



*S.G. POWER LIMITED*

*ANNUAL  
REPORT  
JUNE 30  
2017*



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**2017**

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# COMPANY INFORMATION

## BOARD OF DIRECTORS

Mst. Zubaida Khatoon	Chairperson
Mr. Asim Ahmed	Chief Executive
Mr. Sohail Ahmed	Director
Mrs. Ghazala Shahid	Director
Mrs. Tania Asim	Director
Mr. Farhan Sohail	Director
Mr. Rafiq Ahmed	Director

## AUDIT COMMITTEE

Mr. Asim Ahmed	Chief Executive
Mr. Sohail Ahmed	Director
Mrs. Ghazala Shahid	Director

## HR AND REMUNERATION COMMITTEE

MR. Sohail Ahmed	Director
Mrs. Ghazala Shahid	Director
Mrs. Tania Asim	Director

## CHIEF FINANCIAL OFFICER

Mr. Muhammad Hasan

## COMPANY SECRETARY

Mr. Adnan Ahmed

## AUDITORS

Muniff Ziauddin & Co.  
Chartered Accountants

## LEGAL ADVISOR

M.J. Panny Associate  
Mohsin Tayab & Co.

## BANKERS

Summit Bank Limited

## SHARES REGISTRAR

Technology trade private limited  
Dagia house, 241-C, block-2  
PECHS, Shakra-e-Quaideen  
Karachi

## REGISTERED OFFICE

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



## 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 Power 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, 2017 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 3 October 2017.**

Mst. Zubaida Khatoon  
Chairperson





## **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that 24<sup>th</sup> Annual General Meeting of the members of M/s S.G. Power Limited will be held on Wednesday October 25, 2017 at 10:30 AM at Company Registered Office at B-40, S.I.T.E., Karachi to transact the following business:

1. To confirm the minutes of 23<sup>rd</sup> Annual General Meeting held on October 28, 2016.
2.
  - adopt audited annual accounts of the company for the year ended June 30, 2017 together with the Directors' and Auditors' report thereon.
3. To appoint auditors for the year 2017-18 and fix their remunerations.
4.
  - s in accordance with Company Act, 2017 for the period of three years. The term of present Directors has expired on 30<sup>th</sup> October, 2017 and they are eligible for re-election. The name 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 Taia Asim	6 Mr. Farhan Sohail
7 Mr. Rafiq Ahmed	
5. To transact any other business with the permission of the Chair.

Karachi: October 03, 2017

By Order of the Board

**Adnan Ahmed**  
(COMPANY SECRETARY)

### **Notes:**

1.
  - s Transfer Books of the Company will remain closed from October 23, 2017 to October 25, 2017 (both days inclusive) for the purpose of the Annual General Meeting.
2.
  - attend and vote at the Annual General Meeting may appoint another r proxy to attend the meeting and vote instead of him/her. In case of corporate ent the Board of Director's resolution/power of attorney with specimen submitted along with proxy from the Company. Proxies in order to be registered Office of the Company not less than 48 hours before the time of the meeting.
3.
  - notify change in their mailing address, if any, immediately to the he Company M/S Technology Trade (Private) Limited, Dagia House, 241-C, PECHS, Shahrah-e-Quaiden, Karachi.
4. Members, who have
  - tted their shares with the Central Depository Company of Pakistan
    - bring their original Computerized National Identity Cards along account numbers in CDC for verification at the time of the meeting.
5. CDC account h
  - ll further have to follow the guidelines as laid down in Circular 1 dated issued by the Securities and Exchange Commission of Pakistan.



# **S. G. POWER LIMITED**

## **DIRECTORS' REPORT**

The Board of Directors of S.G. Power Limited is please to present the 24<sup>th</sup> Annual Report and Audited Financial Statements of the Company together with Auditors' Report thereon for the year ended June 30, 2017.

The auditors have given an observation regarding the existence of material un-certainty in company's ability to continue as a going concern. In this regard it is clarified that Messrs S.G. Allied Businesses Limited (formerly S.G. Fibre Limited), a sister concern and the only customer of the Company to whom it supplies electricity has shut-down its operations due to adverse and unfavourable market conditions. As per SECP clarify dated 19<sup>th</sup> July, 2013, the Company had made full provision against amounts aggregating to Rs. 169.970 million which are recoverable from associated undertaking. The management hopes that material un-certainty will not last long as the sister concern is working on entering into new lines of businesses. With the revival of SG Allied Businesses Limited, the Company will become a going concern in the foreseeable future.

### **FINANCIAL RESULTS**

Performance of the Company during the year under review has not been satisfactory as the operations of the Company continued to remain shut-down due to adverse market condition faced by its only customer and sister concern.

Following are the financial results for the year ended June 30, 2017:

	<u>Rupees</u>
Sale	500,000
Generation cost	(4,551,774)
Gross Loss	(4,051,774)
Admin & Selling Expenses	(5,854,040)
Loss before taxation	(23,833,064)
Loss after taxation	(23,833,064)



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## **FUTURE OUTLOOK**

The management is hopeful as soon as the S.G. Allied Business Limited, goes into new lines of businesses, the Company will come out of crisis and re-commence operation. The management is hopeful that the Company will stand revived in the near future.

## **CORPORATE GOVERNANCE**

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

- The Financial Statements for the year ended June 30, 2014 have been 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 judgments.
- There are no significant doubts upon the Company's ability to continue as a going concern, but due to adverse economic and market condition, the operation remained shut-down for the time being.
- 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.
- 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 closed for many years. These shortcomings will be rectified as soon as the Company recommences operation.



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

<u>Name of Director</u>	<u>No. of meetings attended.</u>
Mst Zubaida Khatoon	
Mr. Asim Ahmed	
Mr. Sohail Ahmed	
Mrs. Ghazala Ahmed	
Mrs Tania Asim	
Mr. Farhan Sohail	
Mr. Rafiq Ahmed	

### **AUDIT COMMITTEE**

Meetings of Audit Committee were held during the year ended June 30, 2014 as required by the Code of Corporate Governance for review of Quarterly/Half-yearly/Annual Accounts and the related matters. The meeting was also attended by the External Auditors as and when required.

The composition of the Committee is as follows:

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

### **AUDITORS**

The present Auditors M/S Muniff Ziauddin & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment. Audit Committee has recommended for their re-appointment for the year ending June 30, 2018.

### **ACKNOWLEDGEMENT**

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

### **SHAREHOLDINGS PATTERN**

The Pattern of Shareholding as on June 30, 2017 is annexed.

On behalf of the  
Board of Directors

Asim Ahmed  
(Chief Executive)

Karachi October , 2017.

## ایس جی پاور لمیٹڈ ڈائریکٹرز رپورٹ

ایس جی پاور لمیٹڈ کے بورڈ آف ڈائریکٹرز مسرت کے ساتھ سال رواں 30 جون، 2017 پر اختتام ہونے والی 24 ویں سالانہ اور آڈٹ شدہ جس میں مالیاتی جائزہ/گوشوارے بمعہ آڈیٹرز رپورٹ شامل ہیں پیش کرتے ہیں۔ آڈیٹرز نے کمپنی کی صلاحیت کے بارے میں موجودہ دستیاب مواد کے سبب اپنے اعتراضات اٹھائے۔ اس سلسلے میں انہوں نے یہ واضح کیا کہ میسرز ایس جی الائیڈ بزنس لمیٹڈ (سابقہ ایس جی فابریک لمیٹڈ) جو کہ اس جیسی ہی ایک کمپنی ہے اس کمپنی کے گاہک جنہیں بجلی سپلائی کی جاتی تھی لیکن مارکیٹ کے کاروباری اتار چڑھاؤ اور کاروباری حریفوں کے باعث کمپنی کو اپنا کام بند کرنا پڑا۔ سیکوریٹی ایچ میجنمنٹ آف پاکستان (SECP) نے مورخہ 19 جولائی، 2013 کو یہ تصدیق جاری کی جس کے مطابق کمپنی کے مختلف اداروں سے مجموعی رقم مبلغ 169.970 ملین وصول کرنے ہیں۔ انتظامیہ پر امید ہے کہ ملحقہ کمپنی کے ضم ہونے سے کاروبار میں نئے مواقع نہ صرف میسر ہوں گے بلکہ مزید دیر پا اور مضبوط کاروباری تعلقات استوار ہوں گے۔ ایس جی الائیڈ بزنس لمیٹڈ کی نئے جزیوں کے ساتھ قابل ظاہر ہونے والے مستقبل کی نوید لائی جانے کی توقع ہے۔

### سرمایہ کاری کے نتائج

کمپنی کے سال رواں کی کارکردگی پر نظر ڈالی جائے تو یہ کوئی اطمینان بخش نظر نہیں آتی کیونکہ کمپنی اب تک فعال نہیں ہوئی اور اس کا بزنس بند ہو چکا ہے جس کی وجہ مارکیٹ کے وہ کاروباری حریف اور گاہک اور وہ متعلقہ کمپنیاں ہیں۔

مبلغ	سیل
500,000	جنرل مالیت
4,551,774	مجموعی خسارہ
4,051,774	انتظامیہ اور فروختگی اخراجات
5,854,040	قبل و وقت ٹیکس
23,833,064	بعد ٹیکس خسارہ

## مستقبل پر نظر

انتظامیہ پر امید ہے کہ جیسے ہی کمپنی اپنے نئے کاروباری ٹریک پر پہنچ جائے گی، تو کمپنی اپنے بحران سے باہر آ جائے گی اور اپنے کاروباری معمولات بہتر طور سے فعال کر لے گی۔ کمپنی انتظامیہ خوش گمانی میں مبتلا ہے کہ مستقبل قریب میں کمپنی اپنے پاؤں پر کھڑی ہو جائے گی۔

### کارپوریٹ گورنر

سیکورٹی اینڈ ایکسچین کمیشن آف پاکستان کے نافذ کیئے گئے کوڈ آف کارپوریٹ گورنرز کے ضرورت کے عین مطابق جنہیں ڈائریکٹرز نے تصدیق کیا ہے۔

☆ مالیاتی گوشوارہ جو کہ 30 جون، 2014 سال رواں کو اختتام ہوا جس میں انتظامیہ کی جانب سے تیار کیئے جانے والے درست معاملات، اس آپریشن کے نتیجے میں نقدی کے بہاؤ اور ایکویٹی میں تبدیلی کو درست انداز میں پیش کرتے ہیں۔

☆ کمپنی کے کھاتے کے درست حسابات رکھے گئے ہیں۔

☆ پاکستان میں نافذ بین الاقوامی مالیاتی رپورٹنگ کے معیار کے تحت کھاتے داری کے حساب کتاب تیار کیئے گئے ہیں۔

☆ مالیاتی گوشوارے اور تخمینے کی تیاری کو مستقلاً مناسب اکاؤنٹنگ پالیسی کا اطلاق عاقلانہ فیصلے پر مبنی ہیں۔

☆ کوئی خاص شکوک و شبہات کمپنی کی صلاحیت پر موجود نہیں ہیں لیکن مارکیٹ کے اتار چڑھاؤ معاشی

خسارے کے باعث کمپنی کے کاروباری امور کو بند رکھا جاسکے گا جب تک صورتحال کنٹرول میں نہیں آ جاتی۔

☆ انٹرنل کنٹرول کا نظام ساخت کے اعتبار سے مستحکم ہے اور اس پر موثر انداز سے عمل درآمد اور نگرانی کی جاتی

ہے۔

☆ کارپوریٹ گورننس کے بہترین طریقہ عمل سے کسی قسم کا مادی انحراف موجود نہیں ہے، جیسا کہ اصول و ضابطہ کی

تفصیل دی گئی ہے۔

☆ ڈائریکٹرز، چیف ایگزیکٹو اور ان کے بیگمات اور چھوٹے بچوں کو سال کے دوران حصص کی ترسیلات پر کوئی

کارروائی کرنے کا حق حاصل نہیں ہے۔

☆ کارپوریٹ گورننس کے کوڈ کی تعمیل جیسا کہ بیان کیا گیا ہے جو منسلک ہے۔

☆ آڈیٹرز کے تجزیے کی رپورٹ میں مادی انحراف جو کہ حقیقت ہے کے سبب کئی سالوں سے کمپنی بند ہے۔ جیسے جیسے کمپنی آپریشن میں آئے گی تو جلد از جلد کمپنی کی اصلاح کی جائے گی۔

☆ ایک سال کے دوران کمپنی کے 4 اجلاس ہوئے جس میں ڈائریکٹر کی حاضری درج ذیل ہے۔  
نام تعداد اجلاس جس میں شرکت کی گئی

مسماة زبیدہ خاتون

جناب عاصم احمد

جناب سہیل احمد

میسرز غزالہ احمد

میسرز تانیہ عاصم

جناب فرحان سہیل

جناب رفیق احمد

## آڈیٹ کمیٹی

30 جون، 2014 کو اختتامی سال سے قبل آڈٹ کمیٹی کے اجلاسوں میں کارپوریٹ گورننس کے ضابطہ کے مطابق آڈٹ کمپنی نے سہ ماہی، ششماہی اور سالانہ حسابات اور دوسرے معاملات زیر بحث لائے گئے۔ ان اجلاسوں میں ضرورت کے مطابق بیرونی آڈیٹرز نے بھی شرکت کی۔

شرکت کرنے والے کمیٹی درج ذیل ہیں۔

جناب عاصم احمد چیئر مین

جناب سہیل احمد ممبر

جناب غزالہ احمد ممبر

## آڈیٹرز

موجودہ آڈیٹرز میسرز منیف ضیاء الدین اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائرڈ لیکن بطور اہلیت انہیں دوبارہ تقرر کے

لئے سال کے اختتام 30 جون، 2018 تک کیلئے، آڈٹ کمیٹی کی جانب سے ان کے دوبارہ تقریری کی تجویز پیش کی گئی۔

اظہار تشکر

آپ کی کمپنی کے ڈائریکٹر صاحبان نے حصص یافتگان کے تعاون کا اعتراف کرتے ہوئے انکی کارکردگی اور انتظامیہ پر اعتماد کے لئے تہہ دل سے مشکور ہیں۔

حصص یافتگان کا پیٹرن

حصص یافتگان کا پیٹرن 30 جون، 2016 منسلک ہندہ ہے۔

بورڈ آف ڈائریکٹر کی جانب سے

کراچی، اکتوبر، 2017





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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

**Asim Ahmed**  
(Chief Executive)



## Statement of Compliance with the Code of Corporate Governance

### **S.G. Power Limited** **For the year ended June 30, 2017**

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Clause 5.19 under Rule Book of Pakistan Stock Exchange Limited 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.

The company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

<b>Category</b>	<b>Names</b>
Independent Directors	Mr. Farhan Sohail
Executive Directors	Mr. Asim Ahmed
Non-Executive Director	Mst. Zubaida Khatoon
	Mr. Sohail Ahmed
	Mr. Ghazala Ahmed
	Mst. Zubaida Khatoon
	Mrs. Tania Asim

The independent directors meets the criteria of independence under clause 5.19.1 (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBF1 or, being a Broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred in the Board during the year.
5. 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.
6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.
8. 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 and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.



9. The Board has not made arrangements to carry out orientation courses on Code of Corporate Governance for its directors. Furthermore, the directors (excluding exempted directors) have not acquired the mandatory certificate of directors training program from the institute specified by the SECP.
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit including their remuneration and terms and conditions of employment.
11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the CCG.
15. The board has formed an Audit Committee. It comprises 3 members; of whom all are non-executive directors.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed an HR and Remuneration Committee. It comprises of 3 members, of whom all are non-executive directors.
18. The board is in the process of setting up an effective internal audit function, as the operations of the company are being revived.
19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the CCG have been complied with.

**Chairman /CEO**



## REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **S.G. Power Limited (the Company)** for the year ended June 30, 2017, to comply with the Code contained in regulation No. 5.19 of the Rule Book of Pakistan Stock Exchange Limited.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

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

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Following instances of non-compliance with the requirements of the Code were observed which are not stated in the Statement of Compliance:

<b>Note reference</b>	<b>Description</b>
6	A complete record of particulars of significant policies along with the dates on which they were approved or amended is not being maintained.
15	The chairman of the Audit Committee is not Independent Director.
16	Audit committee meetings were not properly held during the year as required by the Code of Corporate Governance.

Based on our review, except for the above instances of non-compliance, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2017.



Further, we highlight below instance of non-compliance with the requirement of the Code as reflected in the note reference where it is stated in the Statement of Compliance.

<b>Note reference</b>	<b>Description</b>
-----------------------	--------------------

- |    |   |
|----|---|
| 9  | The Board has not made arrangements to carry out orientation courses on Code of Corporate Governance for its directors. Furthermore, the directors (excluding exempted directors) have not acquired the mandatory certificate of directors training program from the institute specified by the SECP. |
| 18 | The board is in the process of setting up an effective internal audit function, as the operations of the company are being revived.   |

**KARACHI: 3<sup>rd</sup> OCTOBER 2017**

**MUNIFF ZIAUDDIN & CO  
CHARTERED ACCOUNTANTS  
(SOHAIL SALEEM)**



## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **S. G. POWER LIMITED** (“the Company”) as at June 30, 2017 and profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We have conducted the audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatement. An audit includes examining, on a test basis, supporting evidence regarding the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) In our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;
- (b) In our opinion:
  - (i) The balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
  - (ii) The expenditure incurred during the year was for the purpose of the Company's business; and
  - (iii) The business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) The balance sheet and profit and loss account together with the notes thereon, the cash flow statement and statement of changes in equity together with the notes forming part thereof, conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance 1984, in the manner so required and give a true and fair view of the state of the Company's affairs as at June 30, 2017 and of the loss, its cash flows and changes in equity for the year then ended; and
- (d) In our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

In qualifying our opinion, we draw attention to note 1.2 in the financial statements, which indicates that the Company has suffered a loss of Rs. 23.8 million during the year and the accumulated loss as at June 30, 2017 stood at Rs. 254.9 million. This condition indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

KARACHI: 3<sup>rd</sup> OCTOBER, 2017

**MUNIFF ZIAUDDIN & CO.**  
**CHARTERED ACCOUNTANTS**  
**(Sohail Saleem)**



**S.G POWER LIMITED  
BALANCE SHEET  
AS AT JUNE 30, 2017**

	Note	2017 Rupees	2016 Rupees
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised 20,000,000 Ordinary shares of Rs. 10 each		<u>200,000,000</u>	<u>200,000,000</u>
Issued, subscribed and paid up	4	<u>178,332,670</u>	178,332,670
Share premium		<u>89,116,330</u>	89,116,330
Accumulated (loss)		<u>(254,904,787)</u>	(231,071,723)
		<u>12,544,213</u>	36,377,277
<b>NON CURRENT LIABILITIES</b>			
Deferred liabilities	5	-	113,040
<b>CURRENT LIABILITIES</b>			
Trade and other payables	7	<u>1,317,098</u>	11,284,063
Loan from director	6	<u>3,262</u>	3,262
Due to associated undertaking	8	-	7,635,044
Provision for taxation		<u>629,329</u>	629,329
		<u>1,949,689</u>	19,551,698
<b>CONTINGENCIES AND COMMITMENTS</b>			
	9	<u>14,493,902</u>	<u>56,042,015</u>
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	10	8,917,071	44,226,429
Long term deposit	11	5,350,000	5,350,000
<b>CURRENT ASSETS</b>			
Current portion of long term receivable	12	-	-
Stores and spares	13	-	5,797,601
Trade debts	14	-	-
Accrued interest considered good	15	-	157,590
Cash and bank balances	16	<u>226,831</u>	510,395
		<u>226,831</u>	6,465,586
		<u>14,493,902</u>	<u>56,042,015</u>

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER



**S.G POWER LIMITED  
PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Note</b>	<b>2017 Rupees</b>	<b>2016 Rupees</b>
<b>Sales</b>	17	<b>500,000</b>	-
Generation cost	18	<u>(4,551,774)</u>	<u>(5,428,607)</u>
<b>Gross loss</b>		<b>(4,051,774)</b>	<b>(5,428,607)</b>
Administrative and selling expenses	19	<u>(5,854,040)</u>	<u>(243,049)</u>
<b>Operating loss</b>		<b>(9,905,814)</b>	<b>(5,671,655)</b>
Finance charges	20	<b>(254,423)</b>	<b>(191,520)</b>
Other (loss)/ income	21	<b>(13,672,827)</b>	<b>246,918</b>
<b>(Loss) before taxation</b>		<u><b>(23,833,064)</b></u>	<u><b>(5,616,258)</b></u>
Taxation	22	-	-
<b>(Loss) after taxation</b>		<u><b>(23,833,064)</b></u>	<u><b>(5,616,258)</b></u>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<u><u><b>(23,833,064)</b></u></u>	<u><u><b>(5,616,258)</b></u></u>
(Loss) per share - basic and diluted	23	<b>(1.34)</b>	<b>(0.31)</b>

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER





**S.G POWER LIMITED  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2017**

	2017 Rupees	2016 Rupees
<b>CASH FLOW FROM OPERATION ACTIVITIES</b>		
Loss before taxation	(23,833,064)	(5,616,258)
<b>Adjustment for non cash items:</b>		
Depreciation	1,381,749	2,381,895
Finance charges	254,423	191,520
Provision against obsolete stock	5,797,601	-
Reversal of staff gratuity	(113,040)	-
impairment loss on generators	37,591,860	-
	<u>44,912,593</u>	<u>2,573,415</u>
<b>Cash flow from operating activity before working capital changes</b>	<b>21,079,529</b>	<b>(3,042,842)</b>
<b>Changes in working capital</b>		
(Increase) / decrease in current assets		
Trade debts	-	(24,692)
	<u>-</u>	<u>(24,692)</u>
Increase (decrease) in current liabilities		
Due to associated undertaking	(17,602,009)	3,289,760
	<u>3,477,520</u>	<u>222,226</u>
Finance charges paid	(96,833)	(191,520)
<b>Net Cash used in operating activities</b>	<b>3,380,687</b>	<b>30,706</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Additions of fixed assets	(3,664,250)	-
<b>Net cash from investing activities</b>	<b>(3,664,250)</b>	<b>-</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
<b>Net cash from financing activities</b>	<b>-</b>	<b>-</b>
Net increase / (decrease) in cash and cash equivalents	(283,564)	30,706
Cash and cash equivalents at the beginning of the year	510,395	479,689
<b>Cash and cash equivalents at the end of the year</b>	<b><u>226,831</u></b>	<b><u>510,395</u></b>

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER



**S.G POWER LIMITED  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Issued, subscribed and paid up capital</b>	<b>Share Premium</b>	<b>Accumulated (loss)</b>	<b>Total</b>
	----- R u p e e s -----			
<b>Balance as at July 1, 2015</b>	<b>178,332,670</b>	<b>89,116,330</b>	<b>(225,455,466)</b>	<b>41,993,534</b>
Total comprehensive loss for the year ended June 30, 2016	-	-	(5,616,258)	(5,616,258)
<b>Balance as at June 30, 2016</b>	<b>178,332,670</b>	<b>89,116,330</b>	<b>(231,071,723)</b>	<b>36,377,277</b>
Total comprehensive loss for the year ended June 30, 2017	-	-	(23,833,064)	(23,833,064)
<b>Balance as at June 30, 2017</b>	<b>178,332,670</b>	<b>89,116,330</b>	<b>(254,904,787)</b>	<b>12,544,213</b>

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

**CHIEF EXECUTIVE**

**DIRECTOR**

**CHIEF FINANCIAL OFFICER**



**S.G. POWER LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**1. STATUS AND ACTIVITIES**

- 1.1** The Company is limited by shares and was incorporated in Pakistan on February 10, 1994 under the Companies Ordinance, 1984 and is listed on Karachi and Islamabad Stock Exchanges. The business of the Company is generation and supply of the electric power to its associated company, of SG Allied Businesses Limited (Formerly, S.G. Fibre Limited). The registered office of the company and the captive power plant is located at B-40, S.I.T.E., Karachi in the province of Sindh.
- 1.2** The company has made a loss of Rs. 37.5 million (2016: 5.62 million) during the year and accumulated loss as at June 30, 2017 stood at Rs. 268.6 million (2016: 231.1 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, it may be unable to realize its assets and discharge its liabilities in the normal course of business. During the year, the associated company, SG Allied Businesses Limited (Formerly, S.G. Fibre Limited) has started new lines of business activities and the Company acquired new generators and w.e.f. may 2017 has restarted to supply electricity to its associated company. Moreover, the Directors and its associated company will provide the finance to the Company as and when needed.

**2. Basis of Preparation of Financial Statements**

**2.1 Statement of Compliance**

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. As per the requirements of circular No. CLD/CCD/PR(11)/2017 dated July 20, 2017 issued by the Securities & Exchange Commission of Pakistan (SECP) companies the financial year of which closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the prevail Companies Ordinance, 1984. In case requirements differ, the provisions of or directives under the repealed Companies Ordinance, 1984.

**2.2 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS**

**Standards, interpretations and amendments to approved accounting standards that are not yet effective**

The following revised standards, amendments and interpretations with respect to the approved accounting standards would be effective from the dates mentioned below against the respective standard or interpretation:

<b>Standard or Interpretation</b>	<b>Effective date (annual periods beginning on or after)</b>
IFRS 1 First time adoption of International Financial Reporting Standards (Amendments)	January 1, 2018
IFRS 2 Share-based Payment (Amendments)	January 1, 2018
IFRS 9 Financial instruments (Amendments)	January 1, 2018
IFRS 12 Disclosure of interest in other entities	January 1, 2017
IFRS 15 Revenue from Contracts with Customers	January 1, 2018
IFRS 16 Leases	January 1, 2019
IAS 7 Statement of Cash Flows (Amendments)	January 1, 2017
IAS 12 Income Taxes (Amendments)	January 1, 2017
IAS 28 Investments in Associates and Joint Ventures	January 1, 2018
IAS 40 Investment Property (Amendments)	January 1, 2018
IFRIC 23 Uncertainty over Income Tax Treatments	January 1, 2019

The company expects that the adoption of the above amendments and interpretations will not affect its financial statements in the period of initial application.

In addition to the above amendments and interpretations, improvements to the following accounting standards have also been issued by IASB. Such improvements are generally effective for accounting periods beginning on or after July 01, 2016.



<b>Standard, Interpretation or Amendment</b>		<b>Effective date (annual periods beginning on or after)</b>
IFRS 12	Disclosure of Interests in Other Entities (Amendments)	January 1, 2016
IAS 16	Property, Plant and Equipment (Amendments bringing bearer plants into the scope of IAS 16)	January 1, 2016
IAS 16	Property, Plant and Equipment (Amendments regarding the clarification of acceptable methods of depreciation and amortisation)	January 1, 2016
IAS 38	Intangible Assets (Amendments)	January 1, 2016

### 2.3 Basis of preparation

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

### 2.3 Accrual Basis Accounting

Statements are prepared under accrual basis of accounting except cash flow statement which is prepared under cash basis of accounting.

### 2.4 Functional and presentation currency

These financial statements are presented in Pakistani Rupee which is the Company's Functional currency.

### 2.5 Estimates

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the management to make judgments, estimates and assumption that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgements made by the management in the application of IASs that have significant effect on the financial statements and with a significant risk of material adjustment in the next year are discussed in the ensuing paragraphs.

### 2.6 Functional and presentation currency

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

## 3 SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Employees benefit costs Defined Benefit Plan

The Company operates an unfunded gratuity scheme covering all its employees. Provision is made annually based on management estimates which are adjusted periodically to agree with actuarial estimates. The actuarial valuations is normally carried out once in every three years. actuarial gains and losses are recognized on a straight line basis over a period of 3 years.

### 3.2 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is their fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

### 3.3 Provisions

Provisions are recognized when the company has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current

### 3.4 Property, Plant and equipment

Property, Plant and equipment are stated at cost less accumulated depreciation and impairment in value, if any. Depreciation is charged to income on reducing balance method at the rates specified in property, plant and equipment note.

Assets residual values if significant and their useful lives are reviewed and adjusted, if appropriate, at each balance sheet date

In respect of additions and disposals during the year, depreciation is charged from the month of acquisition and up to the month preceding the disposal respectively.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized.

Gains or losses on disposal of assets are included in current income.

### **3.5 Impairment**

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

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of initial cost of the asset. Reversal of impairment loss is the gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

### **3.6 Stores, spares and loose tools**

These are valued at the cost, determined on weighted average cost less allowance for obsolete and slow moving items. Items in transit are valued at invoice value plus other charges incurred thereon.

### **3.7 Debtors and other receivables**

Debtor and other receivables are carried at original invoice amount less an estimate made for doubtful receivables based on aging amounts at the year end. Balances considered bad and irrecoverable are written off when identified.

### **3.8 Cash and cash equivalents**

Cash and cash equivalents are carried in the balance sheet at cost .For the purpose of cash flow statement, cash and cash equivalents consists of cash in hand, balances with bank and short-term running finance under mark-up arrangements.

### **3.9 Revenue Recognition**

Revenue from supply of electricity is recognized on issue of bills on monthly basis. Profit on bank deposits is recognized on accrual basis

### **3.10 Borrowing Costs**

Borrowing costs are recognized as an expense in the period in which these are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which case such costs are capitalized as part of the cost of that asset.

### **3.11 Taxation**

#### **Current**

Profits derived by the company from electric power generation project are exempt from tax under clause 132 of Part -1 of the Second Schedule to the Income Tax Ordinance 2001

The company is also exempt from minimum tax on turnover under section 113 as per clause 15 of the part-IV of the Second Schedule to the Income Tax Ordinance 2001

Charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credit, rebates and exemption available, if any.

#### **Deferred**

Deferred income tax is provided using the liability method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In this regard, the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirements of Technical Release-27 of the Institute of Chartered Accountants of Pakistan.

### **3.12 Foreign currency translations**

Transactions in foreign currencies are translated into reporting currency at the rates of exchange prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currencies are re-translated into reporting currency equivalents using foreign exchange rates ruling on the balance sheet date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. Exchange differences on foreign currency transactions are included in net profit or loss for the period.

### **3.13 Financial Instruments**

All financial assets and financial liabilities are recognized upon becoming the party to the contractual provisions of the instruments. Financial assets are derecognized when the control of the contractual rights that comprise the financial assets is lost. Financial liabilities are derecognized when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognizing of the financial assets and financial liabilities is taken to profit and loss account.

### **3.14 Offsetting of financial assets and financial liabilities**

A financial asset and a financial liability is offset and the net amount reported in the balance sheet . If the company has a legally enforceable right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

10 OPERATING ASSET - OWNED

2017

Particulars	Cost			Rate %	Depreciation			As on June 30, 2017	MDV
	As on July 01, 2016	Addition / (Disposal)	Disposals		As on July 01, 2016	For the year	Impairment		
	Rupees				Rupees				Rupees
Generators	189,522,178	3,664,250	-	5%	146,145,912	1,293,513	37,591,860	185,031,285	8,155,143
Air Handling Unit	475,420	-	-	10%	423,397	5,202	-	428,599	46,821
Electric fitting	531,990	-	-	10%	432,391	9,960	-	442,351	89,639
Gas installation	1,101,542	-	-	10%	981,013	12,053	-	993,066	108,476
Equipment	2,533,157	-	-	10%	1,987,338	54,582	-	2,041,920	491,237
Vehicles	1,782,700	-	-	20%	1,750,506	6,439	-	1,756,945	25,755
<b>Total Owned Assets</b>	<b>195,946,987</b>	<b>3,664,250</b>	<b>-</b>		<b>151,720,558</b>	<b>1,381,749</b>	<b>37,591,860</b>	<b>190,694,166</b>	<b>8,917,071</b>

setup, has been obtained on rent from SG Allied Businesses Limited (Formerly, S. G. Fibre Limited), an associated company.

Depreciation for the year ended has been allocated as under:

	2017	2016
Generation Cost	June	June
Administration Expenses	1,375,310	2,373,847
	6,439	8,049
	<b>1,381,749</b>	<b>2,381,895</b>

.ective, Director, Executive or a Shareholder not less than ten percent of the voting shares of the Company or any related party.

10.1 arising on Generators by Rs. 37,591,860/-.

s carried out by an independent Professional valuer M/s. Amir Evaluators & Consultants, as a resulting impairment loss

**2016**

Particulars	Cost				Rate %	Depreciation				WDV
	As on July 01, 2015	Addition / (Disposal)	Disposals	As on June 30, 2016		As on July 01, 2015	On disposal	For the year	As on June 30, 2016	
Generators	189,522,178	-	-	189,522,178	5%	143,862,950	-	2,282,961	146,145,912	43,376,266
Air Handling Unit	475,420	-	-	475,420	10%	417,617	-	5,780	423,397	52,023
Electric fitting	531,990	-	-	531,990	10%	421,325	-	11,067	432,391	99,599
Gas installation	1,101,542	-	-	1,101,542	10%	967,621	-	13,392	981,013	120,529
Equipment	2,533,157	-	-	2,533,157	10%	1,926,692	-	60,647	1,987,338	545,819
Vehicles	1,782,700	-	-	1,782,700	20%	1,742,457	-	8,049	1,750,506	32,194
<b>Total Owned Assets</b>	<b>195,946,987</b>	<b>-</b>	<b>-</b>	<b>195,946,987</b>		<b>149,338,662</b>	<b>-</b>	<b>2,381,895</b>	<b>151,720,558</b>	<b>44,226,429</b>



	Note	2017 Rupees	2016 Rupees		
<b>4 ISSUED, SUBSCRIBED AND PAID UP CAPITAL</b>					
17,883,267 Ordinary shares of Rs.10/- each fully paid in cash.		<u>178,332,670</u>	<u>178,332,670</u>		
<b>5 DEFERRED LIABILITY</b>					
<b>Staff Gratuity</b>					
<b>The principal assumption used in the valuation of gratuity are as follows:</b>					
Discount rate			-		
Expected rate of increase in salary			-		
Expected average remaining working lives			-		
<b>Movement in liability recognized in the balance sheet is as follows:</b>					
Liability as at July 01		<u>113,040</u>	<u>113,040</u>		
Charge to profit and loss account		-	-		
		<u>113,040</u>	<u>113,040</u>		
Payments made during the year		-	-		
Transferred to current liabilities in respect of employees left		-	-		
Liability as at June 30		<u>113,040</u>	<u>113,040</u>		
<b>The amount recognized in the balance sheet are as follows:</b>					
Present value of defined benefit obligation		<u>113,040</u>	<u>113,040</u>		
Less: provision against defined benefit obligation		<u>(113,040)</u>	<u>-</u>		
Liability as at June 30		<u>-</u>	<u>113,040</u>		
<b>The amount recognized in the profit and loss account is as follows:</b>					
Current service cost					
Actuarial gain/(loss)					
<b>Comparison for five years as at</b>					
	<b>2017</b>	2016	2015	2014	2013
	<b>June 30</b>	June 30	June 30	June 30	June 30
Present value of defined benefit obligation	<u>Nil</u>	<u>113,040</u>	<u>113,040</u>	<u>113,040</u>	<u>113,040</u>
Actuarial losses	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>
<b>5.1</b>	There is no employee in the company as at year end and no actuarial valuation was carried out.				
Staff gratuity				<u>113,040</u>	<u>113,040</u>
Less: Provision against staff gratuity				<u>(113,040)</u>	<u>-</u>
				<u>-</u>	<u>113,040</u>
<b>6 LOAN FROM DIRECTOR</b>					
This represents interest free loan from sponsoring directors. This will be repaid on demand.					
<b>7 TRADE &amp; OTHER PAYABLE</b>					
Creditors		<u>6,749,786</u>		<u>6,749,786</u>	
Less: provision against trade creditor		<u>(6,749,786)</u>		<u>-</u>	
		<u>-</u>		<u>6,749,786</u>	
Accrued Liabilities		<u>1,883,690</u>		<u>1,883,690</u>	
Less: provision for accrued liabilities		<u>(1,883,690)</u>		<u>-</u>	
		<u>-</u>		<u>1,883,690</u>	
Staff gratuity payable		<u>1,333,489</u>		<u>1,333,489</u>	
Less: Provision against staff gratuity payable		<u>(1,333,489)</u>		<u>-</u>	
		<u>-</u>		<u>1,333,489</u>	
Unclaimed dividend		<u>1,297,283</u>		<u>1,297,283</u>	
Tax deducted at source		<u>19,815</u>		<u>19,815</u>	
		<u>1,317,098</u>		<u>11,284,063</u>	





<b>8</b>	<b>DUE TO ASSOCIATED UNDERTAKING</b>	8.1	<b>13,649,056</b>	7,635,044
	Less: Reversal of due to associated undertaking		<u><b>(13,649,056)</b></u>	<u>-</u>
			<u><b>-</b></u>	<u><b>7,635,044</b></u>

**8.1** This include Rs. 1,800,000 being the amount of rent payable to SG Allied Businesses Limited (Formerly, S.G. Fibre Limited).

**8.2** During the year, the Company has received payments from the associated company, SG Allied Businesses Limited (Formerly, S.G. Fibre Limited), as previously the loan receivable was fully provided for as per instruction of SECP, hence these payments have been taken as income through profit and loss account against the write off of loan.

## 9 CONTINGENCIES AND COMMITMENTS

### Contingencies

**9.1** Based on the legal opinion in respect of non applicability of Worker's Profit Participation Act.1968, on the company, provision made to workers profit participation, fund and interest thereon amounting Rs. 20,711,654/- up to June 30, 2002 has been transferred back to shareholder's equity in the accounts for the year ended 30, June 2003. No provision has been made thereafter from the financial year ended June 30, 2003 to June 30, 2006 for an amount of Rs.12,685,253. The contention of the company is that since there are no workers as defined in the Act, and accordingly the said Act does not apply to the company. No provision is being made under this head since the year 2002-2003. The Company has filed petition before High Court of Sindh, Karachi challenging the levy in this respect. The management is confident that no liability will arise on this account.

However, in the Finance Act, 2006 amendments have been made in the Act which is effective from July 01, 2006. These changes may require the company to pay 5% of its profits to the fund from the Fiscal year beginning July 01, 2006. However in these years the Company has incurred losses.

**9.2** The collectorate of Sales Tax and Central Excise (west) Karachi has served a show cause notice requiring the repayment of inaccurate input tax adjustments and additional tax amounting to Rs.13,247,743/ and Rs.3,248,501/ - respectively, in respect of financial years ended June 30, 2000 and 2001. The Company has filed an appeal against such order in the Sales Tax Appellate Tribunal. Management of the company expects a favorable outcome and no provision has been made in these financial statements.

	Note	2017 Rupees	2016 Rupees
<b>9.3 Commitments</b>		<u>-</u>	<u>-</u>
<b>11 LONG TERM DEPOSIT</b>			
Long term deposit		<u><b>5,350,000</b></u>	<u>5,350,000</u>

**11.1** This represents margin held by M/s Sui Southern Gas Company limited against the supply of Gas.

### 12 LONG TERM RECEIVABLE

Unsecured -Considered good

Associated Company- SG Allied Businesses Limited  
(Formerly, S.G. Fibre Limited)

Less: Provision for doubtful debt

<b>65,287,512</b>	65,287,512
<u><b>(65,287,512)</b></u>	<u>(65,287,512)</u>
<u><b>-</b></u>	<u>-</u>

**12.1** SECP vide order dated 19th July, 2013 directed the Company to make provision against the receivable from the associated undertaking being doubtful of recovery. Accordingly the same was provided for during the year ended June 30, 2013.

### 13 STORES AND SPARES

Stores and spares

Less: provision against obsolete stock

<b>5,797,601</b>	5,797,601
<u><b>(5,797,601)</b></u>	<u>-</u>
<u><b>-</b></u>	<u><b>5,797,601</b></u>

### 14 TRADE DEBTS

Unsecured- Considered good

Associated Company- SG Allied Businesses Ltd (Formerly, S.G. Fibre Ltd)

Less: Provision for doubtful debt

<b>94,036,243</b>	94,036,243
<u><b>(94,036,243)</b></u>	<u>(94,036,243)</u>
<u><b>-</b></u>	<u>-</u>



- 14.1 SECP vide order dated 19th July, 2013 directed the Company to make provision against the receivable from the associated undertaking being doubtful of recovery. Accordingly the same has been provided for during the year ended June 30, 2013.

**15 INTEREST ACCRUED**

	Note	2017 Rupees	2016 Rupees
<b>Considered good</b>			
Interest on TDR Receivable		-	157,590
Interest on loan to associated company -SG Allied Businesses Limited (Formerly, S.G. Fibre Limited)	15.1	10,654,243	10,654,243
Less: Provision for doubtful debt		(10,654,243)	(10,654,243)
		-	-
		-	157,590

- 15.1 This represents interest accrued on long term receivable from the associated company, SG Allied Businesses Limited (Formerly, S.G. Fibre Limited), charged as per the direction issued by SECP vide Order dated April 6, 2006. During year ended June 30, 2013 SECP vide order dated 19th July, 2013 directed the Company to make provision against the receivable from the associated undertaking being doubtful of recovery. Accordingly the same has been provided for.

**16 CASH & BANK BALANCE**

Cash in hand	400	400
Cash at bank-current accounts	226,431	509,995
	226,831	510,395

**17 SALES**

Sales of electricity	500,000	-
	500,000	-

- 17.1 The Company has done away with the policy of charging late payment surcharge on delayed receipt of payment from the associated undertaking for sale of electricity.

**18 GENERATION COST**

Gas consumed	1,376,464	1,254,760
Rent, rates and taxes	1,800,000	1,800,000
Depreciation	1,375,310	2,373,847
	4,551,774	5,428,607

**19 ADMINISTRATION & SELLING EXPENSES**

Rent, rates and taxes	-	85,000
Auditor remuneration	-	150,000
Depreciation	6,439	8,049
Advertisement expense	50,000	-
Provision against store and spares	5,797,601	-
	5,854,040	243,049

**20 Financial Charges**

	254,423	191,520
--	---------	---------

**21 Other (loss)/ Income**

Reversal of trade creditors	6,749,786	-
Reversal of accrued liabilities	1,883,690	-
Profit on TDR	189,972	246,918
Provision against staff gratuity payable	1,333,489	-
Reversal of staff gratuity	113,040	-
Reversal of due to associated undertaking	8.2 13,649,056	-
Impairment loss on generator	10.1 (37,591,860)	-
	(13,672,827)	246,918

**22 TAXATION**

The relationship between tax expense and accounting profit has not been presented in these financial statements as the income derived by the Company from electric power generation project is exempt from tax under clause 132 of Part 1 of the Second Schedule.

**23 (LOSS) PER SHARE**

There is no dilutive effect on the basic		
(Loss) for the year	(23,833,064)	(5,616,258)
Weighted average number of ordinary shares outstanding during the year	17,833,267	17,833,267
(Loss) per share	(1.34)	(0.31)



## 24 TRANSACTIONS WITH RELATED PARTIES

-lated parties comprise of associated company and directors. Transactions with associated undertaking are as follows:

TRANSACTIONS	RELATIONSHIP WITH THE COMPANY	2017	2016
Payments made by SG Allied Businesses Ltd (Formerly, S.G. Fibre Ltd)	Associated Company	914,012	-
Rent of premises to SG Allied Businesses Ltd (Formerly, S.G. Fibre Ltd)	Associated Company	1,800,000	1,800,000
Amount received from SG Allied Businesses Ltd (Formerly, S.G. Fibre Ltd)	Associated Company	3,300,000	-
Electricity sales to SG Allied Businesses Ltd (Formerly, S.G. Fibre Ltd)	Associated Company	500,000	-
<b>BALANCES</b>			
Due to SG Allied Businesses Ltd (Formerly, S.G. Fibre Ltd)	Associated Company	-	7,635,044

## 25 REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2017	2016	2017	2016	2017	2016
Remuneration	-	-	-	-	-	-
House Rent	-	-	-	-	-	-
Retirement Benefits	-	-	-	-	-	-
Utilities	-	-	-	-	-	-
<i>Number of persons</i>	<b>1</b>	<b>1</b>	<b>5</b>	<b>5</b>	<b>-</b>	<b>-</b>

## 26 PLANT CAPACITY AND ACTUAL PRODUCTION

	2017	Electricity (KWH)	Electricity (KWH)
		2017	2016
Annual Capacity	26.1	1,576,800	50,280,648
Actual Generation		259,200	-

26.1 Previous year figures includes the capacity of six (6) old generators which are currently not in running condition.

## 27 FINANCIAL INSTRUMENT AND RELATED DISCLOSURE

### 27.1 Financial Risk Management

27.1.1 The company's activities may expose it to a variety of financial risks: credit risk and liquidity risk. The company's overall risk management seeks to minimize potential adverse effects on the company's financial performance.

Risks managed and measured by the company are explained below:

### 27.2 Market Risk

#### 27.2.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in market interest rates. The company is not exposed to interest rate risk.

#### 27.2.2 Currency Risk

Currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The company doesn't have financial instruments dependent on currency risk.

### 27.2.3 Price Risk

Price risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to 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. The company is not exposed to major concentration of price risk.

### 27.3 Credit Risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail completely to perform as contracted.

Credit risk arises from cash equivalents, deposits with banks, as well as credit exposures to customers and other counterparties which include loans and advances, trade debts and other receivables. Out of the total financial assets, those that are subject to credit risk amounted to Rs 226,831 (2016: Rs 667,985 ).

For trade debts, credit risk assessments process determines the credit quality of the customer, taking into account its financial position, past experience and other factors. The utilization of credit limit is regularly monitored. Accordingly, the credit risk is minimal and the company also believes that it is not exposed to major concentration of credit risk.

In respect of other counter parties, due to the company's long standing business relationship with them, management does not expect non-performance by these counter parties on their obligations to the company.

The maximum exposure to credit risk as at June 30, 2017, along with comparative is tabulated below:

	2017 Rupees	2016 Rupees
<b>Financial Assets</b>		
Current portion of long term receivable	-	-
Trade debts	-	-
Accrued interest considered good	-	157,590
Cash & bank balances	<b>226,831</b>	<b>510,395</b>
	<b>226,831</b>	<b>667,985</b>

### 27.4 Liquidity Risk

Liquidity risk is the risk the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk 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. Following are the carrying amount and maturities of the Company's financial liabilities.

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

	Carrying Amount/ Contractual Cash Flows	Between 1 to 2 years	Between 2 to 5 years
	-----Rupees-----		
Trade and other payables	<b>1,317,098</b>	<b>11,284,063</b>	<b>11,134,063</b>
	<b>1,317,098</b>	<b>11,284,063</b>	<b>11,134,063</b>

### 27.5 Fair values of financial assets and liabilities

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying value and the fair value estimates.

As at June 30, 2017 the carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values.

## 28 CAPITAL RISK MANAGEMENT

The company's prime objective when managing capital structuring is to safe guard its ability to continue as a going concern in order to provide adequate returns for share holders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.



	2017	2016
<b>29 NUMBER OF EMPLOYEES</b>		
Number of employees at year end		-
<b>29.1 AVERAGE NUMBER OF EMPLOYEES</b>		
Average Number of employees		-

**29 DATE OF AUTHORIZATION OF FINANCIAL STATEMENTS**

These financial statements were authorized for issue on 3<sup>rd</sup> OCTOBER 2017 by the Board of Directors of the Company.

**30 GENERAL**

Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER



NOTES TO THE FINANCIAL STATEMENTS  
For the year ended June 30, 2017

Number of Shareholders	Shareholdings		Total Shares held
	From	To	
173	1	100	17,300
943	101	500	271,400
125	501	1000	127,600
212	1001	5000	597,500
48	5001	10000	373,600
21	10001	15000	271,100
8	15001	20000	145,400
3	20001	25000	71,500
3	25001	30000	89,000
4	30001	35000	126,500
1	35001	40000	35,500
1	40001	45000	44,500
6	45001	50000	287,500
2	55001	60000	113,200
1	65001	70000	68,000
2	95001	100000	196,900
1	170001	175000	175,000
1	655001	660000	656,480
2	1740001	1745000	3,685,071
2	3480001	3485000	6,969,144
1	3510001	3515000	3,511,072
1560			17,833,267

Categories of Shareholder	Numbers	Shares held	Percentage
Directors, CEO, Their Spouses & Minor Childre	7	12,224,002	68.55
Individuals	1,547	4,873,185	27.33
National Investment Trust	1	656,480	3.68
Financial Institutions	3	51,000	0.29
Investment Companies	2	28,600	0.16
Total	1,560	17,833,267	100.00



NOTES TO THE FINANCIAL STATEMENTS  
For the year ended June 30, 2017

DETAILS OF CATEGORIES OF SHAREHOLDERS AS AT JUNE 30, 2017

	No. of Shareholders	Shares held
<b>National Investment Trust</b>	1	656,480
<b>Investment Companies</b>	2	
Aims Investment Advisory Co. ( Pvt.) Ltd.		1,100
Investment Corporation of Pakistan		27,500
	3	28,600
<b>Financial Institutions</b>		
Pak Libya Holding Co. (Pvt) Ltd.		44,000
Crescent Investment Bank		1,500
Guardian Leasing Modaraba		5,500
	3	51,000
<b>DIRECTORS, CEO, THEIR SPOUSES &amp; MINOR CHILDREN</b>		
Mst. Zubaida Khatoon		3,484,572
Mr. Sohail Ahmed		3,484,572
Mr. Asim Ahmed		3,511,072
Mst. Ghazala Ahmed		1,742,286
Mrs. Tania Asim		500
Mr. Farhan Sohail		500
Mr. Rafiq Ahmed		500
	7	12,224,002
<b>Individuals</b>	1547	4,873,185
<b>GRAND TOTAL</b>	1560	17,833,267

**Shareholders Holding 10% or More Voting Interest in the Company  
As at June 30, 2017**

	Shares Held	Percentage
<b>Directors, CEO, Their Spouse &amp; Minor Children</b>		
Mst. Zubaida Khatoon	3,484,572	19.54
Mr. Sohail Ahmed	3,484,572	19.54
Mr. Asim Ahmed	3,511,072	19.69



## FORM OF PROXY

The Secretary  
S.G. Power Limited,  
B-40, S.I.T.E.,  
Karachi.

I/We \_\_\_\_\_ of \_\_\_\_\_ being a member of S.G. Power Limited, and holder  
Of \_\_\_\_\_ Ordinary shares hereby appoint \_\_\_\_\_ of  
\_\_\_\_\_ as \_\_\_\_\_ me/our proxy to attend and vote for me/our behalf at  
the 24<sup>th</sup> Annual General Meeting of the Company to be held on Wednesday the October 25, 2017. 10:30a.m and at  
Any adjournment thereof;

In witness my/our hand seal this \_\_\_\_\_ day of \_\_\_\_\_ 2017

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  
S.G. Power Limited  
B-40, S.I.T.E.  
Karachi**





**AFFIX  
CORRECT  
POSTAGE**








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S.G. Power Limited  
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## S.G POWER LIMITED

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B-40 S.I.T.E  
Karachi-Pakistan  
Tel: (92-21) 2561190-3  
Fax: (92-21) 2653113  
Website: [www.sglyne.com](http://www.sglyne.com)