



FOCUSED ON
SOLUTIONS
QUATERLY REPORT SEPTEMBER 2022

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Directors' Review Report

The Board of Directors of your Company are pleased to present their review report on the financial and operational performance of your Company for the first quarter ended September 30, 2022.

The key financial highlights of the Company are as follows:

| Particulars | Year Ended June 30 | |
|---------------------------------------|--------------------------|--------------------|
| | 2022 | 2021 |
| | -----Rupees----- | |
| Net Sales | 249,410,008 | 56,154,906 |
| Cost Of Sales | (197,276,310) | (55,377,077) |
| Gross Profit | 52,133,698 | 777,829 |
| Profit/(Loss) before Taxation | 42,632,137 | (4,188,866) |
| Taxation | 4,912,247 | (701,936) |
| Profit/(Loss) after Taxation | <u>47,544,384</u> | <u>(4,890,802)</u> |
| Earnings per Share- Basic and Diluted | <u>1.9</u> | <u>(0.2)</u> |

Financial and Operational Performance

During the period under review your Company achieved a record sale of PKR 249.410 million as compared to PKR 56.155 million over the corresponding period resulting in positive variance of 344%. The stellar performance was made possible due to increased sales volumes particularly from associated companies' ongoing projects as well as in price. The cost of sale for the period remained at PKR 197.276 million as compared to PKR 55.377 million in the corresponding period. The Gross Margin of the company improved to 20.9% as compare to 13.85% in the corresponding period due to better utilization of fixed cost and cost effective measures taken by the management. The administrative and selling expenses for the period stood at PKR 7.111 million as compared to PKR 3.599 million in the corresponding period.

The profit after taxation for the period arrived at PKR 47.544 million as compared to loss after tax of PKR 4.890 million in the corresponding period.

Future Outlook

The outlook of Construction and Real Estate Sector looks positive in the short to medium term due to resumption of funding from Foreign Institutional Investors and commencement of rehabilitation process of flood hit infrastructure. Further the ongoing projects initiated by the associated companies will continue to provide good prospects of sales.

Acknowledgement

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

For and on behalf of the board



Samad Habib
Chief Executive Officer



Syed Najmudduja Jaffri
Chairman

Karachi: October 28th, 2022

STATEMENT OF FINANCIAL POSITION

As at September 30, 2022

| | | Unaudited 30 September 2022 | Audited 30 June 2022 |
|--|------|-----------------------------------|----------------------------|
| | Note | (Rupees) | |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 4 | 320,089,093 | 328,930,165 |
| Long term deposits | | 46,960 | 46,960 |
| Long term advances to employees | | 1,152,140 | 1,152,140 |
| Deferred taxation - net | | 84,951,581 | 76,921,709 |
| | | 406,239,774 | 407,050,974 |
| Current assets | | | |
| Stock-in-trade | 5 | 29,644,102 | 19,805,708 |
| Stores, spares and loose tools | | 7,419,989 | 7,790,399 |
| Trade debts | 6 | 216,639,924 | 184,044,628 |
| Loans and advances | 7 | 39,775,352 | 46,940,491 |
| Prepayments and other receivables | | 1,649,867 | 1,510,017 |
| Taxation - net | | 14,594,750 | 12,342,128 |
| Cash and bank balances | 8 | 22,354,005 | 26,474,946 |
| | | 332,077,989 | 298,908,317 |
| | | 738,317,763 | 705,959,292 |
| Total assets | | | |
| EQUITY AND LIABILITIES | | | |
| Share capital and reserves | | | |
| Authorized capital | | | |
| 35,000,000 (June 30, 2022: 35,000,000) ordinary share of Rs. 10 each | | 350,000,000 | 350,000,000 |
| Issued, subscribed and paid up capital | | 250,000,000 | 250,000,000 |
| Capital contribution - Loan from director | | 87,000,000 | 87,000,000 |
| | | | - |
| Capital reserve | | | |
| Share premium | | 14,728,576 | 14,728,576 |
| Revenue reserve | | | |
| Accumulated losses | | (74,982,929) | (122,527,313) |
| | | 276,745,647 | 229,201,263 |
| Non-current liabilities | | | |
| Long term financing - secured | 9 | 105,247,519 | 100,021,093 |
| Staff retirement benefits | | 8,284,382 | 7,664,169 |
| | | 113,531,901 | 107,685,262 |
| Current liabilities | | | |
| Short term borrowing - secured | | 70,000,000 | 80,000,000 |
| Trade and other payables | 10 | 101,720,585 | 109,615,559 |
| Advance from customers | | 143,390,931 | 138,851,469 |
| Current maturity of long term financing | | 20,547,706 | 18,013,522 |
| Loan from related parties - unsecured | | 9,879,399 | 18,118,274 |
| Accrued markup | | 2,501,594 | 4,473,943 |
| | | 348,040,215 | 369,072,767 |
| Contingencies and commitments | | | |
| | 11 | | |
| Total equity and liabilities | | 738,317,763 | 705,959,292 |

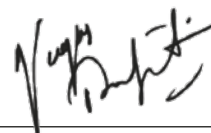
The annexed notes from 1 to 15 form an integral part of these condensed interim financial statement



Samad Habib
CEO



Kashif Habib
Director




Waqas Rafi
CFO

STATEMENT OF PROFIT AND LOSS ACCOUNT

For three months period ended September 30, 2022

| | | Unaudited 30 September 2022 | Unaudited 30 September 2021 |
|---|------|-----------------------------------|-----------------------------------|
| | Note | (Rupees) | |
| Revenue - net | | 249,410,008 | 56,154,906 |
| Cost of revenue | 13 | (197,276,310) | (55,377,077) |
| Gross profit | | 52,133,698 | 777,829 |
| Administrative expenses | | (6,863,315) | (3,500,204) |
| Selling and distribution expenses | | (247,869) | (99,370) |
| | | (7,111,184) | (3,599,574) |
| Operating profit/(loss) | | 45,022,514 | (2,821,745) |
| Other expenses | | (3,258,153) | - |
| Other income | | 8,762,523 | 690,000 |
| | | 5,504,370 | 690,000 |
| Finance costs | | (7,894,747) | (2,057,120) |
| Profit / (loss) before taxation | | 42,632,137 | (4,188,866) |
| Taxation | | 4,912,247 | (701,936) |
| Profit / (loss) after taxation | | 47,544,384 | (4,890,802) |
| Earning / (loss) per share - basic and diluted | | 1.90 | (0.20) |

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statement



Samad Habib
CEO



Kashif Habib
Director



Vaqas Rafi
CFO

STATEMENT OF COMPREHENSIVE INCOME

For three months period ended September 30, 2022

| | Unaudited 30 September 2022 | Unaudited 30 September 2021 |
|--|-----------------------------------|-----------------------------------|
| Note | (Rupees) | |
| Profit/(Loss) after taxation | 47,544,384 | (4,890,802) |
| Other comprehensive loss | | |
| Items that will not be reclassified subsequent to profit or loss | | |
| Remeasurements loss on defined benefit liability | | |
| Tax thereon | - | - |
| Total comprehensive income/(loss) for the year | <u>47,544,384</u> | <u>(4,890,802)</u> |


The annexed notes from 1 to 15 form an integral part of these condensed interim financial statement



Samad Habib
CEO



Kashif Habib
Director




Vaqas Rafi
CFO

STATEMENT OF CHANGES IN EQUITY

For the quarter ended September 30, 2022

| | Issued, subscribed and paid-up capital | Share premium reserve | Loan from related party | Accumulated profit / (loss) | Total |
|--|--|-----------------------------|----------------------------|--------------------------------|-------------|
| | ------(Rupees)----- | | | | |
| Balance as at June 30, 2021 | 250,000,000 | 87,000,000 | 14,728,576 | (168,857,411) | 182,871,165 |
| Total comprehensive income for the year ended June 30, 2021 | | | | | |
| - Profit after taxation | - | - | - | 46,456,349 | 46,456,349 |
| - Other comprehensive loss | - | - | - | (126,251) | (126,251) |
| | - | - | - | 46,330,098 | 46,330,098 |
| Balance as at June 30, 2022 | 250,000,000 | 87,000,000 | 14,728,576 | (122,527,313) | 229,201,263 |
| Total comprehensive income for the period ended September 30, 2022 | | | | | |
| - Profit after taxation | - | - | - | 47,544,384 | 47,544,384 |
| - Other comprehensive loss | - | - | - | - | - |
| | - | - | - | 47,544,384 | 47,544,384 |
| Balance as at September 30, 2022 | 250,000,000 | 87,000,000 | 14,728,576 | (74,982,929) | 276,745,647 |

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statement



Samad Habib
CEO



Kashif Habib
Director



Vaqas Rafi
CFO

STATEMENT OF CASH FLOWS

For three months period ended September 30, 2022

Note

| Unaudited 30 September 2022 | Unaudited 30 September 2021 |
|-----------------------------------|-----------------------------------|
| (Rupees) | |

CASH FLOWS FROM OPERATING ACTIVITIES

Profit / (loss) before taxation

Adjustments for non-cash items:

- Depreciation on property, plant and equipment
- Provision for expected credit loss
- Provision for staff retirement benefit
- Provision for Workers' Profit Participation Fund
- Gain on final settlement with CDGK
- Profit on saving accounts
- Gain on sale of asset held for sale
- Ammotization of deferred income
- Gain on sale of operating fixed assets
- Finance costs

Cash generated from operating activities before working capital changes

Effect on cash flow due to working capital changes

(Increase) / decrease in current assets

- Stock-in-trade
- Stores, spares and loose tools
- Trade debts
- Loan, advances, prepayments and other receivables

Increase in current liabilities

- Trade and others payables
- Advance from customers

Cash generated from / (used in) operations

tax (paid) / received

Finance cost paid

Net cash generated from / (used in) operating activities

CASH FLOWS FROM INVESTING ACTIVITIES

Capital expenditure incurred

Proceeds from sale of operating fixed assets

Profit on saving accounts

Long term deposit recovered

Net cash used in investing activities

CASH FLOWS FROM FINANCING ACTIVITIES

Net receipt / (payment) to bank against financing

Loan received from related parties

Loan repaid from related parties

Net cash generated from financing activities

Net decrease in cash and cash equivalents

Cash and cash equivalents at the beginning of the year

Cash and cash equivalents at the end of the year

| | |
|--------------|--------------|
| 42,632,137 | (4,188,866) |
| 12,097,072 | 3,961,110 |
| - | - |
| 620,213 | 418,179 |
| 3,258,153 | - |
| - | - |
| (119,992) | - |
| - | - |
| - | - |
| - | - |
| 7,894,747 | 2,057,120 |
| 23,750,193 | 6,436,409 |
| 66,382,330 | 2,247,543 |
| (9,838,394) | (635,131) |
| 370,410 | 311,584 |
| (32,595,296) | 1,659,366 |
| 7,025,290 | 852,921 |
| (35,037,990) | 2,188,739 |
| (11,153,127) | (32,666,050) |
| 4,539,462 | - |
| (6,613,665) | (32,666,050) |
| 24,730,675 | (28,229,767) |
| (5,370,247) | (980,966) |
| (9,867,096) | (1,882,033) |
| (15,237,343) | (2,862,999) |
| 9,493,332 | (31,092,766) |
| (3,256,000) | (1,438,650) |
| - | - |
| 119,992 | 900,000 |
| - | - |
| (3,136,008) | (538,650) |
| (2,239,390) | (156,756) |
| - | (20,500,000) |
| (8,238,875) | - |
| (10,478,265) | (20,656,756) |
| (4,120,941) | (52,288,172) |
| 26,474,946 | 41,595,814 |
| 22,354,005 | (10,692,358) |

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statement



Samad Habib
CEO



Kashif Habib
Director



Vaqas Rafi
CFO

NOTES TO THE FINANCIAL STATEMENTS

For three months period ended September 30, 2022

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 (now repealed with the enactment of the Companies Act, 2017 on May 30, 2017). 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.

1.2 The registered office as well as the manufacturing unit of the Company is situated at Plot no. 1, Global Industry, Nusrat Bhutto Colony, North Nazimabad, Karachi.

2 BASIS OF PREPARATION

2.1 The preparation of these condensed interim financial information require management to make judgements, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

2.2 In preparing these condensed interim financial information, the significant judgements made by the management in applying the Company's accounting policies and areas where assumptions and estimates are significant are same as those applied to the annual financial statements of the Company as at and for the year ended June 30, 2022. The Company's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Company as at and for the year ended June 30, 2022.

2.3 These condensed interim financial information are presented in Pakistani Rupees which is also the Company's functional currency and all financial information presented has been rounded off to the nearest rupees, otherwise stated.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial information are the same as those applied in the preparation of the annual financial statements for the year ended June 30, 2022.

4 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets
Capital work in progress - at cost

| Note | Unaudited 30 September 2022 | Audited 30 June 2022 |
|------|-----------------------------------|----------------------------|
| | (Rupees) | |
| 4.1 | 320,089,093 | 328,930,165 |
| | - | - |
| | <u>320,089,093</u> | <u>328,930,165</u> |

| | Unaudited 30 September 2022 | Audited 30 June 2022 |
|--|-----------------------------------|----------------------------|
| Note | (Rupees) | |
| 4.1 Operating Assets- at the book value | | |
| Opening Book Value | 328,930,165 | 184,523,323 |
| Addition during the period | 3,256,000 | 154,965,822 |
| Transfer - net book value | - | 5,330,797 |
| Impairment | - | - |
| Disposal during the period - net book value | - | - |
| Depreciation charged during the period | (12,097,072) | (15,889,777) |
| | 320,089,093 | 328,930,165 |
| 4.2 Breakup of addition - at cost | | |
| Vehicles | 3,256,000 | - |
| Building | - | 2,967,835 |
| Plant and Machinery | - | 151,735,807 |
| Furniture and Fixtures | - | 3,030 |
| Computers | - | 186,000 |
| Office Equipment | - | 73,150 |
| | 3,256,000 | 154,965,822 |
| 5 STOCK-IN-TRADE | | |
| Cement | 10,679,190 | 3,245,209 |
| Fly Ash | 116,147 | 293,706 |
| Sand | 5,144,591 | 6,095,078 |
| Crush | 11,772,783 | 8,866,207 |
| Chemical | 1,931,388 | 1,305,508 |
| | 29,644,099 | 19,805,708 |
| 6 TRADE DEBTS | | |
| Total trade debts outstanding | 342,272,016 | 309,676,720 |
| Less : provision for expected credit loss | (125,632,092) | (125,632,092) |
| | 216,639,924 | 184,044,628 |
| 7 LOANS AND ADVANCES | | |
| Advances to suppliers | 38,077,731 | 45,413,075 |
| Loans to employees | 1,697,621 | 1,527,416 |
| | 39,775,352 | 46,940,491 |

| | | Unaudited 30 September 2022 | Audited 30 June 2022 |
|------------|--|-----------------------------------|----------------------------|
| | Note | (Rupees) | |
| 8 | CASH AND BANK BALANCES | | |
| | Cash in hand | 1,101,512 | 6,175 |
| | Cash at bank: | | |
| | - Balance held In current accounts | 8,570,174 | 2,541,298 |
| | - Balance held in saving accounts | 12,682,319 | 23,927,473 |
| | | 21,252,493 | 26,468,771 |
| | | <u>22,354,005</u> | <u>26,474,946</u> |
| 9 | LONG TERM FINANCING - SECURED | | |
| | Dimishing Musharka Facility - I | 125,795,225 | 118,034,615 |
| | Less: Current portion of long term finance shown under current liabilities | (20,547,706) | (18,013,522) |
| | | <u>105,247,519</u> | <u>100,021,093</u> |
| 9.1 | Dimishing Musharka Facility - I | | |
| | Opening Carrying Amount | 118,034,615 | 1,795,856 |
| | Add: Facilities received during the period | 12,991,325 | 119,200,900 |
| | Less: Installments paid during the period | (5,230,715) | (2,962,141) |
| | | <u>125,795,225</u> | <u>118,034,615</u> |
| 10 | TRADE AND OTHER PAYABLES | | |
| | Trade creditors | 34,471,849 | 52,116,314 |
| | Withholding tax payable | 32,303,572 | 15,474,355 |
| | Accrued expenses | 7,590,500 | 12,823,856 |
| | Worker's Profit Participation Fund Payable | 24,229,797 | 20,971,645 |
| | Worker's Welfare Fund payable | 1,715,311 | 1,715,311 |
| | Other payables | 1,409,556 | 6,514,078 |
| | | <u>101,720,585</u> | <u>109,615,559</u> |
| 11 | 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, 2022 | | |

| | | Unaudited 30 September 2022 | Unaudited 30 September 2021 |
|-----------|-----------------------|-----------------------------------|-----------------------------------|
| | Note | (Rupees) | |
| 12 | REVENUE - NET | | |
| | Sale of concrete mix | 281,833,309 | 63,454,214 |
| | Less: Sindh Sales Tax | (32,423,302) | (7,299,308) |
| | | <u>249,410,007</u> | <u>56,154,906</u> |

| 13 | COST OF REVENUE | Note | Unaudited | Unaudited |
|----|-------------------------------------|------|--------------------|-------------------|
| | | | 30 September 2022 | 30 September 2021 |
| | | | (Rupees) | |
| | Raw materials and stores consumed | | 133,584,069 | 21,810,941 |
| | Fuel and power | | 26,329,381 | 11,193,372 |
| | Salaries, wages and other benefits | | 17,300,458 | 13,409,391 |
| | Repair and maintenance | | 5,439,776 | 2,113,584 |
| | Equipment hiring charges | | 1,239,113 | 2,823,439 |
| | Depreciation | | 11,638,933 | 3,498,933 |
| | Site preparation and sample testing | | 931,175 | 331,065 |
| | Insurance expense | | 813,405 | 196,352 |
| | | | <u>197,276,310</u> | <u>55,377,077</u> |

14 TRANSACTIONS 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. Transactions with related parties are as follows

| 14.1 Transactions with related parties | | | Unaudited | Unaudited |
|--|--|------------------------------------|--------------------|-------------------|
| | | | 30 September 2022 | 30 September 2021 |
| <i>Power Cement limited</i> | Company under common control | Purchases made during the period | 88,623,714 | 1,981,110 |
| <i>Javedan Corporation Limited</i> | Company under common control | Sales made during the period | 7,694,412 | 2,119,438 |
| <i>Mr. Arif Habib</i> | Associate person Lineal Ascendant of CEO | Loan received during the period | - | 17,500,000 |
| | | Loan paid during the period | - | 38,000,000 |
| <i>Arif Habib Corporation Limited</i> | Company under common control | Loan paid during the period | 8,238,875 | |
| | | Interest accrued during the period | 518,036 | |
| | | Interest paid during the period | 2,161,125 | |
| <i>Global Residency REIT</i> | Company under common control | Sales made during the period | 219,640,823 | |

Unaudited
30 September
2022


Audited
30 June
2022

14.2 Balances with Related Parties

| Name of related party | Nature of relationship | Particulars | Unaudited 30 September 2022 | Audited 30 June 2022 |
|---------------------------------------|------------------------------|------------------------------------|-----------------------------------|----------------------------|
| <i>Power Cement limited</i> | Company under common control | Amount receivable as at period end | 22,606,177 | 6,891,946 |
| <i>Javedan Corporation Limited</i> | Company under common control | Advances as at period end | 135,342,992 | 132,625,015 |
| <i>Mr. Abdus Samad</i> | Chief Executive Officer | Loan payable as at period end | 87,000,000 | 87,000,000 |
| <i>Arif Habib Corporation Limited</i> | Company under common control | Loan payable as at period end | 9,879,399 | 18,118,274 |
| | | Interest Payable | 518,036 | 2,161,125 |
| <i>Global Residency REIT</i> | Company under common control | Amount receivable as at period end | 121,321,658 | 72,525,883 |

15 DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorized for issue on October 28,2022 by the Board of Directors of the Company.



Samad Habib
CEO



Kashif Habib
Director



Vaqas Rafi
CFO

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Safe Mix Concrete Limited

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Helpline # 0345-2025369 & 0345-2022473 Website: www.safemixlimited.com