



2021

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. Syed Najmudduja Jaffri – Chairman
Mr. Samad Habib - Chief Executive Officer
Mr. Kashif Habib
Mr. Khalil Ahmed
Mr. Ahsan Anis
Mrs. Anna Samad
Mr. Muneer Gader

Audit Committee

Mr. Ahsan Anis – Chairman
Mr. Kashif Habib
Mr. Syed Najmudduja Jaffri

Human Resources & Remuneration Committee

Mr. Khalil Ahmed
Mr. Syed Najmudduja Jaffri
Mr. Samad Habib

Chief Financial Officer

Mr. Muneer Gader

Company Secretary

Mr. Muneer Gader

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, Global Industry,
Nusrat Bhutto Colony, North Nazimbad,
Karachi, Pakistan.
Tel: 92 345 2025369
www.safemixlimited.com

Shares Registrar

THK Associates (Private) Limited

Notice of Annual General Meeting

Notice is hereby given that the Sixteen Annual General Meeting of the members of Safe Mix Concrete Limited will be held at Karachi via video link on Thursday, 28th October, 2021 at 09:30 a.m. to transact the following business:

ORDINARY BUSINESS

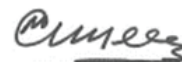
1. To confirm the minutes of last Annual General Meeting held on October 26, 2020.
2. To receive, consider and adopt the Audited Financial statements of the Company for the year ended 30th June 2021 together with the Directors' and Auditors' reports thereon.
3. To appoint Auditors for the financial year ending June 30, 2022 and to fix their remuneration. The Audit committee and the Board of Directors have recommended M/s Rahman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants for appointing as external auditors of the Company for the year ended June 30, 2022.

ANY OTHER BUSINESS

4. To consider any other business with the permission of the Chair.

Karachi, October 07, 2021

By order of the Board



Muneer Rasheed Gader
Company Secretary

Notes:

1. Share transfer books of the Company will remain closed from October 21, 2021 to October 28, 2021 (both days inclusive). Transfers received in order at the office of the company's share registrar, M/s THK Associated (Private) Limited, Plot No 32-C Jami Commercial Street 2, D.H.A Phase VII, Karachi 75500, Pakistan and e-mail sfc@thk.com.pk up to the close of business on October 20, 2021 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. Financial Statements for the year ended June 30, 2021 will be available at the website of the Company www.safemixlimited.com twenty one days before the date of meeting.

Further, the Company is transmitting Annual Report for the year ended June 30, 2021 through email to those members whose email addresses are available with the Company and through CD/DVD to those members whose email addresses are not available with the Company. However, the members may request a hard copy of Annual Report free of cost and in this respect standard request form is available at the website of the Company www.safemixlimited.com for convenience of members.

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, Plot No 32-C Jami Commercial Street 2, D.H.A Phase VII, Karachi 75500, Pakistan and e-mail sfc@thk.com.pk.

PARTICIPATION IN THE AGM PROCEEDINGS VIA THE VIDEO CONFERENCE FACILITY:

In the light of COVID-19 situation, the Securities and Exchange Commission of Pakistan (SECP), vide its Circular has advised Companies to modify their usual planning for General Meetings for the safety and well-being of the shareholders and the public at large with minimum physical interaction. Accordingly, the AGM proceedings will be held via video link facility only.

Shareholders and proxies interested to participate in the meeting are requested to email their Name, Folio Number, Cell Number, CNIC / Passport Number and/or Board of Directors' resolution / power of attorney (in case of corporate shareholder) with subject **"Registration for Safe Mix Concrete Limited AGM"** along with valid copy of both sides of Computerized National Identity Card (CNIC) at agm@safemixlimited.com, video link and login credentials will be shared with only those members whose emails, containing all the required particulars, are received at least 48 hours before the time of AGM.

Shareholders can also provide their comments and questions for the agenda items of the AGM at the email address agm@safemixlimited.com.

FOR APPOINTING PROXIES:

- i. In case of individuals, the account holders and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per the above requirements.
- ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii. Attested copies of CNIC or the passport of the beneficial owner and the proxy shall be furnished with the proxy form through email with subject **"Registration for Safe mix Concrete Limited AGM"** at agm@safemixlimited.com.
- iv. The proxy shall produce his/her original CNIC or original Passport at the time of meeting.
- v. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

NOTICE TO SHAREHOLDERS

Members are requested to notify/submit the following information/documents; in case of book entry securities in CDS to their respective participants/investor account services and in case of physical shares to the Registrar of the Company, at the address given herein above, by quoting their folio numbers and name of the Company, if not earlier notified/submitted:

- **Change in Address:** Change in their addresses, if any.
- **Submission of copy of CNIC/NTN:** Valid and legible copy of CNIC/Passport (in case of individual) and NTN Certificate (in case of corporate entity). Please note that CNIC number is mandatory for payment of cash dividend and in the absence of this information payment of dividend shall be withheld.
- **Dividend Mandate Information:** Dividend mandate information mentioning title of bank account, International Bank Account Number (IBAN), bank name, branch name, code and address towards direct transfer/credit of cash dividend in your accounts. Please note that all future dividends shall only be paid through online bank transfer as required under Section 242 of the Companies Act, 2017. For convenience, a Standard Request Form has also been made available on the Company's website www.safemixlimited.com.
- **Email Address:** Valid email addresses as pursuant to Section 223 of the Companies Act, 2017, the Company is allowed to send audited financial statements and reports to its members electronically. For convenience, a Standard Request Form has also been made available on the Company's website www.safemixlimited.com.

REVIEW REPORT BY THE CHAIRMAN

As required under the Listed Companies (Code of Corporate Governance) Regulations, 2019 an annual evaluation of the Board of Directors of Safe Mix Concrete Limited is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company.

For the financial year ended June 30, 2021, the Board's overall performance and effectiveness has been assessed as Satisfactory. Improvements are an ongoing process leading to action plans. The above overall assessment is based on an evaluation of integral components, including vision, mission and values; engagement in strategic planning; formulation of policies; monitoring the organization's business activities; monitor financial resource management; effective fiscal oversight; equitable treatment of all employees and efficiency in carrying out the Board's responsibility.

The Board of Directors of your Company received agendas and supporting written material including follow up materials in sufficient time prior to the board and its committee meetings. The board meets frequently enough to adequately discharge its responsibilities. The non-executive and independent directors are equally involved in important decisions.

Dated: October 01, 2021



Syed Najmudduja Jaffri
Chairman

Directors' Report

On behalf of the Board of Directors of the Company, we are pleased to present here with the Director's Report along with the annual audited financial statement for the year ended June 30, 2021 together with auditors' report thereon.

Overview

The Construction and Real Estate Sectors are growing due to the steps taken by the Government of Pakistan and State Bank of Pakistan for the promotion of the housing sector in the country. While significant activity and a number of projects have been launched in the North of the Country, activity in South has remained relatively subdued.

Going forward, the steep increase in construction costs will pose significant challenges, but we foresee activity to continue and pick up in the South of the Country as well.

Financial Performance

The financial year ending June 30, 2021 has been satisfying, as the Management, with concentrated efforts has been able to convert the loss after tax of PKR 98,777,041 in the corresponding period, to profit after tax of PKR 6,566,728 for the current year ended June 30, 2021.

Over the last year or two, special emphasis has been put on reducing the fixed overheads, to bring more efficiency in variable cost and also to select credit worthy clients; these efforts of the Management has yielded positive results. Despite sales having declined, the loss after tax has been turned into profit after tax over the corresponding year.

During the year under review, the Company recorded a sale of PKR 221.232 million as compared to PKR 409.448 million in the corresponding year. The cost of sale for the year was PKR 203.660 million as compared to PKR 422.447 million. The gross profit for the year is PKR 17.631 million as compared to gross loss of PKR 12.99 million, resulting in positive variance of PKR 30.630 million over the corresponding year.

The administrative expenses for the year were PKR 12.395 million, having been reduced by 68% as compared to corresponding year. The finance cost and other income for the year were PKR 9.660 million and PKR 6.670 million respective.

Operating Results	Year Ended June 30	
	2021	2020
	-----Rupees-----	
Loss before taxation	(1,384,363)	(110,022,623)
Taxation	7,951,091	11,245,582
Profit/(Loss) after taxation	6,566,728	(98,777,041)
EPS/(LPS) – Basic and diluted	0.26	(3.95)

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 2020-21 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
1.	Abdus Samad Habib	4/4
2.	Mr. Kashif Habib	3/4
3.	Syed Najmudduja Jaffri	4/4
4.	Mr. Ahsan Anis	4/4
5.	Mr. Khalil Ahmed	4/4
6.	Mr. Muneer Gader	3/4
7.	Mrs. Anna Samad	4/4

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

Audit Committee

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

1.	Mr. Ahsan Anis	(Chairman)
2.	Mr. Kashif Habib	(Member)
3.	Syed Najmudduja Jaffri	(Member)

HR & Remuneration Committee

The Board of Directors has established an HR & Remuneration Committee which comprises of three members; of whom two are non-executive directors and CEO.

1.	Mr. Khalil Ahmed *	(Chairman)
2.	Abdus Samad Habib	(Member)
3.	Syed Najmudduja Jaffri	(Member)

* Mr. Khalil Ahmed joined the committee in place of Mr. Kashif Habib

Meetings of the Audit Committee

During the year 2020-21 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. Ahsan Anis	4/4
	Mr. Kashif Habib	3/4
	Syed Najmudduja Jaffri	4/4

Meeting of the HR & Remuneration Committee

During the year under review, one HR & Remuneration Committee meeting was held and attendance of each member was as under:

Name of Members	Meetings attended
Mr. Khalil Ahmed	1/1
Abdus Samad Habib	1/1
Syed Najmudduja Jaffri	1/1

Auditors

The Board of Director have recommended appointment of M/s Rahman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants as external auditors for the year ending June 30, 2022.

Pattern of Shareholding

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

Statutory Payments

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

Future Outlook

The outlook of Construction and Real Estate Sector looks positive in the short to medium term and Government is also expected to continue to support the Sector particularly "low-cost housing". The increase cost of construction and availability of construction material is a major challenge and if appropriate steps are taken to keep construction cost viable and affordable many projects in process should materialize. The performance of your company is directly linked to the construction and Real Estate Sector therefore it is critical to the outlook of the Company

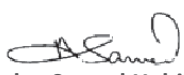
Further the Group is also keen in Real Estate Sector and few of the associated companies are planning to launch their projects soon hence we may expect sales volume to improve in coming periods.

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

Karachi: October 01, 2021


Abdus Samad Habib
Chief Executive Officer


Syed Najmudduja Jaffri
Chairman

KEY OPERATIONAL & FINANCIAL DATA

	2021	2020	2019	2018	2017	2016	2015	2014
	----- (Rupees) -----							
Revenue	221,232,490	409,447,827	879,312,072	590,070,371	197,858,437	304,467,342	690,183,505	506,199,046
Cost of sales	203,600,861	422,447,307	865,539,147	551,690,674	190,969,639	281,687,468	629,516,153	469,813,447
Gross Profit / (Loss)	17,631,629	(12,999,480)	13,772,925	38,379,697	6,888,798	22,779,874	60,667,352	36,385,599
Selling and administrative expenses	3,780,347	47,139,072	50,061,388	33,581,397	28,467,849	25,056,498	30,395,343	25,026,483
Provision for doubtful debts	-	-	-	-	-	61,440,920	-	-
Loss on impairment of fixed assets	-	45,062,463	-	-	-	-	-	-
Finance cost	9,600,672	12,952,981	13,924,828	11,278,697	9,524,898	6,721,723	7,620,577	7,358,526
Profit / (Loss) before tax	(1,384,363)	(110,022,623)	(39,152,575)	4,420,639	(19,756,611)	(54,897,677)	29,020,218	8,031,425
Profit / (Loss) after tax	6,566,728	(98,777,041)	(29,771,054)	2,415,373	(16,767,581)	(37,250,757)	21,648,586	13,546,182
Paid up Capital	250,000,000	250,000,000	250,000,000	250,000,000	250,000,000	250,000,000	250,000,000	200,000,000
Total Assets	520,829,314	490,062,787	608,474,409	753,508,449	503,902,449	453,987,266	458,307,524	387,934,327
Total Liabilities	337,958,149	312,706,753	420,325,976	512,452,055	265,208,239	197,546,247	160,180,512	162,070,100

Pattern of Shareholding

As on 30/06/2021

No. of shareholders	<--Having Shares-->		Shares held	Percentage
	From	To		
151	1	100	1,911	0.01%
236	101	500	114,136	0.46%
115	501	1000	112,059	0.45%
195	1001	5000	561,969	2.25%
58	5001	10000	481,419	1.93%
11	10001	15000	147,010	0.59%
14	15001	20000	257,985	1.03%
16	20001	25000	377,000	1.51%
7	25001	30000	201,500	0.81%
2	30001	35000	64,500	0.26%
1	35001	40000	37,000	0.15%
2	40001	45000	86,000	0.34%
6	45001	50000	300,000	1.20%
2	50001	55000	106,000	0.42%
4	55001	60000	235,500	0.94%
1	70001	75000	75,000	0.30%
1	80001	85000	84,500	0.34%
2	85001	90000	180,000	0.72%
3	95001	100000	300,000	1.20%
1	100001	105000	101,000	0.40%
1	105001	110000	110,000	0.44%
1	155001	160000	157,000	0.63%
2	195001	200000	395,000	1.58%
1	220001	225000	225,000	0.90%
1	230001	235000	231,500	0.93%
1	250001	255000	251,000	1.00%
1	305001	310000	310,000	1.24%
1	770001	775000	773,139	3.09%
1	1145001	1150000	1,146,042	4.58%
1	1590001	1595000	1,591,000	6.36%
1	2230001	2235000	2,235,000	8.94%
1	2875001	2880000	2,879,002	11.52%
1	5170001	5175000	5,172,500	20.69%
1	5695001	5700000	5,699,328	22.80%

Category of shareholders

As on 30/06/2021

Particulars	No. of Folio	No.of Shares	Percentage
Directors, Sponsors, Spouses & Children	7	9,199,544	36.80%
Associated Company	1	5,699,328	22.80%
Corporate Share Holders	8	3,433,390	13.73%
General Public	827	6,667,738	26.67%
Total	843	25,000,000	100.00%

List of Shareholders holding 5 % And Above Shares

As on 30/06/2021

Name	No.of Shares	Percentage
M/s. Arif Habib Limited	5,699,328	22.80%
Mr. Arif Habib	5,172,500	20.69%
Mr. Abdus Samad	2,879,002	11.52%
M/s. DJM Securities Limited	2,235,000	8.94%
Mr. Dawood Jan Muhammad	1,591,000	6.36%
Total	17,576,830	70.31%

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 : Six (6)
 - b. Female: One (1)

2. The Composition of the Board is as follows:

CATEGORY	NAMES
Independent Director and Non-Executive	1) Mr. Ahsan Anis, 2) Mr. Khalil Ahmed and 3) Syed Najmudduja Jaffri
Non-Executive Directors	4) Mr. Kashif Habib 5) Mrs. Anna Samad
Executive Director	6) Abdus Samad Habib 7) Mr. Muneer Gader

3. The directors have confirmed that none of them is serving as a director on more than Seven listed companies, including this company.
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The board has developed a vision / mission statement, overall corporate strategy and significant policies of the company. 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. 3 out of 7 directors have obtained Directors Training Certificate as per regulations of the code while four of the directors will be attending the course in the ensuing year.
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.
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. Ahsan Anis (Independent Director) – Chairman 2) Mr. Kashif Habib(Non-Executive Director)– Member 3) Syed Najmudduja Jaffri (Independent Director) -Member
HR & R Committee	1) Mr. Khalil Ahmed (Independent Director) – Chairman * 2) Abdus Samad Habib (CEO & Executive Director) – Member 3) Syed Najmudduja Jaffri (Independent Director)–Member

* On 29th April, 2021, Mr. Khalil Ahmed was appointed as HR & R committee Chairman and 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
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 statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the regulations 3, 6, 7, 8, 27, 32, 33, and 36 of the Regulations have been complied with.
19. Explanation of non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33, and 36 is below:

Regulation	Compliance Requirement	Explanation
19	Atleast half of the directors on board have acquired prescribed certification under any director training program	The board will make sure that the remaining directors will be attending the course in the ensuing year.
24	Company Secretary shall not simultaneously hold office of chief financial officer in the listed Company	The Company's operations are limited and the Board is of the view that for the time being both functions can be performed by the same person without compromising the quality of work. However, the Board will consider to appoint a different individual for respective positions.



Chairman
Syed Najmudduja Jaffri

Karachi

Dated: October 01, 2021



Chief Executive
Abdus Samad Habib

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Safe Mix Concrete Limited (the Company) for the year ended June 30, 2021 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company.

Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions 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 2021.

Further, we highlight below instance of non-compliance with the requirements of the Regulations as reflected in the paragraph reference where it is stated in the statement of compliance:

Regulation Description

- | | |
|----|--|
| 19 | Regulation no. 19 of the Code, at least half of the directors of the Company [i.e. 19 four (04) directors] were required to acquire the prescribed certification under any Directors' Training Program offered by approved institutions latest by June 30, 2020. Presently, three directors of the Company possessed the required certification. However, as of June 30, 2021, the remaining four directors were yet in the process of acquiring such. |
| 24 | Company Secretary has simultaneously hold office of Chief Financial Officer. |

Chartered Accountants

Engagement Partner: **Ahsan Elahi Vohra – FCA**

Karachi :

Dated : October 01, 2021

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, 2021, 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, 2021 and of the profit and other comprehensive profit, 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>As at June 30, 2021, the Company carries a net deferred tax asset of Rs 95.26 million in its statement of financial position.</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; We tested mathematical accuracy of projections along with use of appropriate tax rate on temporary differences;

	<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 assessed the appropriateness of management's accounting for deferred taxes and the accuracy of related disclosures
02	<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 3.8 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
03	<p>Tax Contingencies</p> <p>As disclosed in note 20 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
04	<p>Sales</p> <p>Refer to note 3.6 and 22 to the financial statements which shows that revenue of the company substantially decreased.</p> <p>We identified recognition of sales as a key audit matter because sales is one of the key performance indicators of the Company and gives rise to a risk that revenue is recognized without transferring the risk and rewards</p>	<p>Our audit procedures to assess recognition of sales, amongst others, included the following:</p> <ul style="list-style-type: none"> obtaining an understanding of the process relating to recording of sales and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue; assessing the appropriateness of the Company's accounting policies for recording of sales and compliance of those policies with applicable accounting standards; comparing a sample of sale transactions recorded during the year with sales orders, sales invoices, delivery challans and other relevant underlying documents;

		<ul style="list-style-type: none"> • comparing a sample of sale transactions recorded around the year with the sales orders, sales invoices, delivery challans and other relevant underlying documentation to assess if the sale was recorded in the appropriate accounting period; • comparing, on a sample basis, specific sale transactions recorded just before and just after the financial year end date to determine whether the revenue had been recognized in the appropriate financial period; and • scanning for any manual journal entries relating to sales raised during the year which were considered to be material or met other specific risk based criteria for inspecting underlying documentation.
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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;
- 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 01, 2021

STATEMENT OF FINANCIAL POSITION

As at June 30, 2021

	Note	2021 (Rupees)	2020
ASSETS			
Non - current assets			
Property, plant and equipment	4	187,093,830	183,167,308
Long term deposits	5	8,186,090	20,477,330
Deferred taxation	6	95,255,579	83,556,475
		290,535,499	287,201,113
Current assets			
Stores, spare parts and loose tools		6,228,312	5,465,660
Stock in trade	7	16,479,091	13,081,629
Trade debts	8	135,687,353	104,811,533
Advances, prepayments and other receivables	9	16,973,668	33,130,209
Taxation - net of provision	10	10,329,577	32,922,436
Cash and bank balances	11	41,595,814	13,450,207
		227,293,815	202,861,674
Assets held for sales	12	3,000,000	-
Total assets		520,829,314	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	13	250,000,000	250,000,000
Share premium		14,728,576	14,728,576
Loan from related party	14	87,000,000	87,000,000
Accumulated loss		(168,857,411)	(174,372,541)
		182,871,165	177,356,035
Liabilities			
Non - current liabilities			
Long term financing - secured	15	462,639	313,713
Staff retirement benefits	16	6,113,600	3,922,272
Deferred income	17	-	-
		6,576,239	4,235,985
Current liabilities			
Trade and other payables	18	293,929,394	282,612,644
Advance for sale of statter plant	12	1,700,000	-
Current portion of deferred income	17	-	1,120,000
Current portion of long term financing	15	1,526,256	23,664,791
Loan from related party	19	33,000,000	-
Accrued markup		1,226,260	1,073,332
		331,381,910	308,470,767
TOTAL EQUITY AND LIABILITIES		520,829,314	490,062,787
Contingencies and commitments			
	20		

The annexed notes from 1 to 41 form an integral part of these financial statements.



Samad Habib
CEO



Kashif Habib
Director



Muneer Gader
CFO

STATEMENT OF PROFIT AND LOSS ACCOUNT

For the year ended June 30, 2021

	Note	2021 (Rupees)	2020
Revenue - Net	21	221,232,490	409,447,827
Cost of sales	22	(203,600,861)	(422,447,307)
Gross profit / (loss)		17,631,629	(12,999,480)
Selling and distribution expenses	23	(3,780,347)	(26,254,833)
Administrative expenses	24	(12,395,878)	(20,884,239)
Operating profit / (loss)		1,455,403	(60,138,552)
Finance cost	25	(9,600,672)	(12,952,981)
Loss on impairment		-	(45,062,463)
Other operating expenses		-	(3,528,736)
Other operating income	26	6,760,906	11,660,109
Loss before taxation		(1,384,363)	(110,022,623)
Provision for taxation	27	7,951,091	11,245,582
Profit / (Loss) after taxation		6,566,728	(98,777,041)
Earnings / (Loss) per share - basic and diluted	39	0.26	(3.95)

The annexed notes from 1 to 41 form an integral part of these financial statements.



Samad Habib
CEO



Kashif Habib
Director



Muneer Gader
CFO

STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2021

	Note	2021 (Rupees)	2020
Profit / (Loss) after taxation		6,566,728	(98,777,041)
Other comprehensive income for the year		-	-
Items that will never be reclassified to profit and loss account			
Remeasurements of defined benefit liability		(1,481,124)	1,386,821
Tax thereon		429,526	(402,178)
Other comprehensive (loss) / income - net of tax		(1,051,598)	984,643
Total comprehensive income / (loss) for the year		5,515,130	(97,792,398)

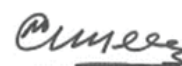
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Samad Habib
CEO



Kashif Habib
Director



Muneer Gader
CFO

STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2021

	Issued, subscribed and paid-up capital	Share premium reserve	Loan from related party	Accumulated profit / (loss)	Total
	----- (Rupees) -----				
Balance as at July 01, 2019	250,000,000	14,728,576	-	(76,580,143)	188,148,433
Loss for the year	-	-	-	(98,777,041)	(98,777,041)
Other comprehensive income for the year	-	-	87,000,000	984,643	984,643
Balance as at Jun 30, 2020	250,000,000	14,728,576	87,000,000	(174,372,541)	177,356,035
Profit for the year	-	-	-	6,566,728	6,566,728
Other comprehensive loss for the year	-	-	-	(1,051,598)	(1,051,598)
Balance as at Jun 30, 2021	250,000,000	14,728,576	87,000,000	(168,857,411)	182,871,165

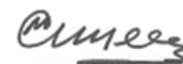
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Samad Habib
CEO



Kashif Habib
Director



Muneer Gader
CFO

STATEMENT OF CASH FLOWS

For the year ended June 30, 2021

	Note	2021 (Rupees)	2020
Cash flow from operating activities			
Loss before taxation		(1,384,363)	(110,022,623)
Adjustments for:			
Depreciation		11,487,409	11,900,935
(Gain) / loss on sale of fixed assets		(272,841)	3,528,736
Provision for staff retirement benefits		1,093,780	1,421,633
Impairment of fixed assets		-	45,062,463
Amortization of deferred income		(1,120,000)	(3,360,000)
Markup income		(84,002)	-
Finance costs		9,600,672	12,952,981
		20,705,018	71,506,748
		19,320,655	(38,515,875)
Changes in working capital			
(Increase) / decrease in current assets:			
Stores and spares		(762,652)	203,214
Stock in trade		(3,397,462)	40,036,408
Trade debts		(30,875,820)	18,104,069
Advances, prepayments and other receivables		16,156,541	11,135,164
		(18,879,393)	69,478,855
Increase in current liabilities:			
Trade and other payables		11,316,750	15,414,422
Cash flow from operating activities		11,758,012	46,377,402
Taxes paid		(2,994,385)	(4,077,843)
Income tax refund received		22,268,757	-
Finance costs paid		(9,447,745)	(12,891,780)
Gratuity paid		(383,576)	(3,050,035)
		9,443,051	(20,019,658)
Net cash generated from operating activities		21,201,063	26,357,744
Cash flow from investing activities			
Capital expenditure incurred		(22,061,090)	(19,187,865)
Proceeds from sale of fixed assets		3,920,000	25,019,935
Advance for sales of setter plant		1,700,000	-
Markup Received		84,002	-
Long term deposits recovered		12,291,240	8,244,700
Net cash (used in) / generated from investing activities		(4,065,848)	14,076,770
Cash flow from financing activities			
Net payments to banks against long term financing		(21,989,609)	(26,719,627)
Net receipts from loan from related party		33,000,000	(3,000,000)
Net cash generated from / (used in) financing activities		11,010,391	(29,719,627)
Net increase in cash and cash equivalents		28,145,607	10,714,886
Cash and cash equivalents at beginning of the year		13,450,207	2,735,321
Cash and cash equivalents at end of the year		41,595,814	13,450,207

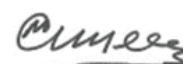
The annexed notes from 1 to 41 form an integral part of these financial statements.



Samad Habib
CEO



Kashif Habib
Director



Muneer Gader
CFO

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

1 STATUS AND NATURE OF BUSINESS

- 1.1** 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.

Javedan Corporation Limited has provided land to the Company free of cost .

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

- Plot no 1, Global Indsutry, Nusrat Bhutto Colony, North Nazimabad, Karachi.

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 3.1)
- 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 Standards, amendments or interpretations which became effective during the year

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 1, 2020. However, these do not have any significant impact on the Company's financial statements.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company:

		Effective date (annual reporting periods beginning on or after)
IAS 1	Presentation of financial statements (Amendments)	January 01, 2023
IAS 8	Accounting policies, changes in accounting estimates	January 01, 2023
IAS 12	Income Taxes (Amendments)	January 01, 2023
IAS 16	Property, Plant and Equipment (Amendments)	January 01, 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets (Amendments)	January 01, 2022
IFRS 3	Business Combinations (Amendments)	January 01, 2022
IFRS 7	Financial Instruments : Disclosures (Amendments)	January 01, 2021
IFRS 9	Financial Instruments (Amendments)	January 01, 2021
IFRS 16	Leases (Amendments)	January 01, 2021

The management anticipates that adoption of above amendments in future periods, will have no material impact on the financial statements other than in presentation / disclosures.

2.6 Further, the following new standards have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan.

IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRS 10	Insurance contracts

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the presentation of these unconsolidated financial statements are set out below. These policies have been consistently applied to all the years presented except as disclosed in these unconsolidated financial statements.

3.1 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.

3.2 Right-of-use assets

Effective from July 01, 2019, the Company recognises right-of-use assets at the commencement date of the lease (i.e., the date, the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as disclosed in note 7 to these unconsolidated financial statements.

If ownership of the leased asset is transferred to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

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 Off-setting

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.

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.

	Note	2021 (Rupees)	2020
4 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	184,523,323	176,473,191
Capital work in progress - at cost	4.2	2,570,507	6,694,117
		<u>187,093,830</u>	<u>183,167,308</u>

4.1 Operating fixed assets

Particulars	2021												
	Cost				Depreciation				Net book				
	As at July 01, 2020	Additions	Transfers	Revaluation / (Impairment)	Disposals	As at June 30, 2021	As at July 01, 2020	For the year	On disposal	As at June 30, 2021	Value as at June 30, 2021	Rate	
Owned Assets	Building	14,769,733	510,912	-	-	15,280,645	2,453,529	508,303	-	2,961,831	12,318,813	5%	
	Project civil works	-	-	-	-	-	-	-	-	-	-	50%	
Plant and machinery		249,103,392	5,081,638	18,223,610	(5,716,225)	266,692,416	91,017,770	10,062,505	(2,997,044)	98,083,231	168,609,184	10% & units of production / transported	
	Vehicles	6,457,013	2,011,040	-	(3,468,735)	4,999,318	4,150,008	499,985	(2,540,758)	2,109,235	2,890,083	20%	
Furniture and fixture		962,113	56,000	-	-	1,018,113	475,027	51,975	-	527,003	491,110	10%	
	Computers	1,861,290	24,000	-	-	1,885,290	1,665,675	64,295	-	1,729,970	155,320	30%	
Electrical equipment		757,847	-	-	-	757,847	488,169	26,968	-	515,137	242,710	10%	
	Office equipment	4,411,885	277,500	-	-	4,689,385	1,599,904	273,378	-	1,873,282	2,816,103	10%	
		278,323,273	7,961,090	18,223,610	-	(9,184,960)	295,323,014	101,850,082	11,487,409	(5,537,802)	107,799,689	187,523,323	
Particulars	2020												
	Cost <td colspan="4">Depreciation<td colspan="2">Net book</td></td>				Depreciation <td colspan="2">Net book</td>				Net book				
	As at July 01, 2019	Additions	Transfers	Revaluation / (Impairment)	Disposals	As at June 30, 2020	As at July 01, 2019	For the year	On disposal	As at June 30, 2020	Value as at June 30, 2020	Rate	
Owned Assets	Building	13,847,313	-	4,318,291	-	(3,395,871)	14,769,733	2,758,896	561,369	(866,736)	2,453,529	12,316,204	5%
	Project civil works	1,906,967	-	-	-	(1,906,967)	-	1,899,174	3,897	(1,903,071)	-	-	50%
Plant and machinery		327,092,535	-	16,014,989	(45,062,463)	(48,941,669)	249,103,392	104,237,514	10,181,688	(23,401,432)	91,017,770	158,085,621	10% & units of production / transported
	Vehicles	7,272,949	-	-	-	(815,936)	6,457,013	4,254,788	601,669	(706,449)	4,150,008	2,307,005	20%
Furniture and fixture		962,113	-	-	-	962,113	420,906	54,121	-	475,027	487,086	10%	
	Computers	1,861,290	-	-	-	1,861,290	1,578,110	87,565	-	1,665,675	195,615	30%	
Electrical equipment		757,847	-	-	-	757,847	458,204	29,964	-	488,169	269,678	10%	
	Office equipment	4,823,885	73,000	-	-	(485,000)	4,411,885	1,338,426	380,662	(119,184)	1,599,904	2,811,981	10%
		358,524,899	73,000	20,333,280	(45,062,463)	(55,545,443)	278,323,273	116,946,018	11,900,935	(26,996,872)	101,850,082	176,473,191	

	Note	2021 (Rupees)	2020
4.2 Capital work in progress - at cost		2,570,507	6,694,117
The movement in capital work in progress is as follows			
Balance at the beginning of the year		6,694,117	7,912,638
Plant and machinery		1,300,000	14,796,568
Building		-	4,318,291
		1,300,000	19,114,859
		7,994,117	27,027,497
Transfer to operation fixed assets			
Plant and machinery		(5,423,610)	(16,015,089)
Building		-	(4,318,291)
Operating fixed assets		(5,423,610)	(20,333,380)
Capital work in progress - at cost		2,570,507	6,694,117

4.3 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	Mode of disposal	Particulars of buyers
Toyota Car	381,258	147,853	233,405	1,330,000	Negotiation	Abdul Shakoore
Motor Cycle	42,000	28,237	13,763	15,000	Negotiation	Hussain Mirza
Shehzore Pickup	1,771,329	1,405,331	365,998	540,000	Negotiation	Abad Khan
Shehzore Pickup	1,274,148	959,337	314,811	385,000	Negotiation	Israr Hassan Zai
Generator	5,716,225	2,997,403	2,718,822	1,650,000	Negotiation	Rehmat

	Note	2021 (Rupees)	2020
4.4 The depreciation charge is allocated as follows:			
Cost of revenue	22	10,870,799	11,107,956
Administrative expenses	24	616,610	792,979
		11,487,409	11,900,935

5 LONG TERM DEPOSITS

Deposits against Ijarah finance		2,343,940	15,143,940
Others	5.1	5,842,150	5,333,390
		8,186,090	20,477,330

5.1 These represent security deposits mainly against rented premises.

6 Movement of deferred tax asset

Balance at the beginning of the year		83,556,475	67,034,421
Tax charge recognized in statement of profit and loss		11,269,579	16,924,232
Tax charge recognized in other comprehensive income		429,526	(402,178)
Balance as at end of the year		95,255,579	83,556,475

Tax loss on account of unabsorbed depreciation amounting to around Rs. 158.9 million (2020: Rs. 138.5 million) and minimum tax credit amounting to around Rs. 29.54 million (2020: Rs. 33.13 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	2021 (Rupees)	2020
7	STOCK IN TRADE			
	Raw material	7.1	<u>16,479,091</u>	<u>13,081,629</u>
			<u>16,479,091</u>	<u>13,081,629</u>
7.1	The stock is pledged with banks as security against finance facilities (refer note 15)			
8	TRADE DEBTS - UNSECURED			
	Considered good		135,687,353	104,811,533
	Considered doubtful		<u>126,866,786</u>	<u>123,345,267</u>
			262,554,139	228,156,800
	Impairment of financial assets	8.1	<u>(126,866,786)</u>	<u>(123,345,267)</u>
		8.2	<u>135,687,353</u>	<u>104,811,533</u>
8.1	Impairment of financial assets			
	Balance as at July 1		123,345,267	100,162,815
	Charge for the year	8.1.1	<u>3,521,519</u>	<u>23,182,452</u>
	Balance as at June 30		<u>126,866,786</u>	<u>123,345,267</u>
8.1.1	Trade debts which are past due beyond one year have been impaired and fully provided		3,521,519	23,182,452
8.2	Related party from whom trade debts are due as under:			
	Javedan Corporation Limited		463,476	588,526
	The maximum aggregate amount of receivable from related parties at the end of any month during the year was 4.1 million (2020: Rs 2.5 million).			
	Not yet due		463,476	588,526
	Past due 1-60 days		-	-
			<u>463,476</u>	<u>588,526</u>
9	ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES			
	Advances to staff for purchases		1,115,573	1,425,795
	Loan to staff	9.1	400,390	242,034
	Advances to suppliers - unsecured, considered good		14,873,378	28,185,665
	Prepayment		539,369	86,198
	Other receivables		44,958	3,190,519
			<u>16,973,668</u>	<u>33,130,211</u>
9.1	Advances and loans to staff are non-interest bearing.			

10	TAXATION - NET	Note	2021 (Rupees)	2020
	Tax refundable as at 01 July		32,922,436	34,523,233
	Tax payments / adjustments made during the year		(19,274,371)	3,639,418
			<u>13,648,065</u>	<u>38,162,651</u>
	Less: Provision for tax - current year		(3,318,487)	(6,141,717)
	Less: Tax expense - prior year		-	901,502
	Tax refundable as at 30 June		<u>10,329,577</u>	<u>32,922,436</u>

11 CASH AND BANK BALANCES

Cash in hand		161,271	276,001
Cash at bank			
- current accounts		40,676,297	13,174,206
- saving accounts		650,479	-
- deposit accounts	11.1	107,767	-
		<u>41,434,543</u>	<u>13,174,206</u>
		<u>41,595,814</u>	<u>13,450,207</u>

11.1 These carry profit at the rate of 5.75 % (2020: 6 %) per annum.

12 ASSETS HELD FOR SALES

The directors of the company have resolved in Board meeting held on October 29, 2020 to dispose of stetter plant from Korangi Industrial area plant. The non current aseets has been classicfied as Assets held for sales at lower of their carrying amounts and fair value less cost to sell in accordance with the requirment of International Financial Reporting Statard 5 "Non-current Assets Held for Sales and Discontinued Operations". Non-current Assets classified as held for sales in summarized as follows.

Assets classified as held for sale

	Note	2021 (Rupees)	2020
Assets held for sale		<u>3,000,000</u>	<u>-</u>

The directors of the company have resolved in Board meeting held on October 29, 2020 to dispose off statter plant from Korangi Industrial area plant. The company has signed an agreement on January 21, 2021 with S.G Mohiuddin Tirmizi to sell the said plant at a sales prices of Rs.3,200,000/- against statter plant. The company has received advance of Rs.500,000/- and 1,200,000/- respectively with a total of Rs.1,700,000/- as shown on the statment of financial position.

13	SHARE CAPITAL	Note	2021 (Rupees)	2020
13.1	Authorized share capital:			
	35,000,000 ordinary shares of Rs. 10 each		<u>350,000,000</u>	<u>350,000,000</u>

13.2 Issued, subscribed and paid-up capital

2021 (Number of shares)	2020		2021 (Rupees)	2020
<u>25,000,000</u>	<u>25,000,000</u>	Fully paid ordinary shares of Rs. 10 each issued for cash	<u>250,000,000</u>	<u>250,000,000</u>

14 Loan from Related Party

	Note		
Opening balance		87,000,000	90,000,000
Receipts during the year		-	75,000,000
Repayments during the year		-	(78,000,000)
		87,000,000	87,000,000
Less Transfer to equity	14.1	(87,000,000)	(87,000,000)
		<u>-</u>	<u>-</u>

14.1 On May 15, 2020 the lender and the Company have agreed the loan will be repaid at the discretion of the Company. Therefore the loan have been treated as "capital contribution" with effect from above date in accordance with the Institute of Chartered Accountants of Pakistan's (ICAP) Technical Release 32 "Accounting Directors Loan."

This represent interest free loan taken from Mr. Abdus Samad (CEO) .

15 LONG TERM FINANCING - SECURED

Details of long term financing are as follows:

Islamic

Diminishing musharka - Bank of Punjab	15.1	-	11,759,186
Diminishing musharka - Summit Bank Limited	15.2	-	11,736,671
Diminishing musharka - Bank Islami Pakistan Limited	15.3	193,039	482,647
Diminishing musharka - First Habib Modarba	15.4	1,795,856	
Less: Current portion of long term finance shown under current liabilities		(1,526,256)	(20,730,624)
less: Overdue payments		-	(2,934,167)
		<u>462,639</u>	<u>313,713</u>

15.1 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 carries 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.

15.2 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 carries 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.

15.3 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 carries 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.

15.4 During the financial year 2020, the company entered into a diminishing musharka of Rs. 2.01 million for vehicles with the First Habib Modarba - Islamic financial institution. The arrangement carries profit at the rate of 3M KIBOR + 2.50% and with monthly rental repayments. The arrangement is for a tenure of five years from the date of disbursement. Arrangement is secured against the subject motor vehicles.

16 STAFF RETIREMENT BENEFITS

The latest actuarial valuation of the scheme as at June 30, 2021, was carried out using the Projected Unit Credit Method. Details of the scheme as per the actuarial valuation are as follows:

	2021	2020
	(Rupees)	
16.1 Balance sheet reconciliation		
Present value of defined benefit obligation	6,113,600	3,922,272
Fair value of plan assets	-	-
Net liability at the end of the year	<u>6,113,600</u>	<u>3,922,272</u>
16.2 Movement in net liability in the balance sheet		
Net liability at beginning of the year	3,922,272	6,937,495
Charge for the year	748,710	777,548
Interest cost	345,070	644,085
Remeasurement loss / (gain) recognized in Other comprehensive income	1,481,124	(1,386,821)
Benefits paid during the year	(383,576)	(3,050,035)
Net liability at end of the year	<u>6,113,600</u>	<u>3,922,272</u>
16.3 Movement in the present value of defined benefit obligation		
Present value of defined benefit obligation at beginning of the year	3,922,272	6,937,495
Current service cost	748,710	777,548
Interest cost	345,070	644,085
Benefits paid during the year	(383,576)	(3,050,035)
Remeasurement gain on obligation	1,481,124	(1,386,821)
Present value of defined benefit obligation at the end of the year	<u>6,113,600</u>	<u>3,922,272</u>
16.4 Expense recognized in profit and loss account		
Current service cost	748,710	777,548
Interest cost	345,070	644,085
	<u>1,093,780</u>	<u>1,421,633</u>
16.5 Actuarial assumptions used		
Withdrawal rate	Low	Low
Mortality rate	SLIC 2001-05-1	SLIC 2001-05-1
Valuation discount rate	10.25%	9.25%
Expected rate of increase in salaries	9.75%	9.25%
16.6 Charge for the year has been allocated as follows:		
Cost of sales	328,133	611,297
Administrative expense	765,647	810,336
	<u>1,093,780</u>	<u>1,421,633</u>

16.7 Sensitivity analysis

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

		2021	
		Increase / (decrease) in obligation (Rupees)	
Discount rate	+ / - 1%	4,464,204	6,023,822
Expected rate of salary increase	+ / - 1%	6,069,488	4,418,347

The sensitivity analysis is 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.

16.8 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.

16.9 The expected maturity analysis of undiscounted retirement benefit obligation is:

	2021	2020
	(Rupees)	
Less than a year	50,365	50,365
Between 1-2 years	121,799	58,442
Between 2-3 years	141,852	67,113
Between 3-4 years	166,031	76,094
Between 6-10 years	1,376,230	498,336
11 years and above	154,160,866	17,836,933

16.9.1 The expected gratuity cost, to be recognized for the next one year amounts to Rs. 1,672,711.

17 DEFERRED INCOME

Balance at the beginning of the year	17.1	1,120,000	4,480,000
Deferred income arised during the year		-	-
less: Amortization accounted for during the year to profit and loss account		(1,120,000)	(3,360,000)
		-	1,120,000
Less: Current portion of deferred income shown under current liabilities		-	(1,120,000)
		-	-

- 17.1** 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 sale 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	2021 (Rupees)	2020
18 TRADE AND OTHER PAYABLES			
Trade creditors	18.1	155,339,185	150,151,939
Istisna finance facilities	18.2	86,000,000	73,785,098
Advances from customers		6,589,491	9,772,900
Accrued expenses		7,162,992	8,679,027
Withholding tax payable		13,407,922	14,024,039
Workers' Welfare Fund (WWF)		1,715,311	1,715,311
Workers' Profit Participation Fund (WPPF)	18.3	15,471,191	14,162,245
Other payables		8,243,302	10,322,085
		<u>293,929,394</u>	<u>282,612,644</u>

- 18.1** Trade creditors include Rs. 42,643,980 (2020: Rs. 40,266,761) payable to related party M/s. Power Cement Limited.

- 18.2** This represents Istisna financing facilities under Islamic mode of financing from Bank of Punjab (Taqwa Islamic) for working capital requirement of the company, to the extent of 86 million. The facility carries profit rate of matching KIBOR plus 2% and is secured against 1st charge of PKR 160 million over all present and future current assets of the Company registered with SECP.

	Note	2021 (Rupees)	2020
18.3 Workers' Profit Participation Fund			
As at the beginning of the year		14,162,245	12,326,250
Interest on funds utilized by the Company	16.4.1	1,308,945	1,835,995
Charge for the year		-	-
As at end of the year		<u>15,471,191</u>	<u>14,162,245</u>

- 18.4.1** Interest on Workers' Profit Participation Fund is charged at 9.24% (2020: 14.89%) per annum.

19 LOAN FROM RELATED PARTY

Opening balance		-	90,000,000
Receipts during the year		85,879,022	75,000,000
Repayments during the year		(52,879,022)	(78,000,000)
		<u>33,000,000</u>	<u>87,000,000</u>
Less Transfer to equity		-	(87,000,000)
	19.1	<u>33,000,000</u>	<u>-</u>

- 19.1** The loan is taken to meet the working capital requirement of the company. The loan is interest free and repayable on demand.

20 CONTINGENCIES AND COMMITMENTS

20.1 Contingencies

- 20.1.1** 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.
- 20.1.2** Tax Authorities had conducted monitoring of withholding taxes under section 161 of Income Tax Ordinance, 2001 for tax year 2012 and raised 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.
- 20.1.3** 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.
- 20.1.4** During the year the Company has filed a suit (Suit No 1785) in Honourable High Court of Sindh against CEEC Tianjin (Pak) Electric Power Construction (Private) Limited, a customer, for the recovery of amount due from it. The suit is still pending for decision. However both parties have agreed in principle for an out of court settlement in full. Therefore no provision against the receivable amount has been made in these accounts.

20.2 Commitments

There are no commitments at the balance sheet date.

21	REVENUE	2021		2020	
		(Rupees)			
	Toll manufacturing income	92,966,184		74,097,062	
	Sale of concrete mix	157,026,530		388,578,983	
		249,992,714		462,676,045	
	Less: Sales tax	(28,760,224)		(53,228,218)	
		<u>221,232,490</u>		<u>409,447,827</u>	
22 COST OF REVENUE					
	Raw material and stores consumed	22.1	96,400,752	281,352,056	
	Salaries, wages and other benefits	22.2	37,631,264	54,018,586	
	Depreciation	4.4	10,870,799	11,107,956	
	Fuel and power		36,761,495	39,849,513	
	Equipment hiring charges		5,176,207	3,711,383	
	Ijarah rentals		6,932,477	20,830,498	
	Repair and maintenance		8,305,185	5,563,149	
	Site preparation and sample testing		558,424	459,010	
	Land rent		-	3,410,004	
	Insurance expenses		964,258	2,145,152	
			<u>203,600,861</u>	<u>422,447,307</u>	

		2021	2020
		(Rupees)	
22.1	Raw material and stores consumed		
	Opening stock	18,547,289	58,786,911
	Purchases	138,038,657	232,934,314
		156,585,946	291,721,225
	Less: Closing stock	(22,707,402)	(18,547,289)
		133,878,544	273,173,936
	Add :Ice and water consumed	4,219,200	11,002,738
		138,097,744	284,176,674
	Less: Reimbursements from third parties	(16,281,950)	(2,035,980)
	Less : Cement provided by client debit balance	(25,340,755)	2,338,855
	Less : Transfer to CWIP	(74,287)	(3,127,493)
		96,400,752	281,352,056
22.2	Salaries, wages and other benefits include Rs. 328,133 (2020: Rs. 611,297) in respect of staff retirement benefits.		
	Note		
23	SELLING AND DISTRIBUTION EXPENSES		
	Sales commission	23.1 -	2,011,283
	Advertisement and sales promotion	116,670	543,561
	Travelling and conveyance	142,158	517,537
	Impairment loss of financial assets	3,521,519	23,182,452
		3,780,347	26,254,833
23.1	This includes sales commission of Rs. Nil (2020: Rs. 2,011,283) related to Karachi Metropolitan Corporation.		
24	ADMINISTRATIVE EXPENSES		
	Salaries, wages and other benefits	24.1 5,492,767	14,308,790
	Depreciation	4.4 616,610	792,979
	Auditors' remuneration	24.2 1,075,200	1,075,200
	Postage, telegram and telephone	447,065	724,766
	Rent, rates and taxes	1,104,789	1,524,664
	Insurance admin	78,395	278,548
	Entertainment	613,678	341,546
	Printing and stationery	423,719	496,350
	Legal and professional	1,610,000	490,000
	Repair and maintenance	292,505	464,888
	Miscellaneous	641,150	386,508
		12,395,878	20,884,239
24.1	Salaries, wages and other benefits include Rs. 765,647 (2020: Rs. 810,336) in respect of staff retirement benefits.		
24.2	Auditors' remuneration		
	Statutory audit and other certifications	799,200	799,200
	Half yearly review	216,000	216,000
	Out of pocket expenses	60,000	60,000
		1,075,200	1,075,200

		2021	2020
		(Rupees)	
25	FINANCE COST		
	Bank charges	81,207	76,169
	Mark up expenses	8,210,520	11,040,816
	Interest on WPPF	16.4.1 1,308,945	1,835,995
		<u>9,600,672</u>	<u>12,952,981</u>
26	OTHER OPERATING INCOME		
	Income from financial assets		
	- profit on deposit accounts	84,002	183,816
	Income from assets other than financial assets		
	- miscellaneous income	6,404,063	11,476,293
	- gain on sale of fixed assets	272,841	-
		<u>6,760,906</u>	<u>11,660,109</u>
27	TAXATION		
	Income tax		
	- Current	27.1 3,318,487	6,141,717
	- Prior	-	(901,502)
	Deferred	(11,269,579)	(16,485,798)
		<u>(7,951,091)</u>	<u>(11,245,583)</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.

The income tax assessment of the Company has been finalised upto and including tax year 2020 on self assessment basis under sec 120 of the Income Tax Ordinance, 2001.

28 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2021		
	Chief Executive	Non- Executive Directors	Executives
	(Rupees)		
Managerial Remuneration	1,281,840	-	7,805,872
Meeting fee	-	40,000	-
Total	<u>1,281,840</u>	<u>40,000</u>	<u>7,805,872</u>
Number of persons	<u>1</u>	<u>2</u>	<u>6</u>
	2020		
	Chief Executive	Non- Executive Directors	Executives
	(Rupees)		
Managerial Remuneration	2,563,680	-	16,986,186
Meeting fee	-	137,500	-
Total	<u>2,542,806</u>	<u>312,500</u>	<u>15,828,606</u>
Number of persons	<u>1</u>	<u>3</u>	<u>8</u>

No other benefits are being paid by the Company other than those mentioned above.

29 NUMBER OF EMPLOYEES

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

	2021 (Number of employees)	2020
Average number of employees during the year	71	112
Total number of employees as at June 30	74	67
Average Employees working at the Company's Plant during the year	57	120
Employees working at the Company's Plant at the year end	59	60

30 IJARAH

	2021 (Rupees)	2020
Total future ijarah payment		
Up to one year	-	6,827,718
Later than one year but not later than five years	-	-
	-	6,827,718

The total ijarah rentals due under the ijarah agreements aggregate Rs. Nil (June 30, 2020 : Rs. 6.82 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. Nil (June 30, 2020 : Rs. 13.70 million) and demand promissory note. The company intends 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.

	2021	2020
The maximum exposure to credit risk at the reporting date was:	(Rupees)	
Long term deposits	8,186,090	20,477,330
Trade debts - net of provision	135,687,353	104,811,533
Advances and other receivables	16,973,668	33,130,209
Bank balances	41,434,543	13,450,207
	<u>202,281,654</u>	<u>171,869,279</u>

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

	2021		2020	
	Gross	Provision	Gross	Provision
	----- (Rupees) -----			
Not past Due	57,301,977	-	7,268,469	-
Past due 1-60 days	14,593,195	-	11,499,283	-
Past due 61 day to 1 Year	34,110,129	-	860,043,781	-
More than one year	33,203,571	3,521,519	23,182,452	23,182,452
	<u>139,208,872</u>	<u>3,521,519</u>	<u>901,993,985</u>	<u>23,182,452</u>

The Company's five significant customers account for Rs. 40.95 million (2020: Rs 43.88 million) of trade debts as at the reporting date. Exposure to any single customer does not exceed 14.2 % (2020: 30%) 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	2021	2020
	Long term	Short term		(Rupees)	
Bank of Punjab	AA+	A1+	PACRA	40,494,008	12,688,464
Bank Alfalah Islamic	AA-	A1+	PACRA	137,630	144,563
Habib Metropolitan Bank Limited	AA+	A1+	PACRA	107,767	33,466
Bank Islami Pakistan Limited	A+	A1	PACRA	44,464	(11,069)
Summit Bank Limited			JCR-VIS	140,777	92,049
Meezan Bank Limited	AA+	A1+	JCR-VIS	509,896	226,722
				<u>41,434,543</u>	<u>13,174,195</u>

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:

	2021			
	Carrying amount	Contractual maturities	Maturity upto one year	Maturity upto two to five years
	----- (Rupees) -----			
Long term financing	1,988,895	1,526,256	1,526,256	462,639
Trade and other payables	293,929,394	293,929,394	293,929,394	-
Accrued markup	1,226,260	1,226,260	-	-
	297,144,549	296,681,910	295,455,650	462,639

	2020			
	Carrying amount	Contractual maturities	Maturity upto one year	Maturity upto five years
	----- (Rupees) -----			
Long term financing	21,044,337	20,730,624	20,730,624	313,713
Trade and other payables	282,612,644	282,612,644	282,612,644	-
Accrued markup	1,073,332	1,073,332	-	-
	304,730,313	304,416,600	303,343,268	313,713

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:

Variable rate instruments:	2021	2020
	Carrying amount (Rupees)	
Financial liabilities	87,988,895	23,978,504

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 2021 and for 2020 would have decreased / increased respectively by the following amounts as a result of increase / decrease in finance cost on the variable rate financial liabilities:

	2021	2020
	(Rupees)	
Effect on profit	<u>879,889</u>	<u>239,785</u>

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:

	2021	2020
	(Rupees)	
Total debt	34,988,895	23,978,504
Total equity and debt	<u>217,860,060</u>	<u>201,334,538</u>
Gearing ratio	<u>16.1%</u>	<u>11.9%</u>

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.

34 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:

34.1 Transactions with related parties

Name of related party	Relationship and %age shareholding	Transation during the year and year end balances	Note	2021	2020
				(Rupees)	
Power Cement limited	Associate	Purchase of raw material		73,659,700	29,361,240
		Amount due at the year end		42,643,980	40,266,761
Javedan Corporation Limited	Associate	Sales		16,933,171	29,936,765
		Amount due at the year end		463,476	588,526
Mr. Arif Habib	Associate person Lineal Ascendant of CEO holds 20.69% (2020: 11.4%)	Loan received during the year	19	81,000,000	-
		Loan paid during the year		48,000,000	78,000,000
		Loan payable to related party		33,000,000	-
Mr. Abdus Samad	Associate person CEO holds 11.52% (2020: 11.52%)	Loan received during the year	19	4,879,022	75,000,000
		Loan paid during the year		4,879,022	-
		Loan payable to related party		87,000,000	87,000,000

35 INFORMATION FOR ALL SHARES ISLAMIC INDEX SCREENING

35.1	Description	2021 Carried Under		2020 Carried Under	
		Non-Shariah arrangements	Shariah arrangements	Non-Shariah arrangements	Shariah arrangements
	Assets				
	Loans and advances				
	Advance to employees	-	1,115,573	-	1,425,795
	Loan to employees	-	400,390	-	242,034
	Advances to suppliers	-	14,873,378	-	28,185,665
	Others	-	44,958	-	3,190,519
	Deposits				
	Long term deposits	-	8,186,090	-	20,477,330
	Bank balances	-	41,434,543	-	13,174,206
	Liabilities				
	Long-term Liabilities				
	Diminishing musharka	-	462,639	-	313,713
	Loan and advances				
	Long term financing	-	1,988,895	-	23,978,504
	Diminishing musharka - Current portion	-	1,526,256	-	23,664,791
	Istisna finance facility	-	86,000,000	-	73,785,098
	Advances from customers	-	6,589,491	-	9,772,900
	Payable to sponsors	-	33,000,000	-	-
	Income				
	Profit on savings account	-	84,002	183,816	-
		2021		2020	
				(Rupees)	
35.2	Sources of Other Income				
	Profit on deposit accounts		84,002		183,816
	Pumping, grout charges and others		5,284,063		8,116,293
	Deferred Income		1,120,000		3,360,000
	Gain on sale of fixed assets		272,841		-
			<u>6,760,906</u>		<u>11,660,109</u>

35.3 Relationship with banks

Name	Relationship	
	Non Islamic window operation	Islamic window operation
Habib Metropolitan Bank Limited	✓	✗
Bank Islami Pakistan Limited	✗	✓
Bank of Punjab	✓	✓
Bank Alfalah Limited - Islamic	✗	✓
Summit Bank Limited - Islamic Account	✗	✓
Meezan Bank Limited	✗	✓

36 PLANT CAPACITY AND ACTUAL PRODUCTION

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

	2021	2020
	----- (Cubic meter) -----	
Available capacity		
Batching plant	<u>876,000</u>	<u>1,470,400</u>
Actual production		
Batching plant	<u>51,481</u>	<u>65,967</u>

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

37 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, 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, 2021 no assets and liabilities are recognized at fair values.

38 OPERATING SEGMENTS

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

38.2 100 % (2020: 100%) of the gross sales of the Company are made to customers located in Pakistan.

38.3 All non-current assets of the Company as at June 30, 2021 are located in Pakistan.

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

	2021	2020
	(Rupees)	
39.1 Earnings/(Loss) per share - basic and diluted		
Profit / (Loss) after tax (Rupees)	<u>6,566,728</u>	<u>(98,777,041)</u>
Weighted average number of ordinary shares outstanding during the year	<u>25,000,000</u>	<u>25,000,000</u>
Profit / (Loss) per share - basic (Rupees)	<u>0.26</u>	<u>(3.95)</u>

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

40 CORRESPONDING FIGURES

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

41 DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorized for issue on 1st October 2021 by the Board of Directors of the Company.



Samad Habib
CEO



Kashif Habib
Director



Muneer Gader
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, 2021 and at any adjournment thereof.

As witness my / our hand this _____ day of _____ 2021.

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 مسمیٰ / مسمیٰ ساکن _____ ضلع _____
 بحیثیت ممبر سیف کس کنکریٹ لمیٹڈ، مسمیٰ / مسمیٰ _____
 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، 2021 منعقد ہو رہا ہے میں اور ان کے کسی ملتی شددہ اجلاس میں ووٹ ڈالے۔
 دستخط: _____ بروز/ بتاریخ _____ 2021

گواہان:

2

1

نام: _____

نام: _____

پتہ: _____

پتہ: _____

شناختی کارڈ نمبر: _____

شناختی کارڈ نمبر: _____

دستخط: _____

دستخط: _____

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 ڈیپوزٹری 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 دو 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 ڈائریکٹری قرارداد، پاور آف اٹارنی، شناختی کارڈ اور پاسپورٹ کی تصدیق شدہ نقول، پراکسی فارم کے ساتھ منسلک کرنا ضروری ہے۔

دستخط ۵ روپے
ریونیو اسٹیٹمپ

مستقبل کا منظر

قلیل اور وسط مدت میں تعمیراتی اور ریل اسٹیٹ سیکٹر کا مستقبل مثبت دکھائی دیتا ہے اور توقع ہے کہ خصوصاً ”کم قیمت مکانات“ کے لئے حکومت کی جانب سے اس سیکٹر کی اعانت و امداد جاری رہے گی۔ تعمیراتی لاگت بڑھ جانے اور تعمیراتی ساز و سامان کی دستیابی ایک بڑا چیلنج ہے اور اگر تعمیراتی لاگت مناسب اور قابل رسائی رکھنے کے اقدامات اٹھائے گئے تو یقین ہے کہ بہت سے پروجیکٹس شروع ہو جائیں گے۔ آپ کی کمپنی کی کارکردگی تعمیرات اور ریل اسٹیٹ کے سیکٹر سے جڑی ہوئی ہے چنانچہ یہ بات کمپنی کے مستقبل کے منظر نامے کے لئے ضروری ہے۔

مزید برآں گروپ ریل اسٹیٹ سیکٹر پر خصوصی توجہ مرکوز کئے ہوئے ہے اور ہماری چند ایسوسی ایٹ کمپنیاں جلد ہی اپنے پروجیکٹس شروع کرنے کی منصوبہ بندی کر رہی ہیں۔ چنانچہ ہم توقع رکھتے ہیں کہ آنے والے وقت میں فروخت کے حجم میں اضافہ ہوگا۔

اظہار تشکر

تمام مالیاتی اداروں، معزز گاہکوں، افراد اور اپنے اسٹاف کے اراکین کی جانب سے فراہم کی جانے والی اعانت اور تعاون کرنے پر ہم تہہ دل سے شکریہ ادا کرتے ہیں۔ اس کے علاوہ ہم SECP اور پاکستان اسٹاک ایکسچینج کا بھی شکریہ ادا کرنا چاہیں گے جن کا تعاون اور رہنمائی کا سلسلہ جاری ہے۔

کراچی۔ مورخہ 01 اکتوبر 2021ء

برائے اور منجانب بورڈ

سید نجم الدین جعفری

چیئر مین

عبدالصمد حبیب

چیف ایگزیکٹو آفیسر

آڈٹ کمیٹی کے اجلاس

مالی سال 2021-2020 کے دوران آڈٹ کمیٹی کے چار اجلاس منعقد ہوئے۔ ان اجلاسوں میں ہر ڈائریکٹر کی حاضری کی صورت حال درج ذیل ہیں:-

ڈائریکٹرز کے نام	اجلاسوں میں حاضری
جناب احسن انیس	4/4
جناب کاشف حبیب	3/4
جناب سید نجم الدجی جعفری	4/4

ایچ آر اینڈ ریمو نریشن کمیٹی کے اجلاس

زیر جائزہ سال کے دوران ایچ آر اینڈ ریمو نریشن کمیٹی کا ایک اجلاس منعقد ہوا جس میں ہر ڈائریکٹر کی حاضری کی صورت حال درج ذیل ہے:-

ڈائریکٹرز کے نام	اجلاسوں میں حاضری
جناب خلیل احمد	1/1
جناب عبدالصمد حبیب	1/1
جناب سید نجم الدجی جعفری	1/1

آڈیٹرز

بورڈ آف ڈائریکٹرز نے مورخہ 30 جون 2022 کو اختتام پذیر ہونے والے مالی سال کے لئے اجلاس عام سے میسرز رحمن سرفراز رحیم اقبال رفیق اینڈ کمپنی چارٹرڈ اکاؤنٹینٹس کے تقرر کی سفارش کی ہے۔

شیر کی ملکیت کا پیٹرن

شیر کی ملکیت کا پیٹرن، رپورٹنگ فریم ورک کے تحت جس کا ظاہر کرنا شرط ہے، رپورٹ ہذا کے ساتھ منسلک ہے۔

قانونی ادائیگیاں

ٹیکسوں، ڈیوٹیوں اور محصولات کی مد میں، ماسوائے عام اور معمول کی ادائیگیوں کے، کوئی قانونی واجبات قابل ادائیگی نہیں ہیں۔

ڈائریکٹرز کے نام	اجلاسوں میں حاضری
جناب عبدالصمد حبیب	4/4
جناب کاشف حبیب	3/4
جناب سید نجم الدجی جعفری	4/4
جناب احسن عزیز	4/4
جناب خلیل احمد	4/4
جناب منیر گادر	3/4
محترمہ آنا صمد	4/4

کسی وجہ سے بورڈ کے اجلاسوں میں شرکت نہ کر سکنے والے ڈائریکٹرز کو رخصت عنایت کی گئی۔

آڈٹ کمیٹی

کوڈ آف کارپوریٹ گورننس کی تعمیل کرتے ہوئے بورڈ آف ڈائریکٹرز نے ایک آڈٹ کمیٹی تشکیل کر دی ہے جو نان ایگزیکٹو ڈائریکٹرز پر مشتمل ہے۔ آڈٹ کمیٹی میں درج ذیل اراکین شامل ہیں:-

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

بورڈ آف ڈائریکٹرز نے ایک ایچ آر اینڈ ریمونریشن کمیٹی بھی تشکیل دے دی ہے جو درج ذیل تین اراکین پر مشتمل ہے؛ جن میں سے دو نان ایگزیکٹو ڈائریکٹرز اور ”سی ای او“ ہیں۔

- 1- جناب خلیل احمد* (چیئر مین)
- 2- جناب عبدالصمد حبیب (رکن)
- 3- جناب سید نجم الدجی جعفری (رکن)

* جناب خلیل احمد کمیٹی میں جناب کاشف حبیب کی جگہ شامل کئے گئے ہیں۔

سال مختتمہ مورخہ 30 جون		کاروباری نتائج
2020	2021	
----- روپے -----		

(110,022,623)	(1,384,363)	نقصان قبل از ٹیکس
11,245,582	7,951,091	ٹیکس کاری
(98,777,041)	6,566,728	نقصان بعد از ٹیکس
(3.95)	0.26	فی شیئر کمائی (EPS) / فی شیئر گھٹا (LPS) بنیادی اور ڈیلیوڈ

ڈائریکٹرز کا بیان

درج ذیل امور کے لئے ڈائریکٹرز SECP کے کوڈ آف کارپوریٹ گورننس کے کارپوریٹ اور فنانشل رپورٹنگ نیٹ ورک کی تعمیل کی تصدیق کرتے ہیں:-

- ☆ - مالیاتی گوشوارے کمپنی کے معاملات کی سچی اور غیر جانبدار صورت حال ظاہر کرتے ہیں۔
- ☆ - کھاتوں کی موزوں کتب تیار کی گئی ہیں۔
- ☆ - مالیاتی گوشواروں کی تیاری میں مستقل طور سے موزوں اکاؤنٹنگ پالیسیوں پر عمل کیا گیا ہے اور اکاؤنٹنگ تخمینہ جات معقول اور چوکس اندازوں پر بنیاد کرتے ہیں۔
- ☆ - مالیاتی گوشواروں کی تیاری میں پاکستان پر قابل اطلاق عالمی اکاؤنٹنگ معیارات پر عمل درآمد کیا گیا ہے اور کسی بھی انحراف کو موزوں طور سے ظاہر کر دیا گیا ہے۔
- ☆ - اندرونی انضباط کا نظام اپنی بہت میں مضبوط ہے اور اسے مؤثر طور سے نافذ کیا گیا ہے اور اس کی نگرانی بھی کی جاتی ہے۔
- ☆ - ایک کاروباری ادارے کی حیثیت سے کمپنی کے چلنے کی صلاحیت پر کوئی شک و شبہ نہیں ہے۔
- ☆ - لسٹنگ ریگولیشنز میں صراحت کردہ کارپوریٹ گورننس کے بہترین معمولات سے کسی قسم کا مادی انحراف نہیں کیا گیا ہے۔

بورڈ آف ڈائریکٹرز کے اجلاس

مالی سال 2020-2021 کے دوران بورڈ کے چار اجلاس منعقد ہوئے۔ ان اجلاسوں میں ہر ڈائریکٹر کی حاضری کی صورت حال درج ذیل ہیں:-

ڈائریکٹرز کا جائزہ

کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے ہم، مورخہ 30 جون 2021 کو ختمہ سال کے لئے ڈائریکٹرز رپورٹ ہمراہ آڈٹ شدہ سالانہ مالیاتی گوشوارے مع آڈیٹرز رپورٹ پیش کرتے ہوئے دلی مسرت محسوس کر رہے ہیں۔

عمومی جائزہ

ملک میں ہاؤسنگ سیکٹر کی ترقی کے لئے حکومت پاکستان اور اسٹیٹ بینک آف پاکستان کی جانب سے اٹھائے جانے والے اقدامات کے سبب تعمیراتی اور ریل اسٹیٹ سیکٹر پھیل رہا ہے۔ ملک کے شمالی حصے اور اس سے آگے بڑی سرگرمیاں جاری ہیں اور کئی پروجیکٹ شروع کئے جا چکے ہیں لیکن ملک کے جنوبی حصے میں یہ سرگرمی ابھی نسبتاً دھیمی ہے۔ تعمیراتی لاگت میں تیز رفتار اضافہ ایک بڑا چیلنج ثابت ہوگا لیکن اس کے باوجود ہمیں دکھائی دے رہا ہے کہ خصوصاً ملک کے جنوبی حصے میں بڑی تعداد میں پروجیکٹس شروع کئے جائیں گے۔

مالیاتی کارکردگی

30 جون 2021 کا ختمہ سال اس حوالے سے قابل ذکر رہا ہے کہ خصوصی کاوشوں کی بدولت گزشتہ برس کی زیر جائزہ مدت میں ہونے والے 98,777,041 روپے کے بعد از ٹیکس نقصان کو زیر جائزہ مدت کے دوران انتظامیہ 6,566,728 روپے کے منافع میں بدلنے میں کامیاب رہی ہے۔

گزشتہ برسوں کے دوران خصوصی توجہ مقررہ بالائی اخراجات میں کمی لانے، متغیر لاگت کو اہل تر بنانے اور قابل آمدنی گاہکوں کا انتخاب کرنے پر دی گئی ہے اور انتظامیہ کی کاوشیں ثمر آور ثابت ہوئی ہیں۔ فروخت میں کمی آئی ہے لیکن اس کے باوجود گزشتہ برس کی اسی مدت کے دوران ہونے والا بعد از ٹیکس گھاٹا، زیر جائزہ مدت کے دوران بعد از ٹیکس نفع میں تبدیل ہوا ہے۔

زیر جائزہ سال کے دوران کمپنی نے 221.232 ملین روپے کی فروخت ریکارڈ کی جو گزشتہ برس کے دوران 409.448 ملین روپے رہی تھی۔ گزشتہ برس کی اسی مدت کے دوران کی 422.447 ملین روپے کی بہ نسبت لاگت فروخت زیر جائزہ سال کے دوران 203.660 ملین روپے تک محدود رہی۔ گزشتہ سال کے 12.99 ملین روپے کے خام نقصان کی بہ نسبت زیر جائزہ سال کے دوران خام منافع 17.631 ملین روپے رہا جو 30.630 ملین روپے کے مثبت تغیر پر منتج ہوا۔ انتظامی اخراجات برائے سال جائزہ 12.395 ملین روپے رہے جن میں گزشتہ برس کی اسی مدت کی بہ نسبت 68% کمی آئی ہے۔ مالیاتی لاگت اور دیگر آمدنی بالترتیب 9.660 ملین روپے اور 6.670 ملین روپے رہے۔

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