



NINE MONTHS REPORT MARCH 31, 2021

Directors' Review

On behalf of the Board of Directors, we are pleased to present a brief overview of performance of the Company for the nine months period ended 31 March 2021.

Over view

The Construction and Real Estate Sector is booming and a significant number of new projects have been launched and the Company is also benefiting from the momentum in Real Estate Sector. The Company has witnessed a steady increase in sale quarter on quarter basis during the ongoing FY 20-21.

The sales for the 2nd quarter of FY 20-21 increased from PKR 33.508 million in the first quarter to PKR 47.645 million representing an increase of 42%. And in the 3rd Quarter of FY 20-21 the sale for the quarter further increased to PKR 85.496 million representing an increase of 79% from the preceding quarter. On an overall basis, the sales for the nine months period aggregated to PKR 166.651 million.

Additionally, the administrative expenses for the period were PKR 10.212 million as compared to 15.415 million in the previous period, representing a decline of 33%. The Profit after tax for the period stood at PKR 2.315 million as compared to a loss after tax of PKR 86.883 million, as corresponding period last year.

The profit after tax for the quarter under report, was PKR 2.702 million as compared to PKR 3.191 million in the preceding quarter. The decline in this quarter is due to loss on disposal of fixed assets amounting to PKR 1.069 million.

The operating results are summarized below:

Operating results	Jul to Mar (Nine Months)		Jan to Mar (Three Months)	
	2021	2020	2021	2020
Profit/(Loss) before taxation	4,120,015	(97,541,138)	3,985,174	(66,158,747)
Provision for taxation	(1,804,114)	10,657,629	(1,282,454)	13,578,031
Profit/(Loss) after taxation	2,315,901	(86,883,509)	2,702,720	(52,580,716)

Profit per share

Profit per share for the third quarter ended amounted to Rs. 0.09 as compared to a loss per share of Rs. (3.48) for the corresponding period last year.

Future Outlook

The significant increase in sales, quarter on quarter, is very positive and the management expects the sales to continue a rising trend in coming quarters as new projects are expected to be launched, and construction activity of the ongoing projects will continue. While sales are rising, it is important to remain cautious, as cement prices are on the rise and it may affect contribution margin for the Company.

Acknowledgement

The management of the Company would like to thank all the shareholders, 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



Samad A. Habib
Chief Executive



Syed Najmuddujja Jafri
Chairman

Karachi: April 28, 2021

Safe Mix Concrete Limited
Condensed interim Balance Sheet (Un-audited)
As at 31 March, 2021

		Un-Audited 31 March 2021	Audited 30 June 2020
	Note		Rupees
ASSETS			
Non - current assets			
Property, plant and equipment	5	188,776,539	183,167,308
Long term deposits		8,186,090	20,477,330
Deferred taxation		84,252,136	83,556,475
		281,214,765	287,201,113
Current assets			
Stores, spare parts and loose tools		6,422,906	5,465,660
Stock in trade		16,443,094	13,081,629
Trade debts		139,668,163	104,811,533
Advances, prepayments and other receivables		13,136,512	33,130,209
Taxation - net of provision		32,491,365	32,922,436
Cash and bank balances		966,880	13,450,207
		209,128,920	202,861,674
Total assets		490,343,685	490,062,787
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		250,000,000	250,000,000
Share premium		14,728,576	14,728,576
Loan from related party		87,000,000	87,000,000
Accumulated loss		(172,056,640)	(174,372,541)
		179,671,936	177,356,035
Liabilities			
Non - current liabilities			
Long term financing - secured	6	1,526,256	313,713
Staff retirement benefits		4,425,259	3,922,272
		5,951,515	4,235,985
Current liabilities			
Trade and other payables		295,554,839	282,612,644
Current portion of deferred income		-	1,120,000
Loan from related party		5,000,000	-
Current portion of long term financing		3,533,033	23,664,791
Accrued markup		632,362	1,073,332
		304,720,234	308,470,767
TOTAL EQUITY AND LIABILITIES		490,343,685	490,062,787

Contingencies and commitments

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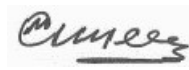
The annexed notes from 1 to 12 form an integral part of these financial statements.



Abdus Samad
Chief Executive Officer



Kashif Habib
Director

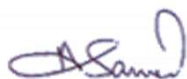


Muneer Gader
Chief Financial Officer

Safe Mix Concrete Limited
Condensed Intrim Profit or Loss Account (Un-audited)
For the third quarter ended March 31, 2021

	Note	July to March (Nine Months)		January to March (3 Months)	
		2021	2020	2021	2020
		Rupees		Rupees	
Revenue - Net		166,651,680	299,603,319	85,496,940	75,811,049
Cost of sales	8	(148,950,215)	(335,227,722)	(75,855,299)	(90,652,916)
Gross profit/(loss)		17,701,465	(35,624,403)	9,641,641	(14,841,867)
Selling and administrative expenses		(10,212,031)	(15,415,503)	(3,218,298)	(3,356,330)
Operating profit/(loss)		7,489,434	(51,039,906)	6,423,343	(18,198,197)
Finance cost		(6,337,372)	(9,138,308)	(2,241,471)	(3,371,569)
Loss on impairment of fixed assets		-	(45,126,229)	-	(45,126,229)
Other operating expense		(1,069,183)	-	(1,069,183)	-
Other operating income		4,037,136	7,763,305	872,484	537,248
Profit/(Loss) before taxation		4,120,015	(97,541,138)	3,985,174	(66,158,747)
Provision for taxation		(1,804,114)	10,657,629	(1,282,454)	13,578,031
Profit/(Loss) after taxation		2,315,901	(86,883,509)	2,702,720	(52,580,716)
Profit/(Loss) per share - basic and diluted		0.09	(3.48)	0.11	(2.10)

The annexed notes from 1 to 12 form an integral part of these financial statements.



Abdus Samad
Chief Executive Officer



Kashif Habib
Director



Muneer Gader
Chief Financial Officer

Safe Mix Concrete Limited
Condensed Interim Statement of Comprehensive Income (un-audited)
For the third quarter ended March 31, 2021

	<u>July to March (Nine Months)</u>		<u>Januray to March (3 Months)</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>-----Rupees-----</u>			
Profit / (Loss) after taxation	2,315,901	(86,883,509)	2,702,720	(52,580,716)
Other comprehensive income	-	-	-	-
Total comprehensive profit/(loss) for the period	<u>2,315,901</u>	<u>(86,883,509)</u>	<u>2,702,720</u>	<u>(52,580,716)</u>

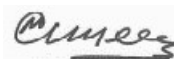
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Abdus Samad
Chief Executive Officer



Kashif Habib
Director




Muneer Gader
Chief Financial Officer

Safe Mix Concrete Limited
Condenset Interim Statement of Cash Flows (Un-audited)
For the third quarter ended March 31, 2021

	March 2021	March 2020
Cash flow from operating activities	(Rupees)	
Profit/(Loss) before taxation	4,120,015	(97,541,138)
Adjustments for:		
Depreciation	8,629,200	11,625,180
Loss / (gain) on sale of fixed assets	(272,841)	-
Provision for staff retirement benefits	886,563	2,049,834
Loss on impairment of fixed assets	-	45,126,229
Amortization of deferred income	(1,120,000)	(2,520,000)
Markup income	-	(174,042)
Finance cost	6,337,372	9,138,308
	14,460,294	65,245,509
	18,580,309	(32,295,629)
Changes in working capital		
<i>(Increase) / decrease in current assets:</i>		
Stores and spares	(957,246)	(371,597)
Stock in trade	(3,361,465)	(23,802,561)
Trade debts	(34,856,630)	1,740,257
Advances, prepayments and other receivables	19,993,697	6,614,490
	(19,181,644)	(15,819,411)
<i>Increase / (decrease) in current liabilities:</i>		
Trade and other payables	12,942,195	84,858,598
Cash flow from operating activities	12,340,860	36,743,558
Taxes paid	(2,068,704)	(2,588,565)
Finance cost paid	(6,778,342)	(7,942,210)
Gratuity paid	(383,576)	(2,228,711)
	(9,230,622)	(12,759,486)
Net cash generated from / (used in) operating activities	3,110,238	23,984,071
Cash flow from investing activities		
Capital expenditure incurred	(17,885,590)	(4,548,811)
Proceeds from sale of fixed assets	3,920,000	-
Markup Received	-	174,042
Long term deposits recovered	12,291,240	2,904,700
Net cash generated from / (used in) investing activities	(1,674,350)	(1,470,069)
Cash flow from financing activities		
Net Payments to Banks against long term financing	(18,919,215)	(20,773,261)
Net Receipts/(Payment) against Loan from related party	5,000,000	(3,000,000)
Net cash (used in) / generated from financing activities	(13,919,215)	(23,773,261)
Net increase / (decrease) in cash and cash equivalents	(12,483,327)	(1,259,259)
Cash and cash equivalents at beginning of the year	13,450,207	2,735,321
Cash and cash equivalents at end of the year	966,880	1,476,063

The annexed notes from 1 to 12 form an integral part of these financial statements.


Abdus Samad
Chief Executive Officer


Kashif Habib
Director


Muneer Gader
Chief Financial Officer

Safe Mix Concrete Limited
condensed Interim Statement of Changes in Equity (Un-audited)
For the third quarter ended March 31, 2021

	Issued, subscribed and paid up capital	Share premium reserve	Loan from related party	Accumulated loss	Total
	-----Rupees-----				
Balance as at July 01, 2019	250,000,000	14,728,576	-	(76,580,143)	188,148,433
Total comprehensive loss for the period			-	(86,883,509)	(86,883,509)
Balance as at March 31, 2020	250,000,000	14,728,576	-	(163,463,652)	101,264,924
Balance as at July 01, 2020	250,000,000	14,728,576	87,000,000	(174,372,541)	177,356,035
Total comprehensive income for the period	-	-	-	2,315,901	2,315,901
Balance as at March 31, 2021	250,000,000	14,728,576	87,000,000	(172,056,640)	179,671,936

The annexed notes from 1 to 12 form an integral part of these financial statements.



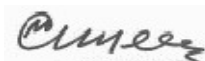
Abdus Samad

Chief Executive Officer



Kashif Habib

Director



Muneer Gadar

Chief Financial Officer

Safe Mix Concrete Limited
Notes to the Financial Statements (Un-audited)
For the third quarter ended March 31, 2021

1 STATUS AND NATURE OF BUSINESS

Safe Mix Concrete Limited ("the Company") was incorporated on 04 April 2005 as Private Limited Company. Subsequently, it was 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, Global Industry, Nusrat Bhutto Colony, North Nazimabad, Karachi.

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 be read in conjunction with the financial statements for the year ended 30 June, 2020.

3 ESTIMATES

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

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

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of consumption adopted in the preparation of the condensed interim financial information are the same as those applied in preparation of preceding annual financial statement for the year ended 30 June, 2020 and stated therein.

		Un-audited March 31 2021	Audited June 30 2020
	Note	(Rupees)	
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	187,506,032	176,473,191
Capital work in progress - at cost		1,270,507	6,694,117
		188,776,539	183,167,308
5.1 The movement in operating assets			
Opening Book value		176,473,191	241,578,881
Addition during the period	5.2	23,309,200	20,406,830
Disposal during the period -net book value		(3,647,159)	(100,608,457)
Depreciation charged during the period		(8,629,200)	15,095,937
		187,506,032	176,473,191
5.2 Breakup of addition - at cost			
Plant and machinery		20,365,748	16,014,989
Vehicles		2,075,040	-
Building		510,912	4,318,291
Furniture and fixture		56,000	-
Computers		24,000	-
Office equipments		277,500	73,000
		23,309,200	20,406,280
		23,309,200	20,406,280

		Un-audited March 31 2021	Audited June 30 2020
	Note	(Rupees)	
6 LONG TERM FINANCING - SECURED			
Diminishing musharka - Bank of Punjab	6.1	2,939,795	20,578,577
Diminishing musharka - Summit Bank	6.2	-	22,006,253
Diminishing musharka - Bank islami	6.3	241,307	699,853
Diminishing musharka - First habib	6.4	1,878,187	-
Less: Current portion of long term finance shown under current liabilities		<u>(3,533,033)</u>	<u>(29,653,996)</u>
		<u>1,526,256</u>	<u>13,630,687</u>

6.1 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 is structured in such a way that 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.

6.2 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 is structured in such a way that 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.

6.3 During the financial year 2019, 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.

6.4 During the financial year 2020, the company entered into a diminishing musharka of Rs. 2.01 million for vehicles with the First Habib Modarba . 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.

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 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 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.

7.1.2 Tax Authorities had conducted monitoring of withholding taxes 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.

7.1.3 Federal Board of Revenue (FBR) issued a notice to the Company for payment of sales tax under the 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.

7.2 Commitments

Three are no commitments as on reporting date.

8 COST OF SALES

	Nine Months Ended		Quarter Ended	
	Un-audited	Un-audited	Un-audited	Un-audited
	March, 31	March, 31	March, 31	March, 31
	2021	2020	2021	2020
	(Rupees)			
Raw material and stores consumed	70,464,781	207,763,835	45,484,498	54,084,697
Salaries, wages and other benefits	26,109,271	50,014,272	10,182,767	15,004,215
Depreciation	8,363,322	11,359,266	2,787,774	2,754,942
Fuel and power	26,405,673	37,533,271	11,684,851	10,642,427
Equipment hiring charges	2,713,112	2,982,133	2,085,312	969,510
Ijarah rentals	6,710,168	16,226,376	222,303	4,900,920
Repair and maintenance	6,994,454	4,463,160	2,913,995	1,112,397
Site preparation and sample testing	419,394	426,530	283,035	88,970
Land rent	-	2,557,503	-	852,501
Insurance expenses	770,040	1,901,376	210,764	242,337
	148,950,215	335,227,722	75,855,299	90,652,916

9 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:

	Un audited March 31, 2021	Un audited March 31, 2020
	(Rupees)	
9.1 Transactions with related parties		
Associated companies:		
<i>Javeedan Corporation Limited</i>		
Sales of goods	14,317,614	27,817,888
<i>Power Cement Limited</i>		
Purchase of cement	59,340,174	23,378,532
	Un audited March 31, 2021	Un audited March 31, 2020
	(Rupees)	
Associated Person:		
Loan received during the year	52,879,022	75,000,000
Mr.Arif Habib		
Loan paid during the year	47,879,022	75,000,000
Balances with related parties		
Associated companies :		
Amount payable against purchases	41,945,830	42,394,053
Amount receivable against sales	4,106,676	8,683,825
Loan payable to related parties	92,000,000	87,000,000

10 OPERATING SEGMENTS

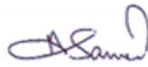
- 10.1** The financial information has been prepared on the basis of a single reportable segment.
- 10.2** 100 % (2020: 100%) of the gross sales of the Company are made to customers located in Pakistan.
- 10.3** All non-current assets of the Company as at March 31, 2021 are located in Pakistan.

11 CORRESPONDING FIGURES

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

12 DATE OF AUTHORIZATION FOR ISSUE


The financial statements were authorized for issue on April 28, 2021 by the Board of Directors of the Company.



Abdus Samad
Chief Executive Officer



Kashif Habib
Director



Muneer Gader
Chief Financial Officer