



Corporate Supervision Department
Company Law Division

Before Abid Hussain – Executive Director

In the matter of

SG Allied Businesses Limited
(Formerly called SG Fibre Limited)

Number and date of notice: CSD/ARN/258/2015-2645-2646 dated January 19, 2016

Date of hearings: January 27, 2016, February 15, 2016, May 9, 2016,
May 26, 2016, December 21, 2016, March 22, 2017, April
17, 2017, July 17, 2017, August 28, 2017,
January 4, 2018, March 21, 2018 & July 2, 2018

Representation: Mr. M. Javed Panni, MJ Panni & Associates
(Authorized Representative)

ORDER

UNDER SECTION 309 READ WITH SECTION 305 OF THE COMPANIES ORDINANCE, 1984

This order shall dispose of proceedings in the matter of show cause notice dated January 19, 2016 under Section 309 read with Section 305 of the Companies Ordinance, 1984 (the "Ordinance") issued to SG Fibre Limited (now SG Allied Businesses Limited), hereinafter referred to as the Company and its directors (the "Respondents").

2. The facts leading to this case, briefly stated, are that the Company Registration Office Karachi, approached the Commission for grant of sanction in terms of clause (b) of Section 309 read with clause (c) of Section 305 of the Ordinance, to present a petition before the Honorable High Court for winding up of the Company on the grounds that the Company's business has been suspended since 2006.

3. The SCN was served on the Company and all its directors under Section 309 read with Section 305 of the Ordinance indicating the aforesaid grounds as to why a petition for winding up of the Company may not be presented by the Registrar of Companies to a competent court.

4. Hearing in the matter was fixed on January 27, 2016. MJ Panni & Associates ("Authorized Representative") on behalf of the respondents submitted that the hearing may be fixed on a later date. The hearing was re-fixed on February 15, 2016. The authorized representative appeared on behalf of the respondents and made the following submissions during the hearing and he



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submitted that the Company is contemplating a change in line of business which is in process and installation of cold storage facility is being considered. In this regard memorandum of the Company will be changed accordingly. Moreover, there is no such financial distress to shut down the Company and he stated that a revival plan will be submitted by end of April, 2016 further he agreed that a undertaking will be provided that none of the company assets will be sold prior to submission of revival plan as stated.

5. The authorized representative through his letter dated February 22, 2016 submitted an undertaking signed by the Mr. Sohail Ahmed, Chief Executive of the Company stating that "no further assets of the Company will be disposed of till approval of revival plan by the Securities and Exchange Commission of Pakistan".

6. Next hearing was scheduled on May 9, 2016 which was adjourned at the request through letter dated May 6, 2016 of the authorized representative. The hearing was re-fixed on May 26, 2016. The authorized representative appeared on the date of the hearing and submitted the following written submissions through his letter dated May 26, 2016:

- i. *"The board of directors of the Company have approved the proposal to enter into new lines of businesses and to alter the Memorandum of Association to cover the following businesses;*
 - a) *Establishment of cold storage facilities*
 - b) *Trading of fruits and vegetables*
 - c) *Indoor farming of vegetables/ herbs.*
- ii. *In order to provide for above objects, an EOGM has been called on June 6, 2016 to pass a special resolution.*
- iii. *The revival plan is based on the feasibility report on cold storage facilities prepared by management and registration services (pvt) limited."*

Based on the above mentioned submissions of the authorized representative, the Company was granted six months' time period for showing progress on the revival plan as apprised in the hearing held.



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7. The Commission through letter dated May 30, 2016 required the authorized representative to submit minutes and attendance sheet of board of directors meeting in relation to the approval for entering new line of business and to submit an undertaking from all directors that no land or building of the Company to be sold and proceeds from sale of old machinery to be utilized only for new business. The Commission further required a copy of business plan signed by all the directors of the Company. The aforesaid documents and undertaking were provided through letter of the authorized representative dated June 30, 2016.

8. Next hearing in the matter was fixed on December 21, 2016. The CEO of the Company submitted status an update of the revival of the Company through letter dated December 15, 2016. He informed therein that in line with the revival measures, the cold storage plant of the Company was installed in existing building and the tentative time by which the erection of the plant will be completed is the end of the year 2016 and the plant will likely go in to commercial operation by January 2017. The hearing dated December 21, 2016 was attended by the authorized representative of the Company wherein he reiterated that the cold storage facility has been installed and will be operational by January/February 2017. The case was adjourned till February 2017. Next hearing in the matter was fixed on March 22, 2017 however, the same was adjourned at the request of the authorized representative and the matter was again fixed on April 17, 2017. The hearing was attended by the authorized representative wherein he made the following written submission through his letter dated April 17, 2017:

- i. *"The Company has filed application for confirmation of alterations in Memorandum of Association and change of name of Company with the Company Registration Office, Karachi. The Registrar office has asked the Company to file some old returns. As such the application is pending with CRO.*
- ii. *The inspection of the Company's record as well as the new cold storage facility has been carried out by the Commission on February 20, 2017. The comments on SECP observations have been submitted by the Company on March 10, 2017."*

9. Hearing in the matter was again fixed on July 17, 2017. The same was adjourned at the request of the authorized representative. The next hearing was fixed on August 28, 2017. The authorized representative attended the hearing and submitted expansion plan under letter of the Company signed by chief executive and director. Based on the submissions made, the Company



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was allowed till December 31, 2017 for further progress. The authorized representative through his letter dated September 6, 2017 informed that the Company has been granted certificate of change of name on August 24, 2017. He further informed that Phase II of the cold storage project is anticipated to be operationalized by early February 2018.

10. The next hearing was fixed on January 4, 2018. The authorized representative made written submissions on the date of the hearing through his letter dated January 4, 2018. The authorized representative updated that the pilot project for start of cold storage is now under operation. For further expansion in the cold storage facilities, the Company plans to import advance cold storage machinery. He further informed that for Phase II extension, the Company has set aside necessary funds whereas Phase III will be implemented by borrowing funds from commercial banks. Considering the progress made by the Company, a further three months time was allowed for progress on new line of business.

11. Next hearing in the matter was fixed on March 21, 2018 which was adjourned at the request of the authorized representative. The hearing was once again fixed on July 2, 2018. The authorized representative attended the hearing and made the following major submissions in writing;

- For phase II of cold storage facility, the Company is awaiting air-conditioning equipment from suppliers. It is expected that the new cold storage will be ready by October/ November 2018.
- The Company generated sales revenue of Rs.1.6 million in the nine months ended March 31, 2018 and a gross profit of Rs.0.9 million.
- The trial production of indoor farming facilities has started.
- The Company is well on path of revival and profitability.

12. The authorized representative submitted his latest update on the revival of the Company through letter dated October 25, 2018. He informed about the sales revenue of Rs.4.168 million generated by the Company for the year ended June 30, 2018. He further submitted that along with indoor farming, the company has also started the pilot project of controlled environment for growing vegetables under sunlight. Moreover, it has been submitted that 2nd phase of cold storage is in progress and is expected to be in commercial operation by early December 2018.



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13. I have analyzed the facts of the case and the arguments made during the hearing proceedings and written submissions of the authorized representative. I would like to mention that the SCN was issued on the basis that the Company had suspended its operation for more than one year. However, I have observed that the Company after a long period, has started the business of cold storage and both indoor and outdoor farming of vegetables and herbs to generate revenues. I have also noted that the Company has generated sales revenue of Rs.4.168 million during the year ended June 30, 2018 and has continuously updated this office on the revival progress. I have noted that the Company has removed the observation regarding suspension of business operations and is planning further expansion of its cold storage as a well as farming of vegetables and herbs business. The Company has submitted its annual audited accounts for the year ended June 30, 2018.

14. In terms of notification SRO 751 (I)/2017 dated August 2, 2017 the power to adjudicate cases under Section 309 of the Ordinance has been delegated to Executive Director (Corporate Supervision Department).

15. From the facts stated above and after careful consideration, I, hereby conclude that the proceedings initiated against the Company for winding up be dropped without any adverse order. It is advised that the directors of the Company should speed up the progress on new business lines and protect the interest of all the shareholders.

Abid Hussain
Executive Director

Announced:
November 8, 2018
Islamabad

