



SG ALLIED BUSINESSES LIMITED

**QUARTERLY REPORT
SEPTEMBER 30, 2020**

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Sohail Ahmed	Chief Executive
Mr. Asim Ahmed	Director
Mrs. Ghazala Saleem	Director
Mr. Ferhan Sohail	Director
Mrs. Saba Sohail	Director
Ms. Bina Sohail	Director
Ms. Sana Sohail	Director

AUDIT COMMITTEE

Mrs. Tania Asim	Independent Director
Mr. Sohail Ahmed	Chief Executive
Mrs. Alia Shahid	Independent Director

HR AND REMUNERATION COMMITTEE

Mr. Sohail Ahmed	Chief Executive
Mrs. Alia Shahid	Independent Director
Mrs. Tania Asim	Independent Director

CHIEF FINANCIAL OFFICER

Mr. Muhammad Hasan

AUDITORS

Muniff Ziauddin & Co.
Chartered Accountants

LEGAL ADVISOR

Jamila Siraj Uddin

BANKERS

Summit Bank Limited

SHARES REGISTRATION

M/S F.D Registrar
Services (SMC - Pvt.) Limited,
Office# 1705, 17th Floor,
Saima Trade Tower
'A', I.I Chundrigar Road, Karachi

REGISTERED OFFICE

B-40 S.I.T.E., Karachi.

DIRECTORS' REPORT

The Board of Directors of SG Allied **businesses** Limited is pleased to present the 1st Quarter Financial Statements of the Company for the period ended September 30, 2020. During the period under review, the Company secure a profit of Rs.21.368 thousand as compared to the corresponding period loss of Rs.12.699 million. The accumulated loss as on September 31, 2020 stood at Rs.758,852 million.

Alhamdo Lillah the performance of the Company during the first quarte under review has been on track of recovery. The Company has reported the profit in current period Sep, 30 2020, as business activities of SG Allied Businesses Limited is growing, management is hopeful for increased sale of the company in upcoming financial year 2020-21.

KNOWLEDGEMENT

The directors of your Company offer their sincere gratitude to the shareholders for their support and assistance.

On behalf of The Board of Directors

Sohail Ahmed
Chief Executive

Karachi: October 30, 2020.

SG ALLIED BUSINESSES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2020

	NOTES	September 2020 Rupees	September 2019 Rupees
NON-CURRENT ASSETS			
Property, plant and equipment	4	1,054,070,905	456,931,498
Investment property	5	71,043,646	71,043,646
Long term deposits	6	95,714	95,714
CURRENT ASSETS			
Loans, advances, prepayments and other receivables	8	6,748,012	6,118,012
Cash and bank balances	9	13,209,561	8,452,921
		19,957,573	14,570,933
		<u>1,145,167,838</u>	<u>542,641,791</u>
SHARE CAPITAL AND RESERVES			
Authorized share capital 15,000,000 Ordinary shares of Rs. 10 each		150,000,000	150,000,000
Issued, subscribed and paid-up capital	10	150,000,000	150,000,000
Share premium		337,400,000	337,400,000
Surplus on revaluation of fixed assets		817,206,454	406,834,770
Accumulated loss		(758,852,482)	(775,467,459)
		545,753,973	118,767,311
NON-CURRENT LIABILITIES			
Deferred liabilities	11	222,794,638	55,685,616
Loan from directors	13	141,889,262	154,993,866
		364,683,900	210,679,481
CURRENT LIABILITIES			
Creditors, accrued and other liabilities	14	102,053,950	91,533,934
Interest on short term and long term loan	15	20,617,394	20,617,394
Current portion of long term loan	16	71,422,097	71,422,097
Current maturity of loan from directors	13	13,104,604	13,104,604
Overdue amount of long term loan	16	20,105,208	6,419,361
Provision for Taxation		7,426,712	3,454,369
		234,729,965	206,551,758
CONTINGENCIES AND COMMITMENTS	17	-	-
		<u>1,145,167,838</u>	<u>535,998,551</u>

The annexed notes form an integral part of these financial statements.

Chief Executive

Director

Chief Financial

SG ALLIED BUSINESSES LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED SEPTEMBER 30, 2020

	NOTES	September 2020 Rupees	September 2019 Rupees
Sales	18	1,962,113	1,552,247
Cost of sales	19	(806,006)	(9,136,205)
Gross (loss)/gain		1,156,107	(7,583,958)
Administrative and selling expenses	20	(15,732,855)	(10,372,085)
Operating loss		(14,576,748)	(19,508,290)
Other income	21	14,599,893	6,808,978
		23,145	(12,699,312)
Financial charges	22	(1,777)	
Provision for doubtful debts		(1,777)	-
Gain/(loss) before taxation		21,368	(12,699,312)
Provision for taxation			
-Current			
-Deferred			
(Loss)/gain after taxation		21,368	(12,699,312)
(Loss)/earning per share - basic and diluted	23	0.00	(0.85)

The annexed notes form an integral part of these financial statements.

Chief Executive

Director

**Chief Financial
Officer**

SG ALLIED BUSINESSES LIMITED
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30TH, SEPTEMBER 2020

	2020 RUPEES	2019 RUPEES
CASH FLOW FROM OPERATING ACTIVITIES		
Net loss before taxation	21,368	(12,699,312)
Adjustment for:		
-Depreciation	2,339,354	3,914,151
Profit on sale of fixed assets		
Provision for doubtful debts		
-Provision for doubtful debts	1,777	
-Finance charges	2,341,131	3,914,151
		(8,785,161)
(Increase) / decrease in current assets		
Stores and spares	-	-
Stock - in - trade	-	-
Trade debts	-	-
Loans, advances, prepayments and other receivables	(1,027,033)	-
	1,335,466	-
Increase / (decrease) in current liabilities		
Creditors, accrued and other liabilities	(1,100,297)	30,569,833
Finance charges paid	(1,777)	
Net cash generated from operating activities	233,392	21,784,672
CASH FLOW FROM INVESTING ACTIVITIES		
Capital work in progress	(2,957,306)	
Long term deposits		
Net cash used in investing activities	(2,957,306)	
CASH FLOW FROM FINANCING ACTIVITIES		
Long term loans from directors		
Net cash from financing activities	-	-
Net increase / (decrease) in cash and cash equivalent	(2,723,914)	21,784,672
Cash and cash equivalent at the beginning of the year	15,933,475	13,331,752
Cash and cash equivalent at the end of the year	13,209,561	8,452,921

The annexed notes form an integral part of these financial statements.

Chief Executive

Director

Chief Financial

S.G. FIBRE LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED SEPTEMBER 30, 2020

	Issued, subscribed and paid-up capital	Capital reserve	Revaluation Surplus	Accumulated loss	Total
	-----Rupees-----				
Balance as at Sep 30, 2018	150,000,000	337,400,000	418,497,344	(755,364,239)	(275,527,513)
Balance as at July 1, 2019	150,000,000	337,400,000	408,077,469	(762,768,147)	132,709,321
Loss for the quarter ended September 30, 2019				(12,699,312)	(12,699,312)
Balance as at Sep 30, 2019	150,000,000	337,400,000	408,077,469	(775,467,459)	120,010,009
Balance as at July 1, 2020	150,000,000	337,400,000	818,894,807	(758,873,850)	547,420,957
Gain/(loss) for the quarter ended September 30, 2020				21,368	21,368
Balance as at Sep 30, 2020	150,000,000	337,400,000	818,894,807	(758,852,482)	547,442,325

The annexed notes form an integral part of these financial statements.

Chief Executive

Director

Chief Financial
Officer

SG ALLIED BUSINESSES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2020

1. STATUS OF THE COMPANY

- 1.1** The Company was incorporated in Pakistan as a public limited company and its shares are listed at Pakistan Stock Exchange. The principal activity of the Company is manufacturing of polyester filament yarn, subsequent to the year end, the Company has diversified into new business activities. The registered office and production facility of the company are situated at B-40, S.I.T.E., Karachi.

Geographical location and addresses of major business units including mills/plants of the Company are as under:

Karachi	Purpose
B-40, S.I.T.E., Karachi.	The registered office and rental purpose for cold st

- 1.2** The Company has made a gain before tax of Rs.21,368 (2019: 12.699 million loss) during the year and accumulated loss as at Sep 30, 2020 stood at Rs. 758.852 million (2019: 775.467 million). These conditions indicate the existence of a material uncertainty that may cast significant doubt on Company's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business. The company has diversified its line of businesses from the production of polyester filament yarn to other line of businesses, as the filament yarn industry is still in crises. Further, the management of the Company has taken initiatives for the revival of the Company and developed new diversified business strategy, henceforth, the Company has extended its business activities after getting itself restyled as SG Allied Businesses Limited on 24th August, 2017. Primarily, the Company started the activities of cold storage facility and dealing in various agriculture produces. Moreover, the Directors will provide the finance to the Company as and when needed.

2 SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

All significant transactions and events that have affected the Company's statement of financial position and performance during the year have been adequately disclosed in the notes to these financial statements. For a detailed discussion about these significant transactions and events please refer to the Directors' report.

3 Basis of Preparation

3.1 Statement of Compliance

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

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

- Provisions of and directives issued under the Companies Act, 2017.

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

The Act has also brought certain changes with regard to the preparation and presentation of these financial statements. These changes, amongst others, included change in respect of presentation and measurement of surplus on revaluation of property plant and equipment as fully explained in note 4.1(g) of these financial statements, change in nomenclature of primary statements. Further, the disclosure requirements contained in the fourth schedule of the Companies Act, 2017 have been revised, resulting in elimination of duplicative disclosure with the IFRS disclosure requirements and incorporation of additional amended disclosures including, but not limited to, particulars of immovable assets of the Company (refer note 5.2), management assessment of sufficiency of tax provision in the financial statements (refer note 23.1), and change in threshold for identification of executives (refer note 26).

3.2 Accounting convention

These financial statements have been prepared under the historical cost convention, except for measurement of held-for-trading investment which are stated at fair value.

3.3 Accrual basis of accounting

These financial statements are prepared under accrual basis of accounting except cash flow statement which is prepared under cash basis of accounting.

3.4 Functional and presentation currency

These financial statements are presented in Pakistani Rupee which is the company's functional currency.

3.5 New standards, amendments to approved accounting standards and new interpretations

3.6 Amendments to approved accounting standards and interpretations which are effective during the year

There are certain amendments and an interpretations to approved accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 01, 2018. However, these do not have any significant impact on the Company's financial reporting and, therefore, have not been detailed in these financial statements.

In addition to the above, the following two new standards have become applicable to Company effective July 01, 2018.

3.7 IFRS-15 'Revenue from contracts with customers'

This standard introduces a single five-step model for revenue recognition with a comprehensive framework based on core principle that an entity should recognize revenue representing the transfer of promised goods or services under separate performance obligations under the contract to customer at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS-15 replaces the previous revenue standards: IAS-18 Revenue, IAS-11 Construction contracts; and the related interpretations on revenue recognition.

3.8 IFRS-9 'Financial Instruments'

This standard replaces the provisions of IAS-39 that relate to the recognition, classification, and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. It also includes an Expected Credit Losses model that replaces IAS-39 Incurred Loss Impairment model. On July 01, 2018 (the date of initial application of IFRS-9), the Company's management has assessed which business models apply to the financial assets held by the Company and has classified its financial instruments into the appropriate IFRS-9 categories (i.e. mainly financial assets previously classified as 'loans and receivables' have now been classified as 'amortised cost').

The changes laid down by these standards do not have any significant impact on these Financials Statements of the company. However, related changes to the accounting policies have been made to these statements.

3.9 New accounting standards and amendments that are not yet affective

New standards amendments and interpretations are only effective for accounting period, beginning on or after the date mentioned against each of them. These standards interpretations and amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Certain annual improvements have also been made to a number of IFRS other than aforesaid standards, interpretations and amendments, The International Accounting Standard Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP)

IFRS 1 - "First Time adoption of International Financial Reporting Standards"

IFRS 14 - "Reporting Deferral Accounts"

IFRS 17 - "Insurance Contracts"

3.10 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.11 Operating Fixed Asset

- a) Operating fixed assets are stated at historical cost less accumulated depreciation except lease hold land, building, plant and machinery which is stated at revalued amount less the accumulated depreciation.
- b) Depreciation is charged to income applying diminishing balance method at the rates specified in note 6.
- c) Depreciation is charged on assets from the month of purchase or from the month of commercial production for additions in respect of additions made during the year while proportionate depreciation is charged on assets disposed off during the year till the month of disposal.
- d) Major renewals and replacement are capitalized.
- e) Assets residual values, if significant and their useful lives are reviewed and adjusted if appropriate, at each balance sheet date.
- f) Profit or loss on disposal of fixed asset are reflected in the Profit and Loss account.
- g) The Companies Act, 2017 (the Act) became applicable for the first time for the preparation of the Company's annual financial statements for the year ended 30 June 2018. Accordingly, the Company has also changed its accounting policy relating to presentation and measurement of surplus on revaluation of property plant and equipment. The above change in the accounting policy has been applied retrospectively and comparative information have been restated in accordance with the requirement of International Accounting Standard (IAS) – 16 "Property, plant and equipment" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Due to the above change in accounting policy, the Company has presented its statement of financial position as at the beginning of the earliest comparative period i.e., July 01, 2016, and related notes in accordance with requirement of IAS 1 – Presentation of Financial Statements (Revised) (IAS 1). Had the accounting policy not been changed, the surplus on revaluation of fixed assets would have been shown as a separate line item (below equity in the statement of financial position) amounting to PKR 450 million and PKR 463.09 million for the year ended 30 June 2017 and 2016 respectively.

3.12 Intangible assets

Computer software licenses acquired are capitalized on the basis of cost incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful life of five years using the diminishing balance method.

3.13 Capital work-in-progress

Capital work-in-progress is stated at cost. It consists of expenditure incurred and advances made in respect of tangible and intangible assets in the course of their construction and installation. Transfers are made to relevant fixed assets category as and when assets are available for use.

3.14 Stores and spares

Stores and spares excluding items in transit are valued at lower of average cost or net realizable value.

Provision is made for slow moving and obsolete items. Net realizable value signifies the estimated selling price in the ordinary course of businesses less estimated cost of completion and estimated cost necessary to make the sale.

Item in transit are valued at cost comprising invoice values plus other charges incurred thereon accumulation to the balance sheet date.

3.15 Stock-in-trade

Stock of raw and packing materials, except those in transit, and semi-processed and finished goods are valued at the lower of moving average cost and net realizable value. Average cost in relation to finished goods represent prime cost and appropriate portion of manufacturing expenses and excise duty paid thereon. Semi-processed goods are valued at direct cost only. Items in-transit are stated at cost comprising invoice values plus other charges paid thereon to the balance sheet data. Net realizable value is determined on the basis of estimated selling price of the product in the ordinary course of business less cost necessarily to be incurred for its sale.

3.16 Trade debts

These are recognized and carried at original invoice amount less an allowance for uncollectible amount. An estimate for doubtful debts is made when collection of the full

3.17 Cash and cash equivalent

Cash and cash equivalents are carried in the balance sheet at cost. For cash flow statement, cash and cash equivalents comprise cash in hand, deposit held with banks and

3.18 Impairment of assets

Where indications exist that the carrying amount of an asset is greater than its estimated recoverable amount it is written down immediately to its recoverable amount.

3.19 Assets under finance lease

The company accounts for fixed assets acquired under finance leases by recording the assets and the related liability. These amounts are determined on the basis of the

3.20 Financial liabilities

Financial liabilities are classified according to the substances of the contractual agreement entered into. Significant financial liabilities are loans, short-term finances, running

All financial liabilities are initially recognized at cost, which is the fair value of the consideration received at initial recognition. After initial recognition financial liabilities held

3.21 Compensated absences

The company accounts for these benefits in the period in which the absences are earned.

3.22 Taxation

Current

Provision for current taxation is based on taxable income at the rate of taxation after taking into account tax credit and tax rebate available, if any, or minimum taxes, whichever is

Deferred

Deferred tax is provided using liability method providing for all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes

3.23 Staff retirement benefits

The Company operates an unfunded gratuity scheme covering all employees. Provision is made annually based on management's estimates which are adjusted periodically to

Rate of discount	9%
Expected rate of increment of salary	8%
Expected retirement age	60 years

3.24 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at fair value of the consideration received or receivable. The basis of recording revenue is as follows:

- Sale of agricultural products is recognized on the billing of invoice.
- Service income on cold storage is recognized on accrual basis.
- Other income comprises of rental income and the same is recognized on accrual basis.

3.25 Foreign exchange translation

Transactions in foreign currencies are recorded at the rates prevailing on the date of transactions. Assets and liabilities in foreign currencies are translated into Pak Rupees at the

3.26 Borrowing cost

All borrowing costs are capitalized up to the date of commissioning of the respected assets acquired out of the proceeds of such borrowing. All other borrowing costs are

3.27 Related party transactions and transfer pricing

Transactions with related parties are stated at arm's length prices determined in accordance with the methods prescribed under the Companies Act, 2017. Administrative

3.28 Provisions, contingent assets and contingent liabilities

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying

Contingent assets are not recognized and are also not disclosed unless an inflow of economic benefits is probable and contingent liabilities are not recognized and are disclosed

3.29 Dividends and appropriation to general reserve

Dividends and appropriation to general reserves are recognized in the financial statements in the period in which these are approved.

3.29 Investment property

Investment properties comprise of freehold land and buildings that are held for rental yields. Investment properties is initially measured at cost and subsequently carried at cost

	NOTES	2020 RUPEES	2019 RUPEES
5. INVESTMENT PROPERTY			
5.1 Reconciliation of carrying amount			
COST			
As on 1 July		194,310,081	194,310,081
Reclassification from property, plant and equipment			-
As at 30 June		<u>194,310,081</u>	<u>194,310,081</u>
DEPRECIATION			
As on 1 July		122,902,109	121,444,803
For the period		364,327	1,821,632
As at 30 September		<u>123,266,436</u>	<u>123,266,435</u>
Written down value as at June 30		<u>71,043,646</u>	<u>71,043,646</u>
Rate of depreciation		<u>2%</u>	<u>10%</u>
6. LONG TERM DEPOSITS			
Security deposits		95,714	95,714
		<u>95,714</u>	<u>95,714</u>
7. LOANS, ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES			
Loans:			
Advances - considered good:			
Advance to Staff		630,000	-
Advance income tax			
Income tax refundable		9,903,094	9,903,094
Less: provision against income tax refundable		(9,903,094)	(9,903,094)
Prepayments:			
Other receivables:			
Margin - letter of gurantee		150,000	150,000
Sales tax claims receivable		21,070,506	21,070,506
Less: Provision against sales tax claims receivable		(21,070,506)	(21,070,506)
		150,000	150,000
Others	8.1	9,571,471	9,571,471
Less: Provision for irrecoverable rent		(3,600,000)	(3,600,000)
Less: provision for doubtful debts		(3,459)	(3,459)
		5,968,012	5,968,012
		6,118,012	6,118,012
		<u>6,748,012</u>	<u>6,118,012</u>

8.1 This includes receivables from S.G. Power Limited on account of rent and utilities amounting to Rs 6.750 million.

	NOTES	2020 RUPEES	2019 RUPEES
8. CASH AND BANK BALANCES			
Cash in hand		104,198	106,198
Cash with banks - current account		13,105,363	8,346,723
		<u>13,209,561</u>	<u>8,452,921</u>
9. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL			
5,200,000 Ordinary shares of Rs. 10 each fully paid in cash		52,000,000	52,000,000
5,415,610 Ordinary shares of Rs. 10 each as fully paid bonus shares		54,156,100	54,156,100
2,384,390 Ordinary shares of Rs. 10 each as fully paid right shares		23,843,900	23,843,900
2,000,000 Ordinary shares of Rs. 10 each fully paid in cash (foreign placement)		20,000,000	20,000,000
10. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
Balance at the beginning of the year		1,031,276,841	452,660,871
Surplus arisen on revaluation carried out during the year:		-	-
- freehold land			
- building on freehold land			
- plant and machinery including generators			
		1,031,276,841	452,660,871
Less: Transferred to unappropriated profit on account of:			
- incremental depreciation for the year		(2,377,962)	(3,843,397)
		<u>1,028,898,879</u>	<u>448,817,474</u>
Related deferred tax of:			
-balance at beginning of the year		212,382,034	44,583,403
-surplus arising during the year		-	-
-incremental depreciation for the year		(689,609)	(1,114,585)
-Effect of change in tax rate			(1,486,113)
-balance at year end		211,692,425	41,982,704
Balance at end of the year		<u>817,206,454</u>	<u>406,834,770</u>
11. DEFERRED LIABILITIES			
Deferred tax liability attributable to revaluation surplus		211,692,425	41,982,704
Provision for gratuity	11.1	5,363,785	5,363,785
Deferred Karachi Electric Supply Corporation bill	11.2	5,738,428	5,738,428
		<u>222,794,638</u>	<u>53,084,917</u>
11.1 The break-up of amount recognized as liability in the balance sheet is as follows:			
Reconciliation of the recognized liability with the last year figure is as follows:			
Liability as on Sep 30, 2019		5,363,785	5,363,785
Provision for the year		-	-
Actuarial loss recognized during the year		-	-
Excess of book provision over transitional liability recognized		-	-
Charge for the year reported as salaries and benefits		-	-
		5,363,785	5,363,785
Benefits paid during the year		-	-
Liability as on Sep 30, 2020		<u>5,363,785</u>	<u>5,363,785</u>

11.2 This represents the difference between the expected liability of KESC bills to be finally settled and payment made by the Company for the period from Oct, 1988 to Nov, 1990 due to excess billing. The petition filed by the company was decided by the Electrical Inspector, Government of Sindh Karachi region allowing a relief of Rs. 4,785,376 to the Company but decision has been appealed before the Secretary Irrigation and Power, Government of Sindh by both the parties. Judgment on appeal is still awaited and the company expects a further relief of Rs. 7,690,996.

11.3 Taxable Temporary Differences

Fixed Assets		
Deferred tax assets on gratuity		
Less: Tax Losses		
	-	

Deferred tax asset has not been recognized as management is of the view that future earnings to the extent of such asset may not be available.

12. LONG TERM LOAN

12.1 Foreign currency loan from Fibre Venture Capital Limited was obtained on non-interest basis. Re-payment was due from February 2012 and loan was to be repaid in equal installments over a period of five years. However, due to financial constraints the repayment of the same could not be made. During the year ended June 30, 2015 the lender, Fibre Venture Capital Limited, waived off the loan due to current financial position of the company.

13. LOAN FORM DIRECTORS

This represents interest free loan from sponsoring directors. Repayment terms have not yet been decided by the Company.

14. CREDITORS, ACCRUED AND OTHER LIABILITIES

	NOTES	2020 RUPEES	2019 RUPEES
Trade creditors		1,433,072	1,403,072
Security deposit payable		20,714,246	14,128,193
Electricity bill payable		3,903,963	
Others		1,465,311	1,465,311
		27,516,592	16,996,576
Due to associated undertaking	14.1	74,537,358	74,537,358
		102,053,950	91,533,934

14.1 These are unsecured and the late payment surcharge has been waived by the associated undertaking S.G. Power Limited.

15. INTEREST ON SHORT TERM AND LONG TERM LOAN

Financial charges on loan from directors		9,963,151	9,963,151
Accrued interest on long term loan payable to S.G. Power Limited		10,654,243.00	10,654,243.00
		20,617,394	20,617,394

16. CURRENT PORTION OF LONG TERM LOANS

Long term loan payable to S.G. Power Limited		71,422,097	71,422,097
Current portion of long loan		-	-
		71,422,097	71,422,097

OVERDUE AMOUNT LONG TERM LOAN

Overdue amount of long term loan		-	-
Less: Reversal of overdue amount due to loan waiv	13.1	-	-
		<u>-</u>	<u>-</u>

17. CONTINGENCIES AND COMMITMENTS

(i) Legal claim filed against the Company from suppliers were not acknowledged as debts amounting to Rs.0.418 million (2013 Rs. 0.418 million)

(ii) A dispute is persisting between the company and National Bank of Pakistan regarding the alleged "Buy Back Agreement" and declaration of dividend. Brief facts of the dispute are that underwriting of public floatation of the shares of the company was jointly undertaken by National Bank of Pakistan and Allied Bank of Pakistan. National Bank of Pakistan agreed to underwrite 3,851,200 shares of Rs 10 each at a premium of Rs. 48.50 per share. However the Bank insisted to impose a condition on the sponsors to enter into a "Buy Back Agreement" in respect of the share underwritten by them. Corporate Law Authority (Securities and Exchange Commission of Pakistan) desired with their letter dated September 18, 1995 to furnish an unqualified underwriting commitment without any "Buy Back Agreement" and the NBP vide its letter dated October 27, 1994 confirmed that this condition will be deleted. The Corporate Law Authority through its various letter emphasized for unconditional arrangement.

National Bank of Pakistan vide its letter No. CCD: BE 096/48 dated March 01, 1995 confirmed

(a) The object for public floatation was to raise funds for investment in new plants and machineries to produce high quality value added products for which a new Hot Channel Stretching plant along with other plants and machineries was imported. After completion of process of installation and commissioning, the sum of Rs.454.8 million being the cost of the plant, was capitalized which resulted in the charge of depreciation amounting to Rs.93.170 million which can be attributed as a major reason of loss of Rs.97.60 million sustained during the year 1999.

(b) Subsequent to filing of the above suit, National Bank of Pakistan also filed a Suit No. B-200 of 2000 dated October 21, 2000 in the High Court of Sindh against the company and the sponsors seeking enforcement of "Buy Back Agreement" and payment of resultant amount with profit at 18 percent per annum from the date of suit till the payment by the company and a direction that shares of the company be sold in the market and the net sale proceeds be applied towards the adjustment of the decretal amount.

The sponsors are confident that they will succeed in their case in view of their sound legal position.

(c) Legal claims have been lodged by ex-employees of the company for recovery of their outstanding emoluments on account of their employment with the company.

(iii) Two appeals bearing no. K-137/2008 and K-138/2008 both dated March 18, 2008 passed by the Collector of Sales Tax and Federal Excise (Appeals) Karachi is pending before the Inland Appellate Tribunal, Bench, Karachi. One appeal bearing no. K-190/2010 dated March 24, 2010 filed against the Order - in - appeal no. 3254/2010, dated February 02, 2010 passed by the Collector of Customs (Appeals) Karachi is pending before the Customs Appellate Tribunal, Bench-II, Karachi.

The management is of view that the aforesaid cases involve certain law points and there is every likelihood of having a favorable verdict in these matters.

	NOTES	2020 RUPEES	2019 RUPEES
18. SALES			
Sale of agricultural products		1,517,113	444,214
Service income		445,000	1,108,033
		<u>1,962,113</u>	<u>1,552,247</u>
19. COST OF SALES			
Electricity, gas, steam and water		720,208	9,113,550
Packing material		83,275	20,000
Depreciation expense		2,523	2,655
		<u>806,006</u>	<u>9,136,205</u>

	NOTES	2020 RUPEES	2019 RUPEES
20. ADMINISTRATIVE AND SELLING EXPENSES			
Directors' remuneration and amenities		900,000	750,000
Salaries, allowances and benefits		5,448,867	3,738,723
Building maintenance		186,345	475,000
Generator Fuel/Repair		50,000	9,000
Repairs and maintenance		327,425	127,500
Electricity		3,765,528	
Rent, rates and taxes		837,173	580,000
Depreciation expense	4	1,972,505	2,089,864
Professional Fee		675,000	244,000
Security		-	17,650
Postage and Shipping		68,046	5,700
Telephone and Fax		56,790	58,470
Entertainment		50,000	-
Traveling expense		-	805,605
Advertisement		10,150	39,773
Utility		188,200	-
Commission		832,500	1,430,800
		15,368,529	10,372,085
21. OTHER INCOME			
Rental income		14,599,893	6,808,978
		14,599,893	6,808,978
22. FINANCIAL CHARGES			
Bank charges and commission		1,777	-
23. EARNINGS PER SHARE			
23.1 Basic earnings per share			
Loss after taxation - rupees		21,368	(12,699,312)
Weighted average number of shares		15,000,000	15,000,000
Loss per share - rupees		0.00	(0.85)
23.1 Diluted earnings per share			

There is no dilution effect on the basic earnings per share of the company as there are no such commitments.

24. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

Transaction with associated undertakings are as follows:

S.G. Power Limited:

Payment of SUI gas bill

Repayment of liability

Purchase of electricity

25. RECONCILIATION BETWEEN TAX EXPENSE AND ACCOUNTING PROFIT

The company had sustained losses during the financial year due to that no provision for income tax is required for the said year.

26. DATE OF AUTHORIZATION

These financial statements were authorized for issue on 30 OCT 2020 by the Board of Directors of the Company.

27. GENERAL

Figures have been rounded off to the nearest rupee.

Chief Executive

Director

**Chief Financial
Officer**