



## CONTENTS

(MEMBER OF S.G. GROUP)  
2014

COMPANY INFORMATION	1 <sup>st</sup> - 2
NOTICE OF ANNUAL GENERAL MEETING	2 3
DIRECTOR'S REPORT	3 5
STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE	8 9
VISION / MISSION STATEMENT	10 11
CORPORATE OBJECTIVES & DEVELOPMENT STRATEGY	10 11
REVIEW REPORT OF CORPORATE GOVERNANCE	11 12
AUDITORS' REPORT TO THE MEMBERS	13 14
BALANCE SHEET	15 16
PROFIT & LOSS ACCOUNT	16 17
CASH FLOW STATEMENT	17 18
STATEMENT OF CHANGES IN EQUITY	18 19
NOTES TO THE ACCOUNTS	19 20
PATERN OF SHAREHOLDING	31 33
FORM OF PROXY	35 35



## COMPANY / INFORMATION

### Board of Directors

✓ Mrs. Zubaida Khatoon	Chairperson
✓ Mr. Sohail Ahmed	Chief Executive
✓ Mr. Asim Ahmed	Director
✓ Mrs. Ghazala Ahmed	Director
Mrs. Tania Asim	Director
Mr. Hidayat Ali Shar	Director (Nominated by NBP)
Mr. M. Khurram Khawaja	Director (Nominated by NBP)

#### *AUDIT COMMITTEE*

Mr. Sohail Ahmed	Chairman
Mr. Asim Ahmed	Member
Mrs. Ghazala Ahmed	Member

#### *BANKERS*

Summit Bank Limited

#### *AUDITORS*

M/S. Muniff Ziauddin & Co.  
(Chartered Accountants)

#### *SHARES REGISTRAR*

Technology Trade Private Limited,  
Dagia House, 241-C, Block-2,  
PECHS, Shahra-e-Quaideen,  
Karachi,

#### *REGISTERED OFFICE*

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



## S.G. FIBRE LIMITED

### NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 46<sup>th</sup> Annual General Meeting of the members of M/s S.G. Fibre Limited will be held on October 30, 2014 at 09.30 a.m. at B-40, S.I.T.E., Karachi to transact the following business:

- 1 To confirm the minutes of 45<sup>th</sup> Annual General Meeting held on October 31, 2013.
- 2 To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2014 together with the Directors' and Auditors' report thereon.
- 3 To appoint auditors for the year 2014-15 and fix their remuneration.
- 4 To elect seven directors in accordance with the provision of the Companies Ordinance, 1984 for a period of three years. The term of present Directors has expired and they are eligible for re-election. The names of the retiring directors are as follows:

- |                              |                         |
|------------------------------|-------------------------|
| 1. Mst. Zubaida Khatoon      | 2. Mr. Sohail Ahmed     |
| 3. Mr. Asim Ahmed            | 4. Mrs. Ghazala Ahmed   |
| 5. Mrs. Tania Asim           | 6. Mr. Hidayat Ali Shar |
| 7. Mr. M. Khurram<br>Khawaja |                         |

- 5 To transact any other business with the permission of the Chair.

By Order of the Board

Karachi: October 09, 2014

Sohail Ahmed  
(Chief Executive)

Notes:

1. The shares Transfer Books of the Company will remain closed from October 24, 2014 to October 30, 2014 (both days inclusive) for the purpose of the Annual General Meeting.



2. Any member who seeks to contest election of the office of Directors including the retiring directors shall file with the Company at its Registered Office situated at B-40, S.I.T.E., Karachi, a notice of his/her intention to offer himself/herself for election along with a consent to act as director of the Company not later than 14 days before the date of the Annual General Meeting. The consent should accompany the relevant declarations as required under the Code of Corporate Governance. A detailed profile along with his/her office address as required under SECP's SRO 25(I)/2012 dated January 16, 2012.
3. 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.
4. Members are requested to notify any change in their addresses, if any, immediately to the Share Registrar of the Company M/S Technology Trade (Private) Limited, Dagia House, 241-C, Block-2, PECHS, Shahrah-e-Quaiden Karachi.
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.



## **S.G. FIBRE LIMITED**

### **DIRECTORS' REPORT**

The Board of Directors of S.G. Fibre Limited (SGF) is pleased to present the 46<sup>th</sup> Annual Report and Audited Financial Statements of the Company together with Auditor's Report for the year ended 30<sup>th</sup> June 2014.

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

- i) The Company owes Re.169.978 million, as mentioned in note 14, 15 and 16 to the financial statements, to the associated Company S. G. Power Ltd. The operations of the Company have been shut-down for the last seven years temporarily due to unfavourable market conditions. Payables to S.G. Power Ltd. are well secured because SGF have fixed assets of Rs.523 million at book value. Hence, there is nothing to apprehend about the Company's inability to settle its liabilities. The Company has provided confirmation to its associated undertaking that the amount of Rs.169.978 million is due from the Company and would be settled on priority basis once the operations recommence. As per SECP order we were required to charge mark-up on outstanding balance of receivables that should not be less than the borrowing cost of the Company. Since the Company has not borrowed any funds from any bank or financial institution, the mark-up accrued has been adequately charged.
- ii) The Company has suffered depreciation loss of Rs.32.749 million during the year and the accumulated losses as at June 30, 2014 stand at Rs.645.941 million. The management has every desire to restart the factory but it is in need of funds to the extent of Rs.500 million for replacement of old of old machinery with latest advance machinery. The funds requirement can only be arranged by selling the old machinery and equipment and by arranging new loans from financial institutions. Keeping in view the aforesaid trivia, the management believes that there is no doubt over the Company's ability to continue as a going concern in due course of time. Hence, the financial statements do not need any adjustment. At appropriate time a revival plan will be prepared and presented to Board of Directors and the shareholders for approval and implementation.
- iii) The Company is not in a position to provide for the exchange losses of Rs.189.820 million due to adverse financial health and closure of the factory for a prolonged period of time.
- iv) Due to closure of the factory operations for the last seven years and adverse financial health of the Company, it has no option but to value the foreign currency long-term loan and directors' loans at historical costs. As such it is not possible to comply with requirements of IAS-39.



- v) The related parties transaction, records and ledger are available for checking and verification. There have been some difficulties in tracing the old record due to non-availability of staff.
- vi) The management is of the view that the sales tax and income tax refunds will definitely be settled in due course of time. Being Government refunds, these are not considered to be doubtful.
- vii) The factory is closed for the last seven years and there are no short-term and long-term employees in employment. Compliance with IAS-19 pertaining to accounting and disclosures could not be applied.

## FINANCIAL RESULTS.

The performance of your Company during the year under review has not been satisfactory as the operation of the Company shut down since December 2006 due to adverse market condition.

Following are the financial results for the year ended June 30, 2014:

	Rupees
Sales	----
Cost of Sales	(18,975,123)
Gross Loss	(18,975,123)
Admin & Selling Expenses	(10,478,975)
Financial Charges	(17,523)
Other Income	3,339,661
Loss before taxation	(35,373,335)
Loss after taxation	(35,373,335)

## FUTURE OUTLOOK

The management is hopeful that the economic and market conditions will improve in due course and our Company will surmount its crisis and the production will recommence. The new textile incentives given by the Government are expected to be helpful in revival of textile and polyester yarn industries in due course. We hope and pray that our Company will be back in production in due course of time.

## COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

In accordance with the requirement of the Code of Corporate Governance 2012 issued by the Securities and Exchange Commission of Pakistan, the Directors hereby confirm that:



- The financial Statements for the year ended June 30, 2014 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.
- There are no significant doubts upon the Company's ability to continue as a going concern, but due to adverse economic and market conditions the operations remain shut-down temporarily.
- The Company's system of internal control is sound in design and has been effectively implemented and continuously monitored.
- 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.
- Key operating financial data for the last five years in summarized form is annexed.
- Compliance of Code of Corporate Governance is annexed.

The Board has five meeting during the year. The attendance by each Director was as follows:

**Name of Director**

**No. of meeting attended**

Mst. Zubaida Khatoon  
Mrs. Ghazala Ahmed  
Mrs. Tania Asim  
Mr. Sohail Ahmed  
Mr. Asim Ahmed  
Mr. Hidayat Ali Shar  
Mr. M. Khurram Khawaja

Indicate number of meetings attended  
by each directors

Leave of absence was granted to directors 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, 2014.

**AUDIT COMMITTEE**

The meeting of Audit Committee were held during the year ended June 30, 2014 as required by Code of Corporate Governance for review of Quarterly/Half Yearly, Annual Account and the

