



First Quarter ended
30th September, 2021

Directors' Review Report

On behalf of the Board of Directors of Safe Mix Concrete Limited (the Company) we are pleased to present herewith condensed interim financial information for the first quarter ended 30th September 2021.

During the first quarter of FY 21-22 the sales/supply of concrete was disturbed due to monsoon rain during the month of August 2021 and strike by supplier of raw material in subsequent month. Therefore, projected sale target for the quarter were not achieved.

Financial Performance

During the period under review the Company has recorded a sale of PKR 56.154 million as compared to PKR 33.508 million over the corresponding period resulting on positive variance of 68%. The cost of sale for the period remained at PKR 55.377 million as compared to PKR 33.482 million in the corresponding period. The administrative expense for the period remained at PKR 3.500 million increasing by 11% over the corresponding period.

The loss after taxation for the period remained at PKR 4.890 million as compared to PKR 3.578 million in the corresponding period. Despite the increase in sale and gross profit for the period the loss after tax over the period increased by PKR 1.312 million mainly due to decline in other operating income which over the period reduced from PKR 2.434 million to 0.690 million in the current period.

Operating results

	Quarter Ended September 30	
	2021	2020
Loss before taxation	(4,188,866)	(3,075,882)
Taxation	(701,936)	(502,635)
Loss after taxation	<u>(4,890,802)</u>	<u>(3,578,517)</u>

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 be materialized. 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 shareholders, financial institutions, customers, individuals and staff members who have been associated with the Company for their support and cooperation. Further, we would also like to thank SECP and the management of PSX for their continued support and guidance.

For and on behalf of the board



Abdus Samad Habib
Chief Executive Officer




Syed Najmudduja Jaffri
Chairman

Karachi: October 29th, 2021

Safe Mix Concrete Limited
Statement of Financial Position
As at 30 September, 2021

As at 30 September, 2021		Un-Audited 30 September 2021	Audited 30 June 2021
	Note	Rupees	
ASSETS			
Non - current assets			
Property, plant and equipment	5	184,571,370	187,093,830
Long term deposits		7,286,090	8,186,090
Deferred taxation		95,255,580	95,255,579
		287,113,040	290,535,499
Current assets			
Stores, spare parts and loose tools		5,916,728	6,228,312
Stock in trade		17,114,222	16,479,091
Trade debts		134,027,986	135,687,353
Advances, prepayments and other receivables		16,120,747	16,973,668
Taxation - net of provision		10,608,610	10,329,577
Cash and bank balances		1,022,544	41,595,814
		184,810,839	227,293,815
Assets held for sales		3,000,000	3,000,000
Total assets		474,923,879	520,829,314
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital			
35,000,000 ordinary shares of Rs 10 each		350,000,000	350,000,000
Issued, subscribed and paid up capital		250,000,000	250,000,000
Share premium		14,728,576	14,728,576
Loan from related party		87,000,000	87,000,000
Accumulated loss		(173,748,208)	(168,857,411)
		177,980,368	182,871,165
Liabilities			
Non - current liabilities			
Long term financing - secured	6	479,295	462,639
Staff retirement benefits		6,531,779	6,113,600
		7,011,074	6,576,239
Current liabilities			
Trade and other payables		187,478,246	220,144,296
Short term financing - secured		85,500,000	73,785,098
Advance for sale of statter plant		1,700,000	1,700,000
Current portion of long term financing		1,352,844	1,526,256
Loan from related party		12,500,000	33,000,000
Accrued markup		1,401,347	1,226,260
		289,932,437	331,381,910
TOTAL EQUITY AND LIABILITIES		474,923,879	520,829,314
Contingencies and commitments			
7			
The annexed notes from 1 to 10 form an integral part of these financial statements.			

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Abdus Samad
Chief Executive Officer


Kashif Habib
Director


Muneer Gader
Chief Financial Officer

Safe Mix Concrete Limited
Statement of Profit or Loss
For the quarter ended September 30, 2021

	Note	Un-Audited 30 September 2021	Un-Audited 30 September 2020
		Rupees	
Revenue - Net		56,154,906	33,508,995
Cost of sales	8	<u>(55,377,077)</u>	<u>(33,482,371)</u>
Gross profit		777,829	26,624
Selling and distribution expenses		(99,370)	(42,060)
Administrative expenses		<u>(3,500,204)</u>	<u>(3,147,453)</u>
Operating loss		(2,821,745)	(3,162,889)
Finance cost		(2,057,120)	(2,347,768)
Other operating income		<u>690,000</u>	<u>2,434,775</u>
Loss before taxation		(4,188,866)	(3,075,882)
Provision for taxation		(701,936)	(502,635)
Loss after taxation		<u><u>(4,890,802)</u></u>	<u><u>(3,578,517)</u></u>
Loss per share - basic and diluted		<u><u>(0.20)</u></u>	<u><u>(0.14)</u></u>

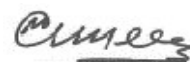
The annexed notes from 1 to 10 form an integral part of these financial statements.



Abdus Samad
Chief Executive Officer



Kashif Habib
Director



Muneer Gader
Chief Financial Officer

Safe Mix Concrete Limited
Statement of Comprehensive Income
For the quarter ended September 30, 2021

	Un-Audited 30 September 2021	Un-Audited 30 September 2020
	-----Rupees-----	
Loss after taxation	(4,890,802)	(3,578,517)
Other comprehensive income for the period	-	-
Total comprehensive loss for the period	<u>(4,890,802)</u>	<u>(3,578,517)</u>

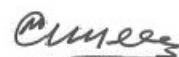
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Abdus Samad
Chief Executive Officer



Kashif Habib
Director




Muneer Gader
Chief Financial Officer

Safe Mix Concrete Limited
Statement of Cash Flows
For the quarter ended September 30, 2021

	Un-Audited 30 September 2021	Un-Audited 30 September 2020
Cash flow from operating activities	(Rupees)	
Loss before taxation	(4,188,866)	(3,075,882)
Adjustments for:		
Depreciation	3,961,110	2,876,400
Gain on sale of fixed assets	-	(1,097,832)
Provision for staff retirement benefits	418,179	295,521
Amortization of deferred income	-	(840,000)
Finance costs	2,057,120	2,347,768
	6,436,409	3,581,857
	2,247,544	505,976
Changes in working capital		
<i>(Increase) / decrease in current assets:</i>		
Stores and spares	311,584	(1,271,850)
Stock in trade	(635,131)	(2,804,105)
Trade debts	1,659,366	12,786,789
Advances, prepayments and other receivables	852,921	(3,657,787)
	2,188,739	5,053,047
<i>Increase in current liabilities:</i>		
Trade and other payables	(32,666,050)	(14,347,596)
Cash flow from operating activities	(28,229,767)	(8,788,574)
Taxes paid	(980,966)	(1,484,691)
Finance costs paid	(1,882,033)	(297,459)
Gratuity paid	-	(54,000)
	(2,862,999)	(1,836,150)
Net cash generated from operating activities	(31,092,766)	(10,624,724)
Cash flow from investing activities		
Capital expenditure incurred	(1,438,650)	(87,858)
Proceeds from sale of fixed assets	-	1,345,000
Long term deposits recovered	900,000	(6,000)
Net cash (used in) / generated from investing activities	(538,650)	1,251,142
Cash flow from financing activities		
Net payments to banks against long term financing	(156,756)	(3,030,703)
Net receipts from loan from related party	(20,500,000)	-
Net cash generated from / (used in) financing activities	(20,656,756)	(3,030,703)
Net increase in cash and cash equivalents	(52,288,172)	(12,404,285)
Cash and cash equivalents at beginning of the year	41,595,814	13,450,207
Cash and cash equivalents at end of the period	(10,692,358)	1,045,922

The annexed notes from 1 to 10 form an integral part of these financial statements.


Abdus Samad
Chief Executive Officer



Kashif Habib
Director


Muneer Gader
Chief Financial Officer

Safe Mix Concrete Limited
Statement of Changes in Equity
For the quarter ended September 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, 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 income 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
Balance as at July 01, 2021	250,000,000	14,728,576	87,000,000	(168,857,411)	182,871,165
Loss for the period	-	-	-	(4,890,802)	(4,890,802)
Other comprehensive loss for the period	-	-	-	-	-
Balance as at September 30, 2021	250,000,000	14,728,576	87,000,000	(173,748,213)	177,980,363

The annexed notes from 1 to 10 form an integral part of these financial statements.


Abdus Samad
Chief Executive Officer


Kashif Habib
Director


Muneer Gadar
Chief Financial Officer

Safe Mix Concrete Limited
Notes to the Financial Statements
For the period ended September 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

The condensed interim financial information have been prepared in accordance with approved accounting standards as applicable in Pakistan for interim finacial reporting. The disclosures in the condensed interim financial information do not include the information reported for full annual financial statments and should before be read in conjunction with the financial statements for the period ended 30 June, 2021.

3 ESTIMATES

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

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

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of consumption adpoted in the prepartion of the condensed interim financial information are the same as those applied in prepartion of preceding annual financial statement for the year ended 30 June, 2021 and stated therein.

5 PROPERTY, PLANT AND EQUIPMENT

	Note	Un-Audited 30 September 2021	Audited 30 June 2021
Operating fixed assets	5.1	182,000,863	184,523,323
Capital work in progress - at cost		2,570,507	2,570,507
		184,571,370	187,093,830

	Un-Audited 30 September 2021	Audited 30 June 2021
5.1 Operating Assets- at the book value		
Opening Book value	184,523,323	176,473,191
Addition during the period	538,650	7,961,090
Transfer from cwip	-	18,223,610
Transfer from long term	900,000	-
Disposal during the period -net book value	-	(6,647,159)
Depreication charged during the period	(3,961,110)	(11,487,409)
	182,000,863	184,523,323

breakup of addition - at cost

Plant and machinery	423,000	-
Comptuers	63,000	-
Office equipments	52,650	-
	538,650	-
	538,650	-

6 LONG TERM FINANCING - SECURED

Details of long term financing are as follows:

Islamic

Diminishing musharka - Bank of Punjab	6.1	-	11,759,186
Diminishing musharka - Summit Bank Limited	6.2	-	8,802,504
Diminishing musharka - Bank Islami Pakistan Limited	5.3	120,637	386,111
Diminishing musharka - First Habib Modarba	5.4	1,711,502	-
Less: Current portion of long term finance shown under current liabilities		(1,352,844)	(13,917,148)
less: Overdue payments		-	(6,741,045)
		479,295	289,608

- 6.1** During the financial year 2016, the Company converted its short term running finance facility from Bank of Punjab to Islamic mode of financing and entered into a diminishing musharka of Rs. 47.037 million for plant and machinery with the Bank of Punjab Taqwa Islamic Banking. The arrangement 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.
- 6.2** During the financial year 2018, the Company entered into a diminishing musharka of Rs.35.2 million for plant and machinery with the Summit Bank Limited- Islamic Banking. The arrangement 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.
- 6.3** During the financial year 2019, the company entered into a diminishing musharka of Rs. 1.4 million for vehicles with the Bank Islami Pakistan Limited-Islamic Banking. The arrangement 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.

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

7 CONTINGENCIES AND COMMITMENTS

The status and nature of contingencies and commitments are same as those disclosed in an annual audited financial statements of the Company for the year ended June 30, 2021.

8 COST OF REVENUE

	Un-Audited 30 September 2021	Un-Audited 30 September 2020
Raw material and stores consumed	21,810,941	10,585,908
Salaries, wages and other benefits	13,409,391	8,320,777
Depreciation	3,498,933	2,787,774
Fuel and power	11,193,372	5,118,096
Equipment hiring charges	2,823,439	627,800
Ijarah rentals	-	3,491,817
Repair and maintenance	2,113,584	2,175,758
Site preparation and sample testing	331,065	65,794
Insurance expenses	196,352	308,642
	55,377,077	33,482,366

9 TRANSACTIONS AND BALANCES WITH RELATED PARTIES


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

			Un-Audited 30 September 2021	Un-Audited 30 September 2020
			(Rupees)	
9.1 Transactions with related party				
<i>Power Cement limited</i>	Associate	Purchase of raw material	1,981,110	7,876,350
<i>Javedan Corporation Limited</i>	Associate	Sales	2,119,438	3,580,799
<i>Mr. Arif Habib</i>	Associate person Lineal Ascendant of CEO holds 20.69%	Loan received during the	17,500,000	-
		Loan paid during the year	38,000,000	-

		Un-Audited 30 September 2021	Audited 30 June 2021
		(Rupees)	
9.2 Balances with related party			
Power Cement limited	Associate	41,025,090	
Javedan Corporation Limited	Associate	1,050,037	1,240,128
<i>Mr. Arif Habib</i>	Associate person Lineal Ascendant of CEO holds 20.7%	12,500,000	-
<i>Mr. Abdus Samad</i>	Associate person CEO holds 11.52%	87,000,000	87,000,000

10 DATE OF AUTHORIZATION FOR ISSUE

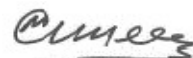
The financial statements were authorized for issue on 29th October 2021 by the Board of Directors of the Company.



Abdus Samad
Chief Executive Officer



Kashif Habib
Director



Muneer Gader
Chief Financial Officer