

# **SG ALLIED BUSINESSES LIMITED**

B-40, S.I.T.E, KARACHI, PAKISTAN

# 1. REASON OF NON-COMPLIANCES

- The company's operations were shut down in December 2006 unfortunately due to higher cost of production.
- No support from the Government by putting anti-dumping on imported polyester filament yarn.
- Very poor law and order situation in SITE Karachi.

- Non reliable Gas supply, therefore stable power which is essential for making of polyester filament yarn was not available.
- As operations were shut down there was no cash flow and losses, and all the staff had to be released which resulted in these non-compliances.

## **2. STEPS TAKEN BY THE COMPANY FOR RECTIFICATION OF NON-COMPLIANCES AND TO ENSURE THAT SUCH NON-COMPLIANCES DO NOT OCCUR IN FUTURE**

- The main issue was to make company profitable so that staff can be hired to make sure there are no non-compliances.
- Alhamdulillah Company is now in profit and further expanding its operations and inshaa Allah with the result we see that all non-compliances will be met.

### **3. REASONS FOR NON-OPERATION OF THE COMPANY AND THE STEPS TAKEN BY THE COMPANY FOR ITS REVIVAL**

- As explained earlier there was no profit, in fact there were huge losses in making polyester filament yarn therefore the operation were shut down and even after waiting till 2014 the management was hopeful that soon the situation might change and they can restart the company but unfortunately this didn't happen.
- So company started new lines of businesses which are as follows:
  - Warehousing.
  - Cold storage.
  - Vertical Farming.
  - Mushroom Production.

- With these new lines of businesses revival plan was submitted to SECP which was approved.

#### **4. REASONS FOR NON-DECLARATION OF ANY CORPORATE ENTITLEMENT TO ITS SHAREHOLDERS SINCE PAST MANY YEARS**

- There was no profit in the company therefore there was non-declaration of any corporate entitlement.

## **5. STRATEGY FOR RESTORATION OF OPERATIONS OF THE COMPANY AND TO SAFEGUARD THE INTEREST OF MINORITY SHAREHOLDERS**

- Strategy is there and Alhamdulillah we will expand our new lines of businesses Cold storage, Vertical Farming and Mushroom Production.
- Already 3 Cold stores are in operation and order for 4<sup>th</sup> one is already placed.
- Vertical farm was expanded last year and after evaluating profitability we will inshaa allah expand further.



- Company is investing in Mushroom Farm Production which will be inshaa allah our Monopoly.
- Our Vertical farm also has unique position in the market as we supply round the year high value herbs and vegetables which are not available from any other company.

# PROJECTED PROFIT AND LOSS AFTER MUSHROOM PRODUCTION

Profit & Loss Projection	30th June 2020	30th June 2021	30th June 2022	30th June 2023	30th June 2024
<b>Revenue</b>					
Rental Income	37,938,838	64,864,794	71,351,273	78,486,401	86,335,041
Cold Storage Income	3,516,148	3,969,624	4,366,586	4,803,245	5,283,570
Vertical Farm	1,729,302	9,101,456	10,011,602	11,012,762	12,114,038
Mushroom	-	1,500,000	60,000,000	120,000,000	132,000,000
<b>Total Excluding Tax</b>	<b>43,184,288</b>	<b>79,435,874</b>	<b>145,729,461</b>	<b>214,302,408</b>	<b>235,732,648</b>
<b>Expenses</b>					
Cost of Goods Sold	2,650,415	3,959,852	4,355,837.20	4,791,421	5,270,563.01
Depreciation	8,469,280	8,062,202	7,659,091.90	7,276,137.31	6,912,330.44
Director's Remuneration	2,400,000	3,840,000	3,840,000	3,840,000	3,840,000
Electricity Charges	5,658,930	14,820,006	16,302,006.60	17,932,207	19,725,428
Entertainment	-	100,000	110,000.00	121,000	133,100
Generator Fuel	18,000	178,880	196,768.00	216,445	238,089
Maintenance - generator	182,450	964,876	1,061,363.60	1,167,500	1,284,250
Maintenance	-	100,000	110,000.00	121,000	133,100
Building repair and Maintenance	922,042	1,280,000	1,408,000.00	1,548,800	1,703,680
Miscellaneous	392,911	5,506,640	6,057,304.00	6,663,034	7,329,338
VF and Mushroom Packing Material	168,635	350,000	1,008,000	1,108,800	1,219,680

Petty Cash Expenses	83,705	2,181,880	2,290,974	2,520,071	2,772,079
Professional Fee - Corporate	743,000	412,000	432,600	475,860	523,446
Professional Fee	978,500	5,353,124	2,000,000	2,200,000	2,400,000
Property Tax	580,000	1,374,346	1,443,063	1,587,370	1,746,107
Repair and Maintenance	1,672,143	547,250	574,613	632,074	695,281
Repair and Maintenance - VF	-	414,000	434,700	478,170	525,987
Salaries.	14,662,652	19,351,040	20,318,592	22,350,451	24,585,496
Staff Welfare	20,963	72,000	75,600	83,160	91,476
Professional Tax	200,000	300,000	315,000	346,500	381,150
Telephone	125,720	232,700	244,335	268,769	295,645
Travel Expense	368,772	60,684	63,718	70,090	77,099
Wages	-	2,235,280	2,347,044	2,581,748	2,839,923
Water Charges - Drinking	102,060	54,400	57,120	62,832	69,115
Water Tanker	-	948,080	995,484	1,095,032	1,204,536
Mushroom Raw Material	-	600,000	15,000,000	30,000,000	33,000,000
Mushroom Salaries	-	1,200,000	3,600,000	6,500,000	7,150,000
	<b>40,400,178</b>	<b>74,499,240</b>	<b>92,301,214</b>	<b>116,038,472</b>	<b>126,146,899</b>
Financial charges	-	8,930,402	9,376,922	9,845,768	10,338,057
Taxation	-	1,731,473	1,748,788	1,766,276	1,854,590
<b>Profit/(Loss)</b>	<b>2,784,110</b>	<b>- 5,725,241</b>	<b>42,302,537</b>	<b>86,651,891</b>	<b>97,393,103</b>

# VERTICAL FARM



# MUSHROOM PRODUCTION



# MUSHROOM PRODUCTION (BUNKER FILLING MACHINE)



# COLD STORE & WAREHOUSE









**THANK YOU**