



Annual Report - 2023



BUILDING EXCELLENCE



VISION STATEMENT

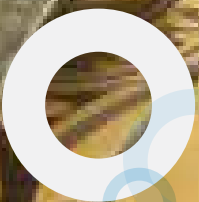
Our Vision is to be Pakistan's Largest ready mix concrete services company, signing under the prominent projects for tomorrow's world of business, harmonizing, innovative and progressive technology with the Company's experience and excellence in the quality of work.

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. Abdus Samad Habib
Syed Najmudduja Jaffri
Mr. Kashif Habib
Mr. Ahsan Anis
Mr. Anna Samad
Mr. Abdul Qadir
Mr. Muhammad Siddiq Khokhar

AUDIT COMMITTEE

Mr. Abdul Qadir- CHAIRMAN
Mr. Kashif Habib
Mr. Ahsan Anis

HUMAN RESOURCES & REMUNERATION COMMITTEE

Mr. Muhammad Siddiq Khokhar
Mr. Kashif Habib
Syed Najmudduja Jaffri

CHIEF FINANCIAL OFFICER

Mr. VAQAS RAFI

COMPANY SECRETARY

Mr. VAQAS RAFI

AUDITORS

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
CHARTERED ACCOUNTANTS

LEGAL ADVISOR

ADVOCATE AHSAN-UL-HAQ ADVOCATES AND
CORPORATE COUNCIL

BANKERS AND FINANCIAL INSTITUTIONS

HABIB METROPOLITAN BANK
THE BANK OF PUNJAB
BANK ISLAMI PAKISTAN LIMITED
BANK ALFALAH LIMITED
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 17th ANNUAL GENERAL MEETING

Notice is hereby given that that Seventeenth Annual General Meeting of the shareholders of Safe Mix Concrete Limited (the Company) will be held on Friday, October 16, 2023, at 2:30 p.m. at PSX Auditorium, Stock Exchange Building, and Stock Exchange Road, Karachi to transact the following business

ORDINARY BUSINESS

1. To confirm the minutes of 16th Annual General Meeting held on October 28, 2022.
2. To receive, consider and adopt annual audited financial statements of the Company together with Auditors' Reports thereon for the year ended June 30, 2023.
3. To appoint Auditors and fix their remuneration for the year ending June 30, 2024. The Board of Directors have recommended for reappointment of M/s. Rehman Sarfaraz Rahim Iqbal Rafiq & Co as external auditors.

SPECIAL BUSINESS

4. To authorize the Board of Directors of the Company to approve those transactions with Related Parties (if executed) during the financial year ending June 30, 2023 which require approval of shareholders u/s 207 and / or 208 of the companies Act, 2017, by passing the following resolution with or without modification:

RESOLVED THAT

The Board of Directors of the Company be and is hereby authorized to approve the transactions to be conducted with Related Parties on case to case basis for the financial year ending June 30, 2024.

FURTHER RESOLVED THAT

The transactions approved by the Board shall be deemed to have been approved by the shareholders u/s 207 and / or 208 of the companies Act, 2017 (if triggered) and shall be placed before the shareholders in the next Annual General Meeting for their formal ratification/approval u/s 207 and / or 208 of the Companies Act, 2017 (if required).

5. The Securities and Exchange Commission of Pakistan (SECP) through its S.R.O. 389(1)/2023 dated March 21, 2023 has allowed the listed companies to circulate the annual balance sheet and profit and loss account, auditor's report and directors' report, etc. ("annual audited financial statements") to its members through QR enabled code and weblink, subject to approval of shareholders in AGM. Therefore, the shareholders are requested to consider, and if deemed fit, approve the following resolution as an ordinary resolution:

RESOLVED THAT

“Resolved that Safe Mix Concrete Limited the “Company” be and is hereby authorized to circulate its annual audited financial statements, to the members of the Company through QR enabled code and weblink, in accordance with S.R.O. 389(I)/2023 issued by the SECP, and that the practice of circulation of the annual financial statements through CD /DVD/USB may be discontinued.

FURTHER RESOLVED THAT

Further resolved that the Company Secretary be and is hereby authorized to do all acts, deeds and things, take or cause to be taken any action as may be necessary, incidental or consequential to give effect to this resolution.”

ANY OTHER BUSINESS

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

Statements under Section 134(3) of the Companies Act, 2017 in respect of special business contained in Agenda Item Number 4 and 5, are annexed to the notice being sent to the members

By Order of the Board

Karachi
Dated: September 24, 2023

Vaqas Rafi
Company Secretary



Notes:

1. Share transfer books of the Company will remain closed from October 09, 2023 to October 16, 2023 (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, and e-mail sfc@thk.com.pk Pakistan up to the close of business on October 6, 2023 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. Procedure including the guidelines as laid down in Circular No. I - Reference No. 3 (5-A) Misc / ARO / LES / 96 dated January 26, 2000 issued by Securities & Exchange Commission of Pakistan:
 - i. Members, proxies or nominees shall authenticate their identity by showing their original national identity card or original passport and bring their folio numbers at the time of attending the meeting
 - ii. In the case of corporate entity, Board of Directors' resolution / power of attorney and attested copy of the CNIC or passport of the nominee shall also be produced (unless provided earlier) at the time of meeting
 - iii. In order to be effective, the proxy forms must be received at the office of our registrar not later than 48 hours before the meeting, duly signed and stamped and witnessed by two persons with their names, address, CNIC numbers and signatures
 - iv. In the case of individuals, attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form
 - v. In the case of proxy by a corporate entity, Board of Directors resolution / power of attorney and attested copy of the CNIC or passport of the proxy shall be submitted along with proxy form
4. In pursuance of SECP's Circular No. 4 dated February 15, 2021, pertaining to Regulatory Relief to dilute impact of Corona Virus (COVID 19) for Corporate Sector, the shareholders shall be entitled to attend the proceedings of the AGM through online means using a video link facility, Zoom application or other electronic means for the safety and well-being of the valued shareholders and the general public.

Accordingly, the company intends to convene the AGM with minimum physical interaction with shareholders while ensuring compliance with the quorum requirements and requests the members to consolidate their attendance and voting at the AGM through proxies.

Therefore, the company has made arrangements to ensure that all participants including shareholders, can also participate in the AGM proceeding via video link. Hence, those members who desire online participation in the AGM are requested to register themselves by sending an email along with following particulars and valid copy of both sides of their CNIC at agm@safemixlimited.com with subject of "Registration for SMCPL AGM 2023" not less than 48 hours before the time of meeting:

Name of Shareholder	CNIC No	Folio No / CDC Account No	Cell No	Email Address

Video Link to join the AGM will be shared with only those members whose emails, containing all the required and correct particulars are received at above mentioned email address.

5. Notice to Shareholders for provision of CNIC and other details

The Individual Members who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) to the Company / Share Registrar, are once again reminded to send the same at the earliest directly to Company's Share Registrar, M/s THK Associated (Private) Limited, Plot No 32-C Jami Commercial Street 2, D.H.A Phase VII, Karachi. The Corporate Entities are requested to provide their National Tax Number (NTN). Please give Folio Number with the copy of CNIC / NTN details.

6. Payment of Cash Dividend through Electronic Mode (Mandatory)

Further, under the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders. Consequently, in order to receive future cash dividends directly into bank account, if any, shareholders having physical shares are requested to fill in 'Electronic Mode Dividend Form' available at Company's website containing prescribed details and send it duly signed along with a copy of CNIC to the Registrar of the Company. In case of book-entry securities, shareholders must get their respective records updated as per the 'Electronic Mode Dividend Form' with their Broker / Participant / CDC account services.

In case of absence / non-receipt of the copy of a valid CNIC and bank account details, the Company would be constraint under Section 243(2)(a) of the Companies Act, 2017 to withhold the payment of future dividends, if any, to such members till provision of prescribed details.

7. E-Voting

Members can also exercise their right of E-Voting subject to the requirement of Sections 143-145 of the Companies Act, 2017 and the applicable clauses of the Companies (Postal Ballot) Regulations 2018.

8. Provision of Video Link Facility

Shareholders may participate in the meeting via video-link facility. If the Company receives a demand (at least 7 days before the date of meeting) from shareholder(s)

holding an aggregate 10% or more shareholding residing in any other city, to participate in the meeting through video link, the Company will arrange video link facility in that city.

Shareholders, who wish to participate through video-link facility, are requested to fill in Video Link Facility Form available at Company's website and send a duly signed copy to the Registered Address of the Company.

9. Distribution of Annual Report

The Annual Report of the Company for the year ended June 30, 2023 has been placed on the Company's website at the given link: <https://safemixlimited.com/investors-desk>.

Further, Annual Report of the Company for the year ended June 30, 2023 is dispatched to the shareholders through CD. However, if a shareholder, in addition, requests for hard copy of Annual Report, the same shall be provided free of cost within seven days of receipt of such request. For convenience of shareholders, a "Standard Request Form for provision of Annual Report" has also been made available on the Company's website www.safemixlimited.com

10. Deposit of Physical shares in CDC Accounts

As per Section 72 of the Companies Act 2017 every exiting company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the SECP within a period not exceeding four years from the commencement of the Companies Act 2017 i.e. 30th May 2017. The shareholders having physical shareholding are requested to open CDC sub-account with any of the brokers or investors account directly with CDC to place their physical shares into scrip less form.

11. Unclaimed Dividend

Shareholders, who by any reason, could not claim their previous dividends are advised to contact our Share Registrar M/s THK Associated (Private) Limited, Plot No 32-C Jami Commercial Street 2, D.H.A Phase VII, Karachi 75500, and e-mail sfc@thk.com.pk, to collect/enquire about their unclaimed dividend, if any. The details of the dividend declared by the Company which have remained due for more than three years are available on the Company's website.

12. SUBMISSION OF COMPUTERIZED NATIONAL IDENTITY CARD (CNIC) FOR PAYMENT OF FINAL CASH DIVIDEND

Pursuant to the directives of SECP, CNIC number of shareholders is MANDATORILY required for payment of dividend. Shareholders are therefore, requested to submit a copy of their valid CNIC (if not already provided) to the Company on its registered address / Share Registrar. In the absence of a member's valid CNIC, the Company will be constrained to withhold payment of cash dividend to such members.

CDC account holders are requested to submit attested copy of their CNIC to the relevant member stock exchange or to CDC if maintaining CDC investor account.

13. CONFIRMATION OF "FILER" STATUS FOR INCOME TAX WITHHOLDING ON CASH DIVIDEND

For cash dividend, the rates of deduction of income tax, under section 150 of the Income Tax Ordinance, 2001 are as follows:

a	Rate of tax deduction for filer of income tax returns	15%
b	Rate of tax deduction for non filer of income tax returns	30%

In case of joint account, each holder is to be treated individually as either a filer or non-filer and tax will be deducted on the basis of shareholding of each joint holder as may be notified by the shareholder, in writing to the Company / Share Registrar. If no notification is received, each joint holder shall be assumed to have an equal number of shares.

The CNIC number / NTN detail is now mandatory and is required for checking the tax status as per the Active Taxpayers List (ATL) issued by the Federal Board of Revenue (FBR) from time to time.

14. EXEMPTION FROM DEDUCTION OF INCOME TAX / ZAKAT:

Members seeking exemption from deduction of income tax or are eligible for deduction at a reduced rate are requested to submit a valid tax withholding exemption certificate or necessary documentary evidence for this purpose. Members desiring non-deduction of zakat are also requested to submit a valid declaration for non-deduction of zakat.

CDC account holders are requested to submit their declaration for non-deduction of zakat to the relevant member stock exchange or to CDC if maintaining CDC investor account.

15. PROCEDURE FOR ELECTRONIC VOTING FACILITY AND VOTING THROUGH POSTAL BALLOT

Pursuant to the Companies (Postal Ballot) Regulations, 2018 and its amendments notified vide SRO 2192(I)/2022 dated December 5, 2022, members will be allowed to exercise their right to vote for the special business in the AGM, in accordance with the conditions mentioned in the aforesaid regulations. The Company shall provide its members with the following options for voting

E-voting Procedure

- a- The web address, login details, and password, will be communicated to members via email. The security codes will be communicated to members through SMS from the web portal of THK Associated (Pvt) Limited.
- b- Identity of the Members intending to cast vote through e-voting shall be authenticated through electronic signature or authentication for login.
- c- E-Voting lines will start from October 12, 2023, 09:00 a.m. and shall close on October 15, 2023 at 5:00 p.m. Members can cast their votes any time during this period. Once the vote on a resolution is cast by a Member, he / she shall not be allowed to change it subsequently

Postal Ballot

Members may alternatively opt for voting through postal ballot. The members shall ensure that duly filled and signed ballot paper, along with copy of Computerized National Identity Card (CNIC), should reach the Chairman of the meeting through post on the Company's registered address, Safe Mix Concrete Limited, Plot No. 1, Global

Industry, Nusrat Bhutto Colony, North Nazimabad, Karachi or email with subject "Voting through Postal Ballot" at corporate@safemixlimited.com not later than one working day before the AGM on October 13, 2023, during working hours. Postal Ballot Paper, shall be published in newspapers and will also be placed on the Company's website www.safemixlimited.com at least seven (7) days before the meeting

STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

This statement sets out the material facts concerning the Special Business given in Agenda item No. 4 and 5 of the Notice to be transacted at the Annual General Meeting of the Company. Directors of the Company have no interest in the special business except in their capacity as director / shareholder.

Agenda No.4

AUTHORIZATION FOR THE BOARD OF DIRECTORS TO APPROVE THOSE TRANSACTIONS WITH RELATED PARTIES (IF EXECUTED) DURING THE FINANCIAL YEAR ENDING 30TH JUNE 2024 WHICH REQUIRE APPROVAL OF SHAREHOLDERS U/S 207 AND / OR 208 OF THE COMPANIES ACT, 2017

The Company shall be conducting transactions with its related parties during the year ending 30th June 2024 on an arm's length basis as per the approved policy with respect to 'transactions with related parties' in the normal course of business. Being the directors of the Company, many Directors may be deemed to be treated as interested in transactions with related parties due to their common directorships and/or shareholding. In order to promote good corporate governance and transparent business practices, the shareholders desire to authorize the Board of Directors to approve transactions with the related parties from time-to-time on case to case basis, including transactions (if executed) triggering approval of shareholders u/s 207 and / or 208 of the Companies Act, 2017, for the year ending 30th June 2024, which transactions shall be deemed to be approved by the Shareholders. The nature and scope of such related party transactions is explained above. These transactions shall be placed before the shareholders in the next Annual General Meeting for their formal approval/ratification. The Directors are interested in the resolution only to the extent of their shareholding and / or common directorships in such related parties.

Agenda No.5

To circulate the Annual Balance Sheet and Profit and Loss Accounts, Auditor's Report and Directors' Report, etc. ("Annual Audited Financial Statements") to its members through QR enabled code and weblink:

The approval of the shareholder to circulate the Annual Audited Financial Statements to its members through QR enabled code and weblink as required u/section 223 (7) of Companies Act and subsequently advised by SECP through its Notification S.R.O. 389 (1)/ 2023 dated March 21, 2023 is to be obtained.

REVIEW REPORT BY THE CHAIRMAN

During the year under review, the Board of Directors (the Board) of Safe Mix Concrete Limited (SMCPL) has performed their duties diligently in upholding the best interest of the shareholders of the Company and has managed the affairs of the Company in an effective and efficient manner.

The Board has exercised its powers and has performed its duties as stated in the Companies Act, 2017 (“Act”), the Code of Corporate Governance Regulation, 2019 (“Code”), and the Rule Book of the Pakistan Stock Exchange (the Rule Book) where the Company is listed.

The Board during the year ended 30th June 2022 played an effective role in managing the affairs of the Company and achieving its objectives in the following manner;

- The Board has ensured that the Board and its committees have an adequate representation of non-executive and independent directors, as required by the Code, and that members of the Board and its respective committees have the requisite skill, experience, and knowledge required to manage the Company’s affairs;
- The Board has placed an Audit Committee and a Human Resource and Remuneration Committee, approved their terms of references, and allocated adequate resources to ensure that the committees carry out their duties diligently in accordance with the Act and the Code;
- The Board has developed and put in place the rigorous mechanism for an annual evaluation of its own performances as well as the performance of its committees and individual directors on an annual basis. The findings of the annual evaluation are assessed and re-evaluated by the Board periodically;
- The Board has ensured that the directors are provided with orientation courses to enable them to perform their duties in an effective manner;
- The Board has ensured that all meetings of the Board and its committees were held with the requisite quorum, all decisions were made through Board resolution, and that all meetings (including committees) were appropriately recorded and maintained, in compliance with the requirement of the Act and the Code;
- The Board of Directors has established a code of conduct that outlines the professional standards and corporate principles to which the Company adheres, as well as essential policies for the smooth operation of the Company;
- The Board has actively participated in the strategic planning process, enterprise risk management system, policy formulation, and the financial structure, monitoring, and approval;
- All significant issues were submitted to the Board or its committees during the year in order to strengthen and formalize corporate decision-making, and particularly all related party transactions executed by the Company were approved by the Board on the recommendation of the Audit Committee;

- The Board has ensured that an effective internal control system is in place and that it is continuously assessed through a self-assessment mechanism supported by internal audit activities;
- The Board has prepared and approved the director's report and has ensured that it is published with the Company's quarterly and annual financial statements and that the content of the director's report is in accordance with the requirement of the Act, the Code, and related guidelines;
- The Board has ensured the hiring, evaluation, and compensation of the Chief Executive and other key executives including the Chief Financial Officer, Company Secretary, and Head of Internal Audit;
- The Board has ensured that adequate information is shared among its members in a timely manner and that members are kept up to date on events between meetings; and
- The Board has exercised its powers in light of the power assigned to the Board in accordance with the Act, the Code, and related guidelines applicable to the Company, and the Board has always prioritized Compliance with all the applicable laws and regulations in terms of their conduct as directors and exercising their powers and decision making.

The evaluation of the Board's performance is assessed based on those key areas where the Board requires clarity in order to provide high-level oversight, including the strategic process; key business drivers and performing milestones, the global economic environment, and the competitive context in which the Company operates; the risk faced by the Company's business; Board dynamics; capability and information flows. Based on the aforementioned, it can reasonably be stated that the Board of SMCPL has played a key role in ensuring that the Company objectives are achieved through a joint effort with the management team and guidance and oversight by the Board and its members.



Chairman
Syed Najmudduja Jafri
15 September 2023

DIRECTORS' REPORT

On the behalf of the Board of Directors of the Company, we are pleased to present herewith the Director's Report along with the annual audited financial statement for the year ended June 30, 2023, together with auditors' report thereon.

Overview

The Company's performance in the Financial Year 22-23 has been remarkable, highlighted by its achievement of the highest Profit After Tax ever recorded, reaching a total of PKR 133.37 million. This achievement corresponds to an Earnings Per Share (EPS) of Rs. 5.33 per share. Notably, the company has effectively turned unappropriated losses into profits.

In the reviewed period, the Company achieved a sales figure of PKR 1,432.03 million, displaying significant growth compared to the corresponding year's PKR 529.72 million. The cost of sales for the year amounted to PKR 1,110.76 million, from PKR 416.16 million in the corresponding year. This led to a gross profit of PKR 321.28 million for the year, compared to the previous year's gross profit of PKR 113.56 million, showcasing a positive variance of PKR 207.72 million compared to the prior year.

In terms of expenses, the Company incurred administrative and selling expenses of PKR 47.65 million during the year. Additionally, finance costs for the year amounted to PKR 40.874 million, while the Company earned other income totaling PKR 9.56 million over the same period

Operating Results

Year Ended June 30

2023 2022

-----Rupees-----

Sales	1,432,034,758	529,722,048
Cost of Sales	(1,110,758,758)	(416,164,447)
Gross Profit	321,276,000	113,557,601
Administrative & Selling expenses	(47,646,396)	(30,306,596)
Operating Profit	273,629,604	83,251,005
Other Expenses	(35,340,012)	(5,949,085)
Finance Cost	(40,873,518)	(18,049,631)
Other Income	9,556,857	12,070,666
Profit / (Loss) before taxation	206,972,931	71,322,955
Taxation	(73,602,474)	(24,866,606)
Profit after taxation	133,370,457	46,456,349
EPS – Basic and diluted	5.33	1.86

Outlook

Pakistan is currently grappling with unparalleled economic difficulties. The continuous presence of elevated inflation rates, accompanied by exceptionally high interest rates, and the depletion of foreign exchange reserves, have had a negative effect on the country's economic expansion. The Pakistani Rupee has already experienced significant depreciation and may encounter additional challenges ahead. It is anticipated that inflation will eventually begin to subside, potentially leading to a decrease in interest rates.

Corporate and Financial Reporting Framework

SMCL is listed at the Pakistan Stock Exchange. The Company's Board is dedicated to adhering to the principles of the Code of Corporate Governance. They possess a clear understanding of their obligations to oversee operations and performance, as well as to improve the precision, comprehensiveness, and transparency of both financial and non-financial data. The Board of the Company is committed to observe the Code of Corporate Governance and are familiar with their responsibilities to monitor operations and performance, enhance accuracy, comprehensiveness, and transparency of financial and non-financial information

The Board would like to state that proper books of accounts of SMCL have been maintained and appropriate accounting policies have been adopted and consistently applied in preparation of the financial statements; and accounting estimates are based on reasonable and prudent judgment. International Financial Reporting Standards, as applicable in Pakistan, are followed in the preparation of the financial statements. The system of internal controls is sound in design and has been effectively implemented and monitored. The financial statements of SMCL present fairly its state of affairs, the result of its operations, cash flows and statement of changes in equity. No material payment has remained outstanding on account of any taxes, duties, levies or charges.

In compliance with the Code, the Board hereby reaffirm that there is no doubt about SMCL's ability to continue as a going concern and that there has been no material departure from the best practices of corporate governance except for disclosed in Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations 2019.

SMCL has consistently strived to achieve excellence by upholding superior standards of Corporate Governance and implementing fair and transparent protocols.

Trading in Company's Shares

During the year ended June 30, 2023, the directors, executives and their spouses and minor children have not traded in the shares of the Company except as disclosed under Annexure I. The threshold set by the Directors, for disclosure of the term "executive", in annual report constitutes employee whose annual basic salary exceeds Rs. 1.2 million in a year.

Directors' Attendance at Board and its Committee Meeting

During the year ended 30 June 2023, four (04) Board Meetings. Four (04) Audit Committee Meetings and One (1) Human Resource & Remuneration Committee Meeting were held. Attendance by director were as follows.

Name of Director	Board Meeting	Audit Committee	HR & R Committee
Syed Najmudduja Jaffri	4/4	3/4	1/1
Abdus Samad Habib	4/4	4/4*	N/A
Ahsan Anis	4/4	4/4	N/A
Kashif Habib	4/4	4/4	1/1
Qadir Sultan	4/4	4/4	N/A
Anna Samad	4/4	N/A	N/A
Muhammad Siddiq Khokhar	4/4	N/A	1/1

- Mr. Samad Habib attended Audit Committee Meeting by invitation.

Directors' Remuneration

The Non- Executive Directors (including independent directors) but excluding those directors who are concurrently serving as Executive Directors in any of the Arif Habib Group of Companies are provided a remuneration for attending Board and its Committee Meetings as may be approved by the board from time to time.

Further as and when board decides to assign any additional roles and responsibilities to any non-executive directors, the board shall decide the remuneration to be provided to such director which commensurate with the roles and responsibilities so assigned.

Composition of the Board

The current composition of the board is as follows: -

Total Number of Directors:

- (a) Male: 6
- (b) Female: 1

Composition:

- (a) Independent Director: 2
- (b) Non-Executive Director: 3
- (c) Executive Director: 2

Committees of the Board:

Audit Committee

Mr. Qadir Sultan
Mr. Kashif Habib
Mr. Ahsan Anis

Chairman
Member
Member

Human Resource & Remuneration Committee

Mr. Muhammad Siddiq Khokhar
Mr. Syed Najmudduja Jaffri
Mr. Kashif Habib

Chairman
Member
Member

Internal Control

The Company has established a robust Internal Financial Control system to protect its assets and guarantee the precision and dependability of its records. The senior management scrutinizes the Company's financial performance using comprehensive monthly financial reports and analyses. Concurrently, the Board conducts its own assessment every quarter, investigating any deviations from projected outcomes. Thorough assessments are also conducted by the internal audit function, which evaluates compliance with internal control measures and prescribed procedures, subsequently presenting its findings to the Audit Committee or the Board.

Auditors

The board of director have recommended appointment of M/s Rehman Sarfaraz Rahim Iqbal Rafiq & Co Chartered Accountants as external auditors for the year ending June 30, 2024 to the General Meeting.

Pattern of Shareholding

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

Information to Stakeholders

Key Operating and financial data of previous years has been summarized and presented at Page No. __

Related Party Transaction

All transactions with related parties have been executed in accordance with applicable regulations and have been disclosed in the financial statements under relevant notes.

Investment in Retirement Benefits

The company operates an approved funded gratuity scheme for all its eligible employees who have completed their minimum qualifying period of service with the company.

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: September 15, 2023



Abdus Samad Habib
Chief Executive Officer



Syed Najmudduja Jaffri
Chairman

ANNEXURE I

Statement Showing Shares Bought and Sold by Director and CEO
From July 01, 2022 to June 30, 2023

Name of Director	Designation	Shares Bought	Shares Sold	Remarks
Mr.Qadir Sultan	Director	2,016	-	-
Mr. Samad Habib	Director/CEO	1,918,000	-	-



KEY OPERATIONAL & FINANCIAL DATA



	2023	2022	2021	2020	2019	2018	2017	2016	2015
	----- (Rupees) -----								
Revenue	1,432,034,758	529,722,048	221,232,490	409,447,827	879,312,072	590,070,371	197,858,437	304,467,342	690,183,505
Cost of sales	1,110,758,758	416,164,447	203,600,861	422,447,307	865,539,147	551,690,674	190,969,639	281,687,468	629,516,153
Gross Profit / (Loss)	321,276,000	113,557,601	17,631,629	(12,999,480)	13,772,925	38,379,697	6,888,798	22,779,874	60,667,352
Selling and administrative expenses	47,646,396	30,306,596	16,176,225	47,139,072	50,061,388	33,581,397	28,467,849	25,056,498	30,395,343
Finance cost	40,873,518	18,049,631	9,600,672	12,952,981	13,924,828	11,278,697	9,524,898	6,721,723	7,620,577
Profit / (Loss) before tax	206,972,931	71,322,955	(1,384,363)	(110,022,623)	(39,152,575)	4,420,639	(19,756,611)	(54,897,677)	29,020,218
Profit / (Loss) after tax	133,370,457	46,456,349	6,566,728	(98,777,041)	(29,771,054)	2,415,373	(16,767,581)	(37,250,757)	21,648,586
Paid up Capital	250,000,000	250,000,000	250,000,000	250,000,000	250,000,000	250,000,000	250,000,000	250,000,000	250,000,000
Total Assets	744,983,048	705,959,292	520,829,314	490,062,787	608,474,409	753,508,449	503,902,449	453,987,266	458,307,524
Total Liabilities	470,688,386	476,758,029	337,958,149	312,706,753	420,325,976	512,452,055	265,208,239	197,546,247	160,180,512

PATTERN OF SHAREHOLDING

As on 30/06/2023

No.of shareholders	<--Having Shares-->		Shares held	Percentage
	From	To		
			-----Rupees-----	
160	1	100	2085	0.0083
204	101	500	98390	0.3936
84	501	1000	81910	0.3276
135	1001	5000	393763	1.5751
31	5001	10000	251713	1.0069
4	10001	15000	53000	0.2120
11	15001	20000	196485	0.7859
9	20001	25000	213500	0.8540
4	25001	30000	113500	0.4540
2	30001	35000	66000	0.2640
3	45001	50000	150000	0.6000
1	50001	55000	55000	0.2200
2	55001	60000	117500	0.4700
1	70001	75000	75000	0.3000
1	80001	85000	84500	0.3380
1	85001	90000	90000	0.3600
1	100001	105000	105000	0.4200
1	105001	110000	110000	0.4400
2	115001	120000	235500	0.9420
2	155001	160000	313000	1.2520
1	190001	195000	195000	0.7800
1	220001	225000	225000	0.9000
1	230001	235000	233000	0.9320
1	560001	565000	562282	2.2491
1	1145001	1150000	1146042	4.5842
1	5170001	5175000	5172500	20.6900
1	5695001	5700000	5699328	22.7973
1	8960001	8965000	8961002	35.8440
667		Company Total	25000000	100.0000



CATEGORY OF SHAREHOLDERS

As on 30/06/2023

Particulrs	No of Folio	Balance Share	Percentage
DIRECTORS, CEO & CHILDREN	3	6000	0.0240
BANKS, DFI & NBF	1	562282	2.2491
GENERAL PUBLIC (LOCAL)	637	18163514	72.6541
GENERAL PUBLIC (FOREIGN)	16	229125	0.9165
OTHERS	10	6039079	24.1563
Company Total	667	25000000	100.0000

LIST OF SHAREHOLDERS

HOLDING 5% AND ABOVE SHARES

As on 30/06/2023

Name	No.of Shares	Percentage
ABDUS SAMAD	8,961,002	35.84%
ARIF HABIB LIMITED	5,699,328	22.80%
ARIF HABIB	5,172,500	28.17%
TOTAL	19,832,830	86.81%

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019.

Name of Company Safe Mix Concrete Limited

Year ended 30 June 2023

The Company has complied with the requirements of the Listed Companies (Code of Corporate Governance Regulations, 2019 (the Regulation) in the following manner:

1. The total number of directors are 07 (seven) as per the following:
 - a. Male: 6 members
 - b. Female: 1 members
2. The composition of the Board is as follows:

Category	Name
Independent Director	Mr. Qadir Sultan, Mr. Muhammad Siddiq Khokhar,
Executive Director	Mr. Samad A. Habib
Non-Executive Directors	Mr. Ahsan Anis Syed Najmudduja Jaffri Mr. Kashif Habib
Female Director	Ms. Anna Samad (Non-Executive Director)

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. The Board has ensured that complete record of particulars of significant policies along with the date of approval or updating has been maintained by the Company.
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 Companies Act 2017 ("Act") and these Regulations.

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board has complied with the requirements of the Companies Act, 2017 and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. 3 out of 7 directors have attended directors training program and the remaining directors shall acquire the required training within ongoing financial year.
10. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations. No new appointments were made during the year.
11. The Chief Financial Officer and Chief Executive Officer 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 Directors
Audit Committee	Mr. Abdul Qadir - Chairman Mr. Kashif Habib - Member Mr. Ahsan Anis - Member
HR and Remuneration Committee	Mr. Muhammad Siddiq Khokhar - Chairman Mr. Kashif Habib - Member Mr. Syed Najmudduja Jaffri- Member

13. The terms of reference of the aforesaid Committees have been formed, documented and advised to the Committees for compliance.
14. The frequency of meetings of the Committees were as per following:

Name of Committee	Frequency of Meeting
Audit Committee	4 meetings were held during the year. The meetings of the Audit Committee are held on a quarterly basis.
HR and Remuneration Committee	1 meeting were held during the year.

15. The Board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and are 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 and all their partners are in compliance with International Federation

of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company.

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 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 regulation 3,6,7,8,27,32,33 and 36 is below:

Regulation	Compliance Requirement	Explanation
06	A company shall have at least two or one third members of the board, whichever is higher, as independent director. Further, it requires a listed company to explain the reasons, in its statement of compliance, if any fraction contained in such one third numbers is not rounded up as one.	During the year ended 30 June 2022 the two independent directors on the board had requisite competencies skills knowledge and experience to discharge and execute their duties competently as per laws and regulations therefore the appointment of a third independent director is not considered.
24	An individual shall not simultaneously hold the position of Company secretary and Chief Financial Officer.	The Board is of the opinion the person is suitably qualified and professionally capable to act and fulfill the duties and responsibilities of both the roles simultaneously. In addition, it is a cost effective measure and it is in the best interest of Company & the shareholders.

For and behalf of the Board.



Syed Najmudduja Jaffri
Chairman

Date: September 1,2023





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FINANCIAL STATEMENT

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of M/s. Safe Mix Concrete Limited

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, 2023 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. 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.

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, 2023.

Further, we highlight below the instances of non-compliance made by the Company with certain requirements of the Code as stated in paragraphs 19 of the Statement of Compliance:

S. No.	Nature of the Requirement	Paragraph No.	Description of the Non-Compliance
(1)	Explanation for non-compliance is required	19	As per Regulation no. 06 of the Regulations, a listed company shall have at least two or one-third members of the Board, whichever is higher, as independent directors. Further, it requires a listed company to explain the reasons, in its Statement of Compliance, if any fraction contained in such one-third numbers is not rounded up as one. Since the total number of directors of the Company is 7, its one-third fraction comes to 2.33. In contrast, during the year ended June 30, 2023, the number of independent directors of the Company has been 2 (as stated in S. no. 19 of the Statement of Compliance). The Company is of the view that the two independent directors on the board had requisite competencies, skills knowledge and experience to discharge and execute their duties competently as per laws and regulations therefore the appointment of a third independent director is not considered.

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S. No.	Nature of the Requirement	Paragraph No.	Description of the Non-Compliance
(2)	Explanation for non-compliance is required	19	As per Regulation no. 24 of the Regulations, the same person shall not simultaneously hold office of chief financial officer and the company secretary of a listed company. The Company has appointed same person as chief executive office and company secretary (as stated in S. no. 19 of the Statement of Compliance). It was explained that the Board is of the opinion that the person is suitably qualified and professionally capable to act and fulfill the duties and responsibilities of both the roles simultaneously. It is further explained that it is a cost-effective measure and it is in the best interest of the Company and the shareholders.

Karachi.
Date: September 16, 2023
UDIN: CR2023102139EzshQSIu


Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants



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, 2023**, 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 ('the financial statements'), 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, 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 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, 2023** and of the profit, total comprehensive income, changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the 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.

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Following is the Key audit matter:

S. No	Key audit matter	How the matter was addressed in our audit
1.	<p>Revenue recognition</p> <p>During the year ended June 30, 2023, the Company recognized net revenue of Rs. 1,432 million (2022: Rs. 529.722 million) as disclosed in note 24 and according to the accounting policy described in Note 3.15 to the financial statements.</p> <p>We consider revenue recognition as a key audit matter due to revenue being one of the key performance indicators of the Company and due to the reason that the revenue increased significantly as compared to last year. In addition, revenue also considered as an area of significant audit risk as part of audit procedures.</p>	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none"> ▪ Obtaining an understanding of the process relating to recognition of revenue and testing the design, implementation, and operating effectiveness of key internal controls over recording of revenue. ▪ Comparing a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents. ▪ Comparing a sample of revenue transactions recorded around the year-end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period. ▪ Assessing whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 'Revenue from Contracts with Customers'. ▪ Considering the appropriateness of disclosures in the financial statements

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 the annual report, but does not include the financial statements and our auditor's reports 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.

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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.

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Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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:

- (a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- (b) 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;
- (c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- (d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980). the Company was in compliance with the requirement of section 78 of the Securities Act 2015, and the relevant requirements of Securities Brokers (Licencing and Operations) Regulations, 2016 as at the date on which the unconsolidated financial statements were prepared; and
- (e) the Company was in compliance with the requirement of section 31(5) of the Futures Brokers (Licensing and Operation) Regulation, 2018

The engagement partner on the audit resulting in this independent auditor's report is **Mr. Mohammad Waseem**.


RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Karachi

Date: September 22, 2023
UDIN: AR2023102131ftEIoQcH

STATEMENT OF FINANCIAL POSITION

As at June 30, 2023

ASSETS

Non-current assets

Property, plant and equipment	4	296,802,818	328,930,166
Intangibles	5	203,270	-
Long term deposits		23,500	46,960
Long term advances to employees	6	758,006	1,152,140
Deferred taxation - net	7	49,303,276	76,921,709

Current assets

Stock-in-trade	8	25,495,768	19,805,708
Stores, spares and loose tools		13,462,701	7,790,399
Trade debts	9	330,208,117	184,044,628
Loans and advances	10	3,363,051	46,940,491
Prepayments and other receivables	11	2,701,209	1,510,017
Taxation - net	12	6,229,916	12,342,128
Cash and bank balances	13	16,431,416	26,474,946

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

Issued, subscribed and paid up capital
Capital contribution - Loan from director

Capital reserve
Share premium

Revenue reserve
Accumulated profit / (losses)

Non-current liabilities

Long term financing - secured
Staff retirement benefits

Current liabilities


Short term borrowing - secured
Trade and other payables
Advance from customers
Current maturity of long term financing
Loan from related parties - unsecured
Accrued markup

Contingencies and commitments

Total equity and liabilities

Note	2023	2022
	(Rupees)	
	347,090,870	407,050,975
	397,892,178	298,908,317
	744,983,048	705,959,292
	350,000,000	350,000,000
	250,000,000	250,000,000
	-	87,000,000
	14,728,576	14,728,576
	9,566,086	(122,527,313)
	274,294,662	229,201,263
	92,584,308	100,021,093
	12,611,608	7,664,169
	105,195,916	107,685,262
	-	80,000,000
	217,115,922	109,615,559
	36,022,325	138,851,469
	19,563,955	18,013,522
	87,000,000	18,118,274
	5,790,268	4,473,943
	365,492,470	369,072,767
	-	-
	744,983,048	705,959,292

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


Samad Habib
CEO


Kashif Habib
Director


Vaqas Rafi
CFO

STATEMENT OF PROFIT OR LOSS

For the year ended June 30, 2023

		2023	2022
	Note	(Rupees)	
Revenue - net	24	1,432,034,758	529,722,048
Cost of sales	25	(1,110,758,758)	(416,164,447)
Gross profit		321,276,000	113,557,601
Administrative expenses	26	(45,320,886)	(29,138,878)
Selling and distribution expenses	27	(2,325,510)	(1,167,718)
Operating profit		(47,646,396)	(30,306,596)
		273,629,604	83,251,005
Other expenses	28	(35,340,012)	(5,949,085)
Other income	29	9,556,857	12,070,666
		(25,783,155)	6,121,581
Finance costs	30	(40,873,518)	(18,049,631)
Profit before taxation		206,972,931	71,322,955
Taxation	31	(73,602,474)	(24,866,606)
Profit after taxation		133,370,457	46,456,349
Earning per share - basic and diluted	32	5.33	1.86

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


Samad Habib
 CEO


Kashif Habib
 Director


Vaqas Rafi
 CFO

STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2023

	2023	2022
	(Rupees)	
Profit after taxation	133,370,457	46,456,349
Other comprehensive loss		
<i>Items that will not be reclassified subsequent to profit or loss</i>		
Remeasurements loss on defined benefit liability	(1,798,673)	(177,818)
Tax thereon	521,615	51,567
	(1,277,058)	(126,251)
Total comprehensive income for the year	132,093,399	46,330,098

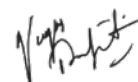
The annexed notes from 1 to 41 form an integral part of these financial statements.



Samad Habib
CEO



Kashif Habib
Director



Vaqas Rafi
CFO

STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2023

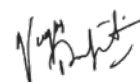
	Issued subscribed and paid-up capital	Loan from related party	Capital reserve	Revenue reserve	Total
			Share premium	Accumulated losses	
(Rupees)					
Balance as at July 01, 2021	250,000,000	87,000,000	14,728,576	(168,857,411)	182,871,165
<i>Total comprehensive income for the year ended June 30, 2022</i>					
- 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
<i>Transferred to short term loan from related parties</i>					
	-	(87,000,000)	-	-	(87,000,000)
<i>Total comprehensive income for the year ended June 30, 2023</i>					
- Profit after taxation	-	-	-	133,370,457	133,370,457
- Other comprehensive loss	-	-	-	(1,277,058)	(1,277,058)
	-	-	-	132,093,399	132,093,399
Balance as at June 30, 2023	250,000,000	-	14,728,576	9,566,086	274,294,662



Samad Habib
CEO



Kashif Habib
Director



Vaqas Rafi
CFO

STATEMENT OF CASH FLOWS

For the year ended June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation

Adjustments for non-cash items:

- Depreciation on property, plant and equipment
- Amortization Expense
- Asset write off
- Provision for expected credit loss
- Provision for staff retirement benefit
- Provision for Workers' Profit Participation Fund
- Long outstanding advances written off
- Gain on final settlement with CDGK
- Profit on saving accounts
- Gain on sale of asset held for sale
- Liabilities written back
- 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
- Loans and advances
- Prepayments and other receivables

Increase / (decrease) in current liabilities

- Trade and others payables
- Advance from customers

Cash generated from operations

- Income tax (paid) / received - net
- Staff retirement benefit paid
- Finance cost paid

Net cash generated from operating activities

CASH FLOWS FROM INVESTING ACTIVITIES

- Capital expenditure incurred
- Proceeds from sale of operating fixed assets
- Intangibles
- Long term advances to employees
- Proceed from sale of advance from setter plant
- Profit on saving accounts received
- Long term deposit recovered

Net cash used in investing activities

CASH FLOWS FROM FINANCING ACTIVITIES

- Net (payment) / receipt from bank against long term 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

	2023	2022
	(Rupees)	
Note		
	206,972,931	71,322,955
4.1.1	28,464,534	15,889,777
5	3,930	-
28	8,770,143	-
28	7,751,776	-
17.2	3,148,766	1,594,801
28	11,321,858	3,863,602
28	7,105,642	2,085,483
29	-	(1,308,758)
29	(1,198,272)	(412,250)
29	-	(200,000)
29	(4,989,958)	-
29	(737,971)	-
30	40,873,518	18,049,631
	100,513,966	39,562,286
	307,486,897	110,885,241
	(5,690,060)	(3,326,617)
	(5,672,302)	(1,562,087)
	(153,915,265)	(48,357,275)
	36,471,798	(32,636,633)
	(1,191,192)	(925,690)
	97,322,263	(90,813,201)
	(102,829,144)	132,261,978
	(135,503,902)	(45,359,525)
	171,982,995	65,525,716
12	(39,350,214)	(8,493,722)
17.1	-	(222,049)
	(35,710,993)	(12,975,505)
	(75,061,207)	(21,691,276)
	96,921,788	43,834,440
4.1	(6,869,358)	(156,031,552)
	2,500,000	-
	(207,200)	-
	394,134	-
	-	1,500,000
	1,198,272	412,250
	23,460	-
	(2,960,692)	(154,119,302)
16.1	(5,886,352)	116,045,720
	-	228,600,000
21.1	(18,118,274)	(243,481,726)
	(24,004,626)	101,163,994
	69,956,470	(9,120,868)
	(53,525,054)	(44,404,186)
33	16,431,416	(53,525,054)

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


Samad Habib
CEO


Kashif Habib
Director


Vaqas Rafi
CFO

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023



1. THE COMPANY AND ITS OPERATIONS

1.1 Legal status and operations

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 Statement of compliance

These financial statement have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprises of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of, and directives issued under, the Companies Act, 2017.

Where the provisions of, and directives issued under, the Companies Act, 2017 differ from the IFRS Standards, the former have been followed.

2.2 Basis of measurement of items in these financial statements.

All the items in these interim financial statements have been measured at their historical cost.

2.3 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pak Rupees which is the Company's functional and presentation currency and has been rounded to the nearest rupee.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023

2.4 Use of estimates and judgments

In preparing these financial statements, management has made judgements and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

(a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Note reference	Area of judgement	Brief description of the judgement applied
3.1	Property, plant and equipment	Whether the consumption of future economic benefits embodied in the Company's fixed assets is reduced over time and, accordingly, whether it is appropriate to use 'diminishing balance method' as the depreciation method.
3.15	Timing of revenue recognition	Whether control of the promised goods is transferred to the customer when the goods are dispatched from the Company's premises.

(b) Assumptions and other major sources of estimation uncertainty

Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note reference	Area of estimation uncertainty	Brief description of the assumption or the source of estimation uncertainty
3.1	Property, plant and equipment	Estimation of useful lives and residual values of the operating fixed assets
3.5	Stores, Spares and loose tools	Estimation of the net realizable value of stores and spares inventory and recognition of the provision for slow-moving items

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023

Note reference	Area of estimation uncertainty	Brief description of the assumption or the source of estimation uncertainty
3.6	Trade debts	Estimation of expected credited losses
3.11	Staff retirement benefits - Defined contribution plan	Estimation used by actuary for the determination of current service cost, interest charge and actuarial gain / loss.
3.12	Deferred taxation	"Recognition of deferred tax asset on unused tax losses and unused tax credits - availability of future taxable profit against which deductible temporary differences and unused tax losses and unused tax credits can be utilised."

2.5 New accounting pronouncements

2.5.1 *New and amended standards and interpretations mandatory for the first time for the financial year beginning July 01, 2022:*

(a) IAS 37 - Onerous contracts

**Effective date:
January 01, 2022**

Under IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', a contract is 'onerous' when the unavoidable costs of meeting the contractual obligations - i.e. the lower of the costs of fulfilling the contract and the costs of terminating it - outweigh the economic benefits. The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs - e.g. direct labour and materials; and an allocation of other direct costs - e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.

(b) IAS 16 - Proceeds before an asset's intended use

**Effective date:
January 01, 2022**

Amendment to IAS 16 'Property, Plant and Equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. The amendments apply retrospectively, but only to items of PPE made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on July 01, 2022 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023

2.5.2 *New / revised accounting standards, amendments to published accounting standards and interpretations that are not yet effective*

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on July 01, 2022 and have not been early adopted by the Company:

(a) IAS 1 – Disclosure of accounting policies

**Effective date:
January 01, 2023**

Amendments to IAS 1, 'Presentation of Financial Statements' includes requiring companies to disclose their material accounting policies rather than their significant accounting policies, clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed and also clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

(b) IAS 8 – Definition of accounting estimates

**Effective date:
January 01, 2023**

The International Accounting Standards Board (the Board) has issued these amendments to end diversity in treatment of accounting estimates and clarified how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. Developing an accounting estimate includes both selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 Financial Instruments; and – choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The effects of changes in such inputs or measurement techniques are changes in accounting estimates.

(c) IAS 12 – Deferred tax

**Effective date:
January 01, 2023**

The amendments narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023



(d) IAS 1 - Classification of liabilities as current or non current

**Effective date:
January 01, 2024**

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of this amendments, the requirement for a right to be unconditional has been removed and instead, the amendments requires that a right to defer settlement must have substance and exist at the end of the reporting period. This right may be subject to a company complying with conditions (covenants) specified in a loan arrangement. At October 31, 2022, after reconsidering certain aspects of the amendments, the IASB reconfirmed that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.

(e) IFRS 16 - Sale and leaseback transaction

**Effective date:
January 01, 2024**

Amendments impact how a seller-lessee accounts for variable lease payments that arise in a sale-and-leaseback transaction. On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains. The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale-and-leaseback transactions entered.

There are number of other standards, amendments and interpretations to the approved accounting standards that are not yet effective and are also not relevant to the Company and therefore, have not been presented here.

Other than the aforesaid amendments, the IASB has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 - First Time Adoption of Financial Reporting Standards
- IFRS 17 - Insurance Contracts

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

3.1 Property, plant and equipment

Operating fixed assets

Operating assets are stated at cost less accumulated depreciation and impairment losses, if any.

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.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the year in which the asset is derecognized.

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. The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date. 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.

Capital work in progress

Capital work in progress is stated at cost less accumulated impairment losses, if any. All expenditures connected to the specific assets incurred during installation and construction period are carried under capital work in progress. These are transferred to operating fixed assets as and when the assets become available for use.

3.2 Intangible assets - Computer software

These are stated at cost less accumulated amortization and impairment losses, if any. Amortization is computed using the straight-line method over asset's estimated

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023



useful life at the rates stated in relevant note.

Amortization is charged from the date the assets are put to use while no amortization is charged after the date when the assets are disposed off.

Gain and losses on disposal of such assets, if any, are included in the statement of profit or loss.

3.3 Right-of-use assets and the related lease liability

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

A - Leases other than short-term leases and leases of low-value assets

(a) Right-of-use assets

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.

If ownership of the leased asset transfers 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.

The right-of-use assets are also subject to impairment.

(b) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023

payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

B - Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to those leases where the nature of the underlying asset is such that, when new, the asset is typically of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

3.4 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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023

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.

3.5 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 except for stores, spares and loose tools which are valued at first in first out (FIFO) method. Cost includes applicable purchase cost plus other directly attributable charges incurred thereon.

Provisions are made in the financial statements for obsolete and slow moving items based on the management's best estimate regarding their future usability.

3.6 Trade debts

Trade debts are carried at cost, which is the fair value of the consideration to be received, less provision for expected credit loss. Provision for expected credit loss are estimated on the basis of review of outstanding amounts at the year end. Bad debts are written off when identified.

3.7 Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Company's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

3.8 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose of the statement of cash flows, cash and cash equivalents comprise cash in hand, bank balances and short term borrowings from banks which are repayable on demand and form an integral part of the Company's cash management.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023

3.8.1 Financial assets

3.8.1.1 Initial recognition, classification and measurement

The Company recognizes a financial asset when and only when it becomes a party to the contractual provisions of the instrument evidencing investment. The Company classifies its financial assets into either of following three categories:

- (a) financial assets measured at amortized cost:
- (b) fair value through other comprehensive income (FVOCI); and
- (c) fair value through profit or loss (FVTPL).

(a) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if 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.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

(b) Financial assets at FVOCI

A financial asset is classified as at fair value through other comprehensive income when 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.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

(c) Financial assets at FVTPL

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income, as aforesaid. However, for an investment in equity instrument which is not held for trading, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the investment.

Such financial assets are initially measured at fair value.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023

3.8.1.2 Subsequent measurement

(a) Financial assets measured at amortized cost

These assets are subsequently measured at amortized cost (determined using the effective interest method) less accumulated impairment losses.

Interest / markup income, foreign exchange gains and losses and impairment losses arising from such financial assets are recognized in the statement of profit or loss.

(b) Financial assets at FVOCI

These are subsequently measured at fair value less accumulated impairment losses.

A gain or loss on a financial asset measured at fair value through other comprehensive income is recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognised or reclassified. When the financial asset is derecognised the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Interest is calculated using the effective interest method and is recognised in profit or loss.

(c) Financial assets at FVTPL

These assets are subsequently measured at fair value.

Net gains or losses arising from remeasurement of such financial assets as well as any interest income accruing thereon are recognized in the statement of profit or loss. However, for an investment in equity instrument which is not held for trading and for which the Company has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the investment, such gains or losses are recognized in other comprehensive income. Further, when such investment is disposed off, the cumulative gain or loss previously recognised in other comprehensive income is not reclassified from equity to profit or loss.

3.8.1.3 Impairment

The Company recognises a loss allowance for expected credit losses in respect of financial assets measured at amortised cost.

For trade debts, the Company applies the IFRS 9 'Simplified Approach' to measuring expected credit losses which uses a lifetime expected loss allowance.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023

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.

3.8.1.4 De-recognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

The Company directly reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

3.9 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 derecognized when the contractual obligations are discharged or cancelled or have expired or when the financial liability's cash flows have been substantially modified.

3.10 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle liability simultaneously.

3.11 Staff retirement benefits – Defined contribution plan

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023

3.12 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 tax

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 point five 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. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

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.

3.13 Provisions and contingent liabilities

Provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are not recognised for future operating losses.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognised provision is recognised in the statement of profit or loss unless the provision was originally recognised as part of cost of an asset.

Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

3.14 Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

To the extent that the Company borrows funds specifically for the purpose of obtaining a qualifying asset, the Company determines the amount of borrowing costs eligible for capitalisation as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023



To the extent that the Company borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the Company determines the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to all borrowings of the Company that are outstanding during the period. However, the Company excludes from this calculation borrowing costs applicable to borrowings made specifically for the purpose of obtaining a qualifying asset until substantially all the activities necessary to prepare that asset for its intended use or sale are complete. The amount of borrowing costs that the Company capitalises during a period does not exceed the amount of borrowing costs it incurs during that period.

The Company begins capitalising borrowing costs as part of the cost of a qualifying asset on the 'commencement date' which is the date when the Company first meets all of the following conditions: (a) it incurs expenditures for the asset; (b) it incurs borrowing costs; and (c) it undertakes activities that are necessary to prepare the asset for its intended use or sale.

The Company suspends capitalisation of borrowing costs during extended periods in which it suspends active development of a qualifying asset.

The Company ceases capitalising borrowing costs when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

3.15 Revenue

Revenue from sale of goods is recognized when the customer obtains control of the goods, being when the goods are delivered to the customer and approved by the customer at the project site.

3.16 Other income

Return on bank deposits is recognized on a time proportion basis on the principal amount outstanding and at the rate applicable.

Gain / (loss) on sale of fixed assets is recorded when title is transferred in favour of transferee.

3.17 Dividend distribution

Dividend distribution is recognised as a liability in the period in which the dividends are approved by the Company's shareholders.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023

4. PROPERTY, PLANT AND EQUIPMENT

	2023	2022
	(Rupees)	
Operating fixed assets	296,802,818	328,930,166
Capital work in progress	-	-
	296,802,818	328,930,166

4.1 Operating fixed assets

	Building	Plant and Machinery	Furniture and fixture	Computers	Electrical equipment	Office equipment	Vehicles	Total
Rupees								
As at July 01, 2021								
Cost	15,280,645	242,390,107	1,018,113	1,885,290	757,847	4,689,385	4,999,318	271,020,705
Accumulated depreciation	(2,961,832)	(76,780,923)	(527,002)	(1,729,970)	(515,137)	(1,873,282)	(2,109,235)	(86,497,381)
Net book value	12,318,813	165,609,184	491,110	155,320	242,710	2,816,103	2,890,083	184,523,323
Movement during the year ended June 30, 2022								
Opening net book value	12,318,813	165,609,184	491,110	155,320	242,710	2,816,103	2,890,083	184,523,323
Additions / transfer								
- Additions	2,967,835	151,735,807	3,030	186,000	-	73,150	-	154,965,822
- Transfer	-	4,536,237	-	-	-	-	794,560	5,330,797
	2,967,835	156,272,044	3,030	186,000	-	73,150	794,560	160,296,619
Depreciation for the year	(615,941)	(12,990,014)	(49,111)	(70,957)	(24,271)	(236,596)	(1,902,887)	(15,889,777)
Closing net book value	14,670,707	308,891,214	445,030	270,363	218,439	2,652,657	1,781,756	328,930,166
As at June 30, 2022								
Cost	18,248,480	398,662,151	1,021,143	2,071,290	757,847	4,762,535	5,793,878	431,317,324
Accumulated depreciation	(3,577,773)	(89,770,937)	(576,113)	(1,800,927)	(539,408)	(2,109,878)	(4,012,122)	(102,387,158)
Net book value	14,670,707	308,891,214	445,030	270,363	218,439	2,652,657	1,781,756	328,930,166
Movement during the year ended June 30, 2023								
Opening net book value	14,670,707	308,891,214	445,030	270,363	218,439	2,652,657	1,781,756	328,930,166
Additions / transfer								
- Additions	879,630	1,010,000	210,000	365,170	-	67,600	3,297,748	5,830,148
- Transfer	1,039,210	-	-	-	-	-	-	1,039,210
	1,918,840	1,010,000	210,000	365,170	-	67,600	3,297,748	6,869,358
Disposals:								
- Cost	-	-	-	-	-	-	(2,513,798)	(2,513,798)
- Accumulated depreciation	-	-	-	-	-	-	751,769	751,769
	-	-	-	-	-	-	(1,762,029)	(1,762,029)
Assets written off during the year:								
- Cost	(10,451,442)	(5,592,023)	(216,478)	(564,431)	(249,271)	(430,743)	-	(17,504,388)
- Accumulated depreciation	3,367,803	4,250,969	120,746	519,820	189,532	285,375	-	8,734,245
	(7,083,639)	(1,341,054)	(95,732)	(44,611)	(59,739)	(145,368)	-	(8,770,143)
Depreciation for the year	(537,419)	(26,493,236)	(47,643)	(125,281)	(19,710)	(262,430)	(978,815)	(28,464,534)
Closing net book value	8,968,489	282,066,924	511,655	465,641	138,990	2,312,459	2,338,660	296,802,818
As at June 30, 2023								
Cost	9,715,878	394,080,128	1,014,665	1,872,029	508,576	4,399,392	6,577,828	418,168,496
Accumulated depreciation	(747,389)	(112,013,204)	(503,010)	(1,406,388)	(369,586)	(2,086,933)	(4,239,168)	(121,365,678)
Net book value	8,968,489	282,066,924	511,655	465,641	138,990	2,312,459	2,338,660	296,802,818
Annual rates of depreciation	5%	10% & units of production / transported	10%	30%	10%	10%	20%	

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023



4.1.1 Depreciation charge for the year has been allocated as follows:

		2023	2022
	Note	(Rupees)	
Cost of sales	25	26,934,587	14,747,687
Administrative expenses	26	1,529,947	1,142,090
		<u>28,464,534</u>	<u>15,889,777</u>

4.2 Capital work in progress

Opening balance		-	2,570,507
Additions during the year		1,039,210	1,065,730
Transferred to operating fixed assets		(1,039,210)	(3,636,237)
Closing balance		-	-

5. INTANGIBLE ASSETS - Computer software

Opening net book value		-	-
Addition during the year		207,200	-
Amortization for the year		(3,930)	-
Closing net book values	5.1	<u>203,270</u>	<u>-</u>

5.1 Breakup of book value

Cost		207,200	-
Accumulated amortization		(3,930)	-
Net book value		<u>203,270</u>	<u>-</u>

Annual rates of amortisation

10%	10%
-----	-----

6. LONG TERM ADVANCES TO EMPLOYEES

These represent the amounts provided to employees in accordance with the terms of employment and Company's policy to facilitate employees to obtain motor vehicles on diminishing musharka. These are secured against the balance held in gratuity account.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023

7. DEFERRED TAXATION - net

	2023	2022
Note	(Rupees)	
<i>Taxable temporary differences:</i>		
- Accelerated depreciation	(38,989,125)	(39,803,610)
<i>Deductible temporary differences:</i>		
- Unabsorbed losses and tax depreciation	7,914,055	45,566,136
- Minimum tax	26,741,250	32,503,267
- Alternate corporate tax	11,298,408	-
- Provision against ECL	38,681,322	36,433,307
- Provision for gratuity - net	3,657,366	2,222,609
	88,292,401	116,725,319
	49,303,276	76,921,709

8. STOCK IN TRADE

8.1 Disaggregation by material type

Cement	-	3,245,209
Fly ash	455,898	293,706
Sand	8,449,438	6,095,078
Crush	9,693,222	8,866,207
Chemical	6,897,210	1,305,508
	25,495,768	19,805,708

9. TRADE DEBTS

Total trade debt outstanding	9.1	463,591,985	309,676,720
Less : provision for expected credit loss	9.2	(133,383,868)	(125,632,092)
		330,208,117	184,044,628

9.1 This include amount receivable from related parties against sale made during the year. Their balances as at reporting date and maximum aggregate balance during the year (with respect to year end balances) are stated below:

	Balance as at June 30,		Maximum aggregate balance (w.r.t to year end balance)	
	2023	2022	2023	2022
	(Rupees)			
Globe Residency RIET	196,193,785	72,525,880	224,652,298	72,525,880
Rahat Residency REIT	6,860,469	-	15,267,768	-
Silk Islamic Development RIET	70,356	-	1,457,671	-
Signature Residency REIT	2,595,035	-	2,595,035	-
	205,719,645	72,525,880	243,972,772	72,525,880

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023

9.2 Provision for expected credit loss

Balance as at beginning of the year
Charged for the year
Reversal during the year
Balance as at closing of the year

	2023	2022
Note	(Rupees)	
	125,632,092	126,866,786
	7,751,776	-
	-	(1,234,694)
	133,383,868	125,632,092

10. LOANS AND ADVANCES

Advances

- to suppliers
- to staff for purchases

Loans to employees

	2023	2022
10.1	2,085,417	45,413,075
	137,042	-
	2,222,459	45,413,075
10.2	1,140,592	1,527,416
	3,363,051	46,940,491

10.1 These include an advance of nil (2022: 6.89 million) made to M/s. Power Cement Limited, a related party, for procurement of ordinary Portland cement.

10.2 These are interest free loans provided to employees in accordance with the terms of employment and are recovered through deduction from monthly payroll. These are secured against the balance held in gratuity account.

11. PREPAYMENTS AND OTHER RECEIVABLES

Prepayment

Insurance
Other

Other receivables

	2023	2022
Note	(Rupees)	
	2,154,975	1,122,440
	277,710	290,774
	2,432,685	1,413,214
	268,524	96,803
	2,701,209	1,510,017

12. TAXATION - net

Opening balance
Tax deducted / payment made during the year
Refund received during the year

Less : Provision for taxation - current year
Closing balance

	12,342,128	10,329,577
	50,545,409	8,493,722
	(11,195,195)	-
	51,692,342	18,823,299
	(45,462,426)	(6,481,171)
	6,229,916	12,342,128

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023

13. CASH AND BANK BALANCES

		2023	2022
	Note	(Rupees)	
Cash in hand		47,130	6,175
<i>Cash at bank:</i>			
- Balance held in current accounts		393,500	2,541,298
- Balance held in saving accounts	13.1	15,990,786	23,927,473
		16,384,286	26,468,771
		16,431,416	26,474,946

13.1 During the year, average interest rate on saving accounts is 10.26% - 11.72% (2022: 2.75% to 9%).

14. AUTHORIZED, ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2023	2022		2023	2022
---Number of shares---			(Rupees)	
35,000,000	35,000,000	Authorized capital		
		Ordinary shares of Rs.10/- each	350,000,000	350,000,000
		Issued, subscribed and paid up capital		
25,000,000	25,000,000	Ordinary share of each fully Rs. 10 paid in cash	250,000,000	250,000,000

15. LOAN FROM DIRECTOR

		2023	2022
		(Rupees)	
Capital contribution from director	15.1.1	-	87,000,000

15.1 Movement during the year

Opening balance		87,000,000	87,000,000
Transferred to short term loan from related parties	15.1.2 & 21	(87,000,000)	-
Closing balance		-	87,000,000

15.1.1 This was loan received from director, Mr. Abdul Samad, which had been agreed to repay at the discretion of the Company. Therefore the loan had been treated as 'capital contribution' in accordance with Institute of Chartered Accountants of Pakistan (ICAP) Technical Release 32.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023

15.1.2 During the year, it has been agreed between the lender and the Company to repay principal and markup on demand from the lender and markup will be charged at the rate of 3 month KIBOR + 2% with effect from April 01, 2023. Therefore the loan is treated as short term liability and transferred to loan from related party (refer note 21).

16. LONG TERM FINANCING – secured

		2023	2022
	Note	(Rupees)	
- Diminishing Musharka Facility - I	16.1	112,148,263	118,034,615
Less: Current maturity shown under current liabilities		(19,563,955)	(18,013,522)
		92,584,308	100,021,093
16.1 Diminishing Musharka Facility - I			
Opening carrying amount		118,034,615	1,795,856
Add: Facilities received during the year		13,004,800	119,200,900
Less: Installments paid during the year		(18,891,152)	(2,962,141)
		112,148,263	118,034,615
Current maturity shown under current liabilities		92,584,308	18,013,522
Non-current maturity		19,563,955	100,021,093
		112,148,263	118,034,615

16.1.1 The Company entered into a diminishing musharka of Rs. 134.215 million (2022: 121.212 million) for purchase of vehicles and concrete pump with the with the Islamic financial institution . The arrangement carries profit at the rate of 3M KIBOR + 2.50% with monthly rental repayments. The arrangement is for a tenure of five years from the date of disbursement.

The arrangement is secured against the following:

- Vehicles to be registered in the name of Financial institution.
- Personal guarantee of director and sponsor.
- Corporate guarantee of associate company.

17. STAFF RETIREMENT BENEFITS

As disclose in note 3.11, the Company operates an unfunded gratuity scheme for its permanent employees. The latest actuarial valuation of the plan was carried out as at June 30, 2023 by M/s. Actuarial Consultant, using Projected Unit Credit Method .

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023

17.1 Movement in net liability in the statement of financial statement	2023	2022
Note	(Rupees)	
Opening defined benefit obligation	7,664,169	6,113,600
Expense charged to statement of profit or loss	3,148,766	1,594,801
Remeasurement loss recognized in other comprehensive income	1,798,673	177,817
Benefit paid	-	(222,049)
Closing defined benefit obligation	<u>12,611,608</u>	<u>7,664,169</u>
17.2 Expense recognized in the statement of profit or loss		
Current service cost	2,114,103	979,537
Interest cost on defined benefit obligation	1,034,663	615,264
	<u>3,148,766</u>	<u>1,594,801</u>
17.3 Remeasurement loss recognized in other comprehensive income		
Actuarial loss / (profit) on defined benefit obligation due to experience adjustment	<u>1,798,673</u>	<u>177,817</u>
17.4 Charge for the year has been allocated as follows:		
Cost of sales	1,023,559	478,440
Administrative expense	2,125,207	1,116,361
	<u>3,148,766</u>	<u>1,594,801</u>
17.5 Principal assumption used in valuation of gratuity		
Withdrawal rate	Low	Low
Mortality rate	SLIC 2001-2005	SLIC 2001-2005
Valuation discount rate	15.75%	13.50%
Expected rate of increase in salaries	14.75%	12.50%
17.6 Year end sensitivity analysis of defined benefit obligation		
Discount rate + 100 bps	<u>11,379,271</u>	<u>6,821,968</u>
Discount rate - 100 bps	<u>14,018,201</u>	<u>8,642,686</u>
Rate of salary increase + 100 pbs	<u>14,109,315</u>	<u>8,699,267</u>
Rate of salary increase - 100 pbs	<u>11,285,086</u>	<u>6,763,502</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023

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.

17.7 The scheme exposes the Company to the actuarial risks such as:

17.7.1 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.

17.7.2 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.

17.7.3 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.

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

	2023	2022
	(Rupees)	
Less than a year	147,441	105,126
Between 1-2 years	338,600	135,531
Between 2-3 years	254,195	161,535
Between 3-4 years	315,443	189,007
Between 4-5 years	398,228	228,615
Between 6-10 years	6,808,151	4,744,772
11 years and above	<u>369,907,675</u>	<u>207,834,358</u>

18. SHORT TERM BORROWINGS - secured

Istisna financing facility	-	<u>80,000,000</u>
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This was financing facilities under Islamic mode of financing from Islamic bank for working capital requirement of the company, to the extent of Rs. 86 million (June 30, 2022: Rs. 86 million). The facility carries profit rate of 6 month's KIBOR plus 2% (June 30, 2022: 6 month's KIBOR plus 2%). The facilities was valid upto January 31, 2023.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023

The arrangement is secured against the following:

- 1st charge of PKR 160 million over all present and future current assets of the Company registered with SECP;
- 1st charge of PKR 160 million over all present and future fixed assets of the Company registered with SECP;
- Assignment of contractual payments to the extent of PKR. 86.0 million.
- Personal guarantee of directors.

19. TRADE AND OTHER PAYABLES	Note	2023	2022
		(Rupees)	
Trade creditors	19.1	132,050,917	52,116,314
Withholding tax payable		10,715,051	11,481,641
Accrued expenses		12,535,117	15,818,103
Workers' Profit Participation Fund payable	19.2	36,139,703	20,971,645
Workers' Welfare Fund payable	19.3	1,715,311	1,715,311
Sales tax payable		20,636,042	3,992,714
Other payables		3,323,781	3,519,831
		<u>217,115,922</u>	<u>109,615,559</u>

19.1 This includes payable to Power Cement Limited, an associated company, amounting to Rs. 11.969 million (2022: nil).

19.2 Workers' Profit Participation Fund payable

Opening balance		20,971,645	15,471,191
Interest on fund utilized by the Company	30	3,846,200	1,636,852
Charge for the year	28	11,321,858	3,863,602
Closing balance		<u>36,139,703</u>	<u>20,971,645</u>

19.3 The Company based on the advice of its legal counsel understand that the Company does not fall under the definition of industrial establishment as defined under Sindh Worker's Welfare Fund Act 2014 (SWWF). Accordingly, no provision of SWWF is recorded in these financial statements.

20. ADVANCE FROM CUSTOMERS

Advances from customers	Note	2023	2022
		(Rupees)	
	20.1	<u>36,022,325</u>	<u>138,851,469</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023

- 20.1** This include an advance of Rs. 30.035 million (2022: 132.625 million) from M/s. Javedan Corporation Limited, a related party, against sale of concrete.

		2023	2022
	Note	(Rupees)	
21. LOAN FROM RELATED PARTIES - unsecured			
Arif Habib Corporation Limited	21.1	-	18,118,274
Loan from director	15.1.2	87,000,000	-
		87,000,000	<u>18,118,274</u>

21.1 Loan from Arif Habib Corporation Limited

Opening Balance	18,118,274	-
Receipt during the year	-	173,600,000
Repayment during the year	(18,118,274)	(155,481,726)
Closing Balance	-	<u>18,118,274</u>

- 21.1.1** The loan was taken to meet the working capital requirement of the company to the extent of Rs. 150 million. The loan carried markup rate of 3 month's KIBOR plus 1.80%. The outstanding loan repaid during the year.

		2023	2022
	Note	(Rupees)	
22. ACCRUED MARKUP			
Long term financing		567,217	369,803
Short term financing		-	1,943,015
Related party loan	22.1	5,223,051	2,161,125
		5,790,268	<u>4,473,943</u>

22.1 Breakup of related party loan

Arif Habib Corporation Limited	-	2,161,125
Abdus Samad - Director	5,223,051	-
	5,223,051	<u>2,161,125</u>

23. CONTINGENCIES AND COMMITMENTS

23.1 Contingencies

- 23.1.1** Previously reported contingent liabilities that were resolved during the year

The Company had been reporting contingency (refer note no. 23.1.1 of the previous year financial statement) in respect of certain show cause notices issued by FBR relating to tax year 2012 to 2016. No assessment was however made when the Company contested that it was not engaged in sale of goods and was outside the jurisdiction of FBR Lahore. The show cause have become time barred and no

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023

proceeding are in the field since 2018. In view of the above and the opinion of the tax counsel, there is no case pending in the department or elsewhere and the show cause notices issued became time barred. Hence there is no contingency related to that to be disclosed in these financial statements.

23.2 Commitments

There are no material commitments as at June 30, 2023 (2022: nil).

		2023	2022
	Note	(Rupees)	
24. REVENUE- net			
Sale of concrete mix		1,618,199,276	598,585,914
Less : Sindh sale tax		(186,164,518)	(68,863,866)
		<u>1,432,034,758</u>	<u>529,722,048</u>
25. COST OF SALES			
Raw materials and stores consumed	25.1	849,541,270	227,410,042
Fuel and power		117,335,722	80,094,609
Salaries, wages and other benefits	25.2	78,841,551	59,121,065
Repair and maintenance		22,801,508	15,685,858
Equipment hiring charges		4,472,686	15,626,666
Depreciation	4.1.1	26,934,587	14,747,687
Site preparation and sample testing		6,117,142	2,566,475
Fees and subscription	25.3	1,300,000	-
Insurance expense		3,414,292	912,045
		<u>1,110,758,758</u>	<u>416,164,447</u>
25.1 Raw materials and stores consumed			
Opening stock of raw materials and stores		27,596,106	22,707,402
Purchases of raw material and store items		962,169,028	312,677,888
		<u>989,765,134</u>	<u>335,385,290</u>
Closing stock of raw materials		(38,958,469)	(27,596,106)
		<u>950,806,665</u>	<u>307,789,184</u>
Add : Ice and water consumed		7,177,704	1,626,000
Less : Raw material sold during the year		-	(9,803,117)
Less : Diesel consumption transferred to Fuel and power		(108,443,099)	(72,202,025)
		<u>849,541,270</u>	<u>227,410,042</u>
25.2	These include Rs. 1,023,559 (2022: Rs. 478,440) in respect of staff retirement benefits.		
25.3	This represents the fees paid to EHS Management Services (Private) Limited for obtaining certification on maintaining sustainable environment within factory premises.		

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023

26. ADMINISTRATIVE EXPENSES

		2023	2022
	Note	(Rupees)	
Salaries, wages and benefits	26.1	21,404,598	14,831,739
Directors' remuneration		3,232,430	2,370,040
Auditor's remuneration	26.2	2,054,000	1,730,000
Fees and subscription		1,579,618	1,287,520
Repair and maintenance		2,066,490	1,276,653
Rent, rates and taxes	26.3	2,958,348	506,749
Entertainment		2,427,592	1,552,322
Legal and professional		676,500	1,068,750
Insurance		2,886,489	879,544
Printing and stationery		1,158,973	732,658
Depreciation	4.1.1	1,529,947	1,142,090
Amortisation of intangible asset		3,930	-
Postage, telegram and telephone		713,930	454,126
Charity and donation		120,000	-
Miscellaneous expenses		2,508,041	1,306,687
		45,320,886	29,138,878

26.1 These include Rs. 2,125,207 (2022: Rs. 1,116,361) in respect of staff retirement benefits.

26.2 Auditors' remuneration

	2023	2022
	(Rupees)	
Statutory audit and other certifications	1,200,000	1,000,000
Half yearly review	600,000	500,000
Sale tax	144,000	120,000
Out of pocket expenses	110,000	110,000
	2,054,000	1,730,000

26.3 This include rent expense of Rs. 1.8 million (2022: Rs. 0.3 million). On May 09, 2022, Company entered into a rental agreement for acquisition of space located at Nusrat Bhutto Colony. Company assessed the lease term and concluded that the lease arrangement meet the criteria of short tem lease thus the entire amount of lease rentals have been expensed out.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023

27. SELLING AND DISTRIBUTION EXPENSES

	2023	2022
Note	(Rupees)	
Sales Commission	1,019,665	381,128
Travelling and conveyance	1,061,456	735,813
Advertisement and sale promotion	244,389	50,777
	2,325,510	1,167,718

28. OTHER EXPENSES

Workers' Profit Participation Fund	19.2	11,321,858	3,863,602
Long outstanding advances written off		7,105,642	2,085,483
Provision for expected credit loss		7,751,776	-
Asset write off		8,770,143	-
Receivable written off		390,593	-
		35,340,012	5,949,085

29. OTHER INCOME

Liabilities no longer payable written back		-	6,331,708
Recovery of receivable written off		-	1,234,694
Gain on final settlement with CDGK		-	1,308,758
Profit on saving accounts		1,198,272	412,250
Liability written back		4,989,958	-
Gain on sale of fixed assets		737,971	-
Other income		2,630,656	2,783,256
		9,556,857	12,070,666

30. FINANCE COSTS

Mark-up on borrowings	30.1	36,981,377	16,364,798
Interest on worker participation profit fund		3,846,200	1,636,852
Bank charges		45,941	47,981
		40,873,518	18,049,631

30.1 Breakup of markup on borrowings

Long term financing	24,840,934	3,703,409
Short term financing	6,337,534	8,681,991
Related party loan	5,802,909	3,979,398
	36,981,377	16,364,798

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023

31. TAXATION

	2023	2022
Note	(Rupees)	
Current	45,462,426	6,481,171
Deferred	28,140,048	18,385,435
	<u>73,602,474</u>	<u>24,866,606</u>

31.1 Status of income tax assessments

The income tax assessments of the Company are deemed to have been finalized up to, and including, the tax year 2021 (accounting year ended June 30, 2021) based on the returns of income filed by the Company with the concerned taxation authority. As per section 120 of the Income Tax Ordinance, 2001 ('the Ordinance'), a tax return filed by a taxpayer is treated as an assessment order issued by the concerned taxation authority unless the same is selected for re-assessment / audit as per the legal provisions stipulated in the Ordinance.

32. EARNINGS PER SHARE – BASIC AND DILUTED

32.1 Basic earning per share

	2023	2022
Note	(Rupees)	
Profit after taxation	<u>133,370,457</u>	<u>46,456,349</u>
	Number	
Weighted average number of ordinary shares outstanding during the year	<u>25,000,000</u>	<u>25,000,000</u>
	(Rupees)	
Earning per share	<u>5.33</u>	<u>1.86</u>

32.2 Diluted earning per share

There was no diluted effect on the basic earning per share of the Company, since there were no potential ordinary shares in issue as at reporting date

33. CASH AND CASH EQUIVALENTS

	2023	2022
Note	(Rupees)	
Cash and bank balances	16,431,416	26,474,946
Short term borrowings – running musharaka	-	(80,000,000)
	<u>16,431,416</u>	<u>(53,525,054)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023

34. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Particulars	2023			
	Chief Executive	Non-Executive Directors	Executives	Total
	(Rupees)			
Managerial Remuneration	3,163,680	-	6,965,040	10,128,720
Allowances	-	-	9,178,818	9,178,818
Meeting fee	-	80,000	-	80,000
Total	3,163,680	80,000	16,143,858	19,387,538
No. of persons	1	2	4	7

Particulars	2022			
	Chief Executive	Non-Executive Directors	Executives	Total
	(Rupees)			
Managerial Remuneration	2,350,040	-	2,873,022	5,223,062
Allowances	-	-	5,075,076	5,075,076
Meeting fee	-	20,000	-	20,000
Total	2,350,040	20,000	7,948,098	10,318,138
No. of persons	1	2	1	4

35. FINANCIAL INSTRUMENTS

35.1 Financial risk analysis

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

35.1.1 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

A financial asset is regarded as credit impaired as and when it falls under the definition of a 'defaulted' financial asset. For the Company's internal credit management purposes, a financial asset is considered as defaulted when it is past due for 90 days or more.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023

The Company writes off a defaulted financial asset when there remains no reasonable probability of recovering the carrying amount of the asset through available means.

35.1.1.1 Maximum exposure to credit risk

As of the reporting date, the maximum exposure to credit risk was as follows :

		2023	2022
	Note	(Rupees)	
Long term deposits		23,500	46,960
Trade debts	(a)	330,208,117	184,044,628
Loan to employees		1,140,592	1,527,416
Other receivables		268,524	96,803
Bank balances	(b)	16,384,286	26,468,771
		<u>348,025,019</u>	<u>212,184,578</u>

Note (a) - Credit risk exposure on trade debts

To reduce the exposure to credit risk arising from trade debts, the Company has developed its own risk management policies and guidelines whereby each customer is assigned a credit limit and, in the event that the outstanding balance due from the customer exceeds its credit limit, further sales are suspended.

As of the reporting date, the ageing analysis of trade debts was as follows:

Particulars	2023		2022	
	Gross carrying amount	Provision for expected credit losses	Gross carrying amount	Provision for expected credit losses
	(Rupees)			
Not past due	112,571,157	308,774	112,559,314	-
Past due 1 - 60 days	195,312,916	546,650	27,541,005	-
Past due 61 - 365 days	29,275,376	6,095,896	25,192,319	-
More than 365 days	126,432,536	126,432,548	144,384,082	125,632,092
	<u>463,591,985</u>	<u>133,383,868</u>	<u>309,676,720</u>	<u>125,632,092</u>

Note (b) - Credit risk exposure on bank balances

The Company's credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. As of the reporting date, the external credit ratings of the Company's bankers were as follows:

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023

Banks	Short term rating	Credit rating agency	2023	2022
			(Rupees)	
Habib Metropolitan Bank Limited	A-1+	PACRA	52,481	2,383,855
Bank Alfalah Limited	A-1+	PACRA	193,039	105,491
Bank of Punjab	A-1+	PACRA	32,286	44,937
Bank Islami Pakistan Limited	A-1	PACRA	114,806	6,820
Meezan Bank Limited	A-1+	VIS	14,950,593	503
Summit Bank Limited		Suspended	1,041,081	23,927,165
			16,384,286	26,468,771

35.1.1.2 Concentration of credit risk

Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same party, or when counter parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. As of the reporting date, the Company was not exposed to any major concentrations of credit risk.

35.1.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of adequate funds through committed credit facilities. The Company finances its operations through equity and borrowings with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

	June 30, 2023				
	Carrying amount	Contractual cash flows	Twelve months or less	One to five years	More than five years
	(Rupees)				
Financial liabilities					
Long term financing	112,148,263	177,107,940	45,885,696	131,222,244	-
Trade and other payables	147,909,815	147,909,815	147,909,815	-	-
Advance from customers	36,022,325	36,022,325	36,022,325	-	-
Accrued markup	5,790,268	5,790,268	5,790,268	-	-
	301,870,671	366,830,348	235,608,104	131,222,244	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023



	June 30, 2022				
	Carrying amount	Contractual cash flows	Twelve months or less (Rupees)	One to five years	More than five years
Financial liabilities					
Long term financing	118,034,615	176,068,030	36,609,012	139,459,018	-
Trade and other payables	71,454,248	71,454,248	71,454,248	-	-
Advance from customers	138,851,469	138,851,469	138,851,469	-	-
Short term borrowings	80,000,000	80,000,000	80,000,000	-	-
Accrued markup	4,473,943	4,473,943	4,473,943	-	-
	412,814,275	470,847,690	331,388,672	139,459,018	-

35.1.3 Market risk

Market risk means that the future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates, equity prices and interest rates. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Market risk comprises of three types of risks: foreign currency risk, interest rate risk and other price risk.

i) Foreign currency risk

Foreign 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 payable that exist due to transaction 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.

ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

At the reporting date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

Banks	Effective interest rate (%)		Carrying amounts (Rs.)	
	2023	2022	2023	2022
Financial assets				
Bank deposits - Saving account	10.26% - 11.72%	3.75%	15,990,786	23,927,473
Financial liabilities				
Short term borrowings	-	9.53% - 17.43%	-	80,000,000

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate will not affect the carrying amount of any financial instrument.

The following information summarizes the estimated effects of 1% hypothetical increases and decreases in interest rates on cash flows from financial assets and financial liabilities that are subject to interest rate risk. It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. The hypothetical changes in market rates do not reflect what could be deemed best or worst case scenarios. Variations in market interest rates could produce significant changes at the time of early repayments. For these reasons, actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

	Effect on profit before tax	
	100 bp increase 2023	100 bp 2022
As at June 30, 2023		
Cash flow sensitivity-Variable rate financial instrument	<u>-159,908</u>	<u>159,908</u>
As at June 30, 2022		
Cash flow sensitivity-Variable rate financial liabilities	<u>-560,725</u>	<u>560,725</u>

iii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/ mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. Presently, daily stock market fluctuation is controlled by government authorities with cap and floor of 5%. The restriction of floor prices reduces the volatility of prices of equity securities and the chances of market crash at any moment. The Company manages price risk by monitoring the exposure in quoted securities and implementing the strict discipline in internal risk management and investment policies, which includes disposing of its investments. As of the reporting date, the Company was not exposed to other price risk.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023

35.2 Financial instruments by categories

	30-Jun-23			
	At fair value through profit or loss	At fair value through other comprehensive income	At Amortized cost	Total
	Rupees			
Financial assets				
Long term deposits	-	-	23,500	23,500
Trade debts	-	-	330,208,117	330,208,117
Loan to employees	-	-	1,140,592	1,140,592
Cash and bank balances	-	-	16,431,416	16,431,416
	-	-	347,803,625	347,803,625
Financial liabilities				Financial liabilities at amortized cost
Long term financing				112,148,263
Trade and other payables				147,909,815
Advance from customers				36,022,325
Accrued markup				5,790,268
				301,870,671

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023

Financial assets	30-Jun-22			Total
	At fair value through profit or loss	At fair value through other comprehensive income	At Amortized cost	
Long term deposits	-	-	46,960	46,960
Trade debts	-	-	184,044,628	184,044,628
Loan to employees	-	-	1,527,416	1,527,416
Cash and bank balances	-	-	26,474,946	26,474,946
	-	-	212,093,950	212,093,950
Financial liabilities				Financial liabilities at amortized Rupees
Long term financing				118,034,615
Trade and other payables				71,454,248
Advance from customers				138,851,469
Short term borrowings				80,000,000
Accrued markup				4,473,943
				412,814,275

36. FAIR VALUE OF ASSETS AND LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

The Company measures fair value of its assets and liabilities using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1 : Quoted market price (unadjusted) in an active market.

Level 2 : Valuation techniques based on observable inputs.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data.

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 measurement 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, 2016 no assets and liabilities are recognized at fair values.

37. CAPITAL MANAGEMENT

The management's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The management closely monitors the return on capital along with the level of distributions to ordinary shareholders. The management seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Company is not subject to any externally imposed capital requirement.

Following is the quantitative analysis of what the Company manages as capital:

		2023	2022
	Note	(Rupees)	
Borrowings:			
Long term financing		112,148,263	118,034,615
Loan from related parties		87,000,000	18,118,274
Accrued markup		5,790,268	4,473,943
		<u>204,938,531</u>	<u>140,626,832</u>
Shareholders' equity:			
Issued, subscribed and paid up capital		250,000,000	250,000,000
Share premium		14,728,576	14,728,576
Capital contribution - Loan from director		-	87,000,000
Accumulated losses		9,566,086	(122,527,313)
		<u>274,294,662</u>	<u>229,201,263</u>
Total capital managed by the Company		<u>479,233,193</u>	<u>369,828,095</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023

38. TRANSACTION 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:

Name of related party	Basis of relationship with party	Particulars	2023	2022
			(Rupees)	
Power Cement Limited	Company under common control	Purchases made during the year	371,977,865	155,509,312
		Payment made during the year	353,116,063	205,045,238
		Advance to supplier as at year end	-	6,891,946
		Amount payable as at year end	11,969,856	-
Javedan Corporation Limited	Company under common control	Sales made during the year	129,644,332	28,031,086
		Rent income during the year	1,800,000	450,000
		Loader income during the year	2,629,156	2,783,256
		Receipts against loader income	2,218,233	2,783,256
		Receipts against sale during the year	29,265,732	161,119,577
		Advance from customer as at year end	30,035,492	132,625,015
Global Residency REIT	Company under common control	Sales made during the year	858,217,387	245,830,274
		Receipts during the year	734,549,485	173,304,391
		Amount receivable as at year end	196,193,785	72,525,883
Rahat Residency	Company under common control	Sales made during the year	54,708,751	-
		Receipts during the year	47,848,282	-
		Amount receivable as at year end	6,860,469	-
Silk Islamic Development	Company under common control	Sales made during the year	2,382,241	-
		Receipts during the year	2,311,885	-
		Amount receivable as at year end	70,356	-
Signature Residency Reit	Company under common control	Sales made during the year	2,595,035	-
		Amount receivable as at year end	2,595,035	-
Mr. Arif Habib	Associate person lineal ascendant of CEO	Loan received during the year	-	55,000,000
		Loan paid during the year	-	88,000,000
Mr. Abdus Samad	Chief Executive Officer	Interest accrued during the year	5,223,051	-
		Loan payable as at year end	87,000,000	87,000,000
Arif Habib Corporation Limited	Company under common control	Loan received during the year	-	173,600,000
		Loan repaid during the year	18,118,274	155,481,726
		Interest accrued during the year	579,858	3,979,399
		Interest paid during the year	2,740,984	1,818,274
		Loan payable as at year end	-	18,118,274

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023

39. INFORMATION FOR ALL SHARES ISLAMIC INDEX SCREENING

39.1

Description	2023		2022	
	Carried under		Carried under	
	Non - shariah arrangement	Shariah arrangements	Non - shariah arrangement	Shariah arrangements
Loans and advances				
Advance to employees	-	137,042	-	-
Loan to employees	-	1,140,592	-	1,527,416
Long term advances to employees	-	758,006	-	1,152,140
Advance to suppliers	-	2,085,417	-	45,413,075
Others receivables	-	268,524	-	96,803
Deposits				
Long term deposits	-	23,500	-	46,960
Bank balances	58,299	16,325,987	2,389,673	24,079,098
Liabilities				
Long term financing - diminishing musharka	-	92,584,308	-	100,021,093
Loan to advances				
Diminishing musharka - current portion	-	19,563,955	-	18,013,522
Istisna finance facility	-	-	-	80,000,000
Advance from customers	-	36,022,325	-	138,851,469
Payable to sponsors	-	-	-	18,118,274
Payable to related parties	87,000,000	-	18,118,274	-
Income				
Profit on saving accounts	-	1,198,272	-	412,250

39.2 Source of other income

	2023	2022
	(Rupees)	(Rupees)
Liabilities no longer payable written back	-	6,331,708
Other income	2,630,656	2,783,256
Recovery of receivable written off	-	1,234,694
Gain on final settlement with CDGK	-	1,308,758
Profit on saving accounts	1,198,272	412,250
Gain on sale of fixed assets	737,971	-
	4,566,899	12,070,666

Note

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023

39.3 Relationship with banks

Name of banks	Non Islamic window operations	Islamic window operations
Summit Bank Limited	O	P
Habib Metropolitan Bank Limited	P	O
Bank Alfalah Limited	O	P
Bank of Punjab	P	P
Bank Islami Pakistan Limited	O	P
Meezan Bank Limited	O	P

40. OPERATING SEGMENTS

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

40.2 100 % (2022: 100%) of the gross sales of the Company are made to customers located in Pakistan.

40.3 All non-current assets of the Company as at June 30, 2023 are located in Pakistan.

41. GENERAL

41.1 Number of employees

	2023	2022
Total employees of the Company at the year end	130	147
Average employees of the Company during the year	139	99



NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023

41.2 Plant capacity and actual production

	<i>Unit of measurement</i>	Production Capacity	Actual Production
2023			
Capacity and actual production			
Batching plant	<i>Cubic meter</i>	918,000	135,534
Transit Mixer	<i>Cubic meter</i>	151,200	135,534
2022			
Batching plant	<i>Cubic meter</i>	918,000	98,975
Transit Mixer	<i>Cubic meter</i>	151,200	98,975

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

41.3 Reclassification of corresponding figures

Corresponding figures have been rearranged and reclassified in these financial statements, wherever necessary, for the purpose of comparison. Major reclassification are detailed hereunder:

Reclassification from component	"Reclassification to component"	Note	(Rupees)
Property, plant and equipment (<i>Vehicles - addition</i>)	Property, plant and equipment (<i>Plant and machinery - addition</i>)	4.1	2,570,507
Trade and other payable (<i>Other payables</i>)	Trade and other payable (<i>Accrued liabilities</i>)	19	2,994,247
Trade and other payable (<i>Withholding tax payable</i>)	Trade and other payable (<i>Sales tax payable</i>)	19	3,992,714
Other income (<i>Grouting income</i>)	Revenue - net	24	11,228,375

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023

41.4 Date of authorization of the financial statements

These financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on 15 September 2023.

41.5 Level of rounding

Figures in these financial statements have been rounded off to nearest rupee.



Samad Habib
CEO



Kashif Habib
Director



Vaqas Rafi
CFO



شیر ہولڈنگ کا نمونہ

کمپنی کی شیر ہولڈنگ کا نمونہ جس کا اعلان رپورٹنگ فریم ورک کی رُو سے مطلوب ہے، رپورٹ ہذا کے ساتھ منسلک ہے۔

اسٹیک ہولڈرز کے لئے معلومات:

گزشتہ برسوں کا اہم عملیاتی اور مالیاتی ڈیٹا کا خلاصہ صفحہ نمبر ----- پر پیش کیا گیا ہے۔

منسلک پارٹی کے ساتھ لین دین:

منسلک پارٹیوں کے ساتھ تمام تر لین دین قابل اطلاق ریگولیشنز کی عین مطابقت میں کیا گیا ہے اور مالیاتی گوشواروں کے متعلقہ نوٹس میں ظاہر کر دیا گیا ہے۔

ریٹائرمنٹ مراعات میں سرمایہ کاری:

کمپنی کے ساتھ کم سے کم آزمائشی مدت پوری کر لینے والے تمام اہل ملازمین کے لئے کمپنی ایک منظور شدہ فنڈ ڈگریجویٹ اسکیم چلاتی ہے۔

اظہار تشکر

ان کی اعانت اور کمپنی کے ساتھ جڑے رہنے پر کمپنی کی انتظامیہ تمام مالیاتی اداروں، معزز گاہکوں، افراد، اور اپنے کارکنوں کا تہہ دل سے شکریہ ادا کرتی ہے۔ اس کے علاوہ مسلسل اعانت اور رہنمائی فراہم کرنے پر ہم سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور پاکستان اسٹاک ایکسچینج کا بھی شکریہ ادا کرنا چاہیں گے۔

برائے اور منجانب بورڈ

سید نجم الدین جعفری
چیئرمین

عبدالصمد حبیب
چیف ایگزیکٹو آفیسر

کراچی مورخہ 15 ستمبر 2023

بیان منسلک (Annexure) 1

تبرہ	شیر بیچے	شیر خریدے	عہدہ	نام
		2,016	ڈائریکٹر	جناب قادر سلطان
		1,918,000	ڈائریکٹر/سی ای او	جناب صمد حبیب

ترکیب:

(الف) انڈیپنڈنٹ ڈائریکٹر.....2

(ب) نان ایگزیکٹو ڈائریکٹر.....3

(ج) ایگزیکٹو ڈائریکٹر.....2

بورڈ کی کمیٹیاں:

آڈٹ کمیٹی

جناب قادر سلطان.....چیئر مین

جناب کاشف حبیب.....ممبر

جناب احسن انیس.....ممبر

ہیومن ریسورس اینڈ ریومینیشن کمیٹی

جناب محمد صدیق کھوکھر.....چیئر مین

سید نجم الدجی جعفری.....ممبر

جناب کاشف حبیب.....ممبر

اندرونی انضباط

اپنے اثاثہ جات کے تحفظ اور اپنے ریکارڈز کی درستگی اور اعتبار کے یقین کی غرض سے کمپنی نے ایک موشٹر اندرونی مالیاتی انضباط کا نظام نافذ کیا ہے۔ سینئر انتظامیہ تفصیلی ماہانہ مالیاتی رپورٹوں اور تجزیوں کے ذریعے کمپنی کی مالیاتی کارکردگی کا جائزہ لیتی ہے جب کہ بورڈ بھی ہر تین ماہ بعد اپنی سطح پر جائزہ لیتا ہے اور توقعات میں کمی بیشی کی چھان بین کرتا ہے۔ اندرونی آڈٹ کے نظام کے ذریعے تفصیلی جانچ پڑتال کا انعقاد کیا جاتا ہے جو اندرونی انضباطی طریق کار کے ساتھ ساتھ مقررہ پروسیجر پر عمل درآمد کا جائزہ لیتا ہے اور اپنی رپورٹ آڈٹ کمیٹی یا بورڈ کو پیش کرتا ہے۔

آڈیٹرز

آئندہ سالانہ اجلاس عام میں ممبران کی منظوری کی شرط پر بورڈ آف ڈائریکٹرز نے 30 جون 2024 کو اختتام پذیر ہونے والی مدت کے لئے میسرز رحمان سرفراز رحیم اقبال رفیق اینڈ کمپنی چارٹرڈ اکاؤنٹینٹس کی بطور بیرونی آڈیٹرز تقرری کی سفارش کی ہے۔

سالانہ تنخواہ 1.2 ملین روپے سے زیادہ ہوتی ہے۔

بورڈ اور اس کی کمیٹیوں کے اجلاسوں میں ڈائریکٹرز کی حاضری

30 جون 2023 کو مختتم سال کے دوران بورڈ کے چار (04)، آڈٹ کمیٹی کے چار (04) اور ہیومن ریسورس اینڈ ریوینو کمیٹی کا ایک (01) اجلاس منعقد ہوا۔ ڈائریکٹرز کی حاضری کی صورت حال درج ذیل ہے:-

نام ڈائریکٹر	بورڈ میٹنگ	آڈٹ کمیٹی	ایچ آر اینڈ آر کمیٹی
جناب سید نجم الدجی جعفری	4/4	3/4	1/1
جناب عبدالصمد حبیب	4/4	4/4*	N/A
جناب احسن انیس	4/4	4/4	N/A
جناب کاشف حبیب	4/4	4/4	1/1
جناب قادر سلطان	4/4	4/4	N/A
مسماة ایناصہ	4/4	N/A	N/A
جناب محمد صدیق کھوکھر	4/4	N/A	1/1

* جناب صد حبیب کو آڈٹ کمیٹی کے اجلاس میں مدعو کیا گیا تھا۔

ڈائریکٹرز کے معاوضے

نان ایگزیکٹو ڈائریکٹرز (بشمول انڈیپنڈنٹ ڈائریکٹرز) ماسوائے ان ڈائریکٹرز کے جو عارف حبیب گروپ آف کمپنیز میں کسی اور جگہ بھی بطور ایگزیکٹو ڈائریکٹرز خدمات انجام دے رہے ہیں، انہیں بورڈ اور اس کی کمیٹیوں کے اجلاسوں میں شرکت کے عوض، جیسا کہ بورڈ کی جانب سے وقتاً فوقتاً منظور کیا جائے، معاوضہ ادا کیا جاتا ہے۔

مزید یہ کہ بورڈ کسی بھی نان ایگزیکٹو ڈائریکٹر کو، جب اور جیسے، کوئی بھی اضافی کردار اور ذمہ داریاں سونپنے کا فیصلہ کرتا ہے، تو بورڈ طے کرے گا کہ اس ڈائریکٹر کو اسے سونپنے گئے کردار اور ذمہ داریوں کے عوض کیا معاوضہ ادا کیا جائے۔

بورڈ کی ترکیب

بورڈ کی حالیہ ترکیب درج ذیل ہے:-

ڈائریکٹرز کی کل تعداد:

- (الف) مرد 6
- (ب) خاتون 1

پاکستان، حالیہ طور سے غیر مثالی اقتصادی و معاشی مشکلات میں گھرا ہوا ہے۔ بڑھتی ہوئی مہنگائی، غیر معمولی طور سے بلند تر شرح سود، اور غیر ملکی زرمبادلہ کے ذخائر میں مسلسل کمی نے ملک کی اقتصادی و معاشی بڑھوتی کو روک لگائی ہوئی ہے۔ پاکستانی روپے کی قدر میں غیر معمولی کمی آئی ہے اور اسے آئندہ بھی چیلنجز درپیش دکھائی دے رہے ہیں۔ توقع لگائی جا رہی ہے کہ مہنگائی میں بالآخر کمی واقع ہونا شروع ہو جائیگی جس کے نتیجے میں شرح سود میں بھی کمی کی جائیگی۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

SMCL پاکستان اسٹاک ایکسچینج میں لسٹڈ ہے۔ کمپنی کا بورڈ کارپوریٹ گورننس کے کوڈ پر عمل درآمد کرنے کے عہد پر کاربند ہے اور اپنے آپریشنز اور کارکردگی کی نگرانی اور مالیاتی اور غیر مالیاتی معلومات کی درستگی بڑھانے، تکمیلیت اور شفافیت یقینی بنانے کی اپنی ذمہ داری سے بہ خوبی آگاہ ہے۔ کمپنی کا بورڈ، کوڈ آف کارپوریٹ گورننس پر عمل درآمد کے عہد پر بھی کاربند ہے اور کاروباری سرگرمیوں اور کارکردگی پر نظر رکھنے اور اور مالیاتی اور غیر مالیاتی معلومات کی درستگی بڑھانے، تکمیلیت اور شفافیت یقینی بنانے کی اپنی ذمہ داری سے بہ خوبی آگاہ ہے۔

بورڈ یہ بیان کرنا چاہے گا کہ SMCL کے کھاتوں کی کتب موزوں طور سے مرتب کی گئی ہیں اور موزوں اکاؤنٹنگ پالیسیاں اختیار کی گئی ہیں اور مالیاتی گوشواروں کی تیاری میں انہیں مستقل طور سے اختیار کیا گیا ہے؛ اور مالیاتی تخمینہ جات معقول اور چوکسی سے کئے گئے فیصلوں پر مبنی ہیں۔ مالیاتی گوشواروں کی تیاری کرتے ہوئے پاکستان میں قابل اطلاق عالمی مالیاتی رپورٹنگ معیارات پر عمل درآمد کیا گیا ہے۔ اندرونی انضباط کا نظام اپنے ڈیزائن میں مضبوط ہے جسے مؤثر طور سے نافذ کیا گیا ہے اور جس کی نگرانی کی جاتی ہے۔ SMCL کے مالیاتی گوشوارے اس کے معاملات، اس کے آپریشنز کے نتائج، نقدی کے بہاؤ اور ایکویٹی میں تبدیلی کے بیان کی غیر جانبدارانہ عکاسی کرتے ہیں۔ ٹیکسوں، ڈیوٹیوں، محصولات یا چارجز کے ضمن میں کوئی مادی ادائیگی غیر ادا شدہ نہیں رہیں۔

کوڈ کی تعمیل کے ضمن میں بورڈ، ذریعہ ہذا تصدیق کرتا ہے کہ ایک چالو کاروباری ادارے کے طور پر SMCL کی اہلیت و صلاحیت پر کوئی شک و شبہ نہیں اور یہ کہ کارپوریٹ گورننس کے بہترین معمولات سے کوئی مادی انحراف نہیں کیا گیا ہے ماسوائے ان کے جن کا ذکر Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations-2019 میں کیا گیا ہے۔ بہتر کارپوریٹ گورننس اور غیر جانبدار اور شفاف معمولات کے ذریعے سبقت لے جانے کی SMCL ہمیشہ سے جدوجہد کرتی آئی ہے۔

کمپنی کے شیئرز کی تجارت

30 جون 2023 کو اختتام پذیر ہونے والے سال کے دوران ڈائریکٹرز، ایگزیکٹوز اور ان کے شریک حیات اور نابالغ بچوں نے ماسوائے Annexure-I میں بیان کردہ کے، کمپنی کے شیئرز کی تجارت نہیں کی ہے۔ ڈائریکٹرز کی جانب سے مقرر کردہ درجے کے مطابق سالانہ رپورٹ میں اصطلاح ”ایگزیکٹو“ سے مراد کمپنی کے وہ ملازمین ہیں جن کی

ڈائریکٹرز کی رپورٹ

کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے ہم، مورخہ 30 جون 2023 کو مختتمہ 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

مالی سال 2022-2023 کے دوران کمپنی کی کارکردگی متاثر کن رہی جو مبلغ 133.37 ملین روپے کے بلند ترین بعد از ٹیکس منافع سے ظاہر ہے۔ یہ کامیابی مبلغ 5.33 روپے فی شیئر کمائی پر منتج ہوئی۔ قابل ذکر بات یہ ہے کہ کمپنی نے غیر مختص شدہ (unappropriated) خساروں کو منافع میں تبدیل کر لیا ہے۔

زیر جائزہ مدت کے دوران کمپنی نے 1,432.03 ملین روپے کی فروخت کا سنگ میل عبور کیا اور گزشتہ برس کی اسی مدت کے دوران 529.72 ملین روپے مالیت کی فروخت کے مقابلے میں شان دار بڑھوتی ظاہر کی۔ گزشتہ برس کی اسی مدت کے دوران 416.16 ملین روپے کی بہ نسبت زیر جائزہ مدت کے دوران لاگت فروخت کا حجم 1,110.76 ملین روپے رہا۔ نتیجے میں 321.28 ملین روپے کا خام نفع حاصل ہوا جو گزشتہ برس کی اسی مدت کے دوران 113.56 ملین روپے حاصل ہوا تھا جو پچھلے سال کے مقابلے میں 207.72 ملین روپے زیادہ ہے۔

جہاں تک اخراجات کا تعلق ہے تو انتظام اور فروخت کی مدد میں کمپنی نے دوران سال 47.65 ملین روپے کی ادائیگی کی۔ اس کے علاوہ سال کے دوران مالیاتی لاگت کا حجم 40.874 ملین روپے رہا جب کہ اسی مدت کے دوران کمپنی نے دیگر مدد میں مجموعی طور سے 9.56 ملین روپے کی آمدنی بھی حاصل کی۔

سال مختتمہ مورخہ 30 جون	
2022	2023
-----روپے-----	
529,722,048	1,432,034,758
(416,164,447)	(1,110,758,758)
113,557,601	321,276,000
(30,306,596)	(47,646,396)
83,251,005	273,629,604
(5,949,085)	(35,340,012)
(18,049,631)	(40,873,518)
12,070,666	9,556,857
71,322,955	206,972,931
(24,866,606)	(73,602,474)
46,456,349	133,370,457
1.86	5.33

کاروباری نتائج

فروخت

لاگت فروخت

خام منافع

انتظامی اور فروختی اخراجات

کاروباری منافع

دیگر اخراجات

لاگت مالیات

دیگر آمدنی

نفع / نقصان قبل از ٹیکس

ٹیکس کاری

منافع بعد از ٹیکس

فی شیئر کمائی (EPS) بنیادی اور ڈیلیوٹڈ

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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 THK 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 16, 2023 and at any adjournment thereof.

As witness my / our hand this _____ day of _____ 2023.

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. THK 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 مسٹی / مسماة _____ ساکن _____ ضلع _____
 بحیثیت ممبر سیف کس کنکریٹ لمیٹڈ، مسٹی / مسماة _____
 ساکن _____ کو بطور مختار (پراکسی) مقرر کرتا ہوں تاکہ وہ میری جگہ اور میری طرف سے کمپنی کے
 سالانہ اجلاس عام جو بتاریخ 16 اکتوبر، 2023 منعقد ہو رہا ہے میں اور ان کے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔
 دستخط: _____ بروز/ بتاریخ _____ 2023

گواہان:

2

1

نام: _____

نام: _____

پتہ: _____

پتہ: _____

شناختی کارڈ نمبر: _____

شناختی کارڈ نمبر: _____

دستخط: _____

دستخط: _____

دستخط ۵ روپے
ریونیواسٹیٹ

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 فوٹو نمبر سے دکھانا لازمی ہے تاکہ اجلاس میں شرکت کی اجازت سے قبل اُس کی شناخت کی جاسکے۔
- منوٹر بنانے کے لئے، پراکسی فارم ہمارے رجسٹرار کے دفتر (ایم/ایس) THK، شیئر رجسٹرار ڈیپارٹمنٹ، 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 ڈائریکٹرز کی قرارداد، پاور آف اٹارنی، شناختی کارڈ اور پاسپورٹ کی تصدیق شدہ نقول، پراکسی فارم کے ساتھ منسلک کرنا ضروری ہے۔

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