



safe mix  
Concrete Limited



Quarterly Report  
September 30, 2017



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# Company Information

## ***Board of Directors***

Mr. Shahid Aziz Siddiqi - Chairman  
Mr. Nasim Beg  
Mr. Kashif Habib - Chief Executive Officer  
Mr. Samad Habib  
Syed Najmuddujah Jaffri  
Mr. Khalil Ahmed  
Syed Muhammad Talha

## ***Audit Committee***

Mr. Nasim Beg - Chairman  
Mr. Samad Habib  
Syed Najmuddujah Jaffri

## ***Human Resources & Remuneration Committee***

Mr. Samad Habib - Chairman  
Mr. Kashif Habib  
Syed Najmuddujah Jaffri

## ***Chief Financial Officer***

Syed Muhammad Talha

## ***Company Secretary***

Mr. Bilal Yasin

## ***Auditors***

Naveed Zafar Ashfaq Jaffery & Co.  
Chartered Accountants

## ***Legal Advisor***

Advocates Ahsan ul Haque  
Advocates & Corporate Counsel

## ***Bankers and Financial Institutions***

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

## ***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](http://www.safemixlimited.com)

## ***Shares Registrar***

THK Associates (Private) Limited  
Ground Floor, State Life Building No. 3,  
Dr. Ziauddin Ahmed Road  
Karachi.

# Directors' Review Report

The Board of Directors of Safe Mix Concrete Limited present herewith condensed financial information for the first quarter ended 30th September 2017.

## Overview

During the quarter under review, the Company incurred a Loss After Tax (LAT) of Rs 7.694 million. In view of the fact that the quantity sold has decreased by 1.09% as compared to corresponding period last year, there has been a decline in revenue by 10.53%. The decline in revenue is due to decrease in sales margin in the overall industry. Further the company has restricted its sales in order to concentrate on reducing the cost factors. Furthermore the management of the Company is actively working to refine the distribution process and increase its asset base which will in turn reduce per unit distribution cost and increase the volumetric sales of the company.

## Operating results

	Quarter Ended September 30	
	2017	2016
(Loss)/Profit before taxation	(7,047,567)	974,623
Taxation	(646,204)	52,886
(Loss)/Profit after taxation	<u>(7,693,771)</u>	<u>1,027,509</u>

## Earnings per share

Loss per share for the first quarter ended amounted to Rs. (0.31) per share as compared to earnings per share for the corresponding period of the last year of Rs. 0.04 per share.

## Future Outlook

The Company is focusing on enhancing delivery capacity. This will not only maximize the plant utilization but will also help in reducing the cost of rental equipment and will also prove helpful in ensuring timely delivery of concrete mix to the builders / contractors. 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. Shareholders of the company stand to gain significantly in terms of returns and value in the long term.

## Acknowledgement

The management of the Company would like to thank all the financial institutions, customers, individuals and staff members who have been associated with the Company for their support and cooperation. 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



Kashif Habib

Chief Executive Officer

Karachi: October 23, 2017

# Safe Mix Concrete Limited

## Condensed Interim Balance Sheet (Un-audited)

As at September 30, 2017

	Note	Un-audited 30 September 2017	Audited 30 June 2017
(-----Rupees-----)			
<b>Non - current assets</b>			
Property, plant and equipment	5	171,651,390	172,125,889
Long term deposits		31,539,270	31,539,270
Deferred tax asset		34,644,443	34,731,372
		<b>237,835,103</b>	238,396,531
<b>Current assets</b>			
Stores, spare parts and loose tools		8,243,627	7,162,780
Stock in trade		35,700,878	27,605,363
Trade debts		108,572,536	104,016,270
Advances, prepayments and other receivables		120,045,793	64,009,740
Taxation - net		45,365,874	45,865,776
Cash and bank balances		895,091	16,845,989
		<b>318,823,799</b>	265,505,918
<b>Total assets</b>		<b>556,658,902</b>	503,902,449
<b>Equity and Liabilities</b>			
<b>Share capital and reserves</b>			
<b>Authorized capital</b>			
35,000,000 ordinary shares of Rs 10 each		350,000,000	350,000,000
Issued, subscribed and paid up capital		250,000,000	250,000,000
Share premium		14,728,576	14,728,576
Accumulated profit		(33,728,137)	(26,034,366)
		<b>231,000,439</b>	238,694,210
<b>Liabilities</b>			
<b>Non - current liabilities</b>			
Long term financing - secured	6	32,337,765	35,277,562
Staff retirement benefits		7,283,140	6,858,140
Deferred income		7,000,000	7,840,000
		<b>46,620,905</b>	49,975,702
<b>Current liabilities</b>			
Trade and other payables		201,606,016	179,760,043
Current portion of long term financing	6	11,759,188	11,759,188
Current portion of deferred income		3,360,000	3,360,000
Loan from related party		62,000,000	20,000,000
Accrued mark-up		312,354	353,306
		<b>279,037,558</b>	215,232,537
		<b>556,658,902</b>	503,902,449
Contingencies and commitments	7		

The annexed notes 1 to 14 form an integral part of these condensed interim financial information.



CEO



Director

# Safe Mix Concrete Limited

## Condensed Interim Profit and Loss Account (Un-audited)

For the quarter ended 30 September 2017

	Note	Quarter ended 30 September 2017	Quarter ended 30 September 2016
(-----Rupees-----)			
Revenue		44,742,007	50,005,162
Cost of sales	8	(42,478,525)	(44,687,759)
<b>Gross profit</b>		<u>2,263,482</u>	<u>5,317,403</u>
Selling & administrative expenses		(8,037,904)	(3,579,265)
<b>Operating (loss) / profit</b>		<u>(5,774,422)</u>	<u>1,738,138</u>
Finance cost		(2,151,466)	(1,776,816)
Other operating income		878,321	1,013,301
<b>(Loss) / Profit before taxation</b>		<u>(7,047,567)</u>	<u>974,623</u>
Provision for taxation		(646,204)	52,886
<b>(Loss) / Profit after taxation</b>		<u>(7,693,771)</u>	<u>1,027,509</u>
<b>(Loss) / Profit per share - basis and diluted</b>		<u>(0.31)</u>	<u>0.04</u>

The annexed notes 1 to 14 form an integral part of these condensed interim financial information.



CEO



Director

# Safe Mix Concrete Limited

## Condensed Interim Statement of Comprehensive Income

### (Un-audited)

For the quarter ended 30 September 2017

	Quarter ended 30 September 2017	Quarter ended 30 September 2016
	(-----Rupees-----)	
(Loss) / Profit after taxation	(7,693,771)	1,027,509
Other comprehensive income	-	-
<b>Total comprehensive (loss) / income for the period</b>	<u><u>(7,693,771)</u></u>	<u><u>1,027,509</u></u>

The annexed notes 1 to 14 form an integral part of these condensed interim financial information.



CEO



Director



# Safe Mix Concrete Limited

## Condensed Interim Cash Flow Statement (Un-audited)

For the quarter ended 30 September 2017

	Note	Quarter ended 30 September 2017	Quarter ended 30 September 2016
(-----Rupees-----)			
<b>Cash outflow from operating activities</b>	10	<b>(51,426,161)</b>	<b>(1,748,494)</b>
Taxes paid		(59,373)	(513,581)
Staff benefits paid		-	(833,891)
Finance cost paid		(2,192,419)	(1,776,658)
		<u>(2,251,792)</u>	<u>(3,124,130)</u>
<b>Net cash outflow from operating activities</b>		<b>(53,677,953)</b>	<b>(4,872,624)</b>
<b>Cash flow from investing activities</b>			
Fixed capital expenditure		(1,371,469)	(2,313,952)
Long term deposits		-	-
Mark - up received		38,321	173,301
<b>Net cash outflow from investing activities</b>		<b>(1,333,148)</b>	<b>(2,140,651)</b>
<b>Cash flow from financing activities</b>			
Loan from related party		42,000,000	-
Repayment of long term loan		(2,939,797)	-
<b>Net cash inflow from financing activities</b>		<b>39,060,203</b>	<b>-</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(15,950,898)</b>	<b>(7,013,275)</b>
<b>Cash and cash equivalents at beginning of the period</b>		<b>16,845,989</b>	<b>9,846,405</b>
<b>Cash and cash equivalents at the end of the period</b>	11	<b>895,091</b>	<b>2,833,130</b>

The annexed notes 1 to 14 form an integral part of these condensed interim financial information.



CEO



Director

# Safe Mix Concrete Limited

## Condensed Interim Statement of Changes in Equity

### (Un-audited)

For the quarter ended 30 September 2017

	Issued, subscribed and paid-up capital	Share premium Reserve	Accumulated profit/(loss)	Total
	(------(Rupees)-----)			
Balance as at 30 June, 2016	250,000,000	14,728,576	(8,287,557)	256,441,019
Total comprehensive income for the quarter ended 30 September 2016	-	-	1,027,509	1,027,509
<b>Balance as at 30 September, 2016</b>	<u>250,000,000</u>	<u>14,728,576</u>	<u>(7,260,048)</u>	<u>257,468,528</u>
Balance as at 30 June, 2017	250,000,000	14,728,576	(26,034,366)	238,694,210
Total comprehensive loss for the quarter ended 30 September 2017	-	-	(7,693,771)	(7,693,771)
<b>Balance as at 30 September, 2017</b>	<u>250,000,000</u>	<u>14,728,576</u>	<u>(33,728,137)</u>	<u>231,000,439</u>

The annexed notes 1 to 14 form an integral part of these condensed interim financial information.

  
\_\_\_\_\_  
CEO

  
\_\_\_\_\_  
Director

# Safe Mix Concrete Limited

## Notes to the Condensed Interim Financial Information

### (Un-audited)

For the quarter ended 30 September 2017

#### 1 Status and nature of business

Safe Mix Concrete Products 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 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.

#### 2 Basis of preparation

The condensed interim financial information have been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. The disclosures in the condensed interim financial information do not include the information reported for full annual financial statements and should therefore be read in conjunction with the financial statements for the year ended 30 June 2017.

#### 3 Estimates

The preparation of the condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing the condensed interim financial information, the significant judgments made by the management in applying accounting policies, key estimates and uncertainty includes:

- Residual value and useful life estimation of fixed assets
- Taxation

#### 4 Significant accounting policies

The accounting policies and methods of computation adopted in the preparation of the condensed interim financial information are the same as those applied in preparation of preceding annual financial statements for the year ended 30 June, 2017 and stated therein.

	Note	Un-audited 30 September 2017	Audited 30 June 2017
(-----Rupees-----)			
<b>5 PROPERTY, PLANT AND EQUIPMENT - OWNED</b>			
Operating assets - at net book value	5.1	<b>164,337,730</b>	166,123,278
Capital work in progress - at cost		<b>7,313,660</b>	6,002,611
		<b><u>171,651,390</u></b>	<u>172,125,889</u>

	Note	Un-audited 30 September 2017	Audited 30 June 2017
<b>5.1 Operating assets - net book value</b>		(-----Rupees-----)	
Opening book value		<b>166,123,278</b>	170,887,438
Add: Additions during the period	5.2	<b>60,420</b>	8,459,928
Less: Depreciation charged during the period		<b>1,845,968</b>	10,236,710
Disposals during the period - net book value		-	2,987,378
		<b><u>164,337,730</u></b>	<u>166,123,278</u>

## 5.2 Break-up of additions - at cost

### Owned

Plant and machinery

Vehicles

Computers

-	7,510,184
-	949,744
<b>60,420</b>	-
<b><u>60,420</u></b>	<u>8,459,928</u>

## 6 LONG TERM FINANCING - SECURED

Details of long term financing are as follows:

### Islamic

Diminishing musharaka

Less: Current portion of long term finance shown  
under current liabilities

6.1	<b>44,096,953</b>	47,036,750
	<b><u>11,759,188</u></b>	<u>11,759,188</u>
	<b><u>32,337,765</u></b>	<u>35,277,562</u>

- 6.1** Last year, 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) of the Company registered with SECP.

## 7 Contingencies and commitments

### 7.1 Contingencies

- 7.1.1** 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 (on the basis of net income) in a tax year is less than minimum tax. Therefore, where there is no tax payable, inter alia, 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 Rs. 19.964 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.

**7.1.2** 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.

## 7.2 Commitments

There are no commitments at the balance sheet date (2016: Nil).

	Un-audited 30 September 2017	Un-audited 30 September 2016
	(-----Rupees-----)	
<b>8 Cost of sales</b>		
Raw material and stores consumed	1,493,566	2,473,004
Salaries, wages and other benefits	8,930,087	10,150,708
Depreciation	1,688,748	1,688,750
Ijarah Rentals	7,034,154	7,543,435
Fuel and power	6,125,359	5,313,694
Repair and maintenance	313,205	120,370
Site preparation and sample testing	313,280	27,375
Fleet outsourcing charges	9,691,531	11,213,154
Equipment hiring charges	4,989,686	4,419,411
Land rent	774,999	774,999
Insurance expenses	1,123,910	962,859
	<u>42,478,525</u>	<u>44,687,759</u>

## 9 TRANSACTIONS WITH RELATED PARTIES

### 9.1 Associated Companies:

#### *Javedan Corporation Limited:*

Sale of goods	6,809,563	18,407,259
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#### *Power Cement Limited:*

Purchase of goods	50,873,707	54,233,000
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Un-audited 30 September 2017	Audited 30 June 2017
(-----Rupees-----)	

### 9.2 Balances with related parties

Receivable from Javedan Corporation Limited	2,422,485	3,034,237
Receivable from Thatta Cement Limited	31,562	31,562
Payable to Mr. Arif Habib	50,000,000	20,000,000
Payable to Power Cement Limited	59,174,535	29,903,550

Un-audited      Un-audited  
**30 September**      30 September  
**2017**                      2016  
 (-----Rupees-----)

**10 Cash outflow from operating activities**

(Loss) / Profit before taxation	(7,047,566)	974,623
<b>Adjustments of items not involving movement of cash:</b>		
Depreciation	1,845,968	1,845,968
Interest income	(38,321)	(173,301)
Provision for gratuity	425,000	359,947
Amortization of deferred income	(840,000)	(840,000)
Finance cost	2,151,466	1,776,658
	<b>3,544,113</b>	<b>2,969,272</b>
<b>Operating profit before working capital changes</b>	<b>(3,503,454)</b>	<b>3,943,895</b>

**Adjustments for working capital items:  
 (Increase) / decrease in current assets**

Stores, spare parts and loose tools	(1,080,847)	854,586
Stock in trade	(8,095,515)	(813,872)
Trade debts	(4,556,266)	(37,154,450)
Advances, prepayments and other receivables	(56,036,053)	(1,592,787)
<b>Decrease in current liabilities</b>		
Trade and other payables	21,845,973	33,014,134
	<b>(47,922,707)</b>	<b>(5,692,389)</b>
<b>Cash outflow from operating activities</b>	<b>(51,426,161)</b>	<b>(1,748,494)</b>

**11 Cash and cash equivalents**

Cash and bank balances	895,091	2,833,130
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**12 Date of authorization for issue**

The financial information were authorized for issue on October 23, 2017 by the board of directors of the Company.

**13 Corresponding figures**

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

**14 General**

The figures have been rounded off to nearest rupee.

  
 \_\_\_\_\_  
 CEO

  
 \_\_\_\_\_  
 Director

## مستقبل کے امکانات

کمپنی اپنی پیداواری صلاحیت کے اضافے پر بھرپور توجہ دے رہی ہے۔ اس طرح نا صرف پلانٹ سے زیادہ سے زیادہ استعفادہ کیا جائے گا۔ بلکہ کرائے پر حاصل کردہ آلات کی لاگت میں بھی کمی آئے اور بلڈر اور کنٹرولنگ کو کنکریٹ مکس کی بروقت ترسیل ممکن ہو سکے گی۔ کمپنی نئی مارکیٹ حکمت عملی کو اختیار کرنے کی منصوبہ بندی کر رہی ہے۔ تاکہ کنکریٹ مکس کی بڑھتی ہوئی مانگ تک رسائی حاصل کی جاسکے۔ مزید یہ کہ کمپنی مخصوص پرائیویٹ سیٹر کے ترقیاتی منصوبوں کے حامل منفرد سپلائی کنٹریکٹس پر سرمایہ لگانے پر توجہ دے رہی ہے۔ کمپنی کے حصص یافتگان طویل مدتی منافع اور قدر کی مد میں نمایاں آمدن کے خواہاں ہیں۔

## تسلیمات (اعتراف خدمات)

کمپنی کو اس بات پر یقین ہے کہ اس کی کامیابی اس کے عملے کے خلوص اور انتھک محنت پر نتیجہ ہے۔ ہم تسلیم کرتے ہیں کہ ہر ممبر نے اپنی کاوشوں کے ذریعے کمپنی کی کامیابی میں حصہ لیا ہے۔ ہم اپنے صارفین کا بھی شکریہ ادا کرنا چاہتے ہیں کہ جنہوں نے ہماری مصنوعات پر اعتماد کیا۔ اور آگے بھی اس سرپرستی کو جاری رکھنے کے متمنی ہیں۔ ہم اپنے شیئر ہولڈرز (حصص یافتگان) بینکس اور مالیاتی اداروں کے بھی مشکور ہیں۔ جنہوں نے اپنے تعاون، رہنمائی اور اعتماد کے ذریعے ہمارے ادارے کو تقویت دی اور ہماری ہر اچھی کاوشوں میں ہمارے ساتھ کھڑے ہیں۔ تاکہ آنے والے سالوں میں ہم اپنی سرمایہ کاری سے زیادہ سے زیادہ استعفادہ حاصل کر سکیں۔ مزید یہ کہ ہم SECP اور PSX کی انتظامیہ کی مسلسل تعاون اور رہنمائی کے بھی مشکور ہیں۔



منجانب و برائے بورڈ

کاشف حبیب

چیف ایگزیکٹو آفیسر

کراچی 23 اکتوبر 2017

## ڈائریکٹرز کا تجزیہ

سیف مکس کنکریٹ لمیٹیڈ کے ڈائریکٹرز کے بورڈ اجلاس منجملہ کی جانب سے تفصیلی مالی معلومات برائے پہلی سہ ماہی

۳۰ ستمبر ۲۰۱۷

مجموعی جائزہ

سہ ماہی کے تجزیے کے دوران کمپنی کو 7.694 ملین روپے کا بعد از ٹیکس نقصان ہوا۔ پچھلے سال متعلقہ سہ ماہی کے مقابلے میں کمپنی کی فروخت میں %1.09 کی اور آمدنی میں %10.53 کمی ہوئی ہے۔ آمدنی میں کمی کی وجہ مجموعی صنعت میں سیلز مارجن میں کمی ہے مزید کمپنی نے سیلز کو پابند کیا ہے تاکہ لاگت میں کمی آسکے۔ کمپنی کی انتظامیہ انتہائی مستعدی کے ساتھ تقسیم کاری کے نظام کو بہتر بنانے کے لیے اپنی بنیادی اثاث میں اضافہ کر رہی ہے۔ جس کے نتیجے میں فی یونٹ تقسیمی لاگت میں کمی آئے گی اور عدوی اعتبار سے کمپنی کی سیلز میں اضافہ ہوگا۔

نتیجہ آپریشن

سہ ماہی	سہ ماہی	
۳۰ ستمبر ۲۰۱۶	۳۰ ستمبر ۲۰۱۷	
974,623	(7,047,567)	منافع (نقصان) ٹیکسیشن سے پہلے
52,886	(646,204)	ٹیکسیشن
<u>1,027,509</u>	<u>(7,693,771)</u>	منافع (نقصان) ٹیکسیشن کے بعد

فی شیئر آمدنی

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




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