



**SG ALLIED BUSINESSES LIMITED**

***ANNUAL REPORT  
JUNE 30, 2021***



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**2021**

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## Review Report by the Chairman on Board's overall

As required under the Code of Corporate Governance, an annual evaluation of the Board of Directors of (the "Board") of SG Allied Businesses Limited (the "Company") is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company. Areas where improvements are required are duly considered and action plans are framed.

The Board has recently completed its annual self-evaluation for the year ended June 30, 2021 and I report that:

The overall performance of the Board measured on the basis of approved criteria for the year was satisfactory. The overall assessment as Satisfactory is based on an evaluation of the following integral components, which have a direct bearing on Board's role in achievement of Company's objectives:

1. Vision, mission and values: Board members are familiar with the current vision, mission and values and support them. The Board revisits the mission and vision statement from time to time.
2. Engagement in strategic planning: Board has a clear understanding of the stakeholders (shareholders, customers, employees, vendors, Society at large) whom the Company serves. The Board has a strategic vision of how the organization should be evolving over the next three to five years. Further Board sets annual goals and targets for the management in all major performance areas.
3. Diligence: The Board members diligently performed their duties and thoroughly reviewed, discussed and approved Business Strategies, Corporate Objectives, plans, budgets, financial statements and other reports. It received clear and succinct agendas and supporting written material in sufficient time prior to board and committee meetings. The board met frequently enough to adequately discharge its responsibilities.
4. Monitoring of organization's business activities: The Board remained updated with respect to achievement of Company's objectives, goals, strategies and financial performance through regular presentations by the management, internal and external auditors and other independent consultants. The Board provided appropriate direction and oversight on a timely basis.
5. Diversity and Mix: The Board members effectively bring the diversity to the Board and constitute a mix of independent and non-executive directors. The non-executive and independent directors were equally involved in important board decisions.
6. Governance and Control Environment: The Board has effectively set the tone-at-the-top, by putting in place transparent and robust system of governance. This is reflected by setting up an effective control environment, compliance with best practices of corporate governance and by promoting ethical and fair behavior across the company.

Karachi dated 04 October 2021.

Mr. Sohail Ahmed  
Chief Executive



## **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that 53<sup>rd</sup> Annual General Meeting of the members of M/s SG Allied Businesses Limited will be held on Saturday November 27, 2021 at 9:30 AM at Company Registered Office at B-40, S.I.T.E., Karachi to transact the following business:

1. To confirm the minutes of 52<sup>nd</sup> Annual General Meeting held on Tuesday October 27, 2020.
2. To receive, consider and adopt audited annual accounts of the company for the year ended June 30, 2021 together with the Directors' and Auditors' report thereon.
3. To appoint auditors for the year 2021-22 and fix their remunerations.
4. To transact any other business with the permission of the Chair.

Karachi: November 04, 2021

By Order of the Board

**Muhammad Hasan**  
**(Company Secretary)**

### **Notes:**

1. The Shares Transfer Books of the Company will remain closed from November 24, 2021 to November 27, 2021 (both days inclusive) for the purpose of the Annual General Meeting.
2. A member entitled to attend and vote at the Annual General Meeting may appoint another member as his/her proxy to attend the meeting and vote instead of him/her. In case of corporate entity, the Board of Director's resolution/power of attorney with specimen signature shall be submitted along with proxy from the Company. Proxies in order to be effective must reach at the Registered Office of the Company not less than 48 hours before the time of the meeting.
3. Members are requested to notify change in their mailing address, if any, immediately to the Share Registrar of the Company M/S F.D. Registrar Services (Private) Limited, Office No. 1705, 17<sup>th</sup> Floor, Saima Trade Tower, I.I. Chundrigar Road, Karachi.
4. Members, who have deposited their shares with the Central Depository Company of Pakistan Ltd. (CDC), are requested to bring their original Computerized National Identity Cards along with their account numbers in CDC for verification at the time of the meeting.
5. CDC account holders will further have to follow the guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.



## SG Allied Businesses Limited

### DIRECTORS' REPORT

The Board of Directors of SG Allied Businesses Limited (SGABL) is pleased to present the 53<sup>rd</sup> Annual Report and Audited Financial Statements of the Company together with Auditor's Report for the year ended 30<sup>th</sup> June 2021.

The Auditors have issued a qualified report. The directors would like to comment on the qualifications as under:

- i) The Company is pursuing to fulfil the requirements of IAS 41 – Agriculture in relation to the biological assets held by the Company.
- ii) Several expenses and facilities are shared among the segments of the company further the contribution of agriculture and cold storage to word the revenue are not significant, therefore, segmental reporting could not be done, however, the business is growing the issue of segmental reporting will be resolved.

### FINANCIAL RESULTS

The performance of your Company during the year under review has been on track of recovery due to the factors as mentioned above. The Company has made a sale of Rs. 16.9 million for the year comparing to the last year of sale was 5.2million, however the accumulated loss as at June 30, 2021 stood at Rs.766.58 million as compared to Rs.758.68 million for the previous year, no dividend is purposed in current year, a revaluation activity was carried out consequently the assets were revalued, therefore, financial statements shows revaluations reserve. The major reason of loss was payment of such expenses those in nature of professional and devotement.

Following are the financial results for the year ended June 30, 2021:

Sales	16,902,796
Cost of Sales	(3,407,311)
Gross Profit	13,495,485
Admin & Selling Expenses	(64,233,920)
Other Income	49,794,353
Financial charges	(36,370)
Loss before taxation	(980,452)
Loss after taxation	(11,922,389)
Earnings per share	(0.79)

During the financial year following were the directors of the company;

S. No.	Name of Director
--------	------------------





- 1 Mr. Sohail Ahmed
- 2 Mr. Asim Ahmed
- 3 Mr. Ferhan Sohail
- 4 Ms. Saba Sohail
- 5 Ms. Bina Sohail
- 6 Ms. Sana Sohail
- 7 Mrs. Ghazala Ahmed

Company were involved in the businesses of Hi-tech Agriculture product, cold storage and providing services of tenancy.

During the year there was no such risk was faced by the company

### **FUTURE OUTLOOK**

The Company has been extending its business activities. Alhamd o Lilllah the new lines of business including Cold Storage and vertical farm showing improved revenue;

Company has built the cold storage facility which came into operation in February 2018, therefore, revenue from facility is correspondingly reported in year 2020-21, similarly,

A new concept of vertical farm is introduced by SG Allied Businesses Limited in Pakistan the this segment grab a lot of appreciation in market, therefore, Some TV Channels gave reasonable size of media coverage, the prominent TV channels including SAMA TV, Arab News and Geo TV telecasted a program of our Vertical Farm.

Financial results shows an increasing trend of sales from vertical farm. The company in planing a new agri product Mushroom, hence, a new vertical farm structure is going to be built, therefore, mushroom is going to be produced in up coming year. Company is in the process of further expending the farming facility in upcoming year 2022 a new line (Mushroom) in agriculture product is under development .

### **COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE**

In accordance with the requirement of the Code of Corporate Governance Regulation 2017 of Securities and Exchange Commission of Pakistan, the Directors hereby confirm that:

- ☑ The financial Statements for the year ended June 30, 2021 prepared by the management present fairly its state of affairs, the results of its operation, cash flow and change in equity.
- ☑ Proper books of accounts of the Company have been maintained.
- ☑ International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- ☑ Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgement.
- ☑ The Company is in the process of implementing internal control.



## Vertical Farm Setup





Vertical Farm



Mushroom



Cold Storage







- ☒ There has been no material departure from the best practice of Code of Corporate Governance as detailed in the listing regulations.
- ☒ The Directors, Chief Executive and their spouses and minor children did not carry out any transaction in the shares of the Company during the year.
- ☒ Compliance of Code of Corporate Governance is annexed.
- ☒ Certain non-compliances mentioned in the Auditors' Review Report are due to the fact that the Company is in the process of revamping its business process and certain compliances remained unushered as at the year end.

The Board held four meeting during the year. The attendance by each Director was as follows:

<u>Name of Director</u>	<u>No. of meeting attended</u>
Mr. Sohail Ahmed	4
Mr. Asim Ahmed	4
Mr. Ferhan Sohail	4
Ms. Saba Sohail	4
Ms. Bina Sohail	4
Ms. Sana Sohail	3
Mrs. Ghazala Ahmed	4

Leave of absence was granted to director who could not attend some of the Board meeting.

#### **AUDITORS**

The present Auditors M/S Muniff Ziauddin & Co., Chartered Accountants, retires and being eligible, offers themselves for re-appointment. Audit Committee recommended for their re-appointment for the year ending June 30, 2021.

#### **AUDIT COMMITTEE**

The meetings of Audit Committee were held during the year ended June 30, 2021 as required by Code of Corporate Governance for review of Quarterly/Half Yearly, Annual Account and the related matters. The meetings were also attended by the External Auditors as and when required.

The composition of the Committee is as follows:-

Mrs. Ghazala Ahmed	Chairman
Ms. Saba Sohail	Member
Ms. Sana Sohail	Member

#### **ACKNOWLEDGEMENT**



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

**SHARE HOLDINGS PATTERN**

The Pattern of Shareholding as on June 30, 2021 is annexed.

On behalf of the  
Board of Directors

**Sohail Ahmed**  
**Chief Executive**

**Farhan Sohail**  
**Director**

Karachi 04, October, 2021

ایس جی الائیڈ بزنسز لمیٹڈ  
ڈائریکٹرز کی رپورٹ  
ایس جی الائیڈ بزنسز لمیٹڈ (SGABL) کے بورڈ آف ڈائریکٹرز کو 53 پیش کرتے ہوئے خوشی ہوئی ہے۔

rd  
آڈیٹر کی رپورٹ کے ساتھ کمپنی کی سالانہ رپورٹ اور آڈٹ شدہ مالیاتی بیانات  
30 جون 2021 کو ختم ہونے والے سال کے لیے۔  
آڈیٹرز نے مستند رپورٹ جاری کر دی ہے۔ ڈائریکٹر اس پر تبصرہ کرنا چاہیں گے۔  
قابلیت حسب ذیل:

- (i) کمپنی IAS 41 کی ضروریات کو پورا کرنے کی کوشش کر رہی ہے - زراعت کے سلسلے میں حیاتیاتی اثاثے جو کمپنی کے پاس ہیں۔
- (ii) کئی اخراجات اور سہولیات کمپنی کے حصوں میں بانٹ دی جاتی ہیں۔ آمدنی میں زراعت اور کولڈ سٹوریج کا حصہ اہم نہیں ہے، لہذا، قطعاتی رپورٹنگ نہیں کی جا سکی، تاہم، کاروبار کا مسئلہ بڑھ رہا ہے۔ سیگمنٹل رپورٹنگ کو حل کیا جائے گا۔ مالیاتی نتائج

زیر جائزہ سال کے دوران آپ کی کمپنی کی کارکردگی ریکوری کے ٹریک پر رہی ہے۔ اوپر بیان کردہ عوامل کی وجہ سے۔ کمپنی نے روپے کی فروخت کی ہے۔ کے لیے 16.9 ملین فروخت کے پچھلے سال کے مقابلے میں سال 5.2 ملین تھا، تاہم جون تک جمع شدہ نقصان 30، 2021 پچھلے سال کے 758.68 ملین روپے کے مقابلے میں 766.58 ملین روپے رہا، کوئی ڈیویڈنڈ کا مقصد موجودہ سال میں ہے، اس کے نتیجے میں دوبارہ تشخیص کی سرگرمی کی گئی۔ اثاثوں کا دوبارہ جائزہ لیا گیا، لہذا، مالیاتی بیانات ری ویلیویشن ریزرو کو ظاہر کرتے ہیں۔ اہم نقصان کی وجہ ایسے اخراجات کی ادائیگی تھی جو پیشہ ورانہ اور لگن کے ہوتے ہیں۔

30 جون 2021 کو ختم ہونے والے سال کے مالی نتائج درج ذیل ہیں:

سیلز	16,902,796
فروخت کی قیمت	(3,407,311)
مجموعی منافع	13,495,485
ایڈمن اور سیلنگ اخراجات	(64,233,920)
دیگر آمدنی	49,794,353
مالیاتی چارجز	(36,370)
ٹیکس سے پہلے نقصان	(980,452)
ٹیکس کے بعد نقصان	(11,922,389)
فی شیئر آمدنی	(0.79)

مالی سال کے دوران کمپنی کے ڈائریکٹرز درج ذیل تھے۔

S. نمبر ڈائریکٹر کا نام

- 1 جناب سہیل احمد
- 2 جناب عاصم احمد
- 3 مسٹر فرحان سہیل
- 4 محترمہ صبا سہیل
- 5 محترمہ بینا سہیل
- 6 محترمہ ثنا سہیل
- 7 مسز غزالہ احمد

کمپنی ہائی ٹیک زرعی مصنوعات، کولڈ اسٹوریج اور کے کاروبار میں ملوث تھی۔

کرایہ داری کی خدمات فراہم کرنا۔

سال کے دوران کمپنی کو اس طرح کے کسی خطرے کا سامنا نہیں کرنا پڑا

مستقبل کا آؤٹ لک

کمپنی اپنی کاروباری سرگرمیوں کو بڑھا رہی ہے۔ الحمد للہ نئی لائنز

کاروبار بشمول کولڈ اسٹوریج اور عمودی فارم جس سے آمدنی میں اضافہ ہوتا ہے؛

کمپنی نے کولڈ اسٹوریج کی سہولت بنائی ہے جو فروری 2018 میں شروع ہوئی تھی،

لہذا، سہولت سے حاصل ہونے والی آمدنی اسی طرح سال 2020-21 میں بتائی گئی ہے، اسی طرح،

عمودی فارم کا ایک نیا تصور ایس جی الائیڈ بزنسز لمیٹڈ نے متعارف کرایا ہے۔

پاکستان کا یہ طبقہ مارکیٹ میں کافی پذیرائی حاصل کرتا ہے، اس لیے کچھ ٹی وی

چینلز نے میڈیا کوریج کا معقول سائز دیا، جس میں نمایاں ٹی وی چینلز بھی شامل ہیں۔

سما ٹی وی، عرب نیوز اور جیو ٹی وی نے ہمارے ورٹیکل فارم کا ایک پروگرام ٹیلی کاسٹ کیا۔

مالیاتی نتائج عمودی فارم سے فروخت کے بڑھتے ہوئے رجحان کو ظاہر کرتے ہیں۔ کمپنی میں

ایک نئی زرعی مصنوعات مشروم کی منصوبہ بندی، اس لیے، ایک نیا عمودی فارم ڈھانچہ بننے جا رہا ہے۔

اس لیے بلٹ، مشروم آنے والے سال میں پیدا ہونے والا ہے۔ کمپنی میں ہے

آئندہ سال 2022 میں کاشتکاری کی سہولت کو ایک نئی لائن میں مزید خرچ کرنے کا عمل

(مشروم) زرعی مصنوعات میں ترقی کے مراحل میں ہے۔

30 جون 2021 کو ختم ہونے والے سال کے مالیاتی بیانات جو انتظامیہ نے تیار کیے ہیں۔

اس کی حالت، اس کے آپریشن کے نتائج، نقد بہاؤ اور تبدیلی کو منصفانہ طور پر پیش کریں۔

مساوات

کمپنی کے کھاتوں کی مناسب کتابیں رکھی گئی ہیں۔

بین الاقوامی اکاؤنٹنگ معیارات، جیسا کہ پاکستان میں لاگو ہوتا ہے، کی پیروی کی گئی ہے۔



مالی بیانات کی تیاری مناسب اکاؤنٹنگ پالیسیوں کو مالیاتی تیاری میں مسلسل لاگو کیا گیا ہے۔  
 بیانات اور اکاؤنٹنگ تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہیں۔  
 کمپنی اندرونی کنٹرول کو نافذ کرنے کے عمل میں ہے۔  
 کوڈ آف کارپوریٹ کے بہترین عمل سے کوئی مادی خارج نہیں ہوا ہے۔  
 گورننس جیسا کہ فہرست سازی کے ضوابط میں تفصیل ہے۔  
 ڈائریکٹرز، چیف ایگزیکٹو اور ان کی شریک حیات اور نابالغ بچوں نے عمل نہیں کیا۔  
 سال کے دوران کمپنی کے حصص میں کوئی بھی لین دین۔  
 کوڈ آف کارپوریٹ گورننس کی تعمیل منسلک ہے۔  
 آڈیٹرز کی جائزہ رپورٹ میں بیان کردہ بعض عدم تعمیلیں حقیقت کی وجہ سے ہیں  
 کہ کمپنی اپنے کاروباری عمل کو بہتر بنانے کے عمل میں ہے اور یقینی طور پر  
 سال کے آخر کی طرح تعمیلات غیر محفوظ رہیں۔  
 بورڈ نے سال کے دوران چار اجلاس منعقد کئے۔ ہر ڈائریکٹر کی حاضری حسب ذیل تھی:  
 ڈائریکٹر کا نام اجلاس میں شریک ہوا

### اجلاس میں شرکت کی تعداد

### ڈائریکٹر کے نام

4	جناب سہیل احمد
4	جناب عاصم احمد
4	مسٹر فرحان سہیل
4	محترمہ صبا سہیل
4	محترمہ بینا سہیل
3	محترمہ ثنا سہیل
4	مسز غزالہ احمد

ڈائریکٹر کو غیر حاضری کی چھٹی دی گئی جو بورڈ کے کچھ اجلاس میں شریک نہیں ہو سکے۔  
آڈیٹرز

موجودہ آڈیٹرز M/S منف ضیاء الدین اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو رہے ہیں  
اہل، خود کو دوبارہ تقرری کے لیے پیش کرتے ہیں۔ آڈٹ کمیٹی نے 30 جون 2021 کو ختم  
ہونے والے سال کے لیے ان کی دوبارہ تقرری کی سفارش کی۔

حساب کتاب کا گروہ یا لوگ

آڈٹ کمیٹی کے اجلاس 30 جون 2021 کو ختم ہونے والے سال کے دوران ضرورت کے مطابق منعقد ہوئے۔  
سہ ماہی/ششماہی، سالانہ اکاؤنٹ اور

متعلقہ معاملات اجلاسوں میں ضرورت پڑنے پر بیرونی آڈیٹرز نے بھی شرکت کی۔  
کمیٹی کی تشکیل حسب ذیل ہے:-

مسز غزالہ احمد چیئرمین

محترمہ صبا سہیل ممبر

محترمہ ثنا سہیل ممبر

اعتراف

آپ کی کمپنی کے ڈائریکٹرز شیئر ہولڈرز، اداروں کا تہہ دل سے شکریہ ادا کرتے ہیں۔  
ان کی حمایت اور مدد۔

شیئر ہولڈنگز پیٹرن

30 جون 2021 کو شیئر ہولڈنگ کا پیٹرن منسلک ہے۔

بورڈ آف ڈائریکٹرز

سہیل احمد

چیف ایگزیکٹو

فرحان سہیل

ڈائریکٹر

کراچی 04، اکتوبر، 2021



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## **VISION STATEMENT**

To be nationally & internationally recognized as trendsetter of polyester filament yarn.  
Producing and introducing new varieties of highly value added Products to our customers  
both in Pakistan & abroad.

## **MISSION STATEMENT**

Our mission is to exceed the expectations of our customers in producing highest  
quality product.

With determination of greater returns to shareholders and good opportunities  
to employees. To make the company a high flyer of all times.

## **CORPORATE OBJECTIVES & DEVELOPMENT STRATEGY**

From the beginning we have been producing exceptionally high quality products.  
Every time we introduced new varieties in the market which was followed by others later  
on.

Alhamdulillah we become the only exporter of polyester filament yarn from Pakistan.  
We wish to strive continuously to achieve higher levels of excellence by employing most  
Modern manufacturing technology Operational & Financial Management.  
To extend our maximum contribution to our beloved Country in almost all possible  
Fields specially to National exchequer.

## **STATEMENT OF COMPLIANCE WITH THE BEST PRACTICE ON TRANSFER PRICING**

The Company has fully complied with the best practice on Transfer Pricing as contained in  
the regulation No. 38 of the Karachi Stock Exchange (G) Limited.

On behalf of the Board of Directors

**Sohail Ahmed**  
(Chief Executive)



## Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

### For the year ended June 30, 2021

This statement is being presented to comply with the Listed Companies (Code of Corporate Governance) Regulations 2019 (CCG / Regulations) for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

S.G. Power Limited ("the company") has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are 7 (Seven) as per the following:

- a. Male : 3
- b. Female : 4

2. The composition of the Board is as follows:

Category	Names
Independent Director	-
Executive Director	Mr. Sohail Ahmed
	Mr. Farhan Sohail
	Mr. Asim Ahmed
Non-Executive Director	Ms. Ghazala Salim
	Ms. Saba Sohail
	Ms. Sana Sohail
	Ms. Bina Sohail
Female Directors	Ms. Ghazala Salim
	Ms. Saba Sohail
	Ms. Sana Sohail
	Ms. Bina Sohail

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;

4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the 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 and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;





6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the 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 and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;

9. No Director's Training Program were held during the year.

10. The Board has approved appointment of chief financial officer and company secretary, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board;

12. The Board has formed committees comprising of members given below:

**a) Audit Committee**

Ms. Ghazala Salim	Chairman
Ms. Saba Sohail	Member
Ms. Sana Sohail	Member

**b) HR and Remuneration Committee**

Mr. Asim Ahmed	Chairman
Ms. Ghazala Salim	Member
Ms. Saba Sohail	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;

14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:

a) Audit Committee;	4 Quarterly Meetings
b) HR and Remuneration Committee;	2 Half Yearly Meetings

15. The board is in the process of setting up an effective internal audit function, as the operations of the company are being revived;

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 and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;



18. We confirm that all requirements of regulations 3, 7, 32, 33 and 36 of the Regulations have been complied with.

19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

Reg.	Explanation
9	A director acting as both CEO and Chairman of the Board of Directors because elected for the position of Chairman was not held by the company a chairperson will be appointed in upcoming BOD meeting.
24	Same person holds office of chief financial officer and the company secretary of the company as the company secretary was left and new appointment for the position of company secretary is under process.
28	Since there is are no independent directors in the company, consequently the human resource and remuneration committee does not have at least one independent director as a member. Furthermore, the Chairman of the committee is not an independent director.
31	The board is in the process of setting up an effective internal audit function, as the operations of the company are being revived.

Chairman

Chief Executive



## **Independent Auditors' Report to the Members of SG ALLIED BUSINESSES LIMITED**

### **Report on the Audit of Financial Statements**

#### **Qualified Opinion**

We have audited the annexed financial statements of **SG ALLIED BUSINESSES LIMITED** (the Company), which comprise the statement of financial position as at **30 June 2021**, and statement of profit or loss and other 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, except for the matters described in paragraphs (1) and (2) below in the Basis for Qualified Opinion section of our report, the statement of financial position, the statement of profit or loss and other 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 30 June 2021 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

#### **Basis for Qualified Opinion**

1. The Company has not complied with the requirements of IAS 41 – Agriculture in relation to the biological assets held by the Company.
2. The Company has not complied with the disclosure requirements of IFRS 8 – Operating Segments for disclosing each reportable segment separately.

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 Auditors' 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.

#### **Material Uncertainty relating to Going Concern**

Without qualifying our opinion, we draw attention to note 1.2 in the financial statements, which indicates that the accumulated loss of the Company has reached to Rs. 766.580 million as at June 30, 2021. Moreover, the reported current liabilities have exceeded from current assets of the Company by Rs. 205.293 million. These conditions indicate the existence of material uncertainty that may cast significant doubt about the 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



## Key Audit Matters

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. In addition to the matter described on the Basis for Qualified Opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters	How our audit addressed the Key Audit Matters
<b>1.Contingencies</b>  The Company is subject to material litigations involving different courts pertaining to taxation and other matters, which requires management to make assessment and judgements with respect to likelihood and impact of such litigations. Management have engaged independent legal counsel on these matters.  The accounting for, and disclosure of, contingencies is complex and is a matter of most significance in our audit because of the judgements required to determine the level of certainty on these matters.  The details of contingencies along with management's assessment and the related provisions are disclosed in note 20 to the financial statements.	 In response to this matter, our audit procedures included:  Discussing legal cases with the legal department to understand the management's view point and obtaining and reviewing the litigation documents in order to assess the facts and circumstances.  Obtaining independent opinion of legal advisors dealing with such cases in the form confirmations. We also evaluated the legal cases in line with the requirements of IAS 37: Provisions, contingent liabilities and contingent assets.  The disclosures of legal exposures and provisions were assessed for completeness and accuracy.

## Information other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include in the financial statements and our auditors' 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 controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud and 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.

### **Auditors' 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 auditors' 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 auditors' 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 auditors' 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.



Further, we highlight below instances of non-compliance with the requirements of the Regulations as reflected in the note/paragraph reference where these are stated in the Statement of Compliance:

Reg.	Explanation
9	A director acting as both CEO and Chairman of the Board of Directors because elected for the position of Chairman was not held by the company.
24	Same person holds office of chief financial officer and the company secretary of the company as the company is not operating sufficiently yet and the company believes that there is no need of separate person for both positions.
28	Since there are no independent directors in the company, consequently the human resource and remuneration committee does not have at least one independent director as a member. Furthermore, the Chairman of the committee is not an independent director.
31	The board is in the process of setting up an effective internal audit function, as the operations of the company are being revived.

**KARACHI:**

**CHARTERED ACCOUNTANTS**



**SG ALLIED BUSINESSES LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2021**

	NOTE	2021 RUPEES	Restated 2020 RUPEES
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	1,069,068,422	1,053,091,149
Investment property	6	69,979,813	71,407,972
Long term deposits	7	95,714	95,714
		<u>1,139,143,949</u>	<u>1,124,594,835</u>
<b>CURRENT ASSETS</b>			
Inventories	8	2,695,011	-
Loans, advances, prepayments and other receivables	9	9,348,745	7,775,045
Cash and bank balances	10	15,377,553	15,933,475
		<u>27,421,309</u>	<u>23,708,520</u>
		<u>1,166,565,258</u>	<u>1,148,303,355</u>
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital 15,000,000 Ordinary Shares of Rs. 10 each		<u>150,000,000</u>	<u>150,000,000</u>
Issued, subscribed and paid-up capital	11	150,000,000	150,000,000
Share premium		337,400,000	337,400,000
		<u>487,400,000</u>	<u>487,400,000</u>
<b>Capital Reserves</b>			
Surplus on revaluation of fixed assets	12	969,970,459	974,155,447
<b>Revenue Reserves</b>			
Accumulated loss		(766,580,680)	(758,873,850)
		<u>690,789,779</u>	<u>702,681,597</u>
Loan from directors	13	173,724,406	-
<b>NON-CURRENT LIABILITIES</b>			
Deferred liabilities	14	69,335,872	68,223,608
Loan from directors	15	-	141,889,262
		<u>69,335,872</u>	<u>210,112,869</u>
<b>CURRENT LIABILITIES</b>			
Creditors, accrued and other liabilities	16	120,233,772	102,832,874
Interest on short term and long term loan	17	20,617,394	20,617,394
Loan from associated undertaking	18	71,422,097	71,422,097
Loan from directors	15	9,500,000	13,104,604
Overdue of loan from directors		-	20,105,208
Provision for taxation		10,941,937	7,426,712
		<u>232,715,200</u>	<u>235,508,889</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	19	<u>1,166,565,258</u>	<u>1,148,303,355</u>

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

Chief Executive

Director

Chief Financial Officer



**SG ALLIED BUSINESSES LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2021**

	NOTE	2021 RUPEES	Restated 2020 RUPEES
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	1,069,068,422	1,053,091,149
Investment property	6	69,979,813	71,407,972
Long term deposits	7	95,714	95,714
		<u>1,139,143,949</u>	<u>1,124,594,835</u>
<b>CURRENT ASSETS</b>			
Inventories	8	2,695,011	-
Loans, advances, prepayments and other receivables	9	9,348,745	7,775,045
Cash and bank balances	10	15,377,553	15,933,475
		<u>27,421,309</u>	<u>23,708,520</u>
		<u>1,166,565,258</u>	<u>1,148,303,355</u>
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital 15,000,000 Ordinary Shares of Rs. 10 each		<u>150,000,000</u>	<u>150,000,000</u>
Issued, subscribed and paid-up capital	11	150,000,000	150,000,000
Share premium		337,400,000	337,400,000
		<u>487,400,000</u>	<u>487,400,000</u>
<b>Capital Reserves</b>			
Surplus on revaluation of fixed assets	12	969,970,459	974,155,447
<b>Revenue Reserves</b>			
Accumulated loss		(766,580,680)	(758,873,850)
		<u>690,789,779</u>	<u>702,681,597</u>
Loan from directors	13	173,724,406	-
<b>NON-CURRENT LIABILITIES</b>			
Deferred liabilities	14	69,335,872	68,223,608
Loan from directors	15	-	141,889,262
		<u>69,335,872</u>	<u>210,112,869</u>
<b>CURRENT LIABILITIES</b>			
Creditors, accrued and other liabilities	16	120,233,772	102,832,874
Interest on short term and long term loan	17	20,617,394	20,617,394
Loan from associated undertaking	18	71,422,097	71,422,097
Loan from directors	15	9,500,000	13,104,604
Overdue of loan from directors		-	20,105,208
Provision for taxation		10,941,937	7,426,712
		<u>232,715,200</u>	<u>235,508,889</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	19	<u>1,166,565,258</u>	<u>1,148,303,355</u>

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 YEAR ENDED JUNE 30, 2021**

	2021 RUPEES	2020 RUPEES
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
(Loss) / profit before taxation	(980,452)	2,780,127
Adjustment for:		
-Depreciation	9,357,285	9,812,605
-Gratuity expense	1,835,333	-
-Finance charges	36,370	3,982
	11,228,988	9,816,587
<b>CASH FLOW FROM OPERATING ACTIVITIES - BEFORE WORKING CAPITAL CHANGES</b>	10,248,536	12,596,714
 (Increase) / decrease in current assets		
Inventory	(2,695,011)	-
Loans, advances, prepayments and other receivables	2,820,131	-
	10,373,656	12,596,714
 Increase / (decrease) in current liabilities		
Creditors, accrued and other liabilities	16,903,459	8,526,073
Finance charges paid	(36,370)	(3,982)
Tax paid	(11,820,543)	(3,251,503)
Gratuity paid	(195,059)	-
<b>Net cash generated from operating activities</b>	15,225,144	17,867,302
 <b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Addition in property, plant and equipment	(189,246)	-
Addition in capital work in progress	(23,717,152)	(15,265,579)
<b>Net cash used in investing activities</b>	(23,906,398)	(15,265,579)
 <b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Loans received from directors	30,545,000	-
Loans repaid to directors	(22,419,667)	-
<b>Net cash generated from financing activities</b>	8,125,333	-
 Net (decrease) / increase in cash and cash equivalent	(555,922)	2,601,723
Cash and cash equivalent at the beginning of the year	15,933,475	13,331,752
<b>Cash and cash equivalent at the end of the year</b>	15,377,553	15,933,475

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

Chief Executive

Director

Chief Financial Officer





SG ALLIED BUSINESSES LIMITED  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2021

	Share Capital	Revenue Reserve		Capital Reserve	
	Issued, subscribed and paid-up capital	Share premium	Accumulated loss	Revaluation Surplus	Total
Balance as at July 01, 2019	150,000,000	337,400,000	(762,768,147)	408,077,469	132,709,322
Total comprehensive income for the year ended June 30, 2020					
Loss for the year	-	-	(2,169,729)	-	(2,169,729)
Other comprehensive income (net of tax)-(restated)	-	-	-	572,142,004	572,142,004
Total comprehensive income for the year	-	-	(2,169,729)	572,142,004	569,972,275
Transferred on account of incremental depreciation-net of tax	-	-	6,064,026	(6,064,026)	-
Balance as at June 30, 2020-(restated)	150,000,000	337,400,000	(758,873,850)	974,155,447	702,681,597
Total comprehensive income for the year ended June 30, 2021					
Profit for the year	-	-	(11,907,103)	-	(11,907,103)
Other comprehensive income (net of tax)	-	-	15,286	-	15,286
Total comprehensive income for the year	-	-	(11,891,818)	-	(11,891,818)
Transferred on account of incremental depreciation-net of tax	-	-	4,184,988	(4,184,988)	-
Balance as at June 30, 2021	150,000,000	337,400,000	(766,580,680)	969,970,459	690,789,779

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 YEAR ENDED JUNE 30, 2021**

**1. LEGAL STATUS AND OPERATIONS**

- 1.1** S.G Allied Businesses Limited (the company) is a public limited company incorporated in the year 1957 under the repealed Companies Act, 1913 (repealed with the enactment of the Companies Ordinance, 1984, and thereafter, with the enactment of the the Companies Act, 2017). The shares of the company are listed on Pakistan Stock Exchange Limited.

The principal activities of the company are warehouse, cold Storage and vertical Farming.

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

**Karachi**

B-40, S.I.T.E., Karachi. □

**Purpose**

The registered office and rental purpose for cold storage and vertical farming.

- 1.2** The accumulated loss of the Company has reached to Rs. 766.580 million as at June 30, 2021 (2020: 758.87 million). Moreover, the reported current liabilities have exceeded to current assets of the Company by Rs. 205.293 million (2020: 211.800 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. In the recent years 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 Basis of Preparation**

**2.1 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;

- 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.

**2.2 Basis of measurement**

These financial statements have been prepared under the historical cost convention, except for certain items as disclosed in the relevant accounting policies below.

**2.3 Functional and presentation currency**

These financial statements are presented in Pak Rupees (Rs/Rupees), which is the functional currency of the Company. Amounts presented in the financial statements have been rounded off to the nearest of Rs./Rupees, unless otherwise stated.

## 2.4 Key judgements and estimates

The preparation of financial statements in confirmation with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. In addition it require management to exercise judgement in the process of applying the company's accounting policies. The area involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are documented in the following accounting policies and notes and related primarily to;

- Useful lives, residual values and depreciation method of Property, plant and equipment (refer note 4.1 & 5)
- Useful lives, residual values and depreciation method of investment property (refer note 4.2 & 6)
- Impairment loss of non financial assets other than stock in trade (refer note 4.7)
- Fair value of investment property (refer note 4.2 & 6)
- Fair value of biological assets (refer note 4.4)
- Provision for expected credit loss (refer note 4.8.1.3)
- Obligation of defined benefit obligation (refer note 4.13 & 14.1)
- Estimation of provisions (refer note 4.19)
- Estimation of contingent liabilities (refer note 4.17 and 19)
- Current income tax expense, provision for current tax recognition of deferred tax (refer note 4.12 & 25)

## 3 NEW STANDARDS, AMENDMENTS TO APPROVED ACCOUNTING STANDARDS AND NEW INTERPRETATIONS

### 3.1 New standards/ amendments and interpretations to published approved accounting and reporting standards which are effective during the year:

The Company has adopted all the new standards and amendments to the following approved accounting standards as applicable in Pakistan which became effective during the year:

### 3.2 Effective in current year and not relevant to the Company

		Effective date (annual periods beginning on or after)
IFRS 3	Business Combinations - The amendments narrowed and clarified the definition of a business, the amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets.	January 1, 2020
IFRS 16	Leases - The objective of the amendment is to give timely relief to lessees to Covid-19 - related rent concessions while still enabling them to provide useful information about their leases to investors.	January 1, 2020
IFRS 7	Financial Instruments "disclosures".	January 1, 2020
IFRS 9	Financial Instruments	January 1, 2020
IAS 1	Presentation of Financial Statements - amendments to its definition of material to make it easier for companies to make materiality judgements.	January 1, 2020
IAS 39	Financial Instruments: Recognition and Measurement.	January 1, 2020
IAS 41	Agriculture.	January 1, 2020



### 3.3 The following International Financial Reporting Standards (IFRS Standards) and amendments not yet effective

IFRS 16 COVID-19 - Related Rent Concessions		
The International Accounting Standards Board (the Board) has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate.		
Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:		
<ul style="list-style-type: none"> <li>a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;</li> <li>b) Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and</li> <li>c) there is no substantive change to the other terms and conditions of the lease.</li> </ul>		
The standard is not likely to have any effect on Company's financial statements.		January 1, 2021
-	IFRS 3 Business Combinations - amendments updating a reference to the Conceptual Framework	January 1, 2022
-	IFRS 4 Insurance Contracts - Amendments regarding the expiry date of the deferral approach	January 1, 2023
-	IFRS 9 Financial Instruments - The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability.	January 1, 2022
-	IAS 1 Presentation of Financial Statements - Amendments regarding the classification of current and non-current liabilities.	January 1, 2023
	IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors- Amendment regarding the definition of accounting estimates, the standard defines the concept of a "change in accounting estimates".	January 1, 2023
	IAS 12 Income taxes - Amendment regarding to clarify how companies account for deferred tax on leases and decommissioning obligations	January 1, 2023
	IAS 16 Property, plant and equipment - The amendments clarify the prohibition on an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.	January 1, 2022
	IAS 37 Provisions, Contingent Liabilities and Contingent Assets - The amendments specify the costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.	January 1, 2022

The IASB issued 'Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)' with amendments that address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. The amendments are effective for annual periods beginning on or after January 01, 2021. The standard is not likely to have any effect on Company's financial statements.

The following new standards and interpretations have been issued by the IASB, which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan

IFRS 1	First time adoption of International Financial Reporting Standard
IFRS 17	Insurance Contracts



#### **4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been consistently applied to all years presented in these financial statements, except in changes as indicated below.

##### **4.1 Property, plant and equipment**

- a) Items of property, plant and equipment, other than freehold land, buildings on freehold land and capital work-in-progress, are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at revalued amount whereas buildings on freehold land, are stated at revalued amounts less accumulated depreciation and any identified impairment loss. Borrowing costs are also capitalized for the period up to the date of commencement of commercial production of the respective plant & machinery, acquired out of the proceeds of such borrowings.

Any revaluation increase arising on the revaluation of land, buildings is recognised in other comprehensive income and presented as a separate component of equity as "Revaluation surplus on property, plant and equipment", except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of land, buildings is charged to profit or loss to the extent that it exceeds the balance, if any, held in the revaluation surplus on property, plant and equipment relating to a previous revaluation of that asset. The revaluation reserve is not available for distribution to the Company's shareholders. The surplus on revaluation of land and buildings to the extent of incremental depreciation charged (net of deferred tax) is transferred to unappropriated profit.

- 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) An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on derecognition of an item of property plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the assets and as recognised on as other income in the statement of profit or loss. In the case of derecognition of a revalued property, the attributable revaluation surplus remaining on the surplus on revaluation is transferred directly to the unappropriated profit.

##### **Judgements and estimates**

The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any changes in estimate is accounted for on a prospective basis.

##### **Impairment**

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

##### **Capital work-in-progress**

Capital work-in-progress is stated at cost less impairment loss (if any).

##### **4.2 Investment property**

Investment property which is property held to earn rentals is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and any impairment loss. The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any changes in estimate is accounted for on a prospective basis. Further, determining adjustments for any differences in nature, location and condition of the investment property involves significant judgement.





#### **4.3 Biological assets**

Biological assets are measured at fair value less cost to sell. Fair value is determined by an independent valuer on the basis of best available estimate for biological assets of similar attributes. Gain or loss arising from changes in the fair value less cost to sell of biological assets are recognised on the statement of profit or loss.

Biological assets are measured at fair value less cost to sell. Fair value is determined by an independent valuer on the basis of best available estimate for biological assets of similar attributes. Gain or loss arising from changes in the fair value less cost to sell of biological assets are recognised on the statement of profit or loss.

#### **4.4 Trade and other receivables**

Trade debts and other receivables represents the company's right to an amount of consideration (i.e, only the passage of time is required before payment of the consideration is due)

#### **4.5 Cash and cash equivalent**

Cash and cash equivalents on the statement of financial position comprises cash at banks and on hand. For cash flow statement, cash and cash equivalents comprise cash on hand and deposit held with banks.

#### **4.6 Impairment of non-financial assets**

At each reporting date, the Company reviews the carrying amounts of its non financial assets (other than investment property, biological assets, stock in trade and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The increase in the carrying amounts shall be treated as reversals of impairment losses for individual assets and recognized in profit or loss unless the asset is measured at revalued amount. Any reversal of impairment loss of a revalued asset shall be treated as a revaluation increase.

#### **4.7 Financial instruments**

##### **4.7.1 Financial assets**

The Company classifies its financial assets at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

##### **4.7.1.1 Financial assets at amortised cost**

Financial assets at amortised cost are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on de-recognition are recognised directly in profit or loss.

##### **4.7.1.2 Financial assets at fair value through other comprehensive income**

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.



#### **4.7.1.3 Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss are those financial assets which are either designated in this category or not classified in any of the other categories. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss in the period in which it arises.

Financial assets are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently premeasured to fair value, amortized cost or cost as the case may be. Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the profit or loss for the period in which it arises.

Equity instrument financial assets / mutual funds are measured at fair value at and subsequent to initial recognition. Changes in fair value of these financial assets are normally recognised in profit or loss. Dividends from such investments continue to be recognised in profit or loss when the Company's right to receive payment is established. Where an election is made to present fair value gains and losses on equity instruments in other comprehensive income there is no subsequent reclassification of fair value gains and losses to profit or loss following the de-recognition of the investment.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company.

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade debtors, the Company applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company recognises in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

#### **4.7.2 Financial liabilities**

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised costs are initially measured at fair value minus transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit or loss.

#### **4.8 Off setting of financial assets and liabilities**

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

#### **4.9 Trade and other payables**

Liabilities for trade and other payables are recognized initially at their fair value and subsequently measured at amortized cost using effective interest method.

#### **4.10 Compensated absences**

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



#### **4.11 Share capital**

Share capital is classified as equity and recognized at the face value. Incremental costs net of tax and directly attributable to the issue of new shares are shown as a deduction in equity

#### **4.12 Taxation**

##### **Current**

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

##### **Deferred**

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses and credits only if it is probable that future taxable amounts will be available to utilise those temporary differences and unused tax losses and credits.

##### **Judgements and estimate**

Significant judgment is required on determining the income tax expenses and provision for tax. There are many transactions and calculations for which the ultimate tax determination is uncertain as these matters are being contested at various forums. The Company recognizes liabilities for the anticipated tax issues based on estimates on whether additional taxes will be due. Where the final tax outcome of these matters is different from the amount that are initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

Further, the carrying amount of the deferred tax asset is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profit. If required, carrying amount of the deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profit to allow the benefit of part of all that recognized deferred tax assets to be utilized. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

##### **Off-setting**

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### **4.13 Staff retirement benefits**

##### *Defined benefit plan*

The Company operates an unfunded gratuity scheme covering all eligible employees. A defined benefit plan is a plan that is not a defined contribution plan. The liability recognized in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligations at the end of the reporting period. The defined benefit obligations are calculated annually by independent actuary using the projected unit credit method.

The present value of the defined benefit obligations are determined by discounting the estimated future cash outflows. These are denominated in the currency in which the benefits will be paid. Remeasurement gain/losses are recognised in other comprehensive income

#### *Judgements and estimates*

In determining the liability for long-service payments management must make an estimate of salary increases over the following years, discounts rate to use in the present value calculation and the number of employees expected to leave before they receive the benefits

#### **4.14 Revenue recognition**

Revenue from contracts with customers is recognised at the point in time when performance obligation is satisfied i.e. control of the goods is transferred to the customers at an amount that reflects the consideration to which the Company expects to be entitled to on exchange of those goods.

- a) Sale of agricultural products is recognized when controls of goods are transferred to the customer and invoice is generated.
- b) Service income on cold storage and ware house is recognized on accrual basis.
- c) Other income comprises of rental income and the same is recognized on accrual basis.

#### **4.15 Foreign exchange translation**

Transactions in foreign currencies are accounted for in Pakistani Rupees at the foreign exchange rates prevailing on the date of transactions. Monetary assets and liabilities in foreign currencies, except for those covered under forward foreign exchange contracts, if any, are retranslated into Pak Rupees at the foreign exchange rates approximately those prevailing at the reporting date. Forward foreign exchange contracts, if any, are translated at contracted rates exchange differences, if any, are charged on statement of profit or loss.

#### **4.16 Borrowing cost**

Borrowing costs are recognized as an expense on the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing cost, if any, are capitalized as part of the cost of the asset.

#### **4.17 Contingent liabilities**

Contingent liability is disclosed when:

- 4.17.1** There is possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company' or
- 4.17.2** There is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

#### **4.18 Dividend distribution**

Dividend distribution to the Company's shareholders is recognized as liability on the period in which the dividends are approved by the company's shareholders.

#### **4.19 Provisions**

Provisions are recognized when the Company has a present 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 obligation can be made.

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



#### **4.20 Segment reporting**

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relates to transactions with any of the company's other components. The company has only four reportable segments

#### **4.21 Related party transactions**

Transactions with related parties are based at arms's length at normal commercial rates on the same terms and conditions as applicable to third party transactions.

#### **4.22 Basic and diluted earnings per share**

The company presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.



5 **PROPERTY, PLANT AND EQUIPMENT**  
Operating fixed assets  
Capital work in progress

NOTE	2021	2020
5.1	1,045,351,270	1,053,091,149
5.7	23,717,152	-
	<b>1,069,068,422</b>	<b>1,053,091,149</b>

5.1 **Statement of operating fixed assets-2021**

Particulars	Cost					Rate %	Depreciation			Written-down value
	As on July 01, 2020	Addition / Transfer/ (disposal)	Transferred to investment property	Revaluation Surplus / (Deficit)	As at June 30, 2021		For the year/ (adjustment for disposal)	Transferred to investment property	As at June 30, 2021	
Rupees										
Owned assets:										
Leasehold land	899,200,000	-	-	-	899,200,000	-	-	-	-	899,200,000
Building on leasehold land	262,277,924	-	-	-	262,277,924	5%	138,100,839	6,208,854	-	144,309,693
Cold storage	21,151,852	-	-	-	21,151,852	5%	1,057,393	1,004,713	-	2,062,306
Vertical farm	5,714,637	-	-	-	5,714,637	5%	285,732	271,445	-	557,177
Plant and machinery	715,112	-	-	-	715,112	5%	513,297	10,091	-	523,388
Factory equipment	10,270,720	-	-	-	10,270,720	10%	9,004,812	126,591	-	9,131,403
Office equipment	19,297,604	96,000	-	-	19,393,604	10%	17,304,184	208,942	-	17,513,126
Motor vehicles	13,035,155	-	-	-	13,035,155	20%	12,873,264	32,378	-	12,905,642
Furniture and fixtures	3,013,918	93,246	-	-	3,107,164	10%	2,767,451	33,971	-	2,801,422
Trolleys and fork lifters	4,242,562	-	-	-	4,242,562	10%	3,985,013	25,755	-	4,010,768
OTIS lifts	1,196,982	-	-	-	1,196,982	10%	1,133,134	6,385	-	1,139,519
Total owned assets	1,240,116,466	189,246	-	-	1,240,305,712		187,025,319	7,929,125	-	194,951,444

5.2 **Particulars of immovable property (i.e. land and building) in the name of the Company are as follows:**

a) Lease hold b) Building	Location	Usage of Immovable Property		Total Area (Square feet)
		Rental purpose	Rental purpose	
	B-40, SITE, Karachi			4,669 acres
	B-40, SITE, Karachi			4,669 acres

5.3 **During the year ended June 30, 2017, the Company transferred a portion of building to the investment property as 48.35% of the total space which has been leased out on rent.**

5.4 **Forced sale value of revalued land and building**

Asset class	Forced sale value
Lease hold land	719,360,000
Building	104,570,074
<b>Total</b>	<b>823,930,074</b>

5.5 **The revaluation of land and building were performed by Messrs. Anur Evaluators & Consultants who are independent valuer not related to the company. M/S Anur Evaluators & Consultants have appropriate qualifications and experience in the fair value of properties in the relevant locations. The revaluation of land and building was determined based on market comparable approach that reflects recent transaction prices of similar properties. The revaluation of building was determined on the estimated gross replacement cost, depreciated to reflect the residual service potential of the assets taking account of the age, condition and obsolescence. The fair value of assets subject to revaluation model fall under level 2 of fair value hierarchy.**

5.6 **Depreciation charge for the year has been allocated as follows:**

Cost of sales	
Administrative and selling expenses	

2021	2020
RUPEES	RUPEES
1,276,158	1,343,325
6,652,967	7,011,974
<b>7,929,125</b>	<b>8,355,299</b>

5.7 Capital work in progress

	2021		
	DURING THE YEAR		
	Opening Balance	Capital expenditure Incurred during the year	Closing balance
		Rupees	
CWIP - Cold storage	-	182,882	182,882
CWIP - Vertical farm	-	23,534,270	23,534,270
	-	23,717,152	23,717,152

5.8 Had there been no revaluation the related figures of leasehold land and buildings would have been as mentioned in note 12.2.

5.9 Statement of operating fixed assets-2020

Particulars	As on July 01, 2019	Cost			Rate %	Depreciation			Written-down value	
		Addition / Transfer/ (disposal)	Transferred to investment property	Revaluation Surplus / (Deficit)		As at June 30, 2020	For the year / (adjustment for disposal)	Transferred to investment property	As at June 30, 2020	As at June 30, 2020
			Rupees				Rupees			Rupees
<b>Owned assets:</b>										
Leasehold land	363,818,485	-	-	535,381,515	-	899,200,000	-	-	-	899,200,000
Building on leasehold land	210,502,587	-	-	51,775,337	5%	262,277,924	6,535,636	-	138,100,839	124,177,085
Cold storage	-	21,151,852	-	-	5%	21,151,852	1,057,593	-	1,057,593	20,094,259
Vertical farm	-	5,714,637	-	-	5%	5,714,637	285,732	-	285,732	5,428,905
Plant and machinery	715,112	-	-	-	5%	715,112	10,622	-	513,297	201,815
Factory equipment	10,270,720	-	-	-	10%	10,270,720	140,656	-	9,004,812	1,265,908
Office equipment	19,297,604	-	-	-	10%	19,297,604	221,491	-	17,304,184	1,993,420
Motor vehicles	13,035,155	-	-	-	20%	13,035,155	40,473	-	12,873,264	161,891
Furniture and fixtures	3,013,918	-	-	-	10%	3,013,918	27,385	-	2,767,451	246,467
Trolleys and fork lifters	4,242,562	-	-	-	10%	4,242,562	28,617	-	3,985,013	257,549
OTIS lifts	1,196,982	-	-	-	10%	1,196,982	7,094	-	1,133,134	63,848
<b>Total owned assets</b>	<b>626,093,125</b>	<b>26,866,489</b>	<b>-</b>	<b>587,156,852</b>		<b>1,240,116,466</b>	<b>8,353,299</b>	<b>-</b>	<b>187,025,319</b>	<b>1,053,091,149</b>



	NOTE	2021 RUPEES	2020 RUPEES
<b>6 INVESTMENT PROPERTY</b>			
Cost		194,310,081	194,310,081
Less: Accumulated depreciation and impairment		(122,902,109)	(121,444,803)
Carrying amount as at 1 July		71,407,972	72,865,278
Additions through new purchases		-	-
Depreciation charge for the year		(1,428,159)	(1,457,306)
Transfer (to)/from property, plant and equipment		-	-
Carrying amount as at 30 June		69,979,813	71,407,972
Rate of depreciation (%)		2%	2%
<b>6.1 Reconciliation of carrying amount</b>			
<b>COST</b>			
As on 1 July		194,310,081	194,310,081
Reclassification from property, plant and equipment		-	-
As at 30 June		194,310,081	194,310,081
<b>DEPRECIATION</b>			
As on 1 July		122,902,109	121,444,803
Reclassification from property, plant and equipment		-	-
For the year		1,428,159	1,457,306
		-	-
As at 30 June		124,330,268	122,902,109
<b>Written down value as at June 30</b>		69,979,813	71,407,972
<b>Rate of depreciation</b>		2%	2%
<b>6.2</b>	This represents building owned by the company. The fair value of the investment property is Rs. 122.36 million. Forced sale value of the investment property assessed at Rs. 97.89 million.		



**7 LONG TERM DEPOSITS**

Security deposits

95,714

95,714

**8 INVENTORIES**

Vertical farm

672,430

-

Packing material

2,022,581

-

2,695,011

-

2021  
RUPEES

2020  
RUPEES

**9 LOANS, ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES**

**Loans and advances**

Advance to Staff

630,000

630,000

Advance income tax

5,420,864

1,027,033

Account receivables-cold storage

1,108,847

-

Account receivables-ware house

967,334

Income tax refundable

9,903,094

9,903,094

Less: provision against income tax refundable

(9,903,094)

(9,903,094)

8,127,045

1,657,033

**Prepayments and other receivables**

Letter of guarantee

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**

9.1 & 9.2

Less: Provision for irrecoverable rent

9,571,471

9,571,471

Less: Provision for doubtful debts

(8,496,312)

(3,600,000)

(3,459)

(3,459)

1,071,700

5,968,012

9,348,745

7,775,045

**9.1** This includes receivables from S.G. Power Limited on account of rent and utilities amounting to Rs 8.550 million. However as disclosed in note 16 ,17 and 18 a sum of Rs.156.61 million is payable to S.G Power Limited.

**9.2 Ageing analysis of receivables from S.G Power Limited (associated company)**

Past due less than one year

-

-

Past due over one year

8,550,000

8,550,000

**10 CASH AND BANK BALANCES**

Cash on hand

254,155

104,198

Cash with banks - current account

15,123,398

15,829,277

15,377,553

15,933,475

**11 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

150,000,000

150,000,000

**11.1 Shares held by the related parties of the Company**

Name of the shareholders	2021	2021	2020	2020	2019	2019
	Number of shares	Percentage holding	Number of shares	Percentage holding	Number of shares	Percentage holding
<b>Directors, CEO, &amp; their spouse</b>						
Mst. Zubaida Khatoon	2,614,000	17.43%	2,614,000	17.43%	2,614,000	17.43%
Mr. Sohail Ahmed	2,614,000	17.43%	2,614,000	17.43%	2,614,000	17.43%
Mr. Asim Ahmed	2,614,000	17.43%	2,614,000	17.43%	2,614,000	17.43%
Mst. Ghazala Ahmed	1,306,850	8.71%	1,306,850	8.71%	1,306,850	8.71%
Mrs. Tania Asim	500	0.003%	500	0.003%	500	0.003%



		2021 RUPEES	Restated 2020 RUPEES
<b>12 REVALUATION SURPLUS</b>			
Revaluation surplus on remeasurement of staff retirement benefits		15,286	-
Revaluation surplus on property plant and equipment	12.1	969,970,459	974,155,447
		<u>969,985,744</u>	<u>974,155,447</u>
<b>12.1 Revaluation surplus on property plant and equipment</b>			
Balance at the beginning of the year		1,031,276,841	452,660,871
Surplus arisen on revaluation carried out during the year:		-	587,156,852
		<u>1,031,276,841</u>	<u>1,039,817,723</u>
Less: Transferred to unappropriated profit on account of:			
- incremental depreciation for the year		(5,894,349)	(8,540,882)
		<u>1,025,382,492</u>	<u>1,031,276,841</u>
Related deferred tax of:			
-balance at beginning of the year		57,121,395	44,583,403
-surplus arising during the year		-	170,275,487
-incremental depreciation for the year		(1,709,361)	(2,476,856)
-Effect of change in tax rate		-	-
-Reversal of deferred tax liability to land		-	(155,260,639)
		<u>55,412,033</u>	<u>57,121,395</u>
Balance at end of the year		<u>969,970,459</u>	<u>974,155,447</u>

- 12.2** During the financial year ended June 30, 2020 the Company revalued its leasehold land and buildings on leasehold land to replace the carrying amounts of these assets with their market values / depreciated market values. The revaluation was carried-out on June 30, 2020 by an independent qualified valuers namely M/s. Amir Evaluators & Consultants. The appraisal surplus arisen on these revaluations aggregates to Rs. 587.156 million.

Previously, the revaluation of its leasehold land and buildings on leasehold land was carried out on June 26, 2015 by the same valuers namely M/s. Amir Evaluators & Consultants. The appraisal surplus arisen on these revaluations aggregates to Rs. 533.242 million.

- 12.3** The surplus on revaluation of fixed assets is not available for distribution to the shareholders in accordance with section 241 of the Companies Act, 2017.

- 12.4** Had there been no revaluation the related figures of leasehold land and buildings would have been as follows:

	2021			2020		
	Cost	Accumulated depreciation	Book value	Cost	Accumulated depreciation	Book value
Leasehold land	64,893,485	-	64,893,485	64,893,485	-	64,893,485
Building on leasehold land	88,657,361	82,681,769	5,975,592	88,657,361	82,367,264	6,290,097
	<u>153,550,846</u>	<u>82,681,769</u>	<u>70,869,077</u>	<u>153,550,846</u>	<u>82,367,264</u>	<u>71,183,582</u>





		2021 RUPEES	2020 RUPEES
<b>13 LOAN FROM DIRECTORS</b>			
Opening balance		-	-
Add: Transfer of loan from liability portion	13.1	153,619,198	-
Overdue of loan from directors		20,105,208	
		<u>173,724,406</u>	<u>-</u>
13.1	This represents interest free loan from sponsoring directors which is repayable at the discretion of the company.		
<b>14 DEFERRED LIABILITIES</b>			
Staff retirement benefit-gratuity	14.1	6,789,420	5,363,785
Deferred Karachi Electric Supply Corporation bill	14.2	5,738,428	5,738,428
Deferred taxation	14.3	55,412,033	57,121,395
		<u>67,939,881</u>	<u>68,223,608</u>
<b>14.1 Staff retirement benefit-gratuity</b>			
<b>14.1.1 Changes in present value of defined benefit obligation</b>			
Present value at the beginning of the year		5,363,785	5,363,785
Current service cost		1,395,991	-
Interest cost on defined benefit obligation		439,342	-
Benefits paid		(195,059)	-
Experience adjustments		(193,110)	-
Loss / (Gain) on remeasurement of defined benefit obligation		(21,529)	-
<b>Present value at the end of the year</b>		<u>6,789,420</u>	<u>5,363,785</u>
<b>14.1.2 The following amounts have been charged to statement of profit or loss during the year</b>			
Current service cost		1,395,991	-
Interest cost on defined benefit obligation		439,342	-
		<u>1,835,333</u>	<u>-</u>
<b>14.1.3 Charge for the year has been allocated as under:</b>			
Administrative expenses		<u>1,835,333</u>	<u>-</u>
<b>14.1.4 Total remeasurements chargeable in other comprehensive Income</b>			
Actuarial gain from changes in financial assumptions		<u>21,529</u>	<u>-</u>
<b>14.1.5 Principal actuarial assumptions</b>			
The latest actuarial valuation for gratuity fund was carried out as at June 30, 2021 using the Projected Unit Credit Method (PUCM). The following significant assumptions used for the actuarial valuation:			
		June 30, 2021	June 30, 2020
Discount rate		8.5%	-
Expected rate of increase in salary		10%	-
Average retirement age of an employee		60	-
Mortality rates		SLIC 2001-2005 Set back 1 year	-



#### 14.1.6 Sensitivity analysis

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected rate of salary increase. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

<b>Impact on defined benefit obligation</b>			
	<b>Changes in assumption %</b>	<b>Increase in assumption</b>	<b>Decrease in assumption</b>
		<b>&lt;----- Rupees -----&gt;</b>	
<b>Discount rate</b>	plus (+) 100 bps	6,322,594	
	minus (-) 100 bps	-	7,332,255
<b>Salary increase</b>	plus (+) 100 bps	7,312,175	-
	minus (-) 100 bps	-	6,332,276

14.1.7 The above 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 the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the staff retirement gratuity recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous method.

<b>Historical information</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
	<b>&lt;----- Rupees -----&gt;</b>			
Present value of defined benefit obligation	5,363,785	5,363,785	5,363,785	5,363,785
Experience adjustment on obligation	-	-	-	-

#### 14.1.8 Maturity profile

<b>Years</b>	<b>Rupees</b>
2022	1,535,528
2023	858,662
2024	1,260,019
2025	765,037
2026	758,915
2027	1,061,156
2028	1,308,824
2029	751,586
2030	1,923,935
2031	1,357,363
2032 & onwards	88,419,751
Weighted average duration	7 years

14.2 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.



		2021 RUPEES	Restated 2020 RUPEES
<b>14.3 Deferred Taxation</b>			
Deferred tax liability attributable to Revaluation Surplus		55,412,033	57,121,395
<b>Deferred tax liability arising on taxable temporary differences due to:</b>			
Accelerated tax depreciation		22,606,318	14,156,788
<b>Deferred tax assets arising on deductible temporary differences due to:</b>			
Unused tax losses		(38,641,606)	(192,347,708)
Provision for gratuity		(1,968,932)	(1,877,325)
Deferred tax asset - net		(18,004,219)	(180,068,246)
<b>14.3.1</b>	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.		
<b>15 LOAN FROM DIRECTORS</b>			
Loan from Directors		154,993,866	154,993,866
Loan received during the year		30,545,000	-
		185,538,866	154,993,866
Less: loan repaid during the year		(22,419,667)	-
Less: Loan from directors - current		(9,500,000)	(13,104,604)
Less: Transfer of loan to equity portion		(153,619,198)	-
		-	141,889,262
<b>15.1</b>	During the year , loan from directors has been transferred to loan from directors equity componenet amounted to Rs. 153.619 million after the change in term of repayment of loan i.e from over 15 years period to repayment at the discretion of the Company. Current portion of loan from directors is repayable on demand amounted to Rs. 9.5 million.		
<b>15.2</b>	Earlier the year ended 30 June 2019, the Board of Directors had decided in their meeting to charge the interest on outstanding balance of loan from directors from the beginning of the financial year. Therefore, an interest amounting to Rs. 9,963,151 was charged for three quarters of the last financial year. However, considering the financial position of the company, the directors forfeited the interest of the last quarter of the last financial year. Hence, the loan has become interest free.		
<b>16 CREDITORS, ACCRUED AND OTHER LIABILITIES</b>			
Trade creditors		1,244,066	1,244,066
Earnest money		189,006	189,006
Security deposit payable		33,789,090	20,127,266
Electricity bill payable		-	4,424,085
Provision for sale tax liability	16.1	908,906	-
Others	16.2	9,565,346	2,311,093
		45,696,414	28,295,516
Due to associated undertaking	16.3	74,537,358	74,537,358
		120,233,772	102,832,874
<b>16.1</b>	This represent provision for sale tax liability for the current year on income from cold storage.		
<b>16.2</b>	This represents advance received from scrap buyers.		
<b>16.3</b>	These are unsecured and the late payment surcharge has been waived by the associated undertaking S.G. Power Limited.		
<b>17 INTEREST ON SHORT TERM AND LONG TERM LOAN</b>			
Accrued 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	10,654,243
		20,617,394	20,617,394
<b>18 LOAN FROM ASSOCIATED UNDERTAKING</b>			
SG Power Limited		71,422,097	71,422,097
<b>18.1</b>	This represents loan from S.G Power Limited ( the associated undertaking ) which is repayable on demand).		

## 19 CONTINGENCIES AND COMMITMENTS

### 19.1 Contingencies

S.NO.	WRIT PETITION	FORUM	ISSUE INVOLVED	STATUS
1			Legal claim filed against the company from suppliers were not acknowledged as debts amounting to Rs.0.418million (2020:0.418million)	Pending
2	Suite no 10 of 2000 Suite no 1296 of 2003	Sindh High Court	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 that they have no objection to the publication of the prospectus of the company in the newspaper also mentioning in the said letter that Bank has not made any buy back agreement with the sponsors or any other person. The prospectus of the Company published in the newspaper also contained this fact that "their underwriter has not entered any buy back/ repurchase agreement with the sponsors or any other person". After public floatation, National Bank of Pakistan imposed the alleged condition of declaration of dividend at the rate of 15 to 16 percent and the undertaking from the sponsors to buy back the shares of the Company after 3 years within a period of one year was also obtained by the bank. The Company declared dividend for 1996,1997 and 1998 at 15 percent, 20 percent and 16 percent respectively. However, In this matter issues have been settled by the court and now the matter is at the stage of evidence of the parties. The management believes that the company has a good arguable case and a decree is likely to be passed in its favour and as such there is no likelihood of unfavourable outcome or any potential loss on account of this litigation.  Subsequent to filing of the above suit, National Bank of Pakistan also filed a Suit No. 1296 of 2003 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. In this suit, National Bank of Pakistan before the high court of Sindh for recovery of Rs. 288,466,438 and sale of 3,754,900 shares in the market at the risk of the defendants. This matter has been settled by the court and now the matter is at the stage of evidence of the parties. The company has reasonable defence in the matter and in our view, a favourable outcome is expected and there is less likelihood of any potential loss being suffered by the company on account of the above litigation. However, final outcome would depend on conclusion of the evidence led by respective parties in support of their case and the sponsors are confident that they will succeed in their case in view of their sound legal position.	Pending
3	Special sales tax appeal No. 97 of 2004	Customs Appellate Tribunal, Bench, Karachi	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. The matter is pending before the Customs Appellate Tribunal, Bench, Karachi.  One appeal filled against the order of the Custom Appellate Tribunal before the High Court of Sindh at Karachi for refund of sales tax along with additional tax that was deposited by the company under protest with Custom and Sales tax Appellate Tribunal. The matter is at the stage of hearing of cases. The management believes that, the company has a good arguable case and an there is no likelihood of unfavourable outcome of this litigation.	Pending

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.

### 19.2 Commitments

There are no commitments as at June 30, 2021 ( 2020: nil)



		2021 RUPEES	2020 RUPEES
<b>20 SALES</b>			
Sale of agricultural products		10,660,310	1,729,302
Service income from cold storage		6,242,486	3,516,148
		<u>16,902,796</u>	<u>5,245,450</u>
<b>21 COST OF SALES</b>			
Electricity, gas, steam and water		2,001,867	1,098,990
Packaging		103,116	150,600
Nutrient		40,000	47,500
Pesticides and Chemical		7,500	10,000
Seeds		33,030	-
Soil		413,200	-
Testing		29,000	-
Fertilizers		132,370	-
Freight Charges - VF		43,500	-
Depreciation expense	6.12	1,276,158	1,343,325
Cost of goods available for sale		4,079,741	2,650,415
Less: Ending inventory of vertical farming		(672,430)	-
		<u>3,407,311</u>	<u>2,650,415</u>
<b>22 ADMINISTRATIVE AND SELLING EXPENSES</b>			
Directors' remuneration and amenities		3,035,000	2,400,000
Salaries, allowances and benefits		21,524,733	14,662,652
Advertisement expense		118,261	168,635
Auditor's remuneration	22.1	743,000	743,000
Commission expense		1,074,500	922,042
Conveyance		118,073	-
Depreciation expense	6.12	8,081,127	8,469,280
Dues and Subscriptions		-	254,500
Entertainment		50,000	-
Electricity expense		8,117,008	5,658,930
Generator fuel		-	18,000
Generator repairment		-	182,450
Graduity expense		1,835,333	-
Insurance		-	2,005
Legal and professional		7,925,748	724,000
Printing & stationery		31,105	76,000
Postage		-	5,700
Repairs and maintenance		1,730,699	1,672,143
Rent, rates and taxes		810,000	580,000
Safety and security		133,589	20,963
Telephone and fax		184,049	125,720
Travelling expenses		204,704	368,772
Tax - Professional		987,173	200,000
Utilities		59,500	102,060
Water Charges		1,318,855	-
Sale tax expense		908,906	-
Provision for irrecoverable rent		4,896,312	-
Others		346,245	392,911
		<u>64,233,920</u>	<u>37,749,763</u>
<b>22.1 Auditor's remuneration</b>			
Audit fee		453,000	453,000
Out of pocket expenses		15,000	15,000
Tax consultancy services		175,000	175,000
Review fee		100,000	100,000
		<u>743,000</u>	<u>743,000</u>



## 23 OTHER INCOME

Other income	-	295,121
Rental income	49,794,353	37,643,717
	<u>49,794,353</u>	<u>37,938,838</u>

## 24 FINANCIAL CHARGES

Bank charges and commission	36,370	3,982
	<u>36,370</u>	<u>3,982</u>

## 25 TAXATION

Current	10,941,937	7,426,712
Deferred	-	(2,476,856)
	<u>10,941,937</u>	<u>4,949,856</u>

25.1 The Company computes tax based on the generally accepted interpretations of the tax laws to ensure that sufficient provision for the purpose of taxation is available which can be analysed as follows:

	Provision for taxation	Tax assessed (Rupees '000)	Excess / (shortage)
2020	7,426,712	7,427,589	(877)
2019	3,454,369	4,697,321	(1,242,952)
2018	5,152,782	6,562,431	(1,409,649)
2017	5,709,703	4,313,185	1,396,518

## 25.2 RECONCILIATION BETWEEN TAX EXPENSE AND ACCOUNTING LOSS

Profit / (loss) before taxation	(980,452)	2,780,127
Tax at the applicable tax rate of 29 %	-	-
Tax on rental income at the rate of 29 %	10,941,937	7,426,712
Effect of prior year current and deferred tax charge	-	(2,476,856)
	<u>10,941,937</u>	<u>4,949,856</u>

## 25.3 Tax expense on items recognized in other comprehensive income

Remeasurement gain on staff gratuity	21,529	-
Revaluation of fixed assets	-	233,691,804
	<u>21,529</u>	<u>233,691,804</u>

## 26 EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED

### 26.1 Loss per share - basic

Loss after taxation	(11,907,103)	(2,169,729)
Weighted average number of shares	15,000,000	15,000,000
Loss per share	<u>(0.79)</u>	<u>(0.14)</u>

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





## 27 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of the associated companies, key management personnel and retirement benefit funds. Detail of transactions / balances with related parties during the year other than those which have been disclosed elsewhere in these financial statements are as follows:

NAME OF RELATED PARTY	RELATIONSHIP WITH THE COMPANY	NATURE OF TRANSACTIONS	2021	2020
			RUPEES	RUPEES
S.G. Power Limited	Associated Company by virtue of common directorship	Purchase of electricity	9,018,898	6,287,700
S.G. Power Limited	Associated Company by virtue of common directorship	Electricity bills payment	13,442,983	-
Directors	Key management personnel	Directors' remuneration	3,035,000	2,400,000
Mrs.Zubaida Khatoon	Key management personnel	Loan repaid	688,389	-
Aliya Shahid	Key management personnel	Loan repaid	409,343	-
Asim Ahmed	Key management personnel	Loan repaid	727,677	-
Ghazala Saleem	Key management personnel	Loan repaid	1,460,034	-
Asim Ahmed	Key management personnel	Loan repaid	19,134,225	-
Asim Ahmed	Key management personnel	Loan received	30,545,000	-
<b>BALANCES:</b>				
Mrs.Zubaida Khatoon.	Key management personnel	Balance payable	49,890,714	50,579,102
Aliya Shahid	Key management personnel	Balance payable	22,263,817	22,673,160
Asim Ahmed	Key management personnel	Balance payable	41,287,253	42,014,930
Ghazala Saleem	Key management personnel	Balance payable	21,263,126	22,723,160
Sohail Ahmed	Key management personnel	Balance payable	48,519,496	37,108,720
S.G. Power Limited	Associated Company by virtue of common directorship	Balance payable	74,537,358	74,537,358
S.G. Power Limited	Associated Company by virtue of common directorship	Balance payable	-	4,424,085

## 28 REMUNERATION OF DIRECTORS AND EXECUTIVES

	Chief Executive		Directors	
	2021	2020	2021	2020
Remuneration	1,800,000	1,800,000	1,235,000	600,000
House Rent	-	-	-	-
Retirement Benefits	-	-	-	-
Utilities	-	-	-	-
	1,800,000	1,800,000	1,235,000	600,000
	1	1	1	1



	2021 RUPEES	2020 RUPEES
<b>29 FINANCIAL INSTRUMENTS BY CATEGORY</b>		
<i>Financial Assets</i>		
<b>At amortized cost</b>		
Long term deposits	95,714	95,714
Loans and other receivables	3,927,881	6,748,012
Cash and bank balances	15,377,553	15,933,475
	<u>19,401,148</u>	<u>22,777,201</u>
<i>Financial Liabilities</i>		
<b>At amortized cost</b>		
Creditors, accrued and other liabilities	120,233,772	102,832,874
Short term and long term loan	92,039,491	92,039,491
Loan from directors	9,500,000	175,099,074
	<u>221,773,263</u>	<u>369,971,439</u>

### 30 FINANCIAL RISK MANAGEMENT

The company's activities expose it to a variety of financial risk, market risk, credit risk and liquidity risk. The company's overall risk management programme focuses on having cost efficient funding as well as to manage financial risk to minimize earning volatility and provide maximum return to shareholders

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

#### 30.1 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing returns.

#### 30.2 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 where receivables and payables exist due to transactions entered in foreign currencies. As at June 30, 2021, the company is not exposed to currency risk.

#### 30.3 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate risk arises from long and Short term borrowings from financial institutions. As at June 30, 2021, the interest rate risk profile of the Company's doesn't have any interest-bearing financial instrument.

#### 30.4 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. As at June 30, 2021 the Company is not exposed to price risk.



### 30.5 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. 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 ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. The Company does not have any significant exposure to customers from any single customer

Credit risk of the Company arises principally from trade debts, advances, deposits, other receivables and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	Note	2021 -----Rupees-----	2020
Long term deposits		95,714	95,714
Account receivables	30.5.1	2,076,181	-
Loans and other receivables		1,851,700	6,748,012
Bank balances		15,123,398	15,829,277
		<u>19,146,993</u>	<u>22,673,003</u>

#### 30.5.1 Set out below is the information about the credit risk exposure on the Company's trade debts

	Trade debts -----Rupees-----	
	June 30, 2021	June 30, 2020
30 days	415,236	-
31 to 90 days	1,660,945	-
91 to 180 days	-	-
180 days to 1 year	-	-
Over 1 year	-	-
	<u>2,076,181</u>	<u>-</u>

Concentration of credit risks exists when changes on economic and industry factors similarly affect the group of counter parties whose aggregated credit exposure is significant on relation to the company's total credit exposure. The company's financial assets are broadly diversified and transactions are entered into with diverse credit worthy parties, thereby mitigating any significant concentration risk. Therefore, the company believes that it is not exposed to major concentration of credit risk.

However, impairment analysis is always performed as each reporting date using a provision matrix to measure expected credit losses. Generally trade debtors are written off if past due for more than one year and are not subject to enforcement activity.

Other financial assets at amortised cost includes advances, deposits and other receivables

The credit quality of balances with banks can be assessed by reference to external credit ratings as shown below:

Bank	Rating agency	Short- term Rating	2021	2020
			----- ( Rupees ) -----	
Summit Bank Ltd	JCR - VIS	A-3	350,106	486,728
BankIslami Pakistan Limited	PACRA	A-1	232,527	11,645,206
Samba Bank Limited	JCR - VIS	A-1	1,855	151,855
Bank Al-Habib Limited	PACRA	A-1+	9,955,827	3,545,488
Habib Metro	PACRA	A-1+	4,583,084	-
			<u>15,123,398</u>	<u>15,829,277</u>



### 30.6 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or would have difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The following are the contractual maturities of financial liabilities, including interest payments, excluding the impact of netting agreements:

Financial liabilities in accordance with their contractual maturities are presented below:

2021	Less than 3 months	3 to 12 months	1 to 5 years	Greater than 5 years	Total
Loan from directors	-	9,500,000	-	-	9,500,000
Creditors, accrued and other liabilities	24,046,754	96,187,018	-	-	120,233,772
Current portion of long term loan	-	-	71,422,097	-	71,422,097
Interest on short term and long term loan	-	-	20,617,394	-	20,617,394
Overdue of loan from directors	-	-	-	-	-
<b>Total</b>	<b>24,046,754</b>	<b>139,233,772</b>	<b>92,039,491</b>	<b>-</b>	<b>221,773,263</b>
2020	Less than 3 months	3 to 12 months	1 to 5 years	Greater than 5 years	Total
Loan from directors	-	-	141,889,262	-	141,889,262
Creditors, accrued and other liabilities	4,424,085	98,408,789	-	-	102,832,874
Current maturity of loan from directors	-	13,104,604	-	-	13,104,604
Current portion of long term loan	-	71,422,097	-	-	71,422,097
Interest on short term and long term loan	-	20,617,394	-	-	20,617,394
Overdue of loan from directors	-	20,105,208	-	-	20,105,208
<b>Total</b>	<b>4,424,085</b>	<b>223,658,092</b>	<b>141,889,262</b>	<b>-</b>	<b>369,971,439</b>

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 manages liquidity risk by maintaining sufficient cash and bank balances and availability of financing through banking arrangements, which includes Short term finances.

### 31 FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value of all the financial instruments reflected in the financial statements approximates to their fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values.

#### Fair value hierarchy:

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at 30 June, 2021, the company has no financial instruments that falls into any of the above category. There were no transfer between level 1, 2 and 3 in the year.



### 32 CAPITAL RISK MANAGEMENT

The objective of the company when managing capital i.e its shareholder's equity is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits to other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The company manage its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions consistent with others in the industry. The company manages its capital risk by monitoring its liquid assets and keeping in view future investment requirements and expectation of the shareholders.

As at June 30, 2021 and 2020, the company had surplus reserves to meet its requirements.

The gearing ratio as at June 30, 2021 and June 30, 2020 is as follows:

	June 30, 2021	June 30, 2020	
Total Debts*	176,076,849	267,138,565	0.17
Cash and bank balances	(15,377,553)	(15,933,475)	
Net Debts	160,699,296	251,205,090	
Share capital	150,000,000	150,000,000	
Surplus on revaluation of property, plant and equipment	969,970,459	974,155,447	
Share premium	337,400,000	337,400,000	
Revenue reserve	(766,580,680)	(758,873,850)	
Loan from directors	173,724,406	-	
Equity	864,514,185	702,681,597	
Capital	1,025,213,481	953,886,687	
Gearing ratio (debt / (debt + Equity))	16%	26%	

\*These comprise of long term loan, interest on short term and long term, overdue of loan from directors.

### 33 CAPACITY & PRODUCTION

Production capacity for vertical farming

Actual production for vertical farming

Capacity cold storage(tonnes)

Actual usage for cold storage(tonnes)

	2021 RUPEES	2020 RUPEES
Production capacity for vertical farming	15000 KG	3000 KG
Actual production for vertical farming	8400 KG	2100 KG
Capacity cold storage(tonnes)	425	425
Actual usage for cold storage(tonnes)	297.5	297.5

Actual production was sufficient to meet the demand.

### 34 Impact of COVID-19

In the light of ongoing COVID-19 pandemic, the company has review its exposure to business risk and has not identified any risk that could materially impact the financial performance or position of the company. Consequently, there was no significant impact of COVID-19 pandemic on the company's operations or recognition and measurement of assets and liabilities during the year ended June 30, 2021.

### 35 NUMBER OF EMPLOYEES

Number of employees at the year-end

Average number of employees

	2021	2020
Number of employees at the year-end	21	21
Average number of employees	21	21

36 Corresponding figures have been reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison in accordance with the accounting and reporting standards as applicable in Pakistan.

### 37 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were approved and authorized for issue on \_\_\_\_\_ by the Board of Directors of the Company.

Chief Executive

Director

Chief Financial Officer



**NOTES TO THE FINANCIAL STATEMENTS**  
**DETAILS OF CATEGORIES OF SHAREHOLDERS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	No. of Share Holders	Total
<b>Financial Institutions</b>		
National Bank of Pakistan		3,754,900
Allied Bank Limited		788,800
	2	4,543,700
<b>DIRECTORS, CEO, THEIR SPOUSES AND MINOR CHILDREN</b>		
Sohail Ahmed		3,398,720
Asim Ahmed		1,830,080
Ghazala		1,306,850
Saba Sohail		500
Sana Sohail		500
Bina Sohail		500
Farhan Sohail		500
	7	6,537,650
Individual	1	3,918,650
<b>Total</b>		<b>15,000,000</b>

Shareholders Holding 10% or More Voting interest in the company  
as at June 30, 2021

**DIRECTORS, CEO, THEIR SPOUSES AND MINOR CHILDREN**

Sohail Ahmed	3,398,720	22.66%
Asim Ahmed	1,830,080	12.20%

**Financial Institutions**

National Bank of Pakistan	3,754,900	25.03%
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**NOTES TO THE FINANCIAL STATEMENTS**  
**DETAILS OF CATEGORIES OF SHAREHOLDERS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

No. of Share Holders	Shareholdings		Total Shares Held
	From	To	
1	101	500	500
1	785001	790,000	788,800
2	1305001	1,310,000	2,613,000
3	2610001	2,615,000	7,842,800
1	3750001	3,755,000	3,754,900
8			15,000,000

Categories of Shareholders	Numbers	Share Held	Percentage
DIRECTORS, CEO, THEIR SPOUSES AND MINOR CHILDREN	7	6,537,650	43.58%
Financial Institutions	2	4,543,700	30.29%
Individual	1	3,918,650	26.12%
Totals	10	15,000,000	100%



## FORM OF PROXY

The Secretary  
SG Allied Businesses Limited  
B-40, S.I.T.E.,  
Karachi.

I/We \_\_\_\_\_ of \_\_\_\_\_ being a member of SG Allied Businesses Limited, and holder  
Of \_\_\_\_\_ Ordinary shares hereby appoint \_\_\_\_\_ of  
\_\_\_\_\_ as \_\_\_\_\_ me/our proxy to attend and vote for me/our behalf at  
the 53<sup>rd</sup> Annual General Meeting of the Company to be held on Saturday the November 27, 2021 9:30a.m and at  
Any adjournment thereof;

In witness my/our hand seal this \_\_\_\_\_ day of \_\_\_\_\_ 2021

Signed by \_\_\_\_\_

Please affix  
Rs. 5/-  
Revenue  
Stamp

In the presence of \_\_\_\_\_ Signature of Member \_\_\_\_\_

Folio No. \_\_\_\_\_

### IMPORTANT

1. This proxy form duly completed and signed, must be received at the Registered Office of the Company, B-40, S.I.T.E., Karachi, not less than 48 hours before the time of holding the meeting and must be duly signed and witnessed.
2. A Proxy need not be a member of the Company.
3. If a member appoint more than one proxy and more than one instrument of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

### For CDC Account Holders / Corporate Entities::

1. The proxy form shall be witnessed by two persons whose names, addresses and CNIC number shall be mentioned on the form.
2. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
3. The proxy shall produce his/her original passport at the time of the meeting.
4. In case of Government of Pakistan, State Bank of Pakistan, Corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted along with proxy form to the compan



**AFFIX  
CORRECT  
POSTAGE**

**The Company Secretary  
SG Allied Businesses Limited  
B-40, S.I.T.E.  
Karachi**





**AFFIX  
CORRECT  
POSTAGE**

**The Company Secretary  
SG Allied Businesses Limited  
B-40, S.I.T.E.  
Karachi**



# COMPANY INFORMATION

## BOARD OF DIRECTORS

Mr. Sohail Ahmed	Chief Executive
Mr. Asim Ahmed	Director
Mrs. Ghazala Salim	Director
Mrs. Saba Sohail	Director
Mrs. Sana Sohail	Director
Ms. Bina Sohail	Director
Mr. Farhan Sohail	Director

## AUDIT COMMITTEE

Mr. Sohail Ahmed	Chief Executive
Mr. Rafiq Ahmed	Independent Director
Mrs. Tania Asim	Independent Director

## HR AND REMUNERATION COMMITTEE

Mr. Sohail Ahmed	Director
Mr. Rafiq Ahmed	Independent Director
Mrs. Tania Asim	Independent Director

## CHIEF FINANCIAL OFFICER

Mr. Muhammad Hasan

## AUDITORS

Muniff Ziauddin & Co.  
Chartered Accountants

## LEGAL ADVISOR

Mohsin Tayab & Co.

## BANKERS

Bank Islami Limited  
Bank Al Habib Limited  
Summit Bank Limited

## SHARES REGISTRAR

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.



















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**(92-21) 32593500**  
**Website: [www.sglyne.com](http://www.sglyne.com)**