Impairment of financial assets	15,206,238	-
Amortization of deferred income	(3,360,000)	(3,360,000)
Finance cost	13,924,828	11,278,698
	45,560,409	23,584,147
	6,407,834	28,004,787
Changes in working capital		
<i>(Increase) / decrease in current assets:</i>		
Stores and spares	(437,437)	1,931,343
Stock in trade	23,607,390	(49,120,064)
Trade debts	41,792,615	(99,413,842)
Advances, prepayments and other receivables	40,420,580	(20,676,213)
	105,383,149	(167,278,776)
<i>Increase / (decrease) in current liabilities:</i>		
Trade and other payables	(98,185,847)	185,624,027
Cash flow from operating activities	13,605,135	46,350,038
Taxes paid	(5,548,765)	(8,013,761)
Finance cost paid	(14,120,635)	(10,578,771)
Gratuity paid	(2,660,581)	(1,047,849)
	(22,329,981)	(19,640,381)
Net cash (used) / generated in operating activities	(8,724,846)	26,709,655
Cash flow from investing activities		
Capital expenditure incurred	(9,193,561)	(103,533,538)
Proceeds from sale of fixed assets	715,000	3,438,000
Long term deposits paid	5,356,400	(2,539,160)
Net cash used in investing activities	(3,122,161)	(102,634,698)
Cash flow from financing activities		
Net Proceeds from long term financing	(19,789,431)	23,450,812
Net Proceeds from Loan from related party	30,000,000	40,000,000
Net cash generated from financing activities	10,210,569	63,450,812
Net decrease in cash and cash equivalents	(1,636,438)	(12,474,231)
Cash and cash equivalents at beginning of the year	4,371,758	16,845,989
Cash and cash equivalents at end of the year	2,735,321	4,371,758



Samad Habib
CEO



Kashif Habib
Director



Arif Ghani
CFO

STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2019

	Issued, subscribed and paid-up capital	Share premium reserve	Accumulated profit / (loss)	Total
	----- (Rupees) -----			
Balance as at July 01, 2017	250,000,000	14,728,576	(26,034,366)	238,694,210
Profit for the year	-	-	2,415,374	2,415,374
Other comprehensive loss for the year	-	-	(53,190)	(53,190)
Balance as at June 30, 2018	250,000,000	14,728,576	(23,672,182)	241,056,394
Adjustment on the initial application of IFRS 9	-	-	(23,515,657)	(23,515,657)
Adjusted balance as at June 30, 2018	250,000,000	14,728,576	(47,187,839)	217,540,737
Loss for the year	-	-	(29,771,054)	(29,771,054)
Other comprehensive Income for the year			378,750	378,750
Balance as at June 30, 2019	250,000,000	14,728,576	(76,580,143)	188,148,433


The annexed notes from 1 to 39 form an integral part of these financial statements.



Samad Habib
CEO



Kashif Habib
Director



Arif Ghani
CFO

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

1 STATUS AND NATURE OF BUSINESS

Safe Mix Concrete Limited ("the Company") was incorporated on 04 April 2005 as Private Limited Company. Subsequently, it has been converted into Public Limited Company on 21 February 2007 in accordance with the provisions of section 45 read with section 41(3) of the Companies Ordinance, 1984. On 16 March 2010 the Company was listed on Karachi Stock Exchange. The principal activity of the Company is production and supply of ready mix concrete, building blocks and construction of prefabricated buildings, factories and other construction sites. The registered office of the Company is situated at plot no. 1 - 6, Sector 26, Korangi Industrial Area, Karachi, Pakistan.

The manufacturing facilities of the company are situated at the following addresses:

- Plot no. 1 - 6, Sector 26, Korangi Industrial Area, Karachi, Pakistan.
- Naya Nazimabad, Karachi.
- Nooriabad Industrial Area, Kalo Kohar Distt. Jamshoroo, Sindh."

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as notified under the Companies Act, 2017, provisions of and directives issued under the Companies Act, 2017. Where the provisions of and directives issued under the Companies Act 2017 differ from IFRS Standards, the provisions of and directives issued under the Companies Act 2017 have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except otherwise disclosed.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees which is also the Company's functional currency and has been rounded to the nearest rupee.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Information about judgments made by management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates and assumptions with a significant risk of material adjustment in the future periods are included in following notes:

- Residual values and useful life of property, plant and equipment (note 3.2)
- Provision for taxation and deferred tax (note 3.10)
- Inventories including stores, spares and loose tools (note 3.4)
- Trade Debts (note 3.5)
- Staff retirement benefits (note 3.16)
- Impairment (note 3.3)
- Provision (note 3.12)

2.5 Amendments / interpretations to existing standards and forthcoming requirements

Standards, amendments or interpretations which became effective during the year

- There are certain new standards, amendments to the approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after 1 July 2018. However, these, other than those disclosed in note 3.7, do not have any significant impact on the Company's financial reporting and therefore have not been detailed in these financial statements.

New / revised accounting standards, amendments to published accounting standards, and interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 1 July 2019:

Standards or interpretations		Effective Date (Annual period beginning on or after)
IFRS 3	- Business Combinations	January 1, 2020
IAS 1	- Presentation of Financial Statements	January 1, 2020
IAS 12	- Income Tax	January 1, 2019
IAS 3	- Barrowing Cost	January 1, 2019
IAS 28	- Investments in Associates and Joint Ventures (Amendments)	January 1, 2019
IAS 8	- Accounting Policies, Changes in Accounting Estimates and Errors	January 1, 2020
IFRIC 23	- Uncertainty over income tax treatments	January 1, 2019
IFRS 16	- Leases	January 1, 2019
IAS 19	- Employees Benefits-Plan Amendment, Curtailment or Settlement (Amendment)	January 1, 2019

The Company expects that the adoption of the above amendments and interpretation of the standards will not affect the Company's financial statements in the period of initial application.

IFRS 3 "Business Combinations" and IFRS 11 "Joint Arrangement" - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 1 January 2019 and are not likely to have an impact on Company's financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated

3.1 Changes in significant accounting policies

The Company has adopted IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' from 01 July 2018 which are effective from annual periods beginning on or after 01 July 2018 and for reporting period / year ending on or after 30 June 2019 respectively.

The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

3.1.2 IFRS 15 Revenue from Contracts with Customers

On 28 May 2014, the International Accounting Standards Board ("IASB") issued International Financial Reporting Standards ("IFRS") 15 "Revenue From Contracts with Customers" which provides a unified five-step model for determining the timing, measurement and recognition of revenue. The focus of the new standard is to recognize revenue as performance obligations are made rather than based on the transfer of risk and rewards. IFRS 15 includes a comprehensive set of disclosure requirements including qualitative and quantitative information about contracts with customers to understand the nature, amount, timing and uncertainty of revenue. The standard supersedes IAS 18 Revenue, IAS 11 "Construction Contracts" and the number of revenue related interpretations.

The Company manufactures and contracts with customers for the sale of yarn which generally include single performance obligation. The management has concluded that revenue from sale of goods be recognized at the point in time when control of the asset is transferred to the customer, which is when the goods are dispatched to the customer. This is generally consistent with the timing and amounts of revenue the company recognized in accordance with the previous standard, IAS 18. Therefore, adoption of IFRS 15 at 01 July 2018, did not have an effect on the financial statements of the Company.

3.1.3 IFRS 9 Financial Instruments

IFRS 9 replaced the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. Changes in accounting policies resulting from adoption of IFRS 9 have been applied retrospectively. The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

i Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables, held for trading and available for sale. IFRS 9, classifies financial assets in the following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortized cost.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:

- The determination of business model within which a financial asset is held; and
- The designation and revocation of previous designation of certain financial assets as measured at FVTPL

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it is held within business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The adoption of IFRS 9 did not have a significant effect on the Company's accounting policies related to financial liabilities.

Financial Asset	Original classification under IAS 39	New classification under IFRS 9	Original Carrying amount under IAS 39	New Carrying amount under IFRS 9
-----------------	--------------------------------------	---------------------------------	---------------------------------------	----------------------------------

-----Rupees-----

Trade debts	Loans and receivables	Amortized Cost	203,430,112	179,914,455
Advances, prepayments and other receivables	Loans and receivables	Amortized Cost	84,685,953	81,913,466
Tax refunds due from Government	Loans and receivables	Amortized Cost	43,320,476	43,320,476
Cash and bank balances	Loans and receivables	Amortized Cost	4,371,758	4,371,758

ii Impairment

IFRS 9 replaces the 'incurred loss model in IAS 39 with an 'expected credit loss' (ECL) model. IFRS 9 introduces a forward looking expected credit losses model, rather than the current incurred loss model, when assessing the impairment of financial assets in the scope of IFRS 9. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

The Company has applied the IFRS 9 simplified approach to measuring expected credit losses which uses a lift time expected loss allowance for all trade and other receivables. Impairment losses treated to trade and other receivable, are presented separately in the statement of profit and loss. Trade and other receivables are written off when there is no reason able expectation of recovery. Management has used actual credit loss experience over past years to base the calculation of ECL on the adoption of IFRS 9.

As explained above, the management has applied the modified retrospective method upon the adoption of IFRS 9 as allow under the Standard. The cumulative effect representing the difference between the carrying amount before the adoption of IFRS 9 and the new carrying amount calculated in accordance with the standard at the beginning of the current year (i.e. as of 1 July 2018), has been recognized in reserves (accumulated profit). The financial impact due to the adoption of ECL model as explained above under IFRS 9 is as follows:

	(Rupees)
Accumulated loss as 1 July 2018	(23,672,182)
Affect if the change due to the application of ECL model under IFRS 9	(23,515,657)
Adjusted accumulated loss as of 1 July 2018	<u>(47,187,839)</u>

Similar adjustment has been record in trade debts also (refer note 8.1)

3.2 Property, plant and equipment

Owned

Operating fixed assets are stated at historical cost less accumulated depreciation and accumulated impairment loss, if any.

Depreciation on operating fixed assets except for batching plants and concrete pumps included in plant and machinery is charged on reducing balance method whereby the cost of an asset is written off over its estimated useful life at the rates given in note 4.1. Batching plants and concrete pumps are depreciated on the basis of units produced / transported.

Depreciation is charged from the month in which assets are available for use up to the month before the disposal of asset except batching plants and concrete pumps.

Depreciation methods, residual values and the useful lives of the assets are reviewed at each financial year end and adjusted if impact on depreciation is significant.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit and loss as and when incurred.

Assets acquired under Ijarah Arrangements with financial institutions are classified as operating lease under Islamic Financial Accounting Standard (IFAS) No. 2 "Ijarah" was notified by SECP vide S.R.O. 431 (I) / 2007 on 22 May 2007. The said IFAS requires the Ijarah payments under such arrangements to be recognized as an expense over the Ijarah term.

Leased

Leases of property, plant and equipment where the company has substantially all the risks and rewards of ownership, are classified as finance lease. Upon initial recognition, the lease asset is measured at an amount equal to the lower of its fair value and present value of minimum lease payments. Outstanding obligation under the lease less finance cost allocated to future periods are shown as liability

Lease assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the company will obtain ownership by the end of lease term

Finance cost under lease agreement are allocated to the period of the lease term so as to produce a constant periodic rate of finance cost on the remaining balance of principal liability for each period.

Capital work in progress

Capital work in progress is stated at cost less any accumulated impairment loss.

3.3 Impairment of assets

The Company assesses at each balance sheet date, whether there is any indication that assets may be impaired. If such an indication exists, the carrying amount of such assets is reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed their respective recoverable amounts, assets are written down to their recoverable amount and resulting impairment loss is recognized in the profit and loss account. The recoverable amount is higher of an asset's fair value less costs to sell and value in use.

Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognized for the asset in prior years. A reversal of the impairment loss is recognized in the profit and loss account.

3.4 Inventories including stores, spares and loose tools

These are valued at the lower of cost and net realizable value. Cost is determined using weighted average method. Cost includes applicable purchase cost plus other directly attributable charges incurred thereon. Write down in inventories is made for slow moving and obsolete items.

3.5 Trade debts

Trade and other receivables are carried at cost, which is the fair value of the consideration to be received, less provision for doubtful debts, if any. Doubtful debts are estimated on the basis of review of outstanding amounts at the year end. Bad debts are written off when identified.

3.6 Revenue recognition

Revenue is recognised when significant risks and rewards are transferred to the customers, i.e. when dispatch is received and approved by the customer at the project site.

Mark-up income on deposits is recognized on a time proportion basis.

3.7 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand and balances with bank. Bank overdrafts / short term borrowings that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalent for the purpose of cash flow statement.

3.8 Financial instruments

3.8.1 Classification and Initial Measurement

The Company classifies its financial assets in to following three categories:

- Fair value through other comprehensive income (FVOCI);
- Fair value through profit or loss (FVTPL); and
- Measured at amortized cost.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:

- The determination of business model within which a financial asset is held; and
- The designation and revocation of previous designation of certain financial assets as measured at FVTPL.

Financial assets at FVOCI

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it is held within business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

For assets measured at fair value, gains and losses will either be recorded in the statement of profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

Financial assets at FVTPL

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

3.8.2 Subsequent Measurement

a) Financial assets at FVOCI

These assets are measured at fair value, with gains or losses arising from changes in fair value recognised in other comprehensive income / (loss).

b) Financial assets at FVTPL

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

c) Financial assets measured at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss.

3.8.3 Financial liabilities

Financial liabilities are classified as measured at amortized cost or 'at fair value through profit or loss' (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of profit or loss.

Financial liabilities are classified as measured at amortized cost or 'at fair value through profit or loss' (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of profit or loss.

Financial liabilities are derecognized when the contractual obligations are discharged or cancelled or have expired or when the financial liability's cash flows have been substantially modified.

3.8.4 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognised amount and the company intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

3.8.5 Impairment

The Company recognises loss allowances for ECLs in respect of financial assets measured at amortised cost.

The Company applies the simplified approach to recognise lifetime expected credit losses for trade debts. The Company assesses on a forward looking basis the expected credit losses associated with its financial assets.

Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, company compare the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

Loss allowances for financial assets measured at amortised cost are deducted from the Gross carrying amount of the assets.

Loss allowances for financial assets measured at amortised cost are deducted from the Gross carrying amount of the assets.

An entity shall directly reduce the gross carrying amount of a financial asset when the entity has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event of company.

3.9 Off-setting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.10 Taxation

Income tax comprises of current and deferred tax. Income tax is recognised in the profit and loss account, except to the extent that it relates to items recognised directly in other comprehensive income or below equity, in which case it is recognised in other comprehensive income or below equity respectively.

Current

Provision for current year taxation is based on the taxable income determined in accordance with the prevailing law for taxation at the current rate of tax or one percent of turnover, whichever is higher, after taking into account applicable tax credits, rebates and exemptions available, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is provided using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are calculated at the rates that are expected to apply to the period when the asset is realized or the liability settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to equity in which case it is included in equity.

3.11 Borrowing costs

Mark-up, interest and other charges on borrowings are capitalized up to the date of commissioning of the related qualifying asset, acquired out of the proceeds of such borrowings. All other mark-up, interest and other charges are recognized in profit and loss account in the period in which they are incurred.

3.12 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

3.13 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services.

3.14 Dividend and appropriations

Dividend and other appropriations are recognized in the period in which these are declared / approved.

3.15 Mark-up bearing borrowings

Mark-up bearing borrowings are recognised initially at fair value, less attributable transaction cost. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in profit and loss account over the period of borrowings on an effective interest basis.

3.16 Staff retirement benefits

The Company operates an unfunded gratuity scheme (defined benefit plan) for all its permanent employees. The actuarial valuation is carried out using the Projected Unit Credit Method.

4	PROPERTY, PLANT AND EQUIPMENT	Note	2019	2018
			(Rupees)	
	Operating fixed assets	4.1	241,578,880	241,654,158
	Capital work in progress - at cost	4.2	7,912,638	16,703,805
			<u>249,491,518</u>	<u>258,357,963</u>

Particulars	2019										Rate
	Cost					Depreciation					
	As at 01 July 2018	Additions	Transfers	Disposals	As at 30 June 2019	As at 01 July 2018	For the year	On disposal	As at 30 June 2019	Net book value as at 30 June 2019	
Owned Assets											
Building	12,949,046	291,000	607,267	-	13,847,313	2,176,905	581,991	-	2,758,896	11,088,417	5%
Project civil works	1,906,967	-	-	-	1,906,967	1,891,381	7,793	-	1,899,175	7,792	50%
Plant and machinery	312,893,020	1,467,111	12,732,404	-	327,092,535	88,642,625	15,594,889	-	104,237,514	222,855,021	10% & units of production / transported
Vehicles	7,519,491	1,455,500	429,718	(2,131,760)	7,272,949	5,126,555	763,216	(1,634,983)	4,254,788	3,018,161	20%
Furniture and fixture	911,313	50,800	-	-	962,113	363,594	57,312	-	420,906	541,207	10%
Computers	1,861,290	-	-	-	1,861,290	1,444,315	133,795	-	1,578,110	283,180	30%
Electrical equipment	757,847	-	-	-	757,847	424,911	33,294	-	458,204	299,643	10%
Office equipment	3,872,957	-	950,928	-	4,823,885	947,488	390,938	-	1,338,426	3,485,459	10%
	342,671,931	3,264,411	14,720,317	(2,131,760)	358,524,899	101,017,773	17,563,229	(1,634,983)	116,946,019	241,578,880	
2018											
Particulars	Cost					Depreciation					Rate
	As at 01 July 2017	Additions	Transfers	Disposals	As at 30 June 2018	As at 01 July 2017	For the year	On disposal	As at 30 June 2018	Net book value as at 30 June 2018	
Building	5,632,056	7,096,890	220,100	-	12,949,046	1,731,400	445,505	-	2,176,905	10,772,141	5%
Project civil works	1,906,967	-	-	-	1,906,967	1,875,795	15,586	-	1,891,381	15,586	50%
Plant and machinery	238,710,606	79,652,327	1,684,747	(7,154,661)	312,893,020	80,000,177	11,915,615	(3,273,168)	88,642,625	224,250,395	10% & units of production / transported
Vehicles	6,713,861	803,713	47,917	(46,000)	7,519,491	4,630,806	498,049	(2,300)	5,126,555	2,392,936	20%
Furniture and fixture	586,106	146,597	178,610	-	911,313	308,166	55,428	-	363,594	547,719	10%
Computers	1,679,521	147,769	34,000	-	1,861,290	1,277,380	166,936	-	1,444,315	416,975	30%
Electrical equipment	655,847	102,000	-	-	757,847	395,909	29,002	-	424,911	332,936	10%
Office equipment	1,155,857	2,717,100	-	-	3,872,957	697,911	249,577	-	947,488	2,925,469	10%
Rupees	257,040,821	90,666,396	2,165,374	(7,200,661)	342,671,931	90,917,543	13,375,698	(3,275,468)	101,017,773	241,654,158	

	2019	2018
	(Rupees)	
4.2 Capital work in progress - at cost		
Plant and machinery	<u>7,912,638</u>	<u>16,703,805</u>
	<u>7,912,638</u>	<u>16,703,805</u>

The movement in capital work in progress is as follows

Balance at the beginning of the year	16,703,805	6,002,611
Additions during the year		
Plant and machinery	<u>5,929,150</u>	<u>12,866,168</u>
	<u>5,929,150</u>	<u>12,866,168</u>
Transfer to operating fixed assets		
Plant and machinery	<u>12,732,404</u>	<u>1,763,447</u>
Vehicles	<u>429,718</u>	<u>47,917</u>
Civil works	<u>607,267</u>	<u>141,000</u>
Office equipments	<u>950,928</u>	<u>34,000</u>
Furniture and Fixtures	<u>-</u>	<u>178,610</u>
	<u>14,720,317</u>	<u>2,164,974</u>
Balance at the end of the year	<u>7,912,638</u>	<u>16,703,805</u>

4.3 The details of operating assets sold, having net book value in excess of Rs. 50,000 each are as follows:

4.4 The details of operating assets sold, having net book value in excess of Rs. 50,000 each are as follows:

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds disposal	Mode of buyers	Particulars
Suzuki Liana	1,188,787	874,634	314,153	240,000	Negotiation	Shamaz Khan
Suzuki cultus	757,130	594,461	162,669	340,000	Negotiation	Muhammad Imran

	Note	2019	2018
		(Rupees)	
4.5 The depreciation charge is allocated as follows:			
Cost of sales	21	<u>15,806,906</u>	<u>12,038,128</u>
Administrative expenses	23	<u>1,756,323</u>	<u>1,337,570</u>
		<u>17,563,229</u>	<u>13,375,698</u>

5 LONG TERM DEPOSITS

Deposits against Ijarah finance		<u>22,220,200</u>	<u>27,925,440</u>
Others	5.1	<u>6,501,830</u>	<u>6,152,990</u>
		<u>28,722,030</u>	<u>34,078,430</u>

5.1 These represent security deposits mainly against rented premises.

6 DEFERRED TAXATION

The asset / (liability) for deferred taxation comprises of temporary differences relating to:

Description	Balance as at 30 june 2017	Recognized in profit and loss account	Balance as at 30 june 2018/1 july 2018	Adjustment due to the initial application of IFRS 9 (note 3.1.3)	Adjusted balance as at 1 july 2018	Recognized in profit and loss account	Balance as at 30 june 2019
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-----2018-----2019-----
-----Rupees-----

Deferred tax liability

Accelerated tax depreciation	(25,479,921)	(7,756,295)	(33,236,216)	-	(33,236,216)	(2,123,242)	(35,359,457)
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Deferred tax assets

Provision for doubtful debts	17,817,867	-	17,817,867	6,819,541	24,637,407	4,409,809	29,047,216
Staff retirement benefits	2,477,111	(247,826)	2,229,285	-	2,229,285	(217,411)	2,011,874
Unabsorbed tax credits	39,301,906	17,194,050	56,495,956	-	56,495,956	14,838,833	71,334,788
Deferred tax asset	34,116,963	9,189,929	43,306,892	6,819,541	50,126,432	16,907,989	67,034,421

2019 2018
(Rupees)

Movement of deferred tax asset

Balance at the beginning of the year	43,306,892	34,731,372
tax charge recognized in statement of profit and loss	23,882,230	8,553,791
tax charge recognized in other comprehensive income	(154,701)	21,729
Balance as at end of the year	<u>67,034,421</u>	<u>43,306,892</u>

Tax loss on account of unabsorbed depreciation amounting to around Rs. 135 million (2018 : Rs. 111 million) and minimum tax credit amounting to around Rs. 32 million (2018: Rs. 24) million is available to the Company's credit. Deferred tax asset in respect thereof has been recognized as availability of sufficient taxable profits in future tax years to avail tax credit is expected.

	Note	2019 (Rupees)	2018
7 STOCK IN TRADE			
Raw Material	7.1	<u>53,118,037</u>	<u>76,725,427</u>
		<u>53,118,037</u>	<u>76,725,427</u>
7.1 The stock is pledged with banks as security against finance facilities (refer note 13)			
8 TRADE DEBTS - UNSECURED			
Considered good		122,915,602	203,430,112
Considered doubtful		100,162,815	61,440,920
		<u>223,078,417</u>	<u>264,871,032</u>
Impairment of financial assets	8.1	<u>(100,162,815)</u>	<u>(61,440,920)</u>
		<u>122,915,602</u>	<u>203,430,112</u>

	Note	2019 (Rupees)	2018
8.1 Impairment of financial assets			
Balance as at July 1		61,440,920	61,440,920
Additional Impairment on initial application of IFRS 9	3.1.3	23,515,657	-
		<u>84,956,577</u>	<u>61,440,920</u>
Charge for the year	8.1.1	15,206,238	-
Balance as at June 30		<u>100,162,815</u>	<u>61,440,920</u>
8.1.1 Trade debts which are past due beyond one year have been impaired and fully provided		15,206,238	-

8.2 Related party from whome trade debts are due as under:

Javedan Corporation Limited	1,756,884	1,740,389
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The maximum aggregate amount of receivable due from related parties at the end of any month during the year was 9.5 million (2018: Rs Rs 9 million).

	Note	2019 (Rupees)	2018
Not yet due		1,756,884	1,740,389
Past due 1-60 days		-	-
		<u>1,756,884</u>	<u>1,740,389</u>

9 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

Advances to staff for purchases		788,582	9,362,411
Loan to employees		604,697	1,424,230
Advances to suppliers - unsecured, considered good		41,620,463	69,100,242
Prepayment		1,187,791	2,416,286
Other receivables		2,836,327	2,382,784
Allowance for expected credit loss	9.2	(2,772,487)	-
		<u>63,840</u>	<u>2,382,784</u>
		<u>44,265,373</u>	<u>84,685,953</u>

9.1 These advances and loans to employees are non-interest bearing.

9.2 Movement of expected credit loss

Balance at the beginning of the year under IAS 39	-	-
Effect of initial adoption of IFRS 9 (Note - 3.1.3)	2,772,487	-
Balance at the beginning of the year under IFRS 9	<u>2,772,487</u>	-
Impairment loss on financial assets	-	-
Balance as at end of the year	<u>2,772,487</u>	-

10 TAXATION - NET

Tax receivable as at 01 July	43,320,476	45,865,776
Tax payments / adjustments made during the year	5,703,466	8,013,758
	<u>49,023,942</u>	<u>53,879,534</u>
Less: Provision for tax - current year	(10,991,401)	(6,969,840)
Less: tax expense - prior year	(3,509,308)	(3,589,218)
Tax receivable as at 30 June	<u>34,523,233</u>	<u>43,320,476</u>

	Note	2019	2018
11 CASH AND BANK BALANCES			
Cash in hand		131,433	279,178
Cash at bank			
- current accounts		2,377,727	3,992,580
- deposit accounts	11.1	226,161	100,000
		2,603,888	4,092,580
		<u>2,735,321</u>	<u>4,371,758</u>

11.1 These carry profit at the rate of 6 % (2018: 6 %) per annum.

	Note	2019	2018
12 SHARE CAPITAL			
			(Rupees)
12.1 Authorized share capital:			
35,000,000 ordinary shares of Rs. 10 each		350,000,000	350,000,000
12.2 Issued, subscribed and paid-up capital			
2019			2018
(Number of shares)			
25,000,000		25,000,000	
	" Fully paid ordinary shares of Rs. 10 each issued for cash"	250,000,000	250,000,000

13 LONG TERM FINANCING - SECURED

Details of long term financing are as follows:

Islamic

Diminishing musharka - Bank of Punjab	13.1	23,518,374	35,277,562
Diminishing musharka - Summit Bank	13.2	26,407,502	35,210,000
Diminishing musharka - Bank Islami	14	772,255	-
Less: Current portion of long term finance shown under current liabilities		(29,364,188)	(20,561,688)
Less: Current portion of long term finance shown under current liabilities		(289,808)	
		<u>21,044,135</u>	<u>49,925,874</u>

13.1 During the financial year 2016, the Company converted its short term running finance facility from Bank of Punjab to Islamic mode of financing and entered into a diminishing musharka of Rs. 47.037 million for plant and machinery with the Bank of Punjab Taqwa Islamic Banking. The arrangement carry profit at the rate of 1 year KIBOR + 2.5% and with quarterly rental repayments. The arrangement is for a tenure of five years from the date of disbursement and are structured in such a way first principal repayment installment will commence from the fifth installment. Arrangement is secured against 1st charge of PKR 160 million over all present and future fixed assets (plant and machinery) and current assets (including stock) of the Company registered with SECP.

13.2 During the financial year 2018, the Company entered into a diminishing musharka of Rs.35.2 million for plant and machinery with the Summit Bank Limited- Islamic Banking. The arrangement carry profit at the rate of 1 year KIBOR + 3.75% and with monthly rental repayments. The arrangement is for a tenure of three years from the date of disbursement and are structured in such a way first principal repayment installment will commence from the thirteenth installment. Arrangement is secured against exclusive charge of PKR 50.75 million over plant and machinery of the Company located at Nooriabad, registered with SECP.

		2019	2018
		(Rupees)	
14 LONG TERM FINANCING - SECURED			
Vehicles			
Diminishing musharka - Bank Islami			
Opening		-	-
Addition during the year		1,455,500	-
Principal repayment during the year		(683,245)	-
		<u>772,255</u>	<u>-</u>
Less: Current portion of long term shown under current liabilities		(289,808)	-
Closing Balance	14.1	<u>482,447</u>	<u>-</u>

- 14.1** During the financial year, the company entered into a diminishing musharka of Rs.1.4 million for vehicles with the Bank Islami Pakistan Limited-Islamic Banking . The arrangement carry profit at the rate of KIBOR + 2.75% and with monthly rental repayments. The arrangement is for a tenure of four years from the date of disbursement. Arrangement is secured against the subject motor vehicles.

15 STAFF RETIREMENT BENEFITS

The latest actuarial valuation of the scheme as at June 30, 2019. was carried out using the Projected Unit Credit Method. Details of the scheme as per the actuarial valuation are as follows:

	2019	2018
	(Rupees)	
15.1 Balance sheet reconciliation		
Present value of defined benefit obligation	6,937,495	7,687,190
Fair value of plan assets	-	-
Net liability at the end of the year	<u>6,937,495</u>	<u>7,687,190</u>
15.2 Movement in net liability in the balance sheet		
Net liability at beginning of the year	7,687,190	6,858,140
Charge for the year	2,444,337	1,801,984
Remeasurement (gain) / loss recognized in Other comprehensive income	(533,451)	74,915
Benefits paid during the year	<u>(2,660,581)</u>	<u>(1,047,849)</u>
Net liability at end of the year	<u>6,937,495</u>	<u>7,687,190</u>

	2019	2018
	(Rupees)	
15.3 Movement in the present value of defined benefit obligation		
Present value of defined benefit obligation at beginning of the year	7,687,190	6,858,140
Current service cost	1,808,647	1,231,905
Interest cost	635,690	570,079
Benefits paid during the year	(2,660,581)	(1,047,849)
Remeasurement gain on obligation	(533,451)	74,915
Present value of defined benefit obligation at the end of the year	<u>6,937,495</u>	<u>7,687,190</u>
15.4 Expense recognized in profit and loss account		
Current service cost	1,808,647	1,231,905
Interest cost	635,690	570,079
	<u>2,444,337</u>	<u>1,801,984</u>
15.5 Actuarial assumptions used		
Withdrawal rate	Low	Low
Mortality rate	SLIC 2001-05-1	SLIC 2001-05-1
Valuation discount rate	11.90%	10%
Expected rate of increase in salaries	11.90%	10%
	2019	2018
	(Rupees)	
15.6 Charge for the year has been allocated as follows:		
Cost of sales	1,808,647	1,231,905
Administrative expense	635,690	570,079
	<u>2,444,337</u>	<u>1,801,984</u>

15.7 Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions are:

		2019	
		Increase / (decrease) in obligation	
Discount rate	+ / - 1%	7,680,714	6,007,910
Expected rate of salary increase	+ / - 1%	7,739,580	5,948,901

The sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the liability for gratuity recognized within the balance sheet.

15.8 The scheme exposes the Company to the actuarial risks such as:

Salary risks

The risks that the final salary at the time of cessation of service is higher than what was assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

Mortality / withdrawal risks

The risks that the actual mortality / withdrawal experience is different. The effect depends upon the beneficiaries' service / age distribution and the benefit.

Longevity risks

The risk arises when the actual lifetime of the retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

	2019	2018
	(Rupees)	
15.9 The expected maturity analysis of undiscounted retirement benefit obligation is:		
Less than a year	242,931	188,030
Between 1-2 years	104,497	131,500
Between 2-3 years	124,084	147,192
Between 3-4 years	148,261	160,874
Between 4-5 years	175,161	182,085
Between 6-10 years	5,543,519	3,774,996
11 years and above	39,721,266	4,962,503

15.10 The expected gratuity cost, to be recognized for the next one year amounts to Rs. 2,741,114.

16 DEFERRED INCOME

Balance at the beginning of the year	16.1	7,840,000	11,200,000
Deferred income arised during the year		-	-
less: Amortization charged during the year to profit and loss account		(3,360,000)	(3,360,000)
		<u>4,480,000</u>	<u>7,840,000</u>
Less: Current portion of deferred income shown under current liabilities		(3,360,000)	(3,360,000)
		<u>1,120,000</u>	<u>4,480,000</u>

16.1 In financial year 2016, the Company purchased eight transit mixers through auction sale for Rs. 47.2 million and entered into Ijarah arrangement with various financial institutions. The said financial institutions carried valuation of these transit mixers from a third party, who valued them for Rs. 64 million. Therefore, financial institutions entered into Ijarah arrangement for Rs. 64 million, resulting in deferred income of Rs. 16.8 million (representing excess of sales proceeds over the carrying amount of respective assets) out of which 3.36 million is classified in current liabilities; being current portion of deferred income. The deferred income will be amortized to profit and loss account over the lease term i.e. five years.

	Note	2019	2018
		(Rupees)	
17 TRADE AND OTHER PAYABLES			
Trade creditors	17.1	197,215,847	259,248,918
Murabaha finance facilities	17.2	22,914,195	44,000,000
Advances from customers		8,089,873	28,754,458
Accrued expenses		12,189,060	10,056,341
Withholding tax payable		3,791,368	6,473,880
Workers' Welfare Fund (WWF)		1,715,311	1,715,311
Workers' Profit Participation Fund (WPPF)	17.3	12,326,250	10,566,867
Other payables		8,956,318	4,666,452
		<u>267,198,223</u>	<u>365,384,070</u>

17.1 Trade creditors includes Rs 84,381,519 (2018: Rs.160,645,757) payable to related party M/s. Power Cement Limited and Rs 15,079,829 (2018: Nil) payable to related Party M/S Thatta Cement Limited.

- 17.2** This represents murabaha financing facilities under Islamic mode of financing from Bank of Punjab (Taqwa Islamic) for procurement of raw material for concrete mix including cement, sand and chemical etc. to the extent of 70 million (2018: 70 million). The financing facility carries profit rate of matching KIBOR plus 2%. This secured against 1st charge of PKR 160 million over all present and future current assets of the Company registered with SECP.

	Note	2019	2018
		(Rupees)	
17.3 Workers' Profit Participation Fund			
As at the beginning of the year		10,566,867	9,356,036
Interest on funds utilized by the Company	17.3.1	1,759,383	985,191
Charge for the year		-	225,640
As at end of the year		<u>12,326,250</u>	<u>10,566,867</u>

- 17.3.1** Interest on Workers' Profit Participation Fund is charged at 10.53% (2017: 10.86%) per annum.

18 Loan from Related Parties

Opening balance		60,000,000	20,000,000
Receipts during the year		30,000,000	55,000,000
Repayments during the year		-	(15,000,000)
Closing Balance	18.1	<u>90,000,000</u>	<u>60,000,000</u>

- 18.1** This represent interest free loan taken from Mr. Arif Habib (Lineal Ascendant of CEO) and Mr. Samad Habib (CEO) payable on demand for working capital

19 CONTINGENCIES AND COMMITMENTS

19.1 Contingencies

- 19.1.1** Section 113(2)(c) of the Income Tax Ordinance, 2001 was interpreted by a Divisional Bench of the Sindh High Court (SHC) in the Income Tax Reference Application (ITRA) No. 132 of 2011 dated 7 May 2013, whereby it was held that the benefit of carry forward of minimum tax is only available in the situation where the actual tax payable in a tax year is less than minimum tax. Therefore, where there is no tax payable, interalia, due to brought forward tax losses, minimum tax could not be carried forward for adjustment with future tax liability. The Company has carried forward minimum tax of current and previous years amounting to around Rs. 24 million and the Company expects to adjust the amount against the future taxable profits. The management is of the view that the interpretation of SHC has been challenged in the Supreme Court of Pakistan and they are waiting for its final outcome.

- 19.1.2** Tax Authorities have conducted proceedings of withholding tax under section 161 of Income Tax Ordinance, 2001 for tax year 2012 and created an arbitrary demand of Rs. 11.252 million. The Company's appeal before CIR (A) / Appellate Tribunal Inland Revenue (ATIR) is pending for adjudication. The management is confident that the appeal will be decided in favor of the company; therefore, no provision has been made against the said demand of Rs. 11.252 million.

- 19.1.3** Federal Board of Revenue (FBR) issued a notice to the company for payment of Sales Tax under Sales Tax Act, 1990. The Company filed a petition in Sindh High Court challenging the lawful authority and jurisdiction of FBR on the ground that the Company is engaged in providing service in respect of Ready Mix Concrete and is accordingly registered with Sindh Revenue Board (SRB) and is paying Sales Tax under HS Code No. 9837.0000 to the Second Schedule of 2011 Act. The Sindh High Court granted stay order against the notice issued by FBR.

19.2 Commitments

Bank guarantee issued on behalf of the Company	19.2.1	<u>-</u>	<u>18,750,002</u>
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- 19.2.1** Guarantee issued in favour of Tianjin Electric Power Company issued by bank on behalf of the Company amounted to Rs. 45 million.

		2019	2018
	Note	(Rupees)	
20	REVENUE		
Toll manufacturing income		94,740,374	82,969,341
Sale of concrete mix		898,882,267	554,306,624
		993,622,641	637,275,966
Less: Sales tax		(114,310,569)	(47,205,595)
		879,312,072	590,070,371
21	COST OF SALES		
Raw material and stores consumed	21.1	659,759,726	348,992,877
Salaries, wages and other benefits COS	21.2	82,847,296	66,437,384
Depreciation COS	4.4	16,639,637	12,038,128
Fuel and power		53,781,149	36,350,481
Fleet outsourcing charges		-	16,133,841
Equipment hiring charges		5,114,363	22,376,084
Ijarah Rentals	30	26,206,070	27,789,482
Repair and maintenance COS		13,356,828	12,647,110
Site preparation and sample testing		999,030	924,375
Land rent		3,410,004	3,099,996
Insurance expenses COS		3,425,044	4,900,915
		865,539,147	551,690,674
21.1	Raw material and stores consumed		
Opening stock		81,956,863	34,768,143
Purchases		642,461,310	795,563,579
		724,418,173	830,331,722
Less: Closing stock		(58,786,911)	(81,956,863)
		665,631,262	748,374,859
Add: Ice and water consumed		13,568,024	12,846,123
		679,199,286	761,220,982
Less: Reimbursements from third parties		(19,439,560)	(412,228,105)
		659,759,726	348,992,877
21.2	Salaries, wages and other benefits include for the year ended June 30, 2019 Rs. 1,808,647(2018: Rs. 1,231,904) in respect of staff retirement benefits.		
22	SELLING AND DISTRIBUTION EXPENSES		
Sales commission	22.1	3,806,396	1,761,766
Advertisement and sales promotion		2,382,469	1,836,564
Travelling and conveyance		951,789	945,524
Impairment loss of financial assets	8.1.1 , 9.2	17,978,725	-
		25,119,379	4,543,854
22.1	This includes sales commission of Rs. 3,806,396 (2018: Rs. 1,761,766) related to Karachi Metropolitan Corporation.		

	Note	2019 (Rupees)	2018
23 ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits admin	23.1	10,591,129	11,893,171
Depreciation	4.4	923,592	1,337,570
Auditors' remuneration	23.2	1,075,200	1,000,000
Postage, telegram and telephone		1,195,584	1,184,316
Rent, rates and taxes		4,928,692	3,580,357
Insurance		1,270,991	901,901
Entertainment		287,598	229,570
Printing and stationery		1,005,568	1,292,626
Legal and professional fee		2,717,086	4,636,886
Repair and maintenance admin		557,038	1,906,497
Miscellaneous		389,530	1,074,649
		<u>24,942,008</u>	<u>29,037,543</u>
23.1	Salaries, wages and other benefits include for the year ended June 30, 201 Rs. 635,690 (2018: Rs. 570,079) in respect of staff retirement benefits.		
23.2 Auditors' remuneration			
Statutory audit and other certifications		799,200	740,000
Half yearly review		216,000	200,000
Out of pocket expenses		60,000	60,000
		<u>1,075,200</u>	<u>1,000,000</u>
24 FINANCE COST			
Bank Charges		118,153	144,909
Mark up expenses		12,047,292	10,148,598
Interest on WPPF	17.3.1	1,759,383	985,191
		<u>13,924,828</u>	<u>11,278,698</u>
25 OTHER OPERATING EXPENSES			
Workers' profit participation fund		-	225,640
Loss on sale of fixed assets	4.3	-	487,767
		<u>-</u>	<u>713,407</u>
26 OTHER OPERATING INCOME			
Income from financial assets			
- profit on deposit accounts		778,131	144,808
Income from assets other than financial assets			
- miscellaneous income		10,282,584	11,469,637
		<u>11,060,715</u>	<u>11,614,445</u>
27 TAXATION			
Income tax			
- Current	27.1	10,991,401	6,638,292
- Under section 5(A)	27.2	-	331,548
- Prior		3,509,308	3,589,218
Deferred		(23,882,230)	(8,553,791)
		<u>(9,381,521)</u>	<u>2,005,266</u>

27.1 Provision for current tax has been made in accordance with section 113 of the Income Tax Ordinance, 2001 ("the Ordinance"). There is no relationship between tax expense and accounting profit as the provision for current taxation is based on turnover tax therefore no numerical reconciliation has been presented.

27.2 Under section 5A of Income Tax Ordinance, 2001 (as amended by the Finance Act 2017), a tax shall be imposed at the rate of 7.5% of the accounting profit before tax on every public company, other than schedule bank or Moradabad, that drives profit for a tax year but does not distribute at least 40% of its after tax profits within six months of the end of the tax year through cash or bonus shares.

The Board of Directors of the Company has not declared dividend for the year ended June 30, 2018, therefore in compliance with the section 5 (A) of income tax ordinance 2001, the company has provided tax @ 7.5% of its accounting profit before tax.

27.3 The Company computes current tax expense based on the generally accepted interpretation of the tax laws to ensure that the sufficient provision for the purpose of taxation is available. According to management, the tax provision made in the financial statements is sufficient. A comparison of last three years of income tax provision with tax assessed is presented below:

	2018	2017	2016
	----- (Rupees) -----		
Income tax provision for the year (as per accounts)	6,638,292	1,978,584	3,044,673
Income tax as per tax assessment	<u>8,323,631</u>	<u>3,802,553</u>	<u>4,809,922</u>

28 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2019		
	Chief Executive	Non- Executive Directors	Executive
	----- (Rupees) -----		
Managerial Remuneration	2,542,806	-	15,828,606
Meeting fee	-	312,500	-
Total	<u>2,542,806</u>	<u>312,500</u>	<u>15,828,606</u>
Number of persons	<u>1</u>	<u>4</u>	<u>8</u>

	2018		
	Chief Executive	Non- Executive Directors	Executive
	----- (Rupees) -----		
Managerial Remuneration	2,563,680	-	14,450,261
Meeting fee	-	287,500	-
Total	<u>2,563,680</u>	<u>287,500</u>	<u>14,450,261</u>
Number of persons	<u>1</u>	<u>2</u>	<u>8</u>

29 NUMBER OF EMPLOYEES

The average number of employees during the year and as at reporting date are as follows:

	2019	2018
	(Number of employees)	
Average number of employees during the year	<u>149</u>	<u>112</u>
Total number of employees as at June 30	<u>157</u>	<u>140</u>
Average Employees working at the Company's Plant during the year	<u>120</u>	<u>82</u>
Employees working at the Company's Plant at the year end	<u>126</u>	<u>113</u>

30	IJARAH	2019	2018
		(Rupees)	
	Total future ijarah payment		
	Up to one year	19,859,094	26,278,845
	Later than one year but not later than five years	6,827,718	26,686,812
		<u>26,686,812</u>	<u>52,965,657</u>

The total ijarah rentals due under the ijarah agreements aggregate Rs. 21.949 million (June 30, 2018 : Rs. 52.966 million) and are payable in equal monthly installments under various ijarah agreements, latest by 2021. If any Ijarah is terminated, the Mustajir (lessee) is required to pay the purchase price specified in the ijarah agreements. The cost of repairs and insurance are borne by the Mustajir (lessee). The Ijarah is partially secured by a deposit of Rs.21.949 million (June 30, 2018 : Rs. 27.925 million) and demand promissory note. The company intend to exercise the option of purchasing the assets under Ijarah at residual value upon completion of Ijarah term.

31 FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

31.1 Credit risk

Credit risk represents the financial loss that would be recognized at the reporting date if counter parties fail completely to perform as contracted and arise principally from deposits, trade debts, advances, other receivables and bank balances.

To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Where considered necessary, advance payments are obtained from certain parties.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Company manages its exposure to concentration of credit risk arising out of trade debts through credit reviews taking into account the customer's financial position and by making sales against advanced receipts.

	2019	2018
The maximum exposure to credit risk at the reporting date was:	(Rupees)	
Long term deposits	28,722,030	34,078,430
Trade debts - net of provision	122,915,602	203,430,112
Advances and other receivables	44,265,373	84,685,953
Bank balances	2,735,321	4,371,758
	<u>198,638,326</u>	<u>326,566,253</u>

All trade debts are in domestic currency and the ageing of trade receivables at the reporting date is:

	2019		2018	
	Gross	Provision	Gross	Provision
	----- (Rupees) -----			
Not past Due	22,708,858	-	48,738,122	-
Past due 1-60 days	34,043,059	-	77,243,509	-
Past due 61 day to 1 Year	66,163,685	-	48,099,562	-
More than one year	100,162,815	100,162,815	89,809,163	61,440,920
	223,078,417	100,162,815	263,890,355	61,440,920

Out of total impairment of 100.462 million 38.056 million relates to Lahore operations which were closed during the first half of the financial year ended on June 30, 2016. While the Management will continue to pursue these receivables vigorously, it is of the view that prudence demands that provisioning be made for receivables from customers in such cases where the Company does not have a continuing business relationship or for such cases where the Company's claims have not been settled well beyond the market norms.

The Company's five significant customers account for Rs. 50 million (2018: Rs 92.507 million) of trade debts as at the reporting date. Exposure to any single customer does not exceed 10.08% (2018: 36%) of trade debts as at the reporting date.

Credit quality of major financial assets

The credit quality of major financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (where available) or to historical information about counterparty default rate:

Bank	Rating		Rating Agency	2019	2018
	Long term	Short term		(Rupees)	
Bank of Punjab	AA	A1+	PACRA	1,591,093	886,832
Bank Alfalah Islamic	AA+	A1+	PACRA	99,845	81,742
Habib Metropolitan Bank Limited	AA+	A1+	PACRA	40,213	210,921
Bank Islami Pakistan Limited	A+	A1	PACRA	543,792	754,584
Summit Bank Limited	A-	A-1	JCR-VIS	226,163	2,158,500
Meezan Bank Limited	AA+	A1+	JCR-VIS	102,782	-
				2,603,888	4,092,580

31.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company uses different methods which assists it in monitoring cash flow requirements and optimizing its cash return from operations. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligation.

The following are the contractual maturities of financial liabilities, including expected interest payments and excluding the impact of netting agreements:

	2019			
	Carrying amount	Contractual maturities	Maturity up to one year	Maturity up to two to five
	----- (Rupees) -----			
Long term financing	50,698,131	50,698,131	29,653,996	21,044,135
Trade and other payables	267,198,223	267,198,223	267,198,223	-
	317,896,354	317,896,354	296,852,219	21,044,135
	2018			
	Carrying amount	Contractual maturities	Maturity up to one year	Maturity up to two to five
	----- (Rupees) -----			
Long term financing	70,487,562	70,487,562	20,561,688	49,925,874
Trade and other payables	365,384,070	365,384,070	365,384,070	-
	435,871,632	435,871,632	385,945,758	49,925,874

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

31.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments.

a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from receivables and payables that exist due to transactions in foreign currencies. The Company is not exposed to currency risk as all the operations of the Company are being carried out in local currency.

b) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Significant interest rate risk exposures are primarily managed by a mix of borrowings at fixed and variable interest rates.

At the balance sheet date, the interest rate profile of the Company's interest bearing financial instruments is:

	2019	2018
	Carrying amount (Rupees)	
Variable rate instruments:		
Financial liabilities	73,612,326	114,487,562

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect profit and loss account.

Cash flow sensitivity analysis for variable rate instruments

If interest rates at reporting date, fluctuate by 100 bps higher / lower with all other variables held constant, profit after taxation for the year 2018 and for 2017 would have decreased / increased respectively by the following amounts as a result of increase / decrease in finance cost on the variable rate financial liabilities:

	2019	2018
	(Rupees)	
Effect on profit	736,123	1,144,876

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Company.

31.4 Fair value of financial instruments

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

31.5 Capital management

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

The Company monitors capital on the basis of the debt-to-equity ratio calculated as a ratio of total debt to equity. Debt comprises long term debts and liabilities against assets subject to finance lease. Equity includes total equity as shown in the balance sheet.

The debt-to-equity ratios as at reporting dates are as follows:

	2019	2018
	(Rupees)	
Total debt	140,698,131	130,487,562
Total equity and debt	328,846,564	371,543,956
Gearing ratio	42.8%	35.1%

Neither there were any changes in the Company's approach to capital management during the year nor the Company is subject to externally imposed capital requirements.

32 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties comprise associated undertakings, directors of the Company and key management personnel. The Company in the normal course of business carries out transactions with various related parties at arm's length basis, unless otherwise disclosed. Amounts due from and due to related parties are shown under respective notes to the accounts. Other significant transactions and balances with related parties are as follows:

32.1 Transactions with related parties

Name of related party	Relationship and %age shareholding	Transaction during the year and year end balances	Note	2019	2018
				(Rupees)	
Power Cement limited	Associate	Purchase of raw material		287,579,201	378,463,392
		Amount due at the year end		84,381,519	160,645,757
Thatta cement Limited	Associate	Purchase of raw material		109,335,218	-
		Amount due at the year end		15,079,829	-
Javedan corporation limited	Associate	Sales		67,055,665	28,061,096
		Amount due at the year end		1,756,884	1,740,389
Mr. Arif Habib	Associate person Lineal Ascendant of CEO holds 20.69% (2018: 11.42%)	Loan received during the year	18	18,000,000	55,000,000
		Loan paid during the year	18	-	15,000,000
		Loan payable to related party		78,000,000	60,000,000
Mr. Samad Habib	Associate person CEO holds 11.52% (2018: 11.52%)	Loan received during the year		12,000,000	-
		Loan paid during the year		-	-
		Loan payable to related party		12,000,000	-

33 INFORMATION FOR ALL SHARES ISLAMIC INDEX SCREENING

33.1 Description	2019 Carried Under		2018 Carried Under	
	Non-Shariah arrangements	Shariah arrangements	Non-Shariah arrangements	Shariah arrangements
Assets				
Loans and advances				
Advance to employees	-	788,582	-	9,362,411
Loan to employees	-	604,697	-	1,424,230
Advances to supplier	-	41,620,463	-	69,100,242
Others	-	2,836,327	-	2,382,784
Deposits				
Long term deposits	-	28,722,030	-	34,078,430
Bank balances	-	2,603,888	-	4,092,580
Liabilities				
Loan and advances				
Long term financing	-	50,698,131	-	70,487,562
Murahaba	-	22,914,195	-	44,000,000
		-	-	-
Advances from customers	-	8,089,873	-	28,754,458
Payable to associated companies	-	20,000,000	-	20,000,000
Income				
Profit on savings account	778,131	-	144,808	-

	2019	2018
	(Rupees)	
33.2 Sources of Other Income		
Profit on deposit accounts	778,131	144,808
Pumping and Grout charges	6,922,584	8,109,637
Deferred Income	3,360,000	3,360,000
	<u>11,060,715</u>	<u>11,614,445</u>

33.3 Relationship with banks	Relationship	
Name	Non Islamic window operation	Islamic window operation
Habib Metropolitan Bank Limited	✓	✗
Bank Islami	✗	✓
Bank Of Punjab	✓	✓
Bank Alfah Islamic	✗	✓
Summit Bank Islamic Account	✗	✓
Meezan Bank	✗	✓

34 PLANT CAPACITY AND ACTUAL PRODUCTION

The production capacity and the actual production achieved during the year are as follows:

	2019	2018
	------(Cubic meter)-----	
Available capacity		
Batching plant	<u>1,470,400</u>	<u>1,470,400</u>
Actual production		
Batching plant	<u>143,352</u>	<u>161,411</u>

The available capacity of the batching plant could not be fully utilized due to depressed activity in the construction industry.

35 MEASUREMENT OF FAIR VALUES

A number of the company's accounting policies and disclosure require the measurement of fair values, for both financial, if any and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the company uses valuation techniques that are appropriate in the circumstances and uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (Unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quote prices included in Level 1 that are observables for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are based on observable market data (unobservable inputs)

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy a, then the fair value measurements is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the management recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. As at June 30, 2016 no assets and liabilities are recognized at fair values.

36 OPERATING SEGMENTS

36.1 The financial information has been prepared on the basis of a single reportable segment.

36.2 100 % (2018: 100%) of the gross sales of the Company are made to customers located in Pakistan.

36.3 All non-current assets of the Company as at 30 June 2019 are located in Pakistan.

37 (LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED

	2019	2018
37.1 (Loss) /Earning per share - basic and diluted	(Rupees)	
(Loss) /Earning after tax (Rupees)	<u>(29,771,054)</u>	<u>2,415,374</u>
Weighted average number of ordinary shares outstanding during the year	<u>25,000,000</u>	<u>25,000,000</u>
(Loss) /Earning per share - basic (Rupees)	<u>(1.19)</u>	<u>0.10</u>


There is no dilution effect on the basic earnings per share as the Company has no such commitments.

38 CORRESPONDING FIGURES

Corresponding figures have been re-arranged, where necessary, for the purpose of better comparison.

39 DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorized for issue on 2nd October 2019 by the Board of Directors of the Company.


Samad Habib
CEO


Kashif Habib
Director


Arif Ghani
CFO

PROXY FORM

I / We _____ of _____ (full address) being member(s) of Safe Mix Concrete Limited and holding _____ ordinary shares as per Share Registrar Folio No. _____ or CDC Participant ID No. _____ and Sub A/c No. _____ hereby appoint Mr./Mrs./Miss _____ Folio No. _____ of _____ (full address) failing Mr./Mrs./Miss _____ Folio No. _____ of _____ (full address) another member of the Company to vote for me / us and on my / our behalf at the Annual General Meeting of the Company to be held on October 28, 2019 and at any adjournment thereof.

As witness my / our hand this _____ day of _____ 2019.

Signature of member(s)

Please affix of
Rs. 5/-
Revenue stamp

Witness: _____
Name: _____
CNIC No.: _____
Address: _____

Witness: _____
Name: _____
CNIC No.: _____
Address: _____

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint another member as his / her proxy to attend and vote instead of his / her. No person shall act as proxy (except for corporation) unless he / she is entitled to be present and vote in his / her own right.
2. The instrument appointing proxy should be signed by the member(s) or by his / her attorney duly authorized, in writing, or if the member is a corporation / company either under the common seal or under the hand of an authorized or attorney so authorized.
3. This proxy form duly completed must be deposited at the registered office of the Company not later than 48 hours before the time of holding of meeting.
4. CDC Shareholders and their proxies must each attach an attested copy of their NIC or Passport with this proxy form. The proxy form shall be witnessed by two persons whose names; addresses and NIC number shall be mentioned on the form.
5. In case Corporate entity the Board of Directors resolution / Power of Attorney with specimen signatures shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

میں مسماۃ / مسماۃ ساکن _____ ضلع _____
 بحیثیت ممبر سیف مکس کنکریٹ لمیٹڈ، مسماۃ / مسماۃ ساکن _____
 ساکن _____ کو بطور مختار (پراکسی) مقرر کرتا ہوں تاکہ وہ میری جگہ اور میری طرف سے کمپنی کے
 سالانہ اجلاس عام جو بتاریخ 28 اکتوبر، 2019 منعقد ہو رہا ہے میں اور ان کے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔
 دستخط: _____ بروز/ بتاریخ _____ 2019

گواہان:

1

نام: _____

پتہ: _____

شناختی کارڈ نمبر: _____

دستخط: _____

2

نام: _____

پتہ: _____

شناختی کارڈ نمبر: _____

دستخط: _____

دستخط ۵ روپے
ریونیو اسٹیٹ

نوٹ:

- وہ رکن جسے یہ اجلاس یا اجلاس میں ووٹ کا حق حاصل ہے وہ کسی ناگزیر صورتحال میں اپنی جگہ کسی دوسرے (مخصوص) رکن کو یہ حق دے سکتا ہے کہ وہ رکن اُس کی پراکسی استعمال کرتے ہوئے، اُس کے بجائے اجلاس میں شریک ہو سکتا ہے، خطاب کر سکتا ہے یا ووٹ کا اندراج کر سکتا ہے۔
- پراکسی ثابت کرنے کے لئے اُسے اپنا اصل پاسپورٹ اور فوٹیو نمبر سے دکھانا لازمی ہے تاکہ اجلاس میں شرکت کی اجازت سے قبل اُس کی شناخت کی جاسکے۔
- منوثر بنانے کے لئے، پراکسی فارم ہمارے رجسٹرار کے دفتر (ایم/ایس) سینٹرل ڈیپوزیٹری کمپنی آف پاکستان، شیئر رجسٹرار ڈیپارٹمنٹ، سی ڈی سی ہاؤس، 99-B، ایس، ایم، سی، ایچ، ایس، شاہراہ فیصل، کراچی، پاکستان، میں اجلاس سے کم از کم 48 گھنٹے قبل وصول ہونا لازمی ہے۔ فارم میں تمام مطلوبہ معلومات، رکن کے دستخط اور مہر، نیز گواہان کی بنیادی معلومات یعنی نام پتے، دستخط اور شناختی کارڈ نمبر کا اندراج ضروری ہے۔
- انفرادی رکن کی صورت میں اصل اور پراکسی کے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول منسلک کرنا لازمی ہے۔
- پراکسی کے کارپوریٹ ہونے کی صورت میں بورڈ آف ڈائریکٹر کی قرارداد، پاور آف اٹارنی، شناختی کارڈ اور پاسپورٹ کی تصدیق شدہ نقول، پراکسی فارم کے ساتھ منسلک کرنا ضروری ہے۔

ہماری انسانی وسائل کی حکمت عملی کو توجہ اپنے کاروباری اہداف کو حاصل کرنے کے لیے دانشورانہ سرمائے کی ترقی اور ان کی سیدھ میں لانا ہے۔ ہمارے ملازمت کا نظام تنوع، مہارے اور جدید نقطہ نظر پر زور دینا ہے۔ ہم ہر سطح پر مستقل بہتری کی ترغیب دیتے ہیں اور ملازمین کو بلا امتیاز ترقی کے مواقع فراہم کرتے ہیں۔

قانونی ادائیگیاں

عمومی اور روزمرہ اخراجات کے علاوہ ٹیکسوں، ڈیوٹیوں اور محصولات کی مد میں کوئی ادائیگی واجب الادا نہیں ہے۔

فی حصص آمدنی

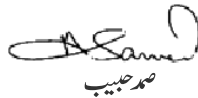
سال 30 جون 2019 کا فی حصص خسارہ (1.19) روپے رہا جبکہ گزشتہ سال فی حصص آمدن 0.10 روپے تھی۔

مستقبل کے امکانات

کمپنی ریڈی کس خدمات کی بڑھتی ہوئی مارکیٹ کو حاصل کرنے کے لئے نئی بازاری حکمت عملیوں کو اختیار کر رہی ہے۔ مزید برآں کمپنی کی توجہ نجی شعبے کے ترقیاتی پروجیکٹس کے ساتھ سپلائی کے تیزی میں معاہدوں میں سرمایہ کاری پر مرکوز ہے۔

کمپنی مضبوطی کے ساتھ اس بات پر یقین رکھتی ہے کہ اس کی کامیابی اس کے ملازمین کی جدوجہد اور انتھک محنت کی مرہون منت ہے۔ ہم کمپنی کے ہر ممبر کے متعلقہ شعبہ مہارت میں تعاون کا اعتراف کرتے ہیں۔ ہماری مصنوعات پر گاہکوں کی جانب سے اعتماد کرنے پر ان کے مشکور ہیں اور ہم امید کرتے ہیں کہ وہ مسلسل اپنی سرپرستی جاری رکھیں گے۔ ہم اپنے تمام حصص یافتگان، بینکوں اور مالیاتی اداروں کی جانب سے تعاون، رہنمائی اور اعتماد فراہم کرنے پر ان کے شکر گزار ہیں اور ہم پر عزم ہیں کہ آنے والے سالوں میں ان کی سرمایہ کاریوں پر بہتر منفعت کو یقینی بنائیں گے۔ مزید ہم SECP اور PSX کی انتظامیہ کے مسلسل تعاون اور رہنمائی پر ان کے مشکور ہیں۔

برائے و مخانب


صاحب

چیف ایگزیکٹو آفیسر

کراچی 2 اکتوبر 2019

حصص داری کی ساخت

حصص داری کی ساخت جسے رپورٹنگ کے فریم کے تحت منکشف کرنا ضروری ہے، اس رپورٹ کے ساتھ منسلک ہے۔

ڈائریکٹران کا بیان

ڈائریکٹران SECP کے ادارتی نظم و ضبط کے ادارتی اور مالیاتی رپورٹنگ فریم ورک کی پاسداری کی تصدیق کرتے ہوئے اقرار کرتے ہیں کہ:

- ☆ کمپنی کی انتظامیہ کے تیار کردہ مالیاتی گوشوارے کمپنی کے معاملات شفافیت اور درستگی کے ساتھ پیش کرتے ہیں۔
- ☆ کمپنی میں اکاؤنٹنگ کھاتے کی کتابیں مناسب انداز میں تیار کی گئی ہیں۔
- ☆ درست حساباتی پالیسیوں کو تسلسل کے ساتھ مالیاتی گوشواروں کی تیاری کے دوران ملحوظ خاطر رکھا گیا ہے اور حساباتی تخمینوں کی بنیاد معقول اور مضبوط فیصلوں پر ہے۔
- ☆ مالیاتی گوشواروں کی تیاری کے دوران عالمی مالیاتی رپورٹنگ معیارات، جو پاکستان میں لاگو ہیں کو ملحوظ خاطر رکھا گیا ہے اور کسی بھی انحراف کو مناسب انداز میں منکشف کیا گیا ہے۔

- ☆ اندرونی گرفت کے نظام کی شکل مضبوط ہے اور موثر انداز میں نافذ العمل ہے اور اس کی نگرانی کی جاتی ہے۔
- ☆ کمپنی کی چلتے ہوئے ادارے کی صلاحیت میں کوئی قابل ذکر شک و شبہ نہیں ہے۔
- ☆ ٹیکسوں اور محصولات سے متعلق معلومات مالیاتی گوشواروں کے نوٹس میں دی گئی ہیں۔
- ☆ لسٹنگ ریگولیشنز میں دیئے گئے ادارتی نظم و ضبط کے بہترین طور طریقوں سے اگر کوئی قابل ذکر انحراف نہیں ہوا۔

بورڈ آف ڈائریکٹرز کے اجلاس

سال 2018-19 کے دوران بورڈ کے چار اجلاس ہوئے جن میں ہر ڈائریکٹر کی حاضری کی تفصیل درج ذیل ہے:

ڈائریکٹر کا نام

حاضر اجلاسوں کی تعداد	ڈائریکٹر کا نام
4/4	جناب شاہد عزیز صدیقی
3/4	جناب محمد حبیب
4/4	جناب کاشف حبیب
4/4	سید نجم الدجاہ جعفری
4/4	جناب خلیل احمد
3/4	جناب احسن انیس
2/4	محترمہ انامد
1/4	نسیم بیگ
1/4	سید محمد طلحہ

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

انسانی وسائل

ہمارے لوگ ہمارا سب سے قیمتی اثاثہ ہیں۔ انتظامیہ ٹیم ورک اور کارکردگی پر مبنی ثقافت کو فروغ دینے کے لیے زیادہ سے زیادہ صلاحیتوں کے حصول کی حوصلہ افزائی کرتا ہے۔ لہذا

کی آرڈیننس میں صراحت کی گئی ہے کہ ساتھ ساتھ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جاری کردہ ہدایات کی پاسداری کی جاتی ہے۔

سرمایہ جاتی اخراجات

کمپنی نے پراپرٹی، پلانٹ اینڈ مشینری کی مد میں 1.808 ملین روپے کے اخراجات برداشت کئے۔

روپے کے بہاؤ (کیش فلو) کی حکمت عملی

کمپنی کے پاس نقدی کے بہاؤ کا ایک موثر انتظام موجود ہے جس کے تحت نقدی کی اندرونی آمد اور بیرونی بہاؤ کا جائزہ باقاعدگی کے ساتھ لیا جاتا ہے۔ جاری سرمائے کی ضروریات کی منصوبہ بندیوں کو اندرونی نقدی پیداؤ اور قلیل مدتی قرضوں کے ذریعے پورا کیا جاتا ہے۔

ڈائریکٹر ریمنیشن

بورڈ آف ڈائریکٹرز کی ایکسٹرنل خدمات کے لیے ڈائریکٹرز کا معاوضہ مقرر کرنے کا مجاز ہے۔ اس سلسلہ میں، بورڈ آف ڈائریکٹرز نے کمپنی کے نان ایگزیکٹو اور آزاد ڈائریکٹرز کے لیے ایک جامع ریمنیشن پالیسی تیار کی ہے۔

آڈٹ کمیٹی

بورڈ آف ڈائریکٹرز نے ادارتی نظم و ضبط کی پاسداری کرتے ہوئے ایک آڈٹ کمیٹی تشکیل دی ہے جو کہ نان ایگزیکٹو ڈائریکٹران پر مشتمل ہے اور اس کمیٹی کی تشکیل ہندی درج ذیل ہے:

- 1- سید نجم الدجاہ جعفری (چیئر مین)
- 2- جناب کاشف حبیب (ممبر)
- 3- جناب احسن انیس (ممبر)

آڈٹ کمیٹی کے اجلاس

سال 2018-19 میں آڈٹ کمیٹی کے چار اجلاس ہوئے اور ہر ممبر کے حاضری اجلاسوں کی تعداد درج ذیل ہے:

ڈائریکٹر کا نام	حاضری اجلاسوں کی تعداد
نسیم بیگ	1/4
جناب محمد حبیب	2/4
سید نجم الدجاہ جعفری	4/4
جناب کاشف حبیب	2/4
جناب احسن انیس	2/4

آڈیٹرز

موجودہ آڈیٹرز میسرز نوید ظفر عاشق جعفری اینڈ کو، چارٹرڈ اکاؤنٹنٹس سبکدوش ہونے والے ہیں اور اہلیت کے باعث انہوں نے سال 2019-20 کے لئے اپنی دوبارہ تقرری کی پیشکش کی ہے۔

ڈائریکٹران کی رپورٹ

سیف کس کنکریٹ لمیٹڈ (SMCL) کے بورڈ آف ڈائریکٹرز برائے اختتام سال 30 جون 2019 کی سالانہ رپورٹ پیش کر رہے ہیں۔

عمومی جائزہ

مجموعی معیشت دشوار گزار وقت سے گزر رہی ہے۔ حکومت کو زرمبادلہ کے ذخائر میں شدید کمی کو پورا کرنے کے لئے IMF کے پروگرام میں داخل ہونا پڑا۔ اس رپورٹ کی تحریر تک معاشی اشاریوں میں کچھ بہتریاں دکھائی دے رہی ہیں۔ تاہم اصلاحی اقدامات میں پاکستانی روپے کی قدر میں کمی کے ساتھ شرح سود میں دوگنا اضافہ شامل ہیں۔ بیرونی کھاتے کے خسارہ کے علاوہ حکومت نے بلند مالیاتی خسارے کو کم کرنے کے لئے ٹیکس کی وصولی کے ہدف میں قابل ذکر اضافہ کیا جس کے تحت معیشت کے ان شعبوں پر ٹیکس نافذ کیا گیا جو کہ ابھی تک غیر دستاویزی تھے۔ ان سخت لیکن انتہائی ناگزیر اقدامات کے نتیجے میں ایک مزاحمت پیدا ہوئی جس نے غیر دستاویزی شعبوں کی خریداری کی سست روی میں مزید اضافہ ہو گیا۔ بلند درآمدی لاگوں، مالیاتی کھاتے پر سخت کنٹرول اور دستاویزیت کی کوششوں کے نتیجے میں معیشت سکڑ گئی جس کے وجہ سے سال کے اختتام 30 جون 2019 میں GDP کی شرح نمو گزشتہ سال کے 5.3% فیصد کے مقابلے میں کم ہو کر 3.3% فیصد رہ گئی، جبکہ بڑے پیداواری شعبہ میں 2.1% فیصد (2018) میں 6.1% فیصد نمو تھی) اور تعمیراتی سرگرمیوں میں 7.6% فیصد کمی دیکھی گئی (2018 میں 9.0% فیصد نمو ہوئی)۔

خام مال کی لاگوں پر مسلسل اوپری دباؤ کی وجہ سے سال کے دوران صنعت کے خام منافع میں کمی ہوئی، خاص طور پر ایندھن اور توانائی کی قیمتوں میں اضافہ کے ساتھ بڑھتی ہوئی شرح سود اور کرنسی کی قدر میں کمی نے صورتحال کو مزید ابتر کر دیا۔

جائزہ سال کے دوران کمپنی کی فروخت 11% فیصد یعنی 18,053 کیوبک میٹر کی کے ساتھ 143,359 کیوبک میٹر رہ گئی جبکہ گزشتہ سال 161,411 کیوبک میٹر تھی۔ کمپنی نے اپنے ٹرانزٹ مسر کے بہتر استعمال کے ذریعے اپنی تقسیمی لاگوں میں کمی کے لئے سنجیدہ اقدامات کئے۔ تاہم ان اقدامات کے باوجود کمپنی کو 29.77 ملین روپے کا بعد از ٹیکس خسارہ ہوا جبکہ گزشتہ سال کے اختتام 30 جون 2018 میں خسارہ 2.415 ملین روپے تھا۔

نتائج عمل کاری

سال اختتام	30 جون 2019	30 جون 2018
(نقصان) / منافع قبل از ٹیکس	(39,152,575)	4,420,640
ٹیکس	9,381,521	(2,005,266)
(نقصان) / منافع بعد از ٹیکس	(29,771,054)	2,415,374
EPS / (LPS) - بنیادی اوررقیق	(1.19)	0.10

اکاؤنٹنگ (کھاتہ حساب داری) کے معیارات








کمپنی کی اکاؤنٹنگ پالیسیوں میں کمپنیز ایکٹ 2017 کی مطووبات کی عکاسی ہوتی ہے اور اس کے علاوہ اکاؤنٹنگ کے منظور شدہ معیارات اور عالمی مالیاتی رپورٹنگ معیارات جن










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