

BILAL FIBRES

L I M I T E D

MANUFACTURERS & EXPORTERS OF YARN



EXPORT REGISTRATION NO.W-077224
IMPORT REGISTRATION NO.W-211496

N.T.N 0658669-4

SALES TAX REGISTRATION NO.
04-04-5202-011-46

Mr. Hafiz Maqsood Munshi
Manager
Companies & Securities Compliance – RAD
Pakistan Stock Exchange Limited
Stock Exchange Building,
Stock Exchange Road,
Karachi – 74000

September 4, 2019
REF/BFL/17/19

EXTENSION IN TIME FOR RECTIFICATION OF DEFAULTS

Dear Sir,

Reference is made to your letter No. PSX/Gen-3478 and Notice No. PSX/N-965 dated August 6, 2019 in respect of granting extension in time for rectification of default.

We sincerely thank you for your kind understanding and recognizing our efforts and granting us extension to rectify the non-compliances.

We are enclosing herewith the following as advised.

1. Copies of the SECP acknowledgement of relevant forms (Form-26 and Form-4) for alteration in Memorandum and Articles of Association and for intimation of changes under principal line of business.
2. Certificate of the statutory auditors confirming that the basis of revenue of the Company fall under principal line of business.
3. Steps taken by the Company for resolving basis of adverse opinion of the auditors on the financial statements of the Company for the prior year (given in attached Annex-A).

We are very positive that the auditors report will be healthy and there will not be qualified opinion on the going concern assumption or a disclaimer or an adverse opinion the audit report for the year ended June 30, 2019.

Thanking you for your kind cooperation and support. and we hope the above meets your requirements.

Thanking you.

For BILAL FIBRES LIMITED


Muhammad Ijaz Shahid
Company Secretary

CC : The Director (CSD) – SECP
The Additional Director (AD-SMD) – SECP
The Acting Chief Regulatory Officer – PSX

Encl. : AA



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
ACKNOWLEDGEMENT OF FILING
[See-regulation-13 (1)]

No. ARL/00014636

1957

Dated:

11/8/19

In the matter of BILAL FIBRES LIMITED

The Receipt of the under mentioned document(s) filed, registered and recorded pursuant to the provisions of the Companies Act, 2017 (XIX of 2017), is hereby acknowledged.

I. Form-26 dated 08-01-2019

(SHAHBAZ SARWAR)

Additional Registrar
3rd and 4th Floor, Associated House,
7-Egerton Road, Lahore

Fee Rs.2400/-



THE COMPANY SECRETARY,
BILAL FIBRES LIMITED,
73/4, BLOCK-K, DHA, PHASE I,
LAHORE CANTT.





SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
ACKNOWLEDGEMENT OF FILING
[Sec-regulation-13 (1)]

No. ARL/00014636 1958

Dated: 1/8/19

In the matter of BILAL FIBRES LIMITED

The Receipt of the under mentioned document(s) filed, registered and recorded pursuant to the provisions of the Companies Act, 2017 (XIX of 2017), is hereby acknowledged.

1. Form-4 dated 12-07-2019


(SHAHBAZ SARWAR)

Additional Registrar
3rd and 4th Floor, Associated House,
7-Egerton Road, Lahore

Fee Rs.5000/-

THE COMPANY SECRETARY,
BILAL FIBRES LIMITED,
73/4, BLOCK-K, DHA, PHASE-I,
LAHORE CANTT.



building
better
together.



Aslam Malik & Co.
Chartered Accountants

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 aslammalik@brain.net.pk
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Suite # 18-19 First Floor,
Central Plaza, Civic Centre,
New Garden Town, Lahore-Pakistan.

August 19, 2019

The Board of Directors
Bilal Fibres Limited
73/4 Block - K, Phase 1, DHA
Lahore Cantt,
Lahore.

**SUB: CONFIRMATION OF THE BASIS OF REVENUE FALL UNDER THE
PRINCIPAL LINE OF BUSINESS - M/S BILAL FIBRES LIMITED**


Dear Sir,

Certified that the current source of revenue of M/s Bilal Fibres Limited is rental income of Rs 500,000/- per month which has been rented out to M/s MKB Spinning Mills Limited, having its registered office at 446-C Batala Colony, Faisalabad upon shareholders' approval and the said revenue falls under the principal line of business of the Company since M/s Bilal Fibres Limited has got the alteration made in the Memorandum and Articles of Association approved by Securities and Exchange Commission of Pakistan (SECP).

A certified true copy of the Memorandum and Articles of Association confirming the aforementioned alteration has also been received from SECP.

Thanking you.

Yours Truly,


(Aslam Malik & Co.)
Chartered Accountants



Other Offices at:

Islamabad: House # 726, Street 34, Margalla Town, off Murree Road, Islamabad.
Phone : +92-51-2374282-3 Fax: +92-51-2374281

Karachi: 1001-1003 10th Floor, Chapal Plaza, Hasrat Mohani Road, Off I.I Chundrigar Road, Karachi
Tel: + 92-21-32425911-2, Fax: +92-21-32432134

STEPS TAKEN BY THE COMPANY FOR RESOLVING BASIS OF ADVERSE OPINION OF THE AUDITORS ON THE FINANCIAL STATEMENTS OF THE COMPANY FOR THE PRIOR YEAR

	BASIS OF ADVERSE OPINION	STEPS TAKEN BY THE COMPANY
a)	<p>The Company has suspended its operations since 16 June 2016 and has leased out the factory to meet day to day expenses, Further, at the interim balance sheet date the Company's accumulated losses stand at Rupees 420.17 million and its current liabilities exceed its current assets by Rupees 735.473 million. Further, the financial results show adverse key financial ratios and the company's court cases are decreed in favor of the banking companies due to its inability to comply with loan agreements. The company is also unable to pay long term financing from banking companies amounting to Rupees 459.098 million and the related finance cost, Liabilities against assets subject to finance lease amounting to Rupees 108.306 along with the finance cost, short term borrowings amounting to Rupees 143,855 million along with the related finance cost, accrued markup amounting to Rupees 97.520 million if the execution applications filed by the banking companies are decided by the courts. At present, there is no formal approved business plan for future periods, these conditions and events indicate material uncertainty that may cast significant doubt about the 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. However, as described in Note 1-3 this interim financial information has been prepared under the going concern assumption, Our review indicates that, because of the circumstances and events as mentioned herein the Company cannot be considered to be a going concern and thus the preparation of this interim financial information on a going concern basis is inappropriate, This interim</p>	<p>Bilal Fibres Ltd., (incorporated more than 30 years ago) was operating very successfully till 2011 and has been doing all the good and the bad time with patience, commitment and an aim to contribute our role in the local industry. Even in these adverse circumstances the company management is trying its best to survive the worst situation with a belief that scenario will be reversed to our favor and hope that government will take steps towards revival of the sector. The company is incurring losses from 2011 onwards. Despite this, directors contributed their personal wealth and provided subordinated loan to the Company to take respite and keep it in running conditions. The only reason for this induction was their belief in the local textile industry and its power to regain its position after passing through a bad phase. The continuation of operations was causing the company a loss of 12.7 million rupees per month while closing down the mill and its operations was resulting in a loss of 2 million rupees per month. Keeping in view the scenario where future growth was limited, the company management took a decision to close down the operations and is considering different situations to get upturned. At the same time management was looking for an alternate option in the form of an equity contributor or as a joint venture, but in these circumstances no investor was willing to invest in a dead stock.</p> <p>Even in these circumstances the company management has been trying its best to survive the worst situation with a belief that scenario will be reversed to our favor and hope that government will take steps towards revival of the sector. The management strongly believes</p>

	<p>financial information should reflect adjustments to reduce the value of assets to their recoverable amount and to provide any further liabilities that may arise, These adjustments are likely to be substantial, and in view of further qualified conclusions discussed in paragraphs (b) to (f) below we are unable to determine the quantum of the required adjustments and provisions with a reasonable degree of accuracy.</p>	<p>the venture as a going concern even though the circumstances for the time being are not very supportive, it is still managing to provide employment to many families working in the leased factory.</p> <p>The step of leasing out the factory was taken to camouflage against these adverse circumstances and the factory was leased out for the time being. The factory has been rented out upon shareholders' approval and it's generating revenue to meet the day to day expenses and to pay off the creditors.</p> <p>Simultaneously, the company is in the process to find out the international or local investors for a joint venture to invest in the technological improvements to make it a profitable and international competitive unit. The management is confident that once a positive sign in the textile sector appearing then the relevant investments will be available and we will be in a position to resume the business operations soon since the government has initiated many steps to facilitate the textile sector and conducting various meetings with The State Bank of Pakistan, APTMA and other concerned departments' officials. Accordingly, the Auditors Report of the following year will be healthier.</p>
b)	<p>In order to meet the day to day expenditure, the company, during the last quarter of the financial year ended on 30 June 2017, has leased out the factory for which consent of the general meeting was obtained as required under Section 183 of the Companies Act, 2017, However, the company is not allowed under the principal object clause of its Memorandum of Association to involve in such business activity,</p>	<p>SECP has approved our request for alteration in the Memorandum and Articles of Association of the Company to include the current source of revenue under principal line of business. Therefore, we have rectified the default by including the current source of revenue under principal line of business since the factory has been rented out upon shareholders' approval.</p>
c)	<p>We did not observe the taking of the physical inventory of stock in trade amounting to Rupees 57.873 million and the mills plant and machinery as of December 31, 2018. The management informed us that the stocks are</p>	<p>As given in the auditor's qualification, there is no movement in stock in trade and mill's plant & machinery since the mill's operations were stopped in June 2016. The stock is pledged</p>

	pledged with the banking companies and are under litigation while the factory is now on lease with the third party. The management further informed us that since the date of closure of mill's operations, there is no movement in stock in trade and mill's plant & machinery during the period under audit.	with banks and so is under lock and key in the custody of the banks' Macadam.
d)	The latest revaluation of the company's property plant and equipment was carried out on June 30, 2013, In view of suspension of mill's operations fresh revaluation and impairment test of company's property plant and equipment should have been carried out by the company, The Company has not carried out comparison of carrying value of property, plant and equipment as against their recoverable amount as at interim balance sheet date. These adjustments are likely to be substantial, and we are unable to determine the quantum of the required adjustments and provisions with a reasonable degree of accuracy. In the absence of revaluation within the time frame/period as defined in paragraph 31 of International Accounting Standard 16, (Property, plant and equipment) and impairment test under International Accounting Standard 36 (Impairment of assets) as at the interim balance sheet date we cannot confirm the accuracy of the carrying value of property plant and equipment as disclosed in the interim financial information.	The evaluation of the Company's property has been conducted. Accordingly necessary adjustments have been incorporated into Annual Accounts – June 2019.
e)	The company is in litigation with the banking companies. The company had not worked out and provided the amount of markup/cost of funds on long term financing amounting, Liabilities against assets subject to finance lease and short term borrowings in this interim financial information, Moreover, due to litigation none of the banking companies confirmed us the balances of long term financing, Liabilities against assets subject to finance lease and short term borrowings, Based on available underlying records, response from the legal counsel and non-confirmation of loan balances from banking	The management is also seeking some sort of finalization of Settlement Agreements with Financial Institutions which are under litigation in the courts. The banks have realized the Company's present situation and they understand that the company was operating for a long period of time and they never had any problem. This situation is where almost every textile unit is in a dilemma between closing down the unit or continuation of operations.

	companies, we were unable to determine with reasonable accuracy the impact on this interim financial information of any disagreement.	
f)	In the absence of actuarial valuation, we were unable to confirm the accuracy of the amount of gratuity payable worked out on the basis of number of years worked and last drawn salary as disclosed in the financial statements.	Actuarial valuation has been carried out during last fiscal year. Accordingly necessary adjustments have been incorporated into Annual Accounts – June 2019.