



safe mix
Concrete Limited



2020
Annual Report

Vision Statement

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

Mission Statement

Safe Mix once a dream has shaped into reality, through conviction and untiring efforts to see it grow into a corporate company with one of the principal market clientele.

The aim of the company is to establish a platform for the transfer of foreign technology with forming the basis for further development in Pakistan.

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Company Information

Board of Directors

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

Audit Committee

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

Human Resources & Remuneration Committee

Mr. Samad Habib
Mr. Syed Najmudduja Jaffri
Mr. Kashif Habib

Chief Financial Officer

Mr. Muneer Gader

Company Secretary

Mr. Muneer Gader

Auditors

Naveed Zafar Ashfaq Jaffery & Co. Chartered Accountants

Legal Advisor

Advocate Ahsan-ul-haq Advocates and Corporate council

Bankers and Financial institutions

Bank Islami Pakistan Limited
Habib Metropolitan Bank Limited
The Bank of Punjab
Bank Alfalah Limited
First Habib Modaraba
Summit Bank Limited
Meezan Bank Limited

Registered Office

Plot # 1, Global Industry,
Nusrat Bhutto Colony, North Nazimbad,
Karachi, Pakistan.
Tel: 92 345 2025369
www.safemixlimited.com

Shares Registrar

THK Associates (Private) Limited
1st Floor, 40-C, Block 6, PECHS, Karachi.

Notice of Annual General Meeting

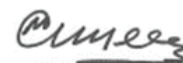
Notice is hereby given that the fifteenth Annual General Meeting of the members of Safe Mix Concrete Limited will be held at Avari Towers, Karachi on Monday, 26th October, 2020 at 09:00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of last Annual General Meeting held on October 28, 2019.
2. To receive, consider and adopt the Audited Financial statements of the Company for the year ended 30th June 2020 together with the Directors' and Auditors' reports thereon.
3. To appoint Auditors for the financial year ending June 30, 2021 and to fix their remuneration. The present Auditors, Messrs Naveed Zafar Ashfaq Jaffery & Co., Chartered Accountants, being eligible, offer themselves for re-appointment.
4. To consider any other business with the permission of the Chair.

Karachi, October 05, 2020

By order of the Board



Muneer Rasheed Gader
Company Secretary

Notes:

1. Share transfer books of the Company will remain closed from October 20, 2020 to October 26, 2020 (both days inclusive). Transfers received in order at the office of the company's share registrar, M/s THK Associated (Private) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi 75400, Pakistan up to the close of business on October 19, 2020 will be considered in time for determination of entitlement of shareholders to attend and vote at the meeting.
2. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend the meeting and vote for him/her. Proxy form is enclosed with the Annual report. A proxy must be a member of the Company. Proxies, in order to be effective, must be received at the Registered Office of the Company, duly stamped, signed and witnessed, not less than 48 (forty eight) hours before the meeting.
3. Financial Statements for the year ended June 30, 2020 will be available at the website of the Company www.safemixlimited.com twenty one days before the date of meeting.

Further, the Company is transmitting Annual Report for the year ended June 30, 2020 through email to those members whose email addresses are available with the Company and through CD/DVD to those members whose email addresses are not available with the Company. However, the members may request a hard copy of Annual Report free of cost and in this respect standard request form is available at the website of the Company www.safemixlimited.com for convenience of members.

4. Members are request to notify the change in their addresses, if any, immediately to the share registrar of the Company, M/s THK Associates (Pvt.) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi 75400, Pakistan.
5. All possible safety measures shall be taken in respect of COVID-19 and relevant SOPs shall be strictly followed including checking of temperature, wearing of face masks, use of hand sanitizer and maintenance of proper social/physical distance. All members attending the meeting are requested and expected to cooperate in this respect.

FOR ATTENDING THE MEETING:

- i. In case of individuals, the accounts holders and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his original CNIC or Passport at the time of attending the Meeting.
- ii. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

FOR APPOINTING PROXIES:

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

NOTICE TO SHAREHOLDERS

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

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

Directors' Report

The Board of Directors of Safe Mix Concrete Limited (SMCL) present herewith the Annual Report for the year ended June 30, 2020.

Overview

During the year under review the Company recorded a sale of PKR 409.447 million as compared to PKR 879.312 million in the corresponding year.

The sale over the current year has decreased significantly due to multiple reasons. Firstly, during the year an exclusive private sector development project was successfully completed, however the major revenue from it was earned during the previous year; secondly, the current financial year started under a stabilization programme, resulting in high interest rates and an attempt to document the economy, which resulted in an overall slowdown in real estate sector. Furthermore, in the last quarter the operations and sales were severely affected due to the outbreak of COVID-19 and imposition of lock-downs.

Due to significant decrease in sale for the year the Company has recorded a Gross loss of PKR 12.999 million. Further during the year, the Company also recorded an impairment loss of PKR 45.126 million (on its batching plants). This together with a gross loss has resulted in a Loss after Tax of PKR 98.777 million for the period as compared to loss after tax of PKR 29.771 million in the corresponding year.

Operating Results

	Year Ended June 30	
	2020	2019
	-----Rupees-----	
Loss before taxation	(110,022,623)	(39,152,575)
Taxation	11,245,582	9,381,521
Loss after taxation	<u>(98,777,041)</u>	<u>(29,771,054)</u>
LPS – Basic and diluted	<u>(3.95)</u>	<u>(1.19)</u>

Accounting Standards

The accounting policies of the Company fully reflect the requirements of the Companies Act 2017 and such approved International Accounting Standards and International Financial Reporting Standards, as have been notified under this Act, as well as through directives issued by the Securities and Exchange Commission of Pakistan.

Capital Expenditure

The Company incurred a total expenditure of Rs. 16.766 million as addition to Plant & Machinery and Office Equipment.

Cash flow Strategy

The Company has an effective Cash Flow Management System in place whereby cash inflows and outflows are projected on regular basis.

Working capital requirements have been planned through internal cash generations and short term borrowings.

Audit Committee

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

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

Meetings of the Audit Committee

During the year 2019-20 four meetings of the Audit Committee were held and the number of meetings attended by each member is given hereunder:

Name of the Directors	Meetings attended
Mr. Ahsan Anis	4/4
Mr. Kashif Habib	3/4
Syed Najmudduja Jaffri	4/4

Auditors

The present auditors, M/S. Naveed Zafar Ashfaq Jaffery & Co. Chartered Accountants are due to retire and being eligible, offer themselves for reappointment for the year 2020-2021.

Pattern of Shareholding

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

Director's statement

The directors confirm compliance with Corporate and Financial reporting framework of the SECP Code of Corporate Governance for the following:

- The financial statements Company present a true and fair state of affairs of the Company.
- Proper books of account have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

Meetings of the Board of Directors

During the year 2019-20 four meetings of the board were held and the number of meetings attended by each Director is given hereunder:

Name of the Directors	Meetings attended
Mr. Shahid Aziz Siddiqi - (Passed away on November 2020)	1/4
Abdus Samad Habib	4/4
Mr. Kashif Habib	3/4
Syed Najmudduja Jaffri	4/4
Mr. Ahsan Anis	4/4
Mr. Khalil Ahmed	4/4
Mr. Muneer Gader - (Appointed February 28, 2020)	2/2
Mrs. Anna Samad	4/4

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

Statutory Payments

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

Loss per Share

Loss per share for the year ended June 30, 2020 is Rs. 3.95 as compared to loss per share for the same period of the last year of Rs. 1.19.

Future Outlook

Currently the overall Economy is recovering from COVID – 19 (Global Pandemic), which has created unprecedented uncertainty. The quantum and duration of disturbance are still to be determined. And it is eminent the economy will slow down significantly.

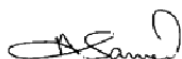
However, the construction package announced by the Federal Government will provide some stimulus for the real sector which will have a trickledown effect on our industry/company. Though the next one or two quarter will still continue to be severely affected due to lockdown. However, going forward from the commencement of the next calendar year we expect considerable activity in the real estate and construction sector under the cover of the construction package announced by the Federal Government, which should be followed by necessary changes at provincial level, in order to achieve the full intended potential of the construction/real estate sector package.

Acknowledgement

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

For and on behalf of the board

Karachi: October 3rd, 2020



Abdus Samad Habib
Chief Executive Officer



Syed Najmudduja Jaffri
Chairman

KEY OPERATIONAL & FINANCIAL DATA

	2020	2019	2018	2017	2016	2015	2014	2013
	----- (Rupees) -----							
Revenue	409,447,827	879,312,072	590,070,371	197,858,437	304,467,342	690,183,505	506,199,046	646,488,473
Cost of sales	422,447,307	865,539,147	551,690,674	190,969,639	281,687,468	628,727,921	469,813,447	606,656,918
Gross (Loss) / Profit	(12,999,480)	13,772,925	38,379,697	6,888,798	22,779,874	61,455,584	36,385,599	39,831,555
Selling and administrative expenses	47,139,072	50,061,388	33,581,397	28,467,849	25,056,498	32,345,513	25,026,483	28,483,362
Provision for doubtful debts	-	-	-	-	61,440,920	-	-	-
Loss on impairment of fixed assets	45,062,463	-	-	-	-	-	-	-
Finance cost	12,952,981	13,924,828	11,278,697	9,524,898	6,721,723	7,620,577	7,358,526	9,403,233
Profit / (Loss) before tax	(110,022,623)	(39,152,575)	4,420,639	19,756,611	54,897,677	30,146,264	8,031,425	7,887,447
Profit / (Loss) after tax	(98,777,041)	(29,771,054)	2,415,373	16,767,581	37,250,757	22,262,785	13,546,182	15,225,877
Paid up Capital	250,000,000	250,000,000	250,000,000	250,000,000	250,000,000	250,000,000	200,000,000	200,000,000
Total Assets	490,062,787	608,474,409	753,508,449	503,902,449	453,987,266	458,307,524	387,934,327	346,208,180
Total Liabilities	312,706,753	420,325,976	512,452,055	265,208,239	197,546,247	160,180,512	162,070,100	133,890,135

Pattern of Shareholding

As on 30/06/2020

No. of Shareholders	<--Having Shares-->		Shares held	Percentage
	From	To		
155	1	100	1,750	0.01%
274	101	500	132,606	0.53%
141	501	1,000	136,584	0.55%
236	1,001	5,000	673,126	2.69%
101	5,001	10,000	821,253	3.29%
18	10,001	15,000	230,500	0.92%
23	15,001	20,000	432,985	1.73%
20	20,001	25,000	472,000	1.89%
11	25,001	30,000	320,500	1.28%
1	30,001	35,000	34,000	0.14%
3	35,001	40,000	117,000	0.47%
10	40,001	50,000	467,500	1.87%
3	50,001	55,000	161,000	0.64%
2	55,001	60,000	120,000	0.48%
1	60,001	65,000	63,000	0.25%
1	70,001	75,000	75,000	0.30%
3	80,001	85,000	251,500	1.01%
1	85,001	90,000	90,000	0.36%
2	95,001	100,000	200,000	0.80%
2	105,001	110,000	215,423	0.86%
1	110,001	150,000	149,000	0.60%
2	150,001	200,000	395,000	1.58%
2	200,001	250,000	429,000	1.72%
1	250,001	300,000	298,000	1.19%
2	300,001	350,000	647,000	2.59%
1	350,001	550,000	540,000	2.16%
1	550,001	750,000	629,401	2.52%
1	750,001	1,150,000	1,146,042	4.58%
1	1,150,001	5,150,000	2,879,002	11.52%
1	5,150,001	6,150,000	5,172,500	20.69%
1	6,150,001	10,150,000	7,699,328	30.80%
1022			25,000,000	100.00%

Category of shareholders

As on 30/06/2020

PARTICULARS	NO. OF FOLIO	NO.OF SHARES	PERCENTAGE
Directors, Sponsors & Childern	7	9,199,544	36.80%
Associated Companies	1	7,699,328	30.80%
Corporate Share Holders	10	1,392,075	5.57%
General Public	1004	6,709,053	26.84%
Total	1022	25,000,000	100.00%

List of Shareholders holding 5 % And Above Shares

As on 30/06/2020

NAME	NO.OF SHARES	PERCENTAGE
Arif Habib Limited	7,699,328	30.80%
ARIF HABIB	5,172,500	20.69%
Abdus Samad	2,879,002	11.52%
Total	15,750,830	63.00%

Statement of Compliance with the Code of Corporate Governance

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are Seven as per the following:
 - a. Male : Six (6)
 - b. Female: One (1)

2. The Composition of the Board is as follows:

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

* During the year, casual vacancy occurred due to the death of Mr. Shahid Aziz Siddiqui. The casual vacancy was filled by appointment of Mr. Muneer Gader.

3. The directors have confirmed that none of them is serving as a director on more than Seven listed companies, including this company.
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The board has developed a vision / mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by board / shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the board were presided over by the Chairman. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors has a formal policy and transparent procedures for remunerations of directors in accordance with the Act and these Regulations.
9. None of the Directors has attended the Director's Training program during the year. 3 out of 7 directors have obtained Directors Training Certificate as per regulations of the code while four of the directors will be attending the course in the ensuing year.
10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

*Mr. Muneer Gader has been appointed as Chief Financial Officer (CFO) on February 28, 2020 in place of Mr. Arif Ghani.

11. CFO and CEO duly endorsed the financial statements before approval of the board.
12. The Board has formed committees comprising of members given below.

Name of Committee	Name of Members and Chairman
Audit Committee	1) Mr. Ahsan Anis (Independent Director) – Chairman 2) Mr. Kashif Habib (Non-Executive Director) – Member 3) Syed Najmudduja Jaffri (Independent Director) -Member
Human Resource and Remuneration Committee	1) Mr. Samad Habib (Executive Director) – Chairman 2) Mr. Kashif Habib (Chief Executive Officer) – Member 3) Syed Najmudduja Jaffri (Independent Director) –Member

13. The terms and reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings quarterly of the committee were as following:
- | | |
|-----------------------------|---------------|
| a. Audit Committee | Four Meetings |
| b. Human Resource Committee | One Meeting |
15. The board has set up an effective internal audit function. The staff is considered to be suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all of its partners are following International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan (ICAP).
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the regulations 3, 6, 7, 8, 27, 32, 33, and 36 of the Regulations have been complied with.
19. Explanation of non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33, and 36 is below:

Regulation	Compliance Requirement	Explanation
19	Atleast half of the directors on board have acquired prescribed certification under any director training program.	During the year company was compliant with the requirement. However, due to the death of Mr. Shahid Aziz Siddiqui, 3 out of 7 directors possessed the required certification. The board will make sure that the remaining directors will be attending the course in the ensuing year.
24	Company Secretary shall not simultaneously hold office of chief financial officer in the listed Company.	The Company's operations are limited and the Board is of the view that for the time being both functions can be performed by the same person without compromising the quality of work. However, the Board will consider to appoint a different individual for respective positions.
28(2)	The chairman of the Human Resource and Remuneration Committee ('HRCC') shall be an independent director	The compliance with this regulation is not mandatory, however, the Board will consider making an independent director the Chairman of HRCC.



Chairman
Syed Najmudduja Jaffri



Chief Executive
Abdus Samad Habib

Karachi
Dated: 3rd October, 2020

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 2020 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of Section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June, 30 2020.

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

Regulation Description

- | | |
|-------|---|
| 19 | Regulation no. 19 of the Code, at least half of the directors of the Company [i.e. 19 four (04) directors] were required to acquire the prescribed certification under any Directors' Training Program offered by approved institutions latest by June 30, 2020. Presently, three directors of the Company possessed the required certification. However, as of June 30, 2020, the remaining four directors were yet in the process of acquiring such |
| 24 | Company Secretary has simultaneously hold office of chief financial officer. |
| 28(2) | The chairman of the Human Resource and Remuneration Committee ('HRCC') is not an independent director. |

Chartered Accountants

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

Karachi

Dated : October 03, 2020

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, 2020, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2020 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter(s)

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matter(s):

S. No	Key audit matter(s)	How the matter was addressed in our audit
01	<p>COVID-19 (Refer note 1.3)</p> <p>As part of the preparation of the financial statements, management is responsible to assess the possible effects of COVID-19 on the company's liquidity and related ability to continue as a going concern and appropriately disclose the results of its assessment in the financial statements. The COVID-19 pandemic is an unprecedented challenge for humanity and for the economy globally, and at the date of the financial statements its effects are subject to uncertainty.</p> <p>Management prepared a financial and liquidity risk analysis addressing amongst others future compliance with financing conditions as well as financing and cash requirements to ensure continuation of the company's operations</p>	<p>We considered the uncertainties arising from COVID-19 in planning and performing our audit. Our procedures include:</p> <ul style="list-style-type: none"> • evaluated the company's most recent financial results forecasts and liquidity analysis underlying their going concern assessment and tested the integrity of the forecasts, including mathematical accuracy; • assessed the reliability of the forecasted cash flows by comparing with the historical performance and market expectations; • discussed the most recent forecast with management to understand their views on going concern and the potential impact of COVID-19, on the company;

		<ul style="list-style-type: none"> evaluated the assumptions in respect of projected available future cash flows from operating, financing and investing activities and projected key ratios for covenant calculations; inspected supporting documentation such as contracts and underlying calculations and correspondence with financing and other relevant parties; evaluated the company's assessment of other accounting estimates within the financial statements which could be impacted by the challenging economic environment resulting from COVID-19, including trade receivables and inventory provisioning; and considered the appropriateness of the disclosures made in the financial statements in respect of the potential impact of COVID-19.
02	<p>Review of recoverability of deferred tax asset (Refer note 6)</p> <p>Under International Accounting Standard 12, Income Taxes, the Company is required to review recoverability of the deferred tax assets recognised in the statement of financial position at each reporting period.</p> <p>Recognition of deferred tax asset position involved managements' estimate of the future available taxable profits of the Company and there is an inherent uncertainty in such estimation in relation to the future cash flows and timing of reversals of un-used tax losses to determine whether or not the availability of future profits against which tax deductions represented by the deferred tax assets would be adjusted.</p> <p>As at June 30, 2020, the Company carries a net deferred tax asset of Rs82.29 million in its statement of financial position.</p> <p>We considered this as a key audit matter owing to its significant value and estimation uncertainty of the assumptions used by management about future profitability.</p>	<p>Our procedures in relation to this matter included:</p> <ul style="list-style-type: none"> We evaluated the appropriateness of amounts of un-used tax losses, tax credit on investments and minimum tax against which deferred tax asset was recognised; We assessed the reasonableness of management's projections with underlying assumptions including growth rate, future revenue and costs, comparing the assumptions to, historical results and considering other relevant information to assess whether the deferred tax asset would be adjusted against future taxable profits as per the management projections; We tested mathematical accuracy of projections along with use of appropriate tax rate on temporary differences; We assessed the appropriateness of management's accounting for deferred taxes and the accuracy of related disclosures
03	<p>Trade Debts Refer notes 8 to the financial Statements</p> <p>The company has significant balance of trade debts. Provision against doubtful trade debts is based on loss allowance for Expected Credit Loss (ECLs).</p> <p>The ECL model has been adopted during the year due to application of IFRS 9 (Financial instruments). Details about the application of the IFRS and the effect are given in note 3.8 to the financial statements.</p> <p>We identified recoverability of trade debts as a key audit matter as it involves significant management judgement in determining the recoverable amount of trade debts.</p>	<ul style="list-style-type: none"> Our audit procedures to assess the valuation of trade debts, amongst others, included the following: obtaining an understanding of the management's basis for the determination of the provision required at the year end and the receivables collection process; assessing the method used by the company for the recognition of the impact of the application of IFRS 9 regarding provision for doubtful debts as allowable under IFRS 9 testing the accuracy of the data on a sample basis extracted from the Company's accounting system which has been used to calculate the provision required including the subsequent recoveries

<p>04</p>	<p>Tax Contingencies</p> <p>As disclosed in note 19 to the accompanying financial statements, various tax matters are pending adjudication at various levels with the taxation authorities and other legal forums.</p> <p>The tax contingencies requires the management to make judgements and estimates in relation to the interpretation of tax laws and regulations and the recognition and measurement of any provisions that may be required against such contingencies. Due to inherent uncertainties and the time period such matters may take to resolve, the management judgements and estimates in relation to such contingencies may be complex and can significantly impact the financial statements</p> <p>Due to the uncertainty involved in the outcome of this case we have identified this as key audit matter.</p>	<p>Our procedures in relation to this matter included:</p> <ul style="list-style-type: none"> • Our key audit procedures in this area included, amongst others, a review of the correspondence of the management of company's with the relevant tax authorities and tax advisors including judgments or orders passed by the competent authorities. • Obtained and reviewed details of the significant pending legal case and discussed the same with Company's management; • Circulated confirmations to the company's external legal tax consultant for their views on open tax matters ; • Evaluated rationale provided by the company and opinion of the external legal tax counsel • Reviewed the disclosures made in the financial statements in respect of such contingencies
<p>05</p>	<p>Sales</p> <p>Refer to note 3.6 and 19 to the financial statements which shows that revenue of the company substantially decreased.</p> <p>We identified recognition of sales as a key audit matter because sales is one of the key performance indicators of the Company and gives rise to a risk that revenue is recognized without transferring the risk and rewards</p>	<p>Our audit procedures to assess recognition of sales, amongst others, included the following:</p> <ul style="list-style-type: none"> • obtaining an understanding of the process relating to recording of sales and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue; • assessing the appropriateness of the Company's accounting policies for recording of sales and compliance of those policies with applicable accounting standards; • comparing a sample of sale transactions recorded during the year with sales orders, sales invoices, delivery challans and other relevant underlying documents; • comparing a sample of sale transactions recorded around the year with the sales orders, sales invoices, delivery challans and other relevant underlying documentation to assess if the sale was recorded in the appropriate accounting period; • comparing, on a sample basis, specific sale transactions recorded just before and just after the financial year end date to determine whether the revenue had been recognized in the appropriate financial period; and • scanning for any manual journal entries relating to sales raised during the year which were considered to be material or met other specific risk based criteria for inspecting underlying documentation

06	Impairment of Property, Plant and Equipment During the year, the company has recorded an impairment of Rs. 45.06 million on its batching plants. We considered this as a key audit matter owing to its significant value and nature.	Our audit procedures to assess loss on impairment of fixed assets includes following: <ul style="list-style-type: none"> • We have tested the controls and review procedures around identification of impairment indicators. We have critically evaluated management's methodologies in preparing impairment models and documented basis for key assumptions. • Assessing the independent valuer competence, capabilities and objectivities. • Assessing the methodologies used by the external valuer to estimate resale values and the discount rates used by management to calculate the estimated value in use.
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Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business;
- no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Ahsan Elahi Vohra - FCA

Chartered Accountants

Karachi :


Dated : October 03, 2020

STATEMENT OF FINANCIAL POSITION

As at June 30, 2020

	Note	2020 (Rupees)	2019
ASSETS			
Non - current assets			
Property, plant and equipment	4	183,167,308	249,491,518
Long term deposits	5	20,477,330	28,722,030
Deferred taxation	6	83,556,475	67,034,421
		287,201,113	345,247,969
Current assets			
Stores, spare parts and loose tools		5,465,660	5,668,874
Stock in trade	7	13,081,629	53,118,037
Trade debts	8	104,811,533	122,915,602
Advances, prepayments and other receivables	9	33,130,209	44,265,373
Taxation - net of provision	10	32,922,436	34,523,233
Cash and bank balances	11	13,450,207	2,735,321
		202,861,674	263,226,440
Total assets		490,062,787	608,474,409
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital			
35,000,000 ordinary shares of Rs 10 each		350,000,000	350,000,000
Issued, subscribed and paid up capital			
Share premium	12	250,000,000	250,000,000
Loan from related party	17	14,728,576	14,728,576
Accumulated loss		87,000,000	-
		(174,372,541)	(76,580,143)
		177,356,035	188,148,433
Liabilities			
Non - current liabilities			
Long term financing - secured	13	313,713	21,044,135
Staff retirement benefits	14	3,922,272	6,937,495
Deferred income	15	-	1,120,000
		4,235,985	29,101,630
Current liabilities			
Trade and other payables	16	282,612,644	267,198,223
Current portion of deferred income	15	1,120,000	3,360,000
Current portion of long term financing	13	23,664,791	29,653,996
Loan from related party	17	-	90,000,000
Accrued markup		1,073,332	1,012,127
		308,470,767	391,224,346
TOTAL EQUITY AND LIABILITIES		490,062,787	608,474,409
Contingencies and commitments			
	18		

The annexed notes from 1 to 38 form an integral part of these financial statements.



Samad Habib
CEO



Kashif Habib
Director



Muneer Gader
CFO

STATEMENT OF PROFIT AND LOSS ACCOUNT

For the year ended June 30, 2020

	Note	2020 (Rupees)	2019
Revenue - Net	19	409,447,827	879,312,072
Cost of sales	20	<u>(422,447,307)</u>	<u>(865,539,147)</u>
Gross (loss) / profit		(12,999,480)	13,772,925
Selling and distribution expenses	21	<u>(26,254,833)</u>	<u>(25,119,379)</u>
Administrative expenses	22	<u>(20,884,239)</u>	<u>(24,942,008)</u>
Operating Loss		(60,138,552)	(36,288,462)
Finance cost	23	<u>(12,952,981)</u>	<u>(13,924,828)</u>
Loss on impairment of fixed assets	24	<u>(45,062,463)</u>	-
Other operating expenses	25	<u>(3,528,736)</u>	-
Other operating income	26	<u>11,660,109</u>	<u>11,060,715</u>
Loss before taxation		(110,022,623)	(39,152,575)
Provision for taxation	27	<u>11,245,582</u>	<u>9,381,521</u>
Loss after taxation		<u>(98,777,041)</u>	<u>(29,771,054)</u>
Loss per share - basic and diluted	36	<u>(3.95)</u>	<u>(1.19)</u>

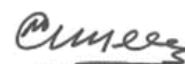
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Samad Habib
CEO



Kashif Habib
Director



Muneer Gader
CFO

STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2020

	2020	2019
	(Rupees)	
Loss after taxation	(98,777,041)	(29,771,054)
Other comprehensive income / (loss) for the year		
Items that will never be reclassified to profit and loss account		
Remeasurements of defined benefit liability	1,386,821	533,451
Tax thereon	(402,178)	(154,701)
Other comprehensive Income - net of tax	984,643	378,750
Total comprehensive loss for the year	<u>(97,792,398)</u>	<u>(29,392,304)</u>

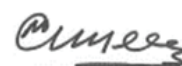
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Samad Habib
CEO



Kashif Habib
Director



Muneer Gader
CFO

STATEMENT OF CASH FLOWS


For the year ended June 30, 2020

	2020	2019
	(Rupees)	
Cash flow from operating activities		
Loss before taxation	(110,022,623)	(39,152,575)
Adjustments for:		
Depreciation	11,900,935	17,563,229
Loss / (gain) on sale of fixed assets	3,528,736	(218,223)
Provision for staff retirement benefits	1,421,633	2,444,337
Impairment of fixed assets	45,062,463	15,206,238
Amortization of deferred income	(3,360,000)	(3,360,000)
Finance cost	12,952,981	13,924,828
	<u>71,506,748</u>	<u>45,560,409</u>
	(38,515,875)	6,407,834
Changes in working capital		
(Increase) / decrease in current assets:		
Stores and spares	203,214	(437,437)
Stock in trade	40,036,408	23,607,390
Trade debts	18,104,069	41,792,615
Advances, prepayments and other receivables	11,135,164	40,420,580
	<u>69,478,855</u>	<u>105,383,148</u>
Increase / (decrease) in current liabilities:		
Trade and other payables	15,414,422	(98,185,847)
Cash flow from operating activities	<u>46,377,402</u>	<u>13,605,136</u>
Taxes paid	(4,077,843)	(5,548,765)
Finance cost paid	(12,891,780)	(14,120,635)
Gratuity paid	(3,050,035)	(2,660,581)
	<u>(20,019,658)</u>	<u>(22,329,981)</u>
Net cash generated from / (used in) operating activities	<u>26,357,744</u>	<u>(8,724,847)</u>
Cash flow from investing activities		
Capital expenditure incurred	(19,187,865)	(9,193,561)
Proceeds from sale of fixed assets	25,019,935	715,000
Long term deposits recovered	8,244,700	5,356,400
Net cash generated from / (used in) investing activities	<u>14,076,770</u>	<u>(3,122,161)</u>
Cash flow from financing activities		
Net Payments to Banks against long term financing	(26,719,627)	(19,789,431)
Net Payment against Loan from related party	(3,000,000)	30,000,000
Net cash (used in) / generated from financing activities	<u>(29,719,627)</u>	<u>10,210,569</u>
Net increase / (decrease) in cash and cash equivalents	<u>10,714,887</u>	<u>(1,636,438)</u>
Cash and cash equivalents at beginning of the year	<u>2,735,321</u>	<u>4,371,758</u>
Cash and cash equivalents at end of the year	<u><u>13,450,207</u></u>	<u><u>2,735,321</u></u>

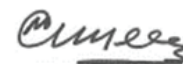
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Samad Habib
CEO



Kashif Habib
Director



Muneer Gader
CFO

STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2020

	Issued, subscribed and paid-up capital	Share premium reserve	Loan from related party	Accumulated profit / (loss)	Total
	------(Rupees)-----				
Balance as at July 01, 2018	250,000,000	14,728,576	-	(47,187,839)	217,540,737
Loss for the year	-	-	-	(29,771,054)	(29,771,054)
Other comprehensive income for the year	-	-	-	378,750	378,750
Balance as at June 30, 2019	250,000,000	14,728,576	-	(76,580,143)	188,148,433
Loss for the year	-	-	-	(98,777,041)	(98,777,041)
Other comprehensive income for the year	-	-	-	984,643	984,643
Loan from related party	-	-	87,000,000	-	87,000,000
Balance as at June 30, 2020	250,000,000	14,728,576	87,000,000	(174,372,541)	177,356,035


The annexed notes from 1 to 38 form an integral part of these financial statements.



Samad Habib
CEO



Kashif Habib
Director



Muneer Gader
CFO

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2020

1 STATUS AND NATURE OF BUSINESS

1.1 Safe Mix Concrete Limited ("the Company") was incorporated on 04 April 2005 as Private Limited Company. Subsequently, it was converted into Public Limited Company on 21 February 2007 in accordance with the provisions of section 45 read with section 41(3) of the Companies Ordinance, 1984. On 16 March 2010 the Company was listed on Karachi Stock Exchange. The principal activity of the Company is production and supply of ready mix concrete, building blocks and construction of prefabricated buildings, factories and other construction sites. The registered office of the Company is situated at plot no. 1, Global Industry , Nusrat Bhutto Colony , North Nazimabad, Karachi.

The Company has change its registered office on May 13, 2020. The new registered office of the Company is situated at plot no. 1, Global Industry , Nusrat Bhutto Colony , North Nazimabad, Karachi. Furthermore, Javedan corporation limited has provided land to the Company free of cost .

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

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

1.3 Impact of COVID-19

A novel strain of coronavirus (COVID-19) that first surfaced in China was classified as a pandemic by the World Health Organization on March 11, 2020, impacting countries globally. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services and factories have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. The potential impacts from COVID-19 remain uncertain, including, among other things, on economic conditions, businesses and consumers. However, the impact varies from industry to industry in different jurisdictions.

According to management's assessment, the sale over the current year has decreased significant in the last quarter due to the outbreak of COVID-19 and imposition of lock-down.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as notified under the Companies Act, 2017, provisions of and directives issued under the Companies Act, 2017. Where the provisions of and directives issued under the Companies Act 2017 differ from IFRS Standards, the provisions of and directives issued under the Companies Act 2017 have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except otherwise disclosed.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees which is also the Company's functional currency and has been rounded to the nearest rupee.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Information about judgments made by management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates and assumptions with a significant risk of material adjustment in the future periods are included in following notes:

- Residual values and useful life of property, plant and equipment (note 3.1)
- Provision for taxation and deferred tax (note 3.10)
- Inventories including stores, spares and loose tools (note 3.4)
- Trade debts (note 3.5)
- Staff retirement benefits (note 3.16)
- Impairment (note 3.3)
- Provision (note 3.12)

Standards, amendments or interpretations which became effective during the year

2.5 IFRS 16 - Leases

During the year, the Company has adopted IFRS 16 "Leases" which became applicable on July 1, 2019. IFRS 16 superseded IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC-15 "Operating Leases-Incentives" and SIC-27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease". IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases in the statement of financial position.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17.

The Company elected to use the recognition for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases')

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

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 1 July 2020:

Standards or interpretations	Effective Date (Annual period beginning on or after)
IFRS 3 Business Combinations	January 1, 2020

Standards or interpretations	Effective Date (Annual period beginning on or after)
IAS 10 and IAS 28 Consolidated Financial Statements and Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 4 Insurance Contracts – Applying IFRS 9 Financial Instruments (Amendment)	January 1, 2021
IFRS 17 Insurance Contracts	January 1, 2021
IAS 1 Presentation of Financial Statements (Amendments)	January 1, 2020
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	January 1, 2020
IFRS 9 Financial Instruments (Amendments)	January 1, 2020
IAS 16 Property, plant and equipment (Amendments)	January 1, 2022

The Company expects that the adoption of the above amendments and interpretation of the standards will not affect the Company's financial statements in the period of initial application.

In addition to the above, standards, amendments and improvements to various IFRS have also been issued by the IASB in December 2017. Such improvements are generally effective for accounting periods beginning on or after January 01, 2019 respectively. The Company expects that such improvements to the standards will not have any material impact on the Company's unconsolidated financial statements in the period of initial application.

Annual Improvements to IFRS standards 2019-2020:

Standard or Interpretation	Effective Rate
IFRS 9 Financial Instruments - Fees in the '10 percent' test for the derecognition of financial liabilities	January 1, 2022
IAS 41 Agriculture – Taxation in the fair value measurement	January 1, 2022

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after January 01, 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard or Interpretation	Effective Rate
IFRS 1 First time adoption of IFRS	January 1, 2004
IAS 17 Insurance contracts	January 1, 2023

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Property, plant and equipment

Owned

Operating fixed assets are stated at historical cost less accumulated depreciation and accumulated impairment loss, if any.

Depreciation on operating fixed assets except for batching plants and concrete pumps included in plant and machinery is charged on reducing balance method whereby the cost of an asset is written off over its estimated useful life at the rates given in note 4.1. Batching plants and concrete pumps are depreciated on the basis of units produced / transported.

Depreciation is charged from the month in which assets are available for use up to the month before the disposal of asset except batching plants and concrete pumps.

Depreciation methods, residual values and the useful lives of the assets are reviewed at each financial year end and adjusted if impact on depreciation is significant.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit and loss as and when incurred.

Assets acquired under Ijarah Arrangements with financial institutions are classified as operating lease under Islamic Financial Accounting Standard (IFAS) No. 2 "Ijarah" was notified by SECP vide S.R.O. 431 (I) / 2007 on 22 May 2007. The said IFAS requires the Ijarah payments under such arrangements to be recognized as an expense over the Ijarah term.

3.2 Right-of-use assets

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

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

Capital work in progress

Capital work in progress is stated at cost less any accumulated impairment loss.

3.3 Impairment of assets

The Company assesses at each balance sheet date, whether there is any indication that assets may be impaired. If such an indication exists, the carrying amount of such assets is reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed their respective recoverable amounts, assets are written down to their recoverable amount and resulting impairment loss is recognized in the profit and loss account. The recoverable amount is higher of an asset's fair value less costs to sell and value in use.

Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognized for the asset in prior years. A reversal of the impairment loss is recognized in the profit and loss account.

3.4 Inventories including stores, spares and loose tools

These are valued at the lower of cost and net realizable value. Cost is determined using weighted average method. Cost includes applicable purchase cost plus other directly attributable charges incurred thereon. Write down in inventories is made for slow moving and obsolete items.

3.5 Trade debts

Trade and other receivables are carried at cost, which is the fair value of the consideration to be received, less provision for doubtful debts, if any. Doubtful debts are estimated on the basis of review of outstanding amounts at the year end. Bad debts are written off when identified.

3.6 Revenue recognition

Revenue is recognised when significant risks and rewards are transferred to the customers, i.e. when dispatch is received and approved by the customer at the project site.

Mark-up income on deposits is recognized on a time proportion basis.

3.7 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand and balances with bank. Bank overdrafts / short term borrowings that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalent for the purpose of cash flow statement.

3.8 Financial instruments

3.8.1 Classification and Initial Measurement

The Company classifies its financial assets in to following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortized cost.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:

- The determination of business model within which a financial asset is held; and
- The designation and revocation of previous designation of certain financial assets as measured at FVTPL.

Financial assets at FVOCI

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it is held within business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

For assets measured at fair value, gains and losses will either be recorded in the statement of profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

Financial assets at FVTPL

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

3.8.2 Subsequent Measurement

a) Financial assets at FVOCI

These assets are measured at fair value, with gains or losses arising from changes in fair value recognised in other comprehensive income / (loss).

b) Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognized in profit or loss.

c) Financial assets measured at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss.

3.8.3 Financial liabilities

Financial liabilities are classified as measured at amortized cost or 'at fair value through profit or loss' (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of profit or loss.

Financial liabilities are classified as measured at amortized cost or 'at fair value through profit or loss' (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of profit or loss.

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

3.8.4 Off-setting

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognised amount and the company intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

3.8.5 Impairment

The Company recognises loss allowances for ECLs in respect of financial assets measured at amortised cost.

The Company applies the simplified approach to recognise lifetime expected credit losses for trade debts. The Company assesses on a forward looking basis the expected credit losses associated with its financial assets.

Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, company compare the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

Loss allowances for financial assets measured at amortised cost are deducted from the Gross carrying amount of the assets.

An entity shall directly reduce the gross carrying amount of a financial asset when the entity has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event of company.

3.9 Off-setting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.10 Taxation

Income tax comprises of current and deferred tax. Income tax is recognised in the profit and loss account, except to the extent that it relates to items recognised directly in other comprehensive income or below equity, in which case it is recognised in other comprehensive income or below equity respectively.

Current

Provision for current year taxation is based on the taxable income determined in accordance with the prevailing law for taxation at the current rate of tax or one percent of turnover, whichever is higher, after taking into account applicable tax credits, rebates and exemptions available, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is provided using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are calculated at the rates that are expected to apply to the period when the asset is realized or the liability settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to equity in which case it is included in equity.

3.11 Borrowing costs

Mark-up, interest and other charges on borrowings are capitalized up to the date of commissioning of the related qualifying asset, acquired out of the proceeds of such borrowings. All other mark-up, interest and other charges are recognized in profit and loss account in the period in which they are incurred.

3.12 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

3.13 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services.

3.14 Dividend and appropriations

Dividend and other appropriations are recognized in the period in which these are declared / approved.

3.15 Mark-up bearing borrowings

Mark-up bearing borrowings are recognised initially at fair value, less attributable transaction cost. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in profit and loss account over the period of borrowings on an effective interest basis.

3.16 Staff retirement benefits

The Company operates an unfunded gratuity scheme (defined benefit plan) for all its permanent employees. The actuarial valuation is carried out using the Projected Unit Credit Method.

4	PROPERTY, PLANT AND EQUIPMENT	Note	2020	2019
			(Rupees)	
	Operating fixed assets	4.1	176,473,191	241,578,880
	Capital work in progress - at cost	4.2	6,694,117	7,912,638
			<u>183,167,308</u>	<u>249,491,518</u>

4.1

Operating fixed assets

Particulars Owned Assets	2020										2019	
	Cost					Depreciation					Net book	
	As at July 01, 2019	Additions	Transfers	Revaluation / (Impairment)	Disposals	As at June 30, 2020	As at July 01, 2019	For the year	On disposal	As at June 30, 2020	Value as at June 30, 2020	Rate
Building	13,847,313	-	4,318,291	-	(3,395,871)	14,769,733	2,758,896	561,369	(866,736)	2,453,529	12,316,204	5%
Project civil works	1,906,967	-	-	-	(1,906,967)	-	1,899,174	3,897	(1,903,071)	-	-	50%
Plant and machinery	327,092,535	-	16,014,989	(45,062,463)	(48,941,669)	249,103,392	104,237,514	10,181,688	(23,401,432)	91,017,770	158,085,621	10% & units of production / transported
Vehicles	7,272,949	-	-	-	(815,936)	6,457,013	4,254,788	601,669	(706,449)	4,150,008	2,307,005	20%
Furniture and fixture	962,113	-	-	-	-	962,113	420,906	54,121	-	475,027	487,086	10%
Computers	1,861,290	-	-	-	-	1,861,290	1,578,110	87,565	-	1,665,675	195,615	30%
Electrical equipment	757,847	-	-	-	-	757,847	458,204	29,964	-	488,169	269,678	10%
Office equipment	4,823,885	73,000	-	-	(485,000)	4,411,885	1,338,426	380,662	(119,184)	1,599,904	2,811,981	10%
	358,524,899	73,000	20,333,280	(45,062,463)	(55,545,443)	278,323,273	116,946,018	11,900,935	(26,996,872)	101,850,082	176,473,191	
Particulars Owned Assets	2019										2018	
Particulars Owned Assets	Cost					Depreciation					Net book	
	As at July 01, 2018	Additions	Transfers	Revaluation / (Impairment)	Disposals	As at June 30, 2019	As at July 01, 2018	For the year	On disposal	As at June 30, 2019	Value as at June 30, 2019	Rate
Building	12,949,046	291,000	607,267	-	-	13,847,313	2,176,905	581,991	-	2,758,896	11,088,417	5%
Project civil works	1,906,967	-	-	-	-	1,906,967	1,891,381	7,793	-	1,899,175	7,792	50%
Plant and machinery	312,893,020	1,467,111	12,732,404	-	-	327,092,535	88,642,625	15,594,889	-	104,237,514	222,855,021	10% & units of production / transported
Vehicles	7,519,491	1,455,500	429,718	-	(2,131,760)	7,272,949	5,126,555	763,216	(1,634,983)	4,254,788	3,018,161	20%
Furniture and fixture	911,313	50,800	-	-	-	962,113	363,594	57,312	-	420,906	541,207	10%
Computers	1,861,290	-	-	-	-	1,861,290	1,444,315	133,795	-	1,578,110	283,180	30%
Electrical equipment	757,847	-	-	-	-	757,847	424,911	33,294	-	458,204	299,643	10%
Office equipment	3,872,957	-	950,928	-	-	4,823,885	947,488	390,938	-	1,338,426	3,485,459	10%
	342,671,931	3,264,411	14,720,317	-	(2,131,760)	358,524,899	101,017,773	17,563,229	(1,634,983)	116,946,019	241,578,880	

	2020	2019
	(Rupees)	
4.2 Capital work in progress - at cost		
Plant and machinery	<u>6,694,117</u>	7,912,638
	<u>6,694,117</u>	<u>7,912,638</u>
The movement in capital work in progress is as follows		
Balance at the beginning of the year	7,912,638	16,703,805
Additions during the year		
Plant and machinery	<u>14,796,568</u>	5,929,150
Building	<u>4,318,291</u>	-
	<u>19,114,859</u>	5,929,150
	<u>27,027,497</u>	<u>22,632,955</u>
Transfer to operating fixed assets		
Plant and machinery	<u>(16,015,089)</u>	(12,732,404)
Vehicles	-	(429,718)
Building	<u>(4,318,291)</u>	-
Civil works	-	(607,267)
Office equipments	-	(950,928)
	<u>(20,333,380)</u>	(14,720,317)
Balance at the end of the year	<u>6,694,117</u>	<u>7,912,638</u>

4.3 The details of operating assets sold, having net book value in excess of Rs. 50,000 each are as follows:

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of buyers
Suzuki cultus	600,000	570,863	29,137	300,000	Negotiation	Jan Gul Khan
Batching Plant	36,861,907	33,762,120	3,099,787	3,899,780	Negotiation	Noor-ul-Hakim Khan
Transit Mixer	1,739,208	43,480	1,695,728	4,400,000	Negotiation	Azam Khan
Transit Mixer	2,187,205	267,933	1,919,272	3,500,000	Negotiation	Israr Hassan Zai
Transit Mixer	4,726,291	2,673,126	2,053,165	1,000,000	Negotiation	Israr Hassan Zai
Batching Plant	11,043,607	1,374,081	9,669,526	8,600,000	Negotiation	Usmani Associates
Batching Plant	17,512,702	16,612,703	899,999	325,155	Negotiation	Shamsher Khan
Wheel Loader	7,341,909	3,710,904	3,631,005	2,300,000	Negotiation	Amjad Khan
Generator	2,343,838	1,469,951	873,887	305,000	Negotiation	Shamsher Khan
Porta Cabin	485,000	119,184	365,816	173,000	Negotiation	Rizwan ur Rahim
Generator	2,932,456	1,545,114	1,387,342	100,000	Negotiation	Abdul Malik
Generator	642,826	425,542	217,284	60,000	Negotiation	Abdul Malik

	Note	2020 (Rupees)	2019
4.4			
The depreciation charge is allocated as follows:			
Cost of sales	20	11,107,956	15,806,906
Administrative expenses	22	792,979	1,756,323
		<u>11,900,935</u>	<u>17,563,229</u>
5			
LONG TERM DEPOSITS			
Deposits against Ijarah finance		15,143,940	22,220,200
Others	5.1	5,333,390	6,501,830
		<u>20,477,330</u>	<u>28,722,030</u>
5.1			
These represent security deposits mainly against rented premises.			
6			
Movement of deferred tax asset			
Balance at the beginning of the year		67,034,421	43,306,892
Tax charge recognized in statement of profit and loss		16,924,232	23,882,230
Tax charge recognized in other comprehensive income		(402,178)	(154,701)
Balance as at end of the year		<u>83,556,475</u>	<u>67,034,421</u>
Tax loss on account of unabsorbed depreciation amounting to around Rs. 138.5 million (2019 : Rs. 135 million) and minimum tax credit amounting to around Rs. 33.13 million (2019: Rs. 32 million) is available to the Company's credit. Deferred tax asset in respect thereof has been recognized as availability of sufficient taxable profits in future tax years to avail tax credit is expected.			
7			
STOCK IN TRADE			
Raw material	7.1	<u>13,081,629</u>	<u>53,118,037</u>
		<u>13,081,629</u>	<u>53,118,037</u>
7.1			
The stock is pledged with banks as security against finance facilities (refer note 13)			
8			
TRADE DEBTS - UNSECURED			
Considered good		104,811,533	122,915,602
Considered doubtful		123,345,267	100,162,815
		<u>228,156,800</u>	<u>223,078,417</u>
Impairment of financial assets	8.1	(123,345,267)	(100,162,815)
	8.2 , 8.3	<u>104,811,533</u>	<u>122,915,602</u>
8.1			
Impairment of financial assets			
Balance as at July 1		100,162,815	61,440,920
Additional Impairment on initial application of IFRS 9		-	23,515,657
		<u>100,162,815</u>	<u>84,956,577</u>
Charge for the year	8.1.1	23,182,452	15,206,238
Balance as at June 30		<u>123,345,267</u>	<u>100,162,815</u>
8.1.1			
Trade debts which are past due beyond one year have been impaired and fully provided			
		23,182,452	15,206,238

	2020	2019
	(Rupees)	
8.2 Related party from whom trade debts are due as under:		
Javedan Corporation Limited	588,526	1,756,884
The maximum aggregate amount of receivable from related parties at the end of any month during the year was 2.5 million (2019: Rs 9.5 million).		
Not yet due	588,526	1,756,884
Past due 1-60 days	-	-
	<u>588,526</u>	<u>1,756,884</u>
9 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES		
Advances to staff for purchases	1,425,795	788,582
Loan to employees	242,034	604,697
Advances to suppliers - unsecured, considered good	28,185,665	41,620,463
Prepayment	86,196	1,187,791
Other receivables	3,190,519	2,836,327
Allowance for expected credit loss	-	(2,772,487)
	9.2	
	<u>3,190,519</u>	<u>63,840</u>
	<u>33,130,209</u>	<u>44,265,373</u>
9.1 These advances and loans to employees are non-interest bearing.		
9.2 Movement of expected credit loss		
Balance at the beginning of the year under IAS 39	2,772,487	-
Effect of initial adoption of IFRS 9	-	2,772,487
Balance at the beginning of the year under IFRS 9	<u>2,772,487</u>	<u>2,772,487</u>
Impairment loss on financial assets	-	-
Balance as at end of the year	<u>2,772,487</u>	<u>2,772,487</u>
10 TAXATION - NET		
Tax refundable as at 01 July	34,523,233	43,320,476
Tax payments / adjustments made during the year	3,639,418	5,703,466
	<u>38,162,651</u>	<u>49,023,942</u>
Less: Provision for tax - current year	(6,141,717)	(10,991,401)
Less: tax expense - prior year	901,502	(3,509,308)
Tax refundable as at 30 June	<u>32,922,436</u>	<u>34,523,233</u>
11 CASH AND BANK BALANCES		
Cash in hand	276,001	131,433
Cash at bank		
- current accounts	13,174,206	2,377,727
- deposit accounts	-	226,161
	11.1	
	<u>13,174,206</u>	<u>2,603,888</u>
	<u>13,450,207</u>	<u>2,735,321</u>
11.1 These carry profit at the rate of 6 % (2019: 6 %) per annum.		

		2020	2019
		(Rupees)	
12	SHARE CAPITAL		
12.1	Authorized share capital:		
	35,000,000 ordinary shares of Rs. 10 each	<u>350,000,000</u>	<u>350,000,000</u>
12.2	Issued, subscribed and paid-up capital		
	2020 2019 (Number of shares)		
	<u>250,000,000</u> <u>250,000,000</u>	Fully paid ordinary shares of Rs. 10 each issued for cash	
		<u>25,000,000</u>	<u>25,000,000</u>

13 LONG TERM FINANCING - SECURED

Details of long term financing are as follows:

Islamic

Diminishing musharka - Bank of Punjab	13.1	11,759,186	23,518,374
Diminishing musharka - Summit Bank	13.2	11,736,671	26,407,502
Diminishing musharka - Bank islami	13.3	482,647	772,255
Less: Current portion of long term finance shown under current liabilities		(20,730,624)	(29,653,996)
less: Overdue payments		(2,934,167)	-
		<u>313,713</u>	<u>21,044,135</u>

13.1 During the financial year 2016, the Company converted its short term running finance facility from Bank of Punjab to Islamic mode of financing and entered into a diminishing musharka of Rs. 47.037 million for plant and machinery with the Bank of Punjab Taqwa Islamic Banking. The arrangement carry profit at the rate of 1 year KIBOR + 2.5% and with quarterly rental repayments. The arrangement is for a tenure of five years from the date of disbursement and is structured in such a way that first principal repayment installment will commence from the fifth installment. Arrangement is secured against 1st charge of PKR 160 million over all present and future fixed assets (plant and machinery) and current assets (including stock) of the Company registered with SECP.

13.2 During the financial year 2018, the Company entered into a diminishing musharka of Rs.35.2 million for plant and machinery with the Summit Bank Limited- Islamic Banking. The arrangement carry profit at the rate of 1 year KIBOR + 3.75% and with monthly rental repayments. The arrangement is for a tenure of three years from the date of disbursement and is structured in such a way that first principal repayment installment will commence from the thirteenth installment. Arrangement is secured against exclusive charge of PKR 50.75 million over plant and machinery of the Company located at Nooriabad, registered with SECP.

13.3 During the financial year 2019, the company entered into a diminishing musharka of Rs. 1.4 million for vehicles with the Bank Islami Pakistan Limited-Islamic Banking. The arrangement carry profit at the rate of KIBOR + 2.75% and with monthly rental repayments. The arrangement is for a tenure of four years from the date of disbursement. Arrangement is secured against the subject motor vehicles.

14 STAFF RETIREMENT BENEFITS

The latest actuarial valuation of the scheme as at June 30, 2020. was carried out using the Projected Unit Credit Method. Details of the scheme as per the actuarial valuation are as follows:

	Note	2020 (Rupees)	2019
14.1	Balance sheet reconciliation		
	Present value of defined benefit obligation	3,922,272	6,937,495
	Fair value of plan assets	-	-
	Net liability at the end of the year	<u>3,922,272</u>	<u>6,937,495</u>
14.2	Movement in net liability in the balance sheet		
	Net liability at beginning of the year	6,937,495	7,687,190
	Charge for the year	1,421,633	2,444,337
	Remeasurement (gain) / loss recognized in Other comprehensive income	(1,386,821)	(533,451)
	Benefits paid during the year	(3,050,035)	(2,660,581)
	Net liability at end of the year	<u>3,922,272</u>	<u>6,937,495</u>
14.3	Movement in the present value of defined benefit obligation		
	Present value of defined benefit obligation at beginning of the year	6,937,495	7,687,190
	Current service cost	777,548	1,808,647
	Interest cost	644,085	635,690
	Benefits paid during the year	(3,050,035)	(2,660,581)
	Remeasurement gain on obligation	(1,386,821)	(533,451)
	Present value of defined benefit obligation at the end of the year	<u>3,922,272</u>	<u>6,937,495</u>
14.4	Expense recognized in profit and loss account		
	Current service cost	777,548	1,808,647
	Interest cost	644,085	635,690
		<u>1,421,633</u>	<u>2,444,337</u>
14.5	Actuarial assumptions used		
	Withdrawal rate	Low	Low
	Mortality rate	SLIC 2001-05-1	SLIC 2001-05-1
	Valuation discount rate	9.25%	11.90%
	Expected rate of increase in salaries	9.25%	11.90%
14.6	Charge for the year has been allocated as follows:		
	Cost of sales	611,297	1,808,647
	Administrative expense	810,336	635,690
		<u>1,421,633</u>	<u>2,444,337</u>
14.7	Sensitivity analysis		

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

	2020 Increase / (decrease) in obligation (Rupees)	
Discount rate	2,864,078	3,864,674
Expected rate of salary increase	3,893,972	2,834,657

The sensitivity analysis are 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.

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

Salary risks

The risks that the final salary at the time of cessation of service is higher than what was assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

Mortality / withdrawal risks

The risks that the actual mortality / withdrawal experience is different. The effect depends upon the beneficiaries' service / age distribution and the benefit.

Longevity risks

The risk arises when the actual lifetime of the retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

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

	Note	2020 (Rupees)	2019
Less than a year		50,365	242,931
Between 1-2 years		58,442	104,497
Between 2-3 years		67,113	124,084
Between 3-4 years		76,094	148,261
Between 4-5 years		82,292	175,161
Between 6-10 years		498,336	5,543,519
11 years and above		17,836,933	39,721,266

14.10 The expected gratuity cost, to be recognized for the next one year amounts to Rs. 1,182,094.

15 DEFERRED INCOME

Balance at the beginning of the year	15.1	4,480,000	7,840,000
Deferred income arised during the year		-	-
less: Amortization charged during the year to profit and loss account		(3,360,000)	(3,360,000)
		<u>1,120,000</u>	<u>4,480,000</u>
Less: Current portion of deferred income shown under current liabilities		(1,120,000)	((3,360,000))
		<u>-</u>	<u>1,120,000</u>

15.1 In financial year 2016, the Company purchased eight transit mixers through auction sale for Rs. 47.2 million and entered into Ijarah arrangement with various financial institutions. The said financial institutions carried valuation of these transit mixers from a third party, who valued them for Rs. 64 million. Therefore, financial institutions entered into Ijarah arrangement for Rs. 64 million, resulting in deferred income of Rs. 16.8 million (representing excess of sales proceeds over the carrying amount of respective assets) out of which 3.36 million is classified in current liabilities; being current portion of deferred income. The deferred income will be amortized to profit and loss account over the lease term i.e. five years.

		2020	2019
		(Rupees)	
16	TRADE AND OTHER PAYABLES		
	Trade creditors	16.1 150,151,939	197,215,847
	Murabaha finance facilities	16.2 -	22,914,195
	Istisna finance facilities	16.3 73,785,098	-
	Advances from customers	9,772,900	8,089,873
	Accrued expenses	8,679,027	12,189,060
	Withholding tax payable	14,024,039	3,791,368
	Workers' Welfare Fund (WWF)	1,715,311	1,715,311
	Workers' Profit Participation Fund (WPPF)	16.4 14,162,245	12,326,250
	Other payables	10,322,085	8,956,318
		<u>282,612,644</u>	<u>267,198,223</u>
16.1	Trade creditors include Rs. 40,266,761 (2019: Rs. 84,381,519) payable to related party M/s. Power Cement Limited.		
16.2	This represents murabaha financing facilities under Islamic mode of financing from Bank of Punjab (Taqwa Islamic) for procurement of raw material for concrete mix including cement, sand and chemical etc. to the extent of 70 million (2019: 70 million). The facility carries profit rate of matching KIBOR plus 2% and is secured against 1st charge of PKR 160 million over all present and future current assets of the Company registered with SECP.		
16.3	This represents Istisna financing facilities under Islamic mode of financing from Bank of Punjab (Taqwa Islamic) for working capital requirement of the company, to the extent of 80 million. The facility carries profit rate of matching KIBOR plus 2% and is secured against 1st charge of PKR 160 million over all present and future current assets of the Company registered with SECP.		
16.4	Workers' Profit Participation Fund		
	As at the beginning of the year	12,326,250	10,566,867
	Interest on funds utilized by the Company	16.4.1 1,835,995	1,759,383
	Charge for the year	-	-
	As at end of the year	<u>14,162,245</u>	<u>12,326,250</u>
16.4.1	Interest on Workers' Profit Participation Fund is charged at 14.89% (2019: 16.65%) per annum.		
17	Loan from Related Party		
	Opening balance	90,000,000	60,000,000
	Receipts during the year	75,000,000	30,000,000
	Repayments during the year	(78,000,000)	-
		17.1 87,000,000	90,000,000
	Less Transfer to equity	(87,000,000)	-
		<u>-</u>	<u>90,000,000</u>
17.1	At May 15, 2020 the lender and the Company have agreed the loan will be repaid at the discretion of the Company. Therefore the loan have been treated as "capital contribution" with effect from above date in accordance with the Institute of Chartered Accountants of Pakistan's (ICAP) Technical Release 32 "Accounting Directors Loan.		
	This represent interest free loan taken from Mr. Abdus Samad (CEO) .		

18 CONTINGENCIES AND COMMITMENTS

18.1 Contingencies

18.1.1 Section 113(2)(c) of the Income Tax Ordinance, 2001 was interpreted by a Divisional Bench of the Sindh High Court (SHC) in the Income Tax Reference Application (ITRA) No. 132 of 2011 dated 7 May 2013, whereby it was held that the benefit of carry forward of minimum tax is only available in the situation where the actual tax payable in a tax year is less than minimum tax. Therefore, where there is no tax payable, interalia, due to brought forward tax losses, minimum tax could not be carried forward for adjustment with future tax liability. The Company has carried forward minimum tax of current and previous years amounting to around Rs. 24 million and the Company expects to adjust the amount against the future taxable profits. The management is of the view that the interpretation of SHC has been challenged in the Supreme Court of Pakistan and they are waiting for its final outcome.

18.1.2 Tax Authorities had conducted monitoring of withholding taxes under section 161 of Income Tax Ordinance, 2001 for tax year 2012 and created an arbitrary demand of Rs. 11.252 million. The Company's appeal before CIR (A) / Appellate Tribunal Inland Revenue (ATIR) is pending for adjudication. The management is confident that the appeal will be decided in favor of the company; therefore, no provision has been made against the said demand of Rs. 11.252 million.

18.1.3 Federal Board of Revenue (FBR) issued a notice to the Company for payment of sales tax under the Sales Tax Act, 1990. The Company filed a petition in Sindh High Court challenging the lawful authority and jurisdiction of FBR on the ground that the Company is engaged in providing service in respect of Ready Mix Concrete and is accordingly registered with Sindh Revenue Board (SRB) and is paying Sales Tax under HS Code No. 9837.0000 to the Second Schedule of 2011 Act. The Sindh High Court granted stay order against the notice issued by FBR.

18.2 Commitments

There are no commitments at the balance sheet date.

19	REVENUE	2020	2019	
		(Rupees)		
	Toll manufacturing income	74,097,062	94,740,374	
	Sale of concrete mix	388,578,983	898,882,267	
		462,676,045	993,622,641	
	Less: Sales tax	(53,228,218)	(114,310,569)	
		409,447,827	879,312,072	
20	COST OF SALES			
	Raw material and stores consumed	20.1	281,352,056	659,759,726
	Salaries, wages and other benefits	20.2	54,018,586	82,847,296
	Depreciation	4.4	11,107,956	16,639,637
	Fuel and power		39,849,513	53,781,149
	Equipment hiring charges		3,711,383	5,114,363
	Ijarah rentals	30	20,830,498	26,206,070
	Repair and maintenance		5,563,149	13,356,828
	Site preparation and sample testing		459,010	999,030
	Land rent		3,410,004	3,410,004
	Insurance expenses		2,145,152	3,425,044
			422,447,307	865,539,147

	Note	2020	2019
		(Rupees)	
20.1 Raw material and stores consumed			
Opening stock		58,786,911	81,956,863
Purchases		232,934,314	642,461,310
		291,721,225	724,418,173
Less: Closing stock		(18,547,289)	(58,786,911)
		273,173,936	665,631,262
Add :Ice and water consumed		11,002,738	13,568,024
		284,176,674	679,199,286
Less: Reimbursements from third parties		(2,035,980)	(19,439,560)
Less : Cement provided by client debit balance		2,338,856	-
Less : Transfer to CWIP		(3,127,493)	-
		281,352,056	659,759,726
20.2			
Salaries, wages and other benefits include Rs. 611,297 (2019: Rs. 1,808,647) in respect of staff retirement benefits.			
21 SELLING AND DISTRIBUTION EXPENSES			
Sales commission	21.1	2,011,283	3,806,396
Advertisement and sales promotion		543,561	2,382,469
Travelling and conveyance		517,537	951,789
Impairment loss of financial assets		23,182,452	17,978,725
		26,254,833	25,119,379
21.1			
This includes sales commission of Rs. 2,011,283 (2019: Rs. 3,806,396) related to Karachi Metropolitan Corporation.			
22 ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits	22.1	14,308,790	10,591,129
Depreciation	4.4	792,979	923,592
Auditors' remuneration	22.2	1,075,200	1,075,200
Postage, telegram and telephone		724,766	1,195,584
Rent, rates and taxes		1,524,664	4,928,692
Insurance		278,548	1,270,991
Entertainment		341,546	287,598
Printing and stationery		496,350	1,005,568
Legal and professional		490,000	2,717,086
Repair and maintenance		464,888	557,038
Miscellaneous		386,508	389,530
		20,884,239	24,942,008
22.1			
Salaries, wages and other benefits include Rs. 810,336 (2019: Rs. 635,690) in respect of staff retirement benefits.			
22.2 Auditors' remuneration			
Statutory audit and other certifications		799,200	799,200
Half yearly review		216,000	216,000
Out of pocket expenses		60,000	60,000
		1,075,200	1,075,200

23	FINANCE COST	Note	2020 (Rupees)	2019
	Bank charges		76,169	118,153
	Mark up expenses		11,040,816	12,047,292
	Interest on WPPF	16.4.1	<u>1,835,995</u>	<u>1,759,383</u>
			<u>12,952,981</u>	<u>13,924,828</u>

24 LOSS ON IMPAIRMENT OF FIXED ASSETS

During the year, the Company shifted one of its batching plant and in the process the management estimated that there has been greater than anticipated wear and tear and may result in impairment of class of assets.

On the basis of the valuation report, the management has determined the recoverable amount of the batching plants by assessing the fair value less cost of disposal (FVLCO) of the underlying assets.

The total FVLCO of the batching plants is estimated at Rs. 6,999,780/- whereas the carrying amount of batching plants is Rs. 52,062,243/- . The review led to the recognition of an impairment loss of Rs. 45,126,299, which has been recognised in profit or loss.

The valuation of the batching plants was carried out by M/S Zafar Iqbal & Co dated March 26, 2020.

25	OTHER OPERATING EXPENSES	Note	2020 (Rupees)	2019
	Loss on sale of fixed assets	4.3	<u>3,528,736</u>	-
			<u>3,528,736</u>	<u>-</u>

26 OTHER OPERATING INCOME

	Income from financial assets			
	- profit on deposit accounts		183,816	778,131
	Income from assets other than financial assets			
	- miscellaneous income		<u>11,476,293</u>	<u>10,282,584</u>
			<u>11,660,109</u>	<u>11,060,715</u>

27 TAXATION

	Income tax			
	- Current	27.1	6,141,717	10,991,401
	- Prior		(901,502)	3,509,308
	Deferred		<u>(16,485,798)</u>	<u>(23,882,230)</u>
			<u>(11,245,582)</u>	<u>(9,381,521)</u>

27.1 Provision for current tax has been made in accordance with section 113 of the Income Tax Ordinance, 2001 ("the Ordinance"). There is no relationship between tax expense and accounting profit as the provision for current taxation is based on turnover tax therefore no numerical reconciliation has been presented.

28 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2020		
	Chief Executive	Non- Executive Directors	Executives
	----- (Rupees) -----		
Managerial Remuneration	2,563,680	-	16,986,186
Meeting fee	-	137,500	-
Total	2,563,680	137,500	16,986,186
Number of persons	1	3	8

	2019		
	Chief Executive	Non- Executive Directors	Executives
	----- (Rupees) -----		
Managerial Remuneration	2,542,806	-	15,828,606
Meeting fee	-	312,500	-
Total	2,542,806	312,500	15,828,606
Number of persons	1	4	8

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

29 NUMBER OF EMPLOYEES

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

	2020	2019
	(Number of employees)	
Average number of employees during the year	112	149
Total number of employees as at June 30	67	157
Average Employees working at the Company's Plant during the year	120	120
Employees working at the Company's Plant at the year end	60	126

30 IJARAH

Total future ijarah payment

	2020	2019
	(Rupees)	
Up to one year	6,827,718	19,859,094
Later than one year but not later than five years	-	6,827,718
	6,827,718	26,686,812

The total ijarah rentals due under the ijarah agreements aggregate Rs. 6.82 million (June 30, 2019 : Rs. 26.68 million) and are payable in equal monthly installments under various ijarah agreements, latest by 2021. If any Ijarah is terminated, the Mustajir (lessee) is required to pay the purchase price specified in the ijarah agreements. The cost of repairs and insurance are borne by the Mustajir (lessee). The Ijarah is partially secured by a deposit of Rs. 13.70 million (June 30, 2019 : Rs. 21.68 million) and demand promissory note. The company intend to exercise the option of purchasing the assets under Ijarah at residual value upon completion of Ijarah term.

31 FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

31.1 Credit risk

Credit risk represents the financial loss that would be recognized at the reporting date if counter parties fail completely to perform as contracted and arise principally from deposits, trade debts, advances, other receivables and bank balances.

To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Where considered necessary, advance payments are obtained from certain parties.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Company manages its exposure to concentration of credit risk arising out of trade debts through credit reviews taking into account the customer's financial position and by making sales against advanced receipts.

The maximum exposure to credit risk at the reporting date was:

	2020	2019
	(Rupees)	
Long term deposits	20,477,330	28,722,030
Trade debts - net of provision	104,811,533	122,915,602
Advances and other receivables	33,130,209	44,265,373
Bank balances	13,450,207	2,735,321
	<u>171,869,279</u>	<u>198,638,326</u>

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

	2020		2019	
	Gross	Provision	Gross	Provision
	----- (Rupees) -----			
Not past Due	7,268,469	-	22,708,858	-
Past due 1-60 days	11,499,283	-	34,043,059	-
Past due 61 day to 1 Year	86,043,781	-	66,163,685	-
More than one year	23,182,452	23,182,452	100,162,815	100,162,815
	<u>127,993,985</u>	<u>23,182,452</u>	<u>223,078,417</u>	<u>100,162,815</u>

The Company's five significant customers account for Rs. 73.318 million (2019: Rs 50 million) of trade debts as at the reporting date. Exposure to any single customer does not exceed 30 % (2019: 10.08%) of trade debts as at the reporting date.

Credit quality of major financial assets

The credit quality of major financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (where available) or to historical information about counterparty default rate:

Bank	Rating		Rating Agency	2020	2019
	Long term	Short term			
Bank of Punjab	AA	A1+	PACRA	12,688,464	1,591,093
Bank Alfalah Islamic	AA+	A1+	PACRA	144,563	99,845
Habib Metropolitan Bank Limited	AA+	A1+	PACRA	33,466	40,213
Bank Islami Pakistan Limited	A+	A1	PACRA	(11,069)	543,792
Summit Bank Limited			JCR-VIS	92,049	226,163
Meezan Bank Limited	AA+	A1+	JCR-VIS	226,722	102,782
				<u>13,174,195</u>	<u>2,603,888</u>

31.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company uses different methods which assists it in monitoring cash flow requirements and optimizing its cash return from operations. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligation.

The following are the contractual maturities of financial liabilities, including expected interest payments and excluding the impact of netting agreements:

	2020			
	Carrying amount	Contractual maturities	Maturity upto one year	Maturity upto two to five years
	----- (Rupees) -----			
Long term financing	21,044,135	20,730,624	20,730,624	313,713
Trade and other payables	282,612,644	282,612,644	282,612,644	-
	<u>303,656,719</u>	<u>303,343,268</u>	<u>303,343,268</u>	<u>313,713</u>

	2019			
	Carrying amount	Contractual maturities	Maturity upto one year	Maturity upto five years
	----- (Rupees) -----			
Long term financing	50,698,131	50,698,131	29,653,996	21,044,135
Trade and other payables	267,198,223	267,198,223	267,198,223	-
	<u>317,896,354</u>	<u>317,896,354</u>	<u>296,852,219</u>	<u>21,044,135</u>

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

31.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments.

a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from receivables and payables that exist due to transactions in foreign currencies. The Company is not exposed to currency risk as all the operations of the Company are being carried out in local currency.

b) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Significant interest rate risk exposures are primarily managed by a mix of borrowings at fixed and variable interest rates.

At the balance sheet date, the interest rate profile of the Company's interest bearing financial instruments is:

	<u>2020</u>	<u>2019</u>
	Carrying amount (Rupees)	
Variable rate instruments:		
Financial liabilities	<u>23,978,504</u>	<u>73,612,326</u>

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect profit and loss account.

Cash flow sensitivity analysis for variable rate instruments

If interest rates at reporting date, fluctuate by 100 bps higher / lower with all other variables held constant, profit after taxation for the year 2020 and for 2019 would have decreased / increased respectively by the following amounts as a result of increase / decrease in finance cost on the variable rate financial liabilities:

	<u>2020</u>	<u>2019</u>
	(Rupees)	
Effect on profit	<u>239,785</u>	<u>736,123</u>

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Company.

31.4 Fair value of financial instruments

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

31.5 Capital management

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

- a) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- b) to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

The Company monitors capital on the basis of the debt-to-equity ratio calculated as a ratio of total debt to equity. Debt comprises long term debts and liabilities against assets subject to finance lease. Equity includes total equity as shown in the balance sheet.

The debt-to-equity ratios as at reporting dates are as follows:

	2020	2019
	(Rupees)	
Total debt	23,978,504	140,698,131
Total equity and debt	201,334,538	328,846,564
Gearing ratio	<u>11.9%</u>	<u>42.8%</u>

Neither there were any changes in the Company's approach to capital management during the year nor the Company is subject to externally imposed capital requirements.

32 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

32.1 Transactions with related parties

Name of related party	Relationship and %age shareholding	Transaction during the year and year end balances	Note	2020	2019
				(Rupees)	
Power Cement limited	Associate	Purchase of raw material		29,361,240	287,579,201
		Amount due at the year end		40,266,761	84,381,519
Thatta cement limited	Associate	Purchase of raw material	32.1.1	-	109,335,218
		Amount due at the year end		-	15,079,829
Javedan corporation limited	Associate	Sales		29,936,765	67,055,665
		Amount due at the year end		588,526	1,756,884
Mr. Arif Habib	Associate person Lineal Ascendant of CEO holds 11.4% (2019: 11.42%)	Loan received during the year	17	-	18,000,000
		Loan paid during the year	17	78,000,000	-
		Loan payable to related party		-	78,000,000
Mr. Abdus Samad	Associate person CEO holds 11.52% (2019: 11.52%)	Loan received during the year		75,000,000	12,000,000
		Loan paid during the year		-	-
Mr. Abdus Samad		Loan payable to related party		87,000,000	12,000,000

32.1.1 Due to the death of Common Director, Thatta Cement is not a related party of the Company.

33 INFORMATION FOR ALL SHARES ISLAMIC INDEX SCREENING

33.1	Description	2020 Carried Under		2019 Carried Under	
		Non-Shariah arrangements	Shariah arrangements	Non-Shariah arrangements	Shariah arrangements
	Assets				
	Loans and advances				
	Advance to employees	-	1,425,795	-	788,582
	Loan to employees	-	242,034	-	604,697
	Advances to supplier	-	28,185,665	-	41,620,463
	Others	-	3,190,519	-	2,836,327
	Deposits				
	Long term deposits	-	20,477,330	-	28,722,030
	Bank balances	-	13,174,206	-	2,603,888
	Liabilities				
	Loan and advances				
	Long term financing	-	23,978,504	-	50,698,131
	Murahaba	-	-	-	22,914,195
	Lease Liabilities	-	-	-	-
	Advances from customers	-	9,772,900	-	8,089,873
	Payable to sponsors	-	-	-	90,000,000
	Payable to associate companies	-	-	-	20,000,000
	Income				
	Profit on savings account	183,816	-	778,131	-

33.2	Sources of Other Income	2020	2019
		(Rupees)	
	Profit on deposit accounts	183,816	778,131
	Pumping, grout charges and others	8,116,293	6,922,584
	Deferred Income	3,360,000	3,360,000
		<u>11,660,109</u>	<u>11,060,715</u>

33.3	Relationship with banks	Relationship	
	Name	Non Islamic window operation	Islamic window operation
	Habib Metropolitan Bank Limited	✓	✗
	Bank Islami	✗	✓
	Bank Of Punjab	✓	✓
	Bank Alfah Islamic	✗	✓
	Summit Bank Islamic Account	✗	✓
	Meezan Bank	✗	✓

	2020	2019
	----- (Cubic meter) -----	

34 PLANT CAPACITY AND ACTUAL PRODUCTION

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

Available capacity		
Batching plant	<u>1,470,400</u>	<u>1,470,400</u>
Actual production		
Batching plant	<u>65,967</u>	<u>143,352</u>

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

34 MEASUREMENT OF FAIR VALUES

A number of the company's accounting policies and disclosure require the measurement of fair values, for both financial, if any and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the company uses valuation techniques that are appropriate in the circumstances and uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (Unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quote prices included in Level 1 that are observables for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are based on observable market data (unobservable inputs)

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy a, then the fair value measurements is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the management recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. As at June 30, 2016 no assets and liabilities are recognized at fair values.

35 OPERATING SEGMENTS

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

35.2 100 % (2019: 100%) of the gross sales of the Company are made to customers located in Pakistan.

35.3 All non-current assets of the Company as at June 30, 2020 are located in Pakistan.

36 LOSS PER SHARE - BASIC AND DILUTED

	2020	2019
	(Rupees)	
36.1 Loss per share - basic and diluted		
Loss after tax (Rupees)	<u>(98,777,041)</u>	<u>(49,873,235)</u>
Weighted average number of ordinary shares outstanding during the year	<u>25,000,000</u>	<u>25,000,000</u>
Loss per share - basic (Rupees)	<u>(3.95)</u>	<u>(1.99)</u>


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

37 CORRESPONDING FIGURES

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

38 DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorized for issue on 3rd October 2020 by the Board of Directors of the Company.



Samad Habib
CEO



Kashif Habib
Director



Muneer Gader
CFO

PROXY FORM

I / We _____ of _____ (full address) being member(s) of Safe Mix Concrete Limited and holding _____ ordinary shares as per Share Registrar Folio No. _____ or CDC Participant ID No. _____ and Sub A/c No. _____ hereby appoint Mr./Mrs./Miss _____ Folio No. _____ of _____ (full address) failing Mr./Mrs./Miss _____ Folio No. _____ of _____ (full address) another member of the Company to vote for me / us and on my / our behalf at the Annual General Meeting of the Company to be held on October 26, 2020 and at any adjournment thereof.

As witness my / our hand this _____ day of _____ 2020.

Signature of member(s)

Please affix of
Rs. 5/-
Revenue stamp

Witness: _____
Name: _____
CNIC No.: _____
Address: _____

Witness: _____
Name: _____
CNIC No.: _____
Address: _____

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint another member as his / her proxy to attend and vote instead of his / her. No person shall act as proxy (except for corporation) unless he / she is entitled to be present and vote in his / her own right.
2. The instrument appointing proxy should be signed by the member(s) or by his / her attorney duly authorized, in writing, or if the member is a corporation / company either under the common seal or under the hand of an authorized or attorney so authorized.
3. This proxy form duly completed must be deposited at the registered office of the Company not later than 48 hours before the time of holding of meeting.
4. CDC Shareholders and their proxies must each attach an attested copy of their NIC or Passport with this proxy form. The proxy form shall be witnessed by two persons whose names; addresses and NIC number shall be mentioned on the form.
5. In case Corporate entity the Board of Directors resolution / Power of Attorney with specimen signatures shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

میں مسٹی / مسماة _____ ساکن _____ ضلع _____
 بحیثیت ممبر سیف مکس 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 26 اکتوبر، 2020 منعقد ہو رہا ہے میں اور ان کے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔
 دستخط: _____ بروز/ بتاریخ _____ 2020

گواہان:

1

نام: _____

پتہ: _____

شناختی کارڈ نمبر: _____

دستخط: _____

2

نام: _____

پتہ: _____

شناختی کارڈ نمبر: _____

دستخط: _____

دستخط ۵ روپے
ریونیو اسٹیٹمپ

نوٹ:

- وہ رکن جسے یہ اجلاس یا اجلاس میں ووٹ کا حق حاصل ہے وہ کسی ناگزیر صورتحال میں اپنی جگہ کسی دوسرے (مخصوص) رکن کو یہ حق دے سکتا ہے کہ وہ رکن اُس کی پراکسی استعمال کرتے ہوئے، اُس کے بجائے اجلاس میں شریک ہو سکتا ہے، خطاب کر سکتا ہے یا ووٹ کا اندراج کر سکتا ہے۔
- پراکسی ثابت کرنے کے لئے اُسے اپنا اصل پاسپورٹ اور فوٹیو نمبر سے دکھانا لازمی ہے تاکہ اجلاس میں شرکت کی اجازت سے قبل اُس کی شناخت کی جاسکے۔
- منوٹر بنانے کے لئے، پراکسی فارم ہمارے رجسٹرار کے دفتر (ایم/ ایس) سینٹرل ڈیپوزٹری کمپنی آف پاکستان، شیئر رجسٹرار ڈیپارٹمنٹ، سی ڈی سی ہاؤس، 99-B، ایس، ایم، سی، ایچ، ایس، شاہراہ فیصل، کراچی، پاکستان، میں اجلاس سے کم از کم 48 گھنٹے قبل وصول ہونا لازمی ہے۔ فارم میں تمام مطلوبہ معلومات، رکن کے دستخط اور مہر، نیز دو گواہان کی بنیادی معلومات یعنی نام پتے، دستخط اور شناختی کارڈ نمبر کا اندراج ضروری ہے۔
- انفرادی رکن کی صورت میں اصل اور پراکسی کے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول منسلک کرنا لازمی ہے۔
- پراکسی کے کارپوریٹ ہونے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد، پاور آف اٹارنی، شناختی کارڈ اور پاسپورٹ کی تصدیق شدہ نقول، پراکسی فارم کے ساتھ منسلک کرنا ضروری ہے۔

کرے گا۔ اگرچہ اگلی ایک سے دوسرے ماہی لاک ڈاؤن کی وجہ سے شدید متاثر رہیں گی لیکن سال کے آغاز سے ہم آگے بڑھنے کی توقع کرتے ہیں۔ تعمیراتی پیکیج کے ذریعے ریئل اسٹیٹ اور تعمیراتی شعبے میں سرگرمی دیکھی جائے گی، جس کے لیے صوبائی سطح پر بعض ضروری تبدیلیوں کا ہونا ضروری ہے۔

تسلیمات (اعترافات خدمات):

ہم کمپنی کے ہر ممبر کے متعلقہ شعبہ مہارت میں تعاون کا اعتراف کرتے ہیں۔ ہماری مصنوعات پر گاہکوں کی جانب سے اعتماد کرنے پر ان کے مشکور ہیں۔ ہم اپنے تمام حصص یافتگان، بینکوں اور مالیاتی اداروں کی جانب سے تعاون، رہنمائی اور اعتماد فراہم کرنے پر ان کے شکرگزار ہیں اور ہم پر عزم ہیں کہ آنے والے سالوں میں ان سرمایہ کاریوں پر بہتر منافع کو یقینی بنائیں گے۔ مزید ہم SECP اور PSX کی انتظامیہ کے مسلسل تعاون اور رہنمائی پر مشکور ہیں۔

برائے و منجانب:



سید نجم الدین جاہ جعفری
چیئر مین



صدر حبیب
چیف ایگزیکٹو آفیسر

کراچی، 13 اکتوبر 2020ء

3. درست حساباتی پالیسیوں کو تسلسل کے ساتھ مالیاتی گوشواروں کی تیاری کے دوران ملحوظ خاطر رکھا گیا ہے اور حساباتی تخمینوں کی بنیاد معقول اور مضبوط فیصلوں پر ہے۔
4. مالیاتی گوشواروں کی رپورٹنگ کے دوران عالمی مالیاتی رپورٹنگ معیارات، جو پاکستان پر لاگو ہیں کو ملحوظ خاطر رکھا گیا ہے اور کسی بھی انحراف کو مناسب انداز میں منکشف کیا گیا ہے۔
5. اندرونی گرفت کے نظام کی شکل مضبوط ہے اور موثر انداز میں نافذ العمل اور اس کی نگرانی کی جاتی ہے۔
6. کمپنی کے چلتے ہوئے ادارے کی صلاحیت میں کوئی قابل ذکر شک و شبہ نہیں ہے۔
7. ٹیکسوں اور محصولات سے متعلق معلومات مالیاتی گوشواروں کے نوٹس میں دی گئی ہیں۔
8. لسٹنگ ریگولیشنز میں دیئے گئے اداریاتی نظم و ضبط کی بہترین طور طریقوں سے کوئی قابل ذکر انحراف نہیں ہوا۔

بورڈ آف ڈائریکٹرز کے اجلاس :

سال 2019-20ء کے دوران بورڈ آف ڈائریکٹرز کے چار اجلاس ہوئے اور ہر ڈائریکٹر کے حاضر اجلاسوں کی تعداد درج ذیل ہے :-

نمبر شمار	ڈائریکٹر کا نام	حاضر اجلاسوں کی تعداد
1.	جناب شاہد عزیز صدیقی (انتقال نومبر 2019ء)	1 / 4
2.	جناب عبدالصمد حبیب	4 / 4
3.	جناب کاشف حبیب	3 / 4
4.	جناب سید نجم الدجاہ جعفری	4 / 4
5.	جناب احسن انیس	4 / 4
6.	جناب خلیل احمد	4 / 4
7.	جناب منیر گلڈر (تقرر 28 فروری 2020ء)	2 / 2
8.	محترمہ اناصد	4 / 4

قانونی ادائیگیاں :

عمومی اور روزمرہ اخراجات کے علاوہ ٹیکسوں، ڈیوٹیوں اور محصولات میں کوئی ادائیگی واجب الادا نہیں ہے۔

فی حصص نقصان :

سال 30 جون 2020ء کا فی حصص خسارہ (3.95) روپے رہا جبکہ گزشتہ سال فی حصص نقصان (1.19) روپے تھا۔

مستقبل کے امکانات :

فی الحال مجموعی طور پر معیشت Covid-19 (عالمی وباء) کے اثرات سے گزر کر بحالی کی طرف جارہی ہے، جس نے غیر یقینی کی صورت حال پیدا کر دی ہے۔ آنے والی پریشانی کی مدت کا تعین کرنا ابھی باقی ہے اور یہ بات قابل غور ہے کہ معیشت نمایاں طور پر سست ہوگئی ہے تاہم وفاقی حکومت کی جانب سے اعلان کردہ تعمیراتی پیکیج اس صورت حال میں کچھ مدد فراہم

روپے کے بہاؤ (کیش فلو) کی حکمت عملی :

کمپنی کے پاس نقدی کے بہاؤ کا ایک مؤثر انتظام موجود ہے، جس کے تحت نقدی کی اندرونی آمد اور بیرونی بہاؤ کا جائزہ باقاعدگی کے ساتھ لیا جاتا ہے۔ جاری سرمائے کی ضروریات کی منصوبہ بندیوں کو اندرونی نقدی پیدا کرنے اور قلیل مدتی قرضوں سے پورا کیا جاتا ہے۔

آڈٹ کمیٹی :

بورڈ آف ڈائریکٹرز نے اداراتی نظم و ضبط کی پاسداری کرتے ہوئے ایک آڈٹ کمیٹی تشکیل دی ہے جو کہ نان ایگزیکٹو ڈائریکٹران پر مشتمل ہے اور اس کمیٹی کی تشکیل بندی درج ذیل ہے :-

1. جناب احسن انیس (چیئرمین)
2. جناب سید نجم الدجاہ جعفری (ممبر)
3. جناب کاشف حبیب (ممبر)

آڈٹ کمیٹی کے اجلاس :

سال 2019-20ء میں آڈٹ کمیٹی کے چار اجلاس ہوئے، ہر ممبر کے حاضر اجلاسوں کی تعداد درج ذیل ہے :-

نمبر شمار	ڈائریکٹر کا نام	حاضر اجلاسوں کی تعداد
1.	جناب احسن انیس	4 / 4
2.	جناب سید نجم الدجاہ جعفری	4 / 4
3.	جناب کاشف حبیب	3 / 4

آڈیٹرز :

موجودہ آڈیٹرز ”میسرز نوید ظفر اشفاق جعفری اینڈ کو“، چارٹرڈ اکاؤنٹینٹس سبڈوش ہونے والے ہیں، اور اہلیت کے باعث انہوں نے سال 2020-21ء کے لیے اپنی دوبارہ تقرری کی پیشکش کی ہے۔

حصص داری کی ساخت :

حصص داری کی ساخت جسے رپورٹنگ کے فریم کے تحت منکشف کرنا ضروری ہے، اس رپورٹ کیساتھ منسلک ہے۔

ڈائریکٹران کا بیانیہ :

ڈائریکٹران SECP کے اداراتی نظم و ضبط کے اداراتی اور مالیاتی رپورٹنگ فریم ورک کی پاسداری کی تصدیق کرتے ہوئے اقرار کرتے ہیں کہ :-

1. کمپنی کی انتظامیہ کے تیار کردہ مالیاتی گوشوارے کمپنی کے معاملات شفافیت اور درستگی کے ساتھ پیش کرتے ہیں۔
2. کمپنی میں اکاؤنٹنگ کھاتے کی کتابیں مناسب انداز میں تیار کی گئی ہیں۔

ڈائریکٹران کی رپورٹ

سیف مکس کنکریٹ لمیٹڈ (SMCL) کے بورڈ آف ڈائریکٹرز برائے اختتام سال 30 جون 2020ء کی سالانہ رپورٹ پیش کر رہے ہیں۔

عمومی جائزہ :

زیر جائزہ سال کے دوران کمپنی نے PKR 409.447 ملین کی فروخت ریکارڈ کی، اس کے مقابلے میں پچھلے سال PKR 879.312 ملین کی فروخت ریکارڈ کی گئی تھی۔

متعدد وجوہات کی بناء پر اس سال کے دوران فروخت میں نمایاں کمی واقع ہوئی ہے۔ سب سے پہلے، سال کے دوران ایک خصوصی نجی شعبے کے ترقیاتی منصوبے کو کامیابی کے ساتھ مکمل کر لیا گیا اور دوسرا ریئل اسٹیٹ سیکٹر میں مجموعی طور پر سست روی رہی، جس کی وجہ زیادہ تر سرکاری طور پر جائیداد کو دستاویزی کرنے کے عوامل شامل تھے۔ مزید یہ کہ آخری سہ ماہی میں Covid-19 کی وباء اور لاک ڈاؤن کے نفاذ کی وجہ سے آپریشن اور فروخت شدید متاثر ہوئے تھے۔

اس سال فروخت میں نمایاں کمی کے سبب کمپنی کو مجموعی نقصان PKR 12.999 ملین ہوا۔ مزید یہ کہ کمپنی نے اس سال پچنگ پلانٹ میں خرابی کی مد میں PKR 45.126 ملین کا نقصان ریکارڈ کیا۔ جو مجموعی طور پر PKR 98.777 ملین بنا، جو کہ پچھلے سال PKR 29.771 ملین تھا۔

نتائج عمل کاری :

30 جون 2019ء	30 جون 2020ء	سال اختتام نقصان قبل از ٹیکس ٹیکس
(39,152,575)	(110,022,623)	
9,381,521	11,245,582	
<u>(29,771,054)</u>	<u>(98,777,041)</u>	نقصان بعد از ٹیکس
<u>(1.19)</u>	<u>(3.95)</u>	LPS - بنیادی اور ریتن

اکاؤنٹنگ (کھاتہ حساب داری) کے معیارات :

کمپنی کی اکاؤنٹنگ پالیسیوں میں کمپنیز ایکٹ 2017ء کی مطلوبات کی عکاسی ہوتی ہے اور اس کے علاوہ اکاؤنٹنگ کے منظور شدہ معیارات اور عالمی مالیاتی رپورٹنگ معیارات جن کی آرڈیننس میں صراحت کی گئی ہے، ساتھ ساتھ سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جاری کردہ ہدایات کی پاسداری کی جاتی ہے۔

سرمایہ جاتی اخراجات :

کمپنی نے پراپرٹی، پلانٹ اینڈ مشینری کی مد میں PKR 16.766 ملین کے اخراجات کیے ہیں۔

BOOK POST
PRINTED MATTER

Safe Mix Concrete Limited

Plot # 1, Global Industry, Nusrat Bhutto Colony, North Nazimabad, Karachi, Pakistan
Helpline # 0345-2025369 & 0345-2022473 Website: www.safemixlimited.com