

34th Annual Report 2020

BILAL
FIBRES LIMITED

ANNUAL REPORT 2020

CONTENTS

COMPANY INFORMATION	3
VISION AND MISSION STATEMENT	4
NOTICE OF ANNUAL GENERAL MEETING	5
DIRECTORS REPORT	7
CHAIRMAN REVIEW	17
STATEMENT OF COMPLIANCE	19
INDEPENDENT AUDITORS REPORT ON STATEMENT OF COMPLIANCE	22
AUDITOR REPORT TO MEMBERS	23
KEY OPERATING POLICIES	28
STATEMENT OF FINANCIAL POSITION	29
STATEMENT OF PROFIT OR LOSS	30
STATEMENT OF OTHER COMPREHENSIVE INCOME	31
STATEMENT OF CHANGES IN EQUITY	32
STATEMENT OF CASH FLOWS	33
NOTES TO THE FINANCIAL STATEMENTS	34
PATTERN OF SHAREHOLDING	56
PROXY FORM	59

COMPANY INFORMATION

Chief Executive	Mr. Naeem Omer
Chairman	Mr. Muhammad Omer
Directors	Mr. Naeem Omer Mr. Anwaar Abbass Mr. Muhammad Asghar Mr. Muhammad Aslam Bhatti Mr. Muhammad Kashif Mr. Muhammad Omer Mr. Shahid Iqbal
Audit Committee	
Chairman:	Mr. Muhammad Aslam Bhatti
Member:	Mr. Anwaar Abbass
Member:	Mr. Muhammad Omer
Human Resource & Remuneration Committee	
Chairman:	Mr. Muhammad Kashif
Member:	Mr. Muhammad Asghar
Member:	Mr. Shahid Iqbal
Company Secretary	Mr. Muhammad Ijaz Shahid
Auditors	M/s Tahir Siddiqi & Co Chartered Accountants Suite No. 6, Floor No. 5, Central Plaza, 3 Civic Centre, Barket Market, New Garden Town, Lahore - Pakistan
Bankers	The Bank of Punjab MCB (NIB) Bank Limited Silk Bank Limited
Share Registrar	M/s Corplink (Pvt.) Ltd. Wings Arcade, I-K, Commercial, Model Town, Lahore.
Legal Advisor	Aakif Majeed But 9-G, Mustaq Gurmani Road, Gulberg II, Lahore
Head Office / Registered Office	109-A, Street No.3 Cavalry Ground, Lahore Cantt Lahore, Pakistan Ph: +92 42 - 3667 2423 - 26 Fax No. +92 42 - 3717 5482 Email: fm@bilalfibres.com Web site: www.bilalfibres.com
Mills	38th KM, Sheikhpura Road, Tehsil Jaranwala, District Faisalabad.

CORPORATE VISION / MISSION STATEMENT**VISION**

To be a customer oriented company having wide and diversified customer base with the team of professional working together to add value to all stakeholders and contributing to society to help build a strong and progressive Pakistan.

MISSION

To be a distinctive yarn seller with international presence delivering best quality yarn through innovative techniques and effective resource management by maintaining high ethical and professional standards.

To accomplish excellent financial results which can benefit all the stakeholders including members and employees of the Company.

To fulfil obligations toward the society, being a good corporate citizen.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given to all share holders of BILAL FIBRES LIMITED that the 34th ANNUAL GENERAL MEETING of the Company will be held at the registered office of the company, 109-A, Street No.3, Cavalry Ground, Lahore Cantt, Lahore on October 28, 2020 (Wednesday) at 09:00 A.M, to transact the following business:

1. To confirm the Minutes of last Annual General Meeting of the Company held on October 28, 2019.
2. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended June 30, 2020 together with the Directors' and Auditors' reports thereon.
3. To appoint auditors and fix their remuneration for the next year ending on June 30, 2021
4. To consider any other business with the permission of chair.

Lahore.

Dated: October 05, 2020

NOTES:

By order of the Board
(**Muhammad Ijaz Shahid**)
Company Secretary

- 1) The share transfer books of the company will remain closed from October 22, 2020 to October 28, 2020 (both days inclusive).
- 2) A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy. Proxies in order to be effective must be received at the registered office of the company not less than 48 hours before the time for holding the meeting. A proxy must be a member of the company.
- 3) For identification, CDC Account holders who wish to attend the Annual General Meeting are requested to please bring with them original/attested copy of their Computerized National Identity Card along with the participants LD number and their account numbers in Central Depository Company of Pakistan to facilitate identification at Annual General Meeting. In case of proxy, an attested copy proxy's Identity card, Accounts & participants LD numbers be enclosed. In case of corporate entity, the BOD, resolution/ Power of attorney with specimen signature of the nominee shall be produced at the time of the meeting (unless it has been provided earlier).
- 4) Due to current COVID-19 situation, the Securities and Exchange Commission of Pakistan (SECP) in terms of its Circular No.5 of 2020 issued on March 17, 2020 has advised companies to modify their usual planning for general meetings for the safety and well being of shareholders and the public at large. Considering the SECP's directives, the Company has decided to convene this AGM with minimal physical interaction of shareholders while ensuring compliance with the quorum requirements and requests the members to consolidate their attendance at the AGM through proxies.
- 5) In term of the Companies Act, 2017, member residing in a city holding at least 10% of the total paid up share capital may demand the facility of video-link for participating in the Annual General Meeting. The request for video-link facility shall be received by the Share Registrar at the address given hereunder at least 7 days prior to the date of the meeting on the standard Form placed in the Annual Report which is also available on the website of the Company.
- 6) The Shareholders are requested to notify any change in their addresses, if any, immediately to our Share Registrar, M/s Corplink (Pvt) Limited, Wings Arcade, 1-K, Commercial Model Town, Lahore.
- 7) The audited financial statement of the Company for the year ended June 30, 2020 have been placed at the Company's website: www.bilalfibres.com

اطلاع برائے سالانہ اجلاس عام

جہاں تا بحیرہ رابطہ کے تمام اہم حصص داران کو بذریعہ نوٹس بذریعہ اطلاع کیا جاتا ہے کہ کھپائی کا 34 واں سالانہ اجلاس عام مورخہ 28 اکتوبر 2020ء بروز جمعہ پوریت صبح 09:00 بجے کھپائی کے رجسٹرڈ آفس واقع 109-A، سیرف نمبر 3، کیمبرلی گراؤنڈ لاہور کیسٹ 10 اور میں درج ذیل سو کی انہما دی کے لئے منعقد ہوگا۔

(1) کھپائی کے گزشتہ سالانہ اجلاس عام منعقدہ 28 اکتوبر 2019ء کی کارروائی کی توثیق۔

(2) سالانہ 30 جون 2020ء کی بابت کھپائی کے سالانہ نتیجے شدہ حسابات بھرہ ان پر ڈائریکٹران و آڈیٹران کی رپورٹس کی وصولی وغیرہ غرض اور ان کی قبولیت۔

(3) 30 جون 2021ء کو ختم ہونے والے اگلے سال کیلئے آڈیٹران کا تقرر اور ان کے صلہ خدمت کا تعین۔

(4) ڈیٹریمنٹ کی اجازت سے دیگر امور کی اہم ادا دی۔

حساب انکم بورڈ
(محمد اعجاز شاہد)
کھپائی سیکریٹری

لاہور 05 اکتوبر 2020ء

نوٹ:

1- کھپائی کی منتقلی حصص کی کتاب میں مورخہ 22 اکتوبر 2020ء تا 28 اکتوبر 2020ء (جنرل وٹوں دن) بند رہے گی۔

2- سالانہ اجلاس عام میں شرکت اور ووٹ دینے کا اہل ممبر ہر کسی مقرر کرنے کا اہل ہے۔ ہر اکسیاں آڈیٹور کو ووٹ ہوگی۔

اجلاس عام کے انعقاد کے وقت سے کم از کم 48 گھنٹے قبل کھپائی کے رجسٹرڈ آفس میں لازماً وصول ہونا چاہیے۔ ہر اکسی کو لازمی کھپائی کا ممبر ہونا چاہیے۔

3- CDC کے حکام و داران اگر اس اجلاس میں شرکت کے خواہاں ہیں تو اپنے اصل تصدیق شدہ قومی شناختی کارڈ بعد پارمیٹھنٹ آئی ڈی اور اپنے CDC اکاؤنٹ نمبر شناخت کیلئے سالانہ اجلاس عام میں امر اولائیں۔ ہر اکسی کے ساتھ شناختی کارڈ کی تصدیق شدہ کاپی لکھاتے اور پارمیٹھنٹ آئی ڈی نمبر منسلک کریں۔ کارپوریشن آف پاکستان میں بورڈ آف ڈائریکٹری قرار دیا ہوا آف انٹرنی معیار فرد کے دستخط کا نمونہ (اگر پہلے فراہم نہ کئے گئے ہوں) اجلاس عام کے وقت منسلک کرنا ہوگا۔

4- گودا 19- کی موجودہ صورتحال کے پیش نظر ملک ریٹائرڈ ایڈجسٹمنٹ کمپنیاں آف پاکستان (SECP) نے اپنے 17 اراٹھ 2020ء کے سرقریب 2020ء میں فراہمی سے جانے پر حفاظت اور قائم سے کے لئے کمپنیاں کو باجیٹ دی ہیں۔ ایس ای سی پی کے اہکامات کو ملحوظ خاطر رکھتے ہوئے کھپائی نے فیصلہ کیا ہے کہ سالانہ اجلاس عام، حصص داران کے کم سے کم جسمانی تعامل کے ساتھ منعقد کیا جائے۔ جبکہ گورنری ضرورت کو ملحوظ جانے کے لئے ممبران سے درخواست ہے کہ اس سالانہ اجلاس عام میں ہر اکسیاں کے ذریعے معاشری کے لئے متفق ہوں۔

5- کھپائی ایکٹ 2017ء کے مطابق دو ممبران ہو سکتے ہیں جن میں ہوں اور ان کے شیئر ہولڈنگز کل ادا شدہ شیئر کی کل کم از کم 10% ہو سکتی ہے۔ مطالبہ کر سکتے ہیں کہ ان کے ڈیویڈنڈ کے ذریعے اجلاس میں شرکت کی اجازت دی جائے۔ یہ درخواست شیئر رجسٹرار کے دفتر اجلاس کے انعقاد سے 7 بجے قبل سالانہ رپورٹ میں دیے گئے فارم پر موصول ہونی چاہئے۔

ذکورہ فارم کھپائی کی ویب سائٹ پر بھی دستیاب ہے۔

6- حصص داران سے اتنا ہے کہ اگر ان کے پیسے میں کوئی تبدیلی ہو، فی الفور ہمارے شیئر رجسٹرار سے رجسٹرڈ کارپوریشن (پرائیویٹ لمیٹڈ، جگڑا ریلوے 9- کے کنٹرولنگ ڈائریکٹران، لاہور کو مطلع فرمائیں۔

7- 30 جون 2020ء کو ختم ہونے والے مالی سال کی آڈٹ شدہ رپورٹ کھپائی کی ویب سائٹ

www.bilalfibres.com پر رکھی گئی ہے۔

DIRECTORS' REPORT**Dear Shareholders**

The Directors of the Company welcome you to the 34th Annual General Meeting and present the annual report together with Audited Accounts of the Company for the financial year ended June 30, 2020.

The cost of doing business in the challenging business conditions of Pakistan has become extremely high. The directors believe that it was a wiser decision to close the operations on June 16, 2016 as still there are no signs of positive change in the prevailing situation and textile sector. The said decision of closure of business saved the company to sustain further financial losses.

FINANCIAL PERFORMANCE

There was no production and sales of the company during the financial year under review. The source of revenue was the rent of the factory amounting to Rupees 6.00 million. Due to depreciation of Rupees 23,794 million and certain adjustment of Statement of Financial Position items the company declared a net loss after tax of Rupees 29,954 million in the current period as compared to net loss after tax of Rupees 8,682 million in the previous year.

The matters with the banking companies are under litigation in the court of law while there is no credit line available to the company.

The financial results are summarized hereunder: -

Particulars	2020 Rs.	2019 Rs.
Sales	-	-
Cost of sales	-	-
Gross loss	-	-
Operating loss	(27,723,598)	(45,000,198)
Finance Cost	(2,229,875)	(13,091,547)
Net Loss before tax	(29,953,473)	(58,091,745)
Net Loss after tax	(29,953,473)	(8,681,685)
Loss per share	(2.12)	(0.62)

OPERATING PERFORMANCE

The factory remained closed for operations during the year. The Company is in litigation with all the banking companies as there were no such funds to pay even the mark up of the banking companies. The complete details of the litigation cases are fully disclosed in note 23

of the financial statements.

The management is quite optimistic that with the efforts, self commitment and above all with blessing of Allah (SWT) the company will overcome these problems soon.

FUTURE PROSPECTS

Under the circumstances the most important factor is to negotiate with the banking companies and to settle borrowings of the company. However, the management is confident that the economy will soon be improved and the textile sector will regain its vital position.

AUDITORS' REPORT

The auditors have observations on the following areas in their report:

- a) We did not observe the counting of the Physical inventory of stock in trade amounting to Rs.57.872 Million and Physical inspection of the mills Plant and machinery as of June 30, 2020; however we have received the valuation report of fixed assets carried out by independent valuator on June 28, 2019. The management informed us that the stocks are pledged with the banking Companies and are under litigation, while the factory is on lease now with the third Party.

The relevant arrangements could not be made because of litigation with the banking companies and the balance appearing is same as appearing since the closure of factory.

- b) The stocks are carried out in the statement of financial Position at Rs.57.872 Million i.e at cost. Management has not stated the inventories at lower of cost and net realizable value as required by the financial reporting standards as applicable in Pakistan, which constitutes a departure from applicable financial reporting standards. Therefore, we are unable to determine whether any adjustments were necessary in this regard.

The relevant arrangements could not be made because of litigation with the banking companies and the balance appearing is same as appearing since the closure of factory.

- c) As explained in note 23 to the financial statements, the company is in litigation with the banking companies. The Company had not worked out and provided the amount of markup on long term borrowings from financial institutions, Liabilities against assets subject to finance lease and short term borrowings (note 21) in these financial statements. Due to the unavailability of record, we were unable to determine whether any adjustments were necessary in this regard.

Our legal team is very confident that the cases will be settled oppositely in due course of time. Once agreed then all the relevant resultants will be incorporated.

- d) At the reporting date the Company has accumulated losses amounting to Rs.448.100 million and its current liabilities exceed its current assets by Rs.765.999 million. This situation will get worse if possible effects of the matters as discussed in para (a) to (e) above all accounted for in the financial statements. The Company has suspended its operations operation's since June 16, 2016 and has leased out the factory. Further, financial results show adverse key financial ratios and the decision of the court cases is still uncertain, whether it will be in favour of the company or otherwise. The company is

unable to pay the liabilities loan from banking companies amounting to Rs.474.852 million and the related finance cost, liabilities against assets subject to finance lease amounting to Rs.108.306 million along with the finance cost, short term borrowings amounting to Rs.143.465 million along with related finance cost, accrued markup amounting to Rs.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 on 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, the management of the company has prepared these financial statements on going concern basis. Because of the circumstances and events as mentioned herein, in our opinion, the company cannot be considered to be a going concern and thus the preparation of these financial statements on going concern basis is inappropriate. In our opinion the financial statements 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 qualifications discussed in paragraphs (a) to (c) above we are unable to determine the quantum of the required adjustments and provisions with a reasonable degree of accuracy.

The management strongly believes the venture as a going concern even though the circumstances for the time being are not very supportive, but it is still managing to provide employment to many families working in the leased factory where operations of the numerous textile mills have been closed and are being closed. 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. Simultaneously, the company has been complying with all its corporate obligation in a timely manner. Once all the litigations are finalized then a business plan will be developed and operations started will be started accordingly.

CODE OF CORPORATE GOVERNANCE:

The auditors have drawn attention to following the areas in their report:

- a. The Board has not setup an internal audit function as required by regulation 31 of Chapter X of Listed Companies Code of Corporate Governance regulations 2019.

The company operations are closed and all the employees have left the company. So once the business is resumed then this compliance will be made.

PRESENTATION OF FINANCIAL STATEMENTS

The financial statements, prepared by the management of the company, fairly present its state of affairs, the result of its operations, cash flows and changes in equity.

BOOKS OF ACCOUNTS

The company has maintained proper books of accounts.

ACCOUNTING POLICIES

Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgments.

INTERNATIONAL ACCOUNTING STANDARDS (IAS)

International accounting standards, as applicable in Pakistan, have been followed in preparation of financial statements.

ACCOUNTING YEAR

The accounting year of the company is from 1st July to 30th June.

DIVIDEND

Due to Accumulated losses of the company, directors do not recommend any dividend for the year ended June 30, 2020.

AUDITORS

The present Auditors M/s Tahir Siddiqi & Co., Chartered Accountants, being due for retirement has offered themselves for reappointment for the next year ending June 30, 2021.

CORPORATE & FINANCIAL REPORTING FRAME WORK

In compliance to new listing regulations of stock exchanges & as required under the Companies Act, 2017, your directors are pleased to state as under: -

- a) The system of internal control is sound in design and has been effectively implemented and monitored.
- b) Board is satisfied with the Company's ability to continue as a going concern.
- c) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations of the Stock Exchanges.
- d) Significant deviations from last year operating results of the Company and reasons thereof have been explained.
- e) There are no statutory payments on account of taxes, duties, levies and charges those are outstanding as on June 30, 2020 except for those disclosed in the financial statements.
- f) There are no significant plans for corporate restructuring, business expansions till the settlement of the court cases.
- g) Key operating and financial data for the last six years in summarized form is included in this annual report.
- h) Statement showing "Pattern of shareholding" as on 30-06-2020 is also enclosed herewith.

RELATED PARTY TRANSACTIONS

At each board meeting the Board of Directors approves Company's transactions with Associated Companies / Related parties. All the transactions executed with related parties are on arm's length basis.

CORPORATE SOCIAL RESPONSIBILITIES (CSR)

Corporate Social Responsibility (CSR) is about business giving back to society. As a routine, we strive to safeguard the health and well being of our employees, neighbors and customers, as well as the communities in which we live, work and operate. The Company continuously takes initiatives for CSR activities as mentioned in paragraphs to follow.

ACKNOWLEDGEMENT

The Directors would like to express their profound appreciation for continued /devoted services and hard work rendered by the company's executives and staff. The Directors are also thankful and wish to place on record their deep gratitude to the bankers of our company.

DIRECTORS' MEETINGS

During the year 4 meetings of the Board of Directors were held. Attendance by each director is as follows:

<u>Name of Director</u>	<u>Number of Meetings attended</u>
Mr. Naeem Omer	04
Mr. Anwar Abbass	04
Mr. Shahid Iqbal	04
Mr. Muhammad Omer	04
Mr. Muhammad Asghar	03
Mr. Muhammad Aslam Bhatti	04
Mr. Muhammad Kashif	04

For and on behalf of the
Board of Directors



(Naeem Omer)
Chief Executive

Lahore

Dated: 5th October, 2020

ڈائریکٹرز کے اجلاس

سال کے دوران بورڈ آف ڈائریکٹرز کے 14 اجلاس ہوئے۔ ہر ڈائریکٹر کی حاضری مندرجہ ذیل ہے۔
ڈائریکٹرز کے تمام اجلاسوں کی تعداد میں شرکت کی:

اجلاسوں کی تعداد میں شرکت کی

04

04

04

04

03

04

04

ڈائریکٹرز کے نام

جناب نسیم عمر

سزوانوار عباس

جناب شاہد اقبال

جناب محمد عمر

جناب محمد امجد

جناب محمد اسلم اعظمی

جناب محمد کاشف

منجانب بورڈ آف ڈائریکٹرز

(نسیم عمر)

چیف ایگزیکٹو

لاہور

تاریخ: 5 اکتوبر 2020

اگر

موجودہ آڈیٹرز مسز طاہرہ صدیقی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے ریٹائرمنٹ کی وجہ سے 30 جون 2021 کو ختم ہونے والے اگلے سال کے لئے خود کو واپس ہٹا کر دی کے لئے پیش کیا ہے۔

کارپوریٹ گورننس اور سٹاک ایکسچینج

اسٹاک ایکسچینج کے سلسلے میں سٹاک ایکسچینج کی قیام اور جیسا کہ گھنٹہ ایکٹ کے تحت ضروری ہے۔ 2017، آپ کے انٹریکٹرز یہ بتاتے ہوئے خوش ہیں:

a) کا نظام داخلہ کنٹرول کا نظام مستحکم ہے اور اس کو سوشل انڈسٹری میں نافذ اور گہرائی کی جارہی ہے۔

b) اور ڈیٹا کو چھٹا ہوا کاروبار کے طور پر کمپنی کی صلاحیت سے مطمئن ہے۔

c) کارپوریٹ گورننس کے بہترین طریقہ کار سے کوئی مادی طور پر خصوصی نہیں ہوئی ہے، جیسا کہ اسٹاک ایکسچینج کے سلسلے میں سٹاک ایکسچینج کے ساتھ کیا گیا ہے۔

d) کمپنی کے پچھلے سال آپریٹنگ نتائج سے اہم انحراف اور اس کی وجوہات کی وضاحت کی گئی ہے۔

e) ایکسچینج، ایجوکیشن، محصولات اور محصولات کے حساب سے کوئی قانونی اور ایسی نہیں ہے جو 30 جون 2020 تک بتایا ہے سوائے اس کے کہ مادی بیانات میں اختلاف کیا گیا ہو۔

f) کارپوریٹ گورننس، کاروباری توسیع کے لئے عدالت کے معاملات سے ہونے تک کوئی قابل عمل منصوبہ نہیں ہیں۔

g) خدشات منظر میں نہیں ہیں جیسا کہ پیسٹ کے عہدیدار آپریٹنگ اور مادی اعداد و شمار کو اس سال ادوار پورٹ میں شامل کیا گیا ہے۔

h) 30-06-2020 کو مخصوص ادارتی کاموں کا ریکارڈ بیان بھی اس کے ساتھ منسلک ہے۔

مختلف فریقوں کے ساتھ

بروز مینٹگ میں بروز آف ڈائریکٹرز ایجوکیشن ایسٹ کمپنیوں / مختلف فریقوں کے ساتھ کمپنی کے لین دین کی منظوری دیتے ہیں۔ مختلف فریقوں کے ساتھ انجام پانے والے تمام لین دین کی بنیاد پر ہے۔

کارپوریٹ سوشل ریسپانسیبلٹی (CSR)

کارپوریٹ سوشل ریسپانسیبلٹی (CSR) معاشرے کو کاروبار کے فوائد لینے کے متعلق ہے۔ ایک مہول کے طور پر، ہم اپنے ملازمین، ایجوکیشن اور صارفین کے ساتھ ساتھ ان برادر یوں کی صحت اور سلامتی کی حفاظت کرتے ہیں جن میں ہم رہتے ہیں، کام کرتے ہیں اور کام کرتے ہیں۔ مندرجہ بالا چیزیں اس کے ساتھ ساتھ ان کی سرگرمیوں کے لئے مستقل اقدامات کرتی ہے۔

انحراف

ڈائریکٹرز اپنی ذمہ داریاں ادا کرنے اور جاری رکھنے اور شہادتات اور کمپنی کے تمام اداروں اور عملے کی طرف سے مادی گئی سخت محنت کو برائے حتمین پیش کرتے ہیں اور کمپنی کے فنڈز کی حمایت کو کاروبار پر رکھتے ہوئے ٹھیک یہ ادا کرتے ہیں۔

کھیتی کو ایک چلتا ہوا کاروبار قرار نہیں دیا جاسکتا ہے اور اس پیشکش کی بنیاد پر ان مالی بیانات کی تیاری نامناسب ہے۔ ادارہ رائے میں مالی بیانات میں اثاثوں کی وصولی کو کم کرنے کے لئے ایڈجسٹمنٹ کی عکاسی کرنا چاہئے اور اس سے پیدا ہونے والی مزید واجبات کی فراہمی کرنا چاہئے۔ یہ ایڈجسٹمنٹ کاٹی ہونے کا امکان ہے اور مذکورہ بالا جی آرگراف (a) سے (c) میں زیر بحث آنے والی مزید قابلیت کے جائز نظر ہم مناسب ڈگری کے ساتھ مطلوبہ ایڈجسٹمنٹ اور دفعات کی مقدار کا تعین کرنے سے قاصر ہیں۔

انڈیکس کھیتی پلانٹ تعین کھیتی ہے کہ کھیتی ایک چلتا ہوا کاروبار ہے حالانکہ اس وقت کے حالات زیادہ معاون نہیں ہیں، لیکن اس کے باوجود یہ یز چیکلری میں کام کرنے والے بہت سے قائماتوں کو روزگار فراہم کرنے کا انتظام کر رہی ہے جبکہ متعدد دیگر نائل ملوں کی کاروباری سرگرمیاں بند کر دی گئی ہیں۔ زیادتی جاری ہیں۔ کھیتی انڈیکس کے ساتھ بہترین صورتحال سے نپٹنے کی پوری کوشش کر رہی ہے کہ مضر تاہم ہمارے حق میں پلٹ جائے گا اور امید ہے کہ حکومت اس شبہ کی تھالی کے لئے اقدامات کرے گی۔ اس کے ساتھ ساتھ کھیتی برقت اپنی تمام کارپوریٹ ذمہ داریوں کی قیام کر رہی ہے۔ ایک بار جب تمام قانونی چارہ جوئی کو ختمی حاصل دے دی جائے گی تو کاروباری منصوبہ چننا کیا جائے گا اور اس کے مطابق کاروبار اپنا شروع کر دی جائیگا۔

شہادتیں کارپوریٹ گورننس

آڈیٹرز نے اپنی رپورٹ میں ان اصولوں پر توجہ مبذول کروائی ہے۔

ii. بورڈ نے کارپوریٹ گورننس کے ضابطہ اخلاق 2019 کے مندرجہ فہرست کمیٹیوں کے ممبران کے X کے 31 کے ضوابط کے تحت داخلی آڈٹ کی تقریب ترتیب نہیں دی ہے۔

کھیتی کی کاروباریاں بند ہیں اور تمام ملازمین کھیتی چھوڑ گئے ہیں۔ لہذا ایک بار جب کاروبار شروع ہوجائے تو پھر اس کی قیام کی جائے گی۔

مالی امور اور مالی پیشگی

کھیتی کے انتظام کے ذریعہ تیار کردہ مالی بیانات اس کی امور کی صورتحال اس کے کاموں، نقد بہاؤ اور ایکٹیویٹی میں تبدیلیوں کا نتیجہ پیش کرتے ہیں۔

اداکاری کی قسمیں

کھیتی نے اداکاری کی مناسب قسمیں ترتیب دے رکھی ہیں۔

اداکاری کی پالیسیاں

مالی بیانات کی تیاری میں مناسب اداکاری پالیسیاں مستقل طور پر لاگو ہوتی ہیں اور مناسب کا تعین معقول اور منصفانہ فیصلوں پر مبنی ہوتا ہے۔

بین الاقوامی اداکاری معیارات (IAS)

مالی بیانات کی تیاری کے سلسلے میں، بین الاقوامی اداکاری معیارات، جیسے پاکستان میں قابل اطلاق ہیں، پر عمل کیا گیا ہے۔

اداکاری سال

کھیتی کا اداکاری سال یکم جولائی سے 30 جون تک ہے۔

دیگر نکتے

کھیتی کے نتیجہ شدہ نقصانات کی وجہ سے، 17 اکتوبر 2020 کو ختم ہونے والے سال کے لئے کسی بھی دیویڈنڈ کی سٹوریج نہیں کرتے۔

انکوارٹس

انکوارٹس کی رپورٹ میں محدود جملہ شیوں پر ملاحظات دینا

(a) ہم نے 30 جون 2020 کی اسٹاک کی انویسٹری کی کٹھی کا مشاہدہ نہیں کیا جس کی مالیت 57,873 ملین روپے ہے اور مڈ پلائٹ اور شیڈی کی جسمانی معائنہ 2020 تک، تاہم آئس 28 جون 2019 کو آڈیٹوریل پیرکس کے ذریعے شدہ اثاثوں کی کیٹیوں کی رپورٹ موصول ہوئی ہے۔ انکوائری نے ہمیں بتایا کہ اسٹاک بیکنگاری کمپنیوں کے ساتھ گروئی رکھے ہوئے ہیں اور قانونی چارہ جوئی کے تحت ہیں، بلکہ الیکٹریٹیٹی اب تیسری پارٹی کے پاس لیز پر ہے۔

متعلقہ انکوائریات بینکنگ کمپنیوں کے ساتھ قانونی چارہ جوئی کی وجہ سے نہیں ہو سکے اور الیکٹریٹیٹی کی بندش کے بعد سے بطور ای طرح ہے۔

(b) اسٹاک مالیاتی پوزیشن کے بیان میں 57,873 ملین روپے لاگت سے لیا جاتا ہے۔ انکوائری نے لاگت کی کم قیمت اور خاص قابل قدر قیمت پر الوٹریوں کو نہیں بتایا ہے جیسا کہ پاکستان میں قابل اطلاق مالی رپورٹنگ کے معیارات کے مطابق ہے، جو قابل اطلاق مالیاتی رپورٹنگ کے معیارات سے اخلاف ہے۔ لہذا، ہم یہ طے کرنے سے قاصر ہیں کہ آیا اس سلسلے میں کوئی ایڈجسٹمنٹ ضروری تھی۔

متعلقہ انکوائریات بینکنگ کمپنیوں کے ساتھ قانونی چارہ جوئی کی وجہ سے نہیں ہو سکے ہیں اور الیکٹریٹیٹی کی بندش کے بعد سے بطور ای طرح ہے۔

(c) جیسا کہ نوٹ 23 میں مالی بیانات کی وضاحت کی گئی ہے، کمپنی بیکنگاری کمپنیوں کے ساتھ قانونی چارہ جوئی میں ہے۔ کمپنی نے مالیاتی اداروں سے طویل مدتی قرضوں اور مارک اپ کی رقم ان مالی بیانات میں ختم اس لیز اور شارٹ ٹرم ادھار (نوٹ 21) سے شرطہ اثاثوں کی رقم پر ورکنگ فراہم نہیں کی۔ ریکارڈ کی عدم دستیابی کی وجہ سے ہم یہ یقین کرنے سے قاصر تھے کہ آیا اس سلسلے میں کوئی ایڈجسٹمنٹ ضروری ہے یا نہیں۔

ہماری قانونی ٹیم کو بہت پر اعتماد ہے کہ وقت کے ساتھ معاملات کو باآسانی حل کر لیا جائے گا۔ ایک بار حقائق سامنے ہو جائے تو ہم متعلقہ ٹانگی کو شامل کر لیا جائے گا۔

(d) اطلاع دہندگی کی تاریخ میں کمپنی کو 448,100 ملین روپے کا نقصان ہوا ہے اور اس کے موجودہ واجبات اس کے موجودہ اثاثوں سے 765,999 ملین روپے سے تجاوز کر گئے ہیں۔ یہ صورت حال مزید خراب ہوگی اگر معاملات کے نکلنے اثرات شامل کر لئے جائیں، جیسا کہ (a) سے (c) میں مذکور ہوا مالی بیانات میں شامل ہے۔ کمپنی نے اپنے آپریٹنگ کا عمل 16 جون 2016 سے معطل کر دیا ہے اور الیکٹریٹیٹی کو لیز پر دے دیا ہے۔ مزید یہ کہ مالیاتی کٹھی مالی تناسب کو ظاہر کرتے ہیں اور عدالتی معاملات کا فیصلہ ابھی تک نہیں ہو سکا ہے، چاہے وہ کمپنی کے حق میں ہوگا یا نہیں۔

کٹھی بینکنگ کمپنیوں سے 474,852 ملین روپے کے قرضے اور اس سے متعلقہ ٹانگی لاگت 108,306 ملین روپے کے ٹانگی لیز کے ساتھ ساتھ اثاثوں کے خلاف واجبات قرضوں، مختصر مدت کے قرضوں کی ادائیگی کرنے میں ناکام ہے۔ اگر بیکنگاری کمپنیوں کے ذریعہ دائر اطلاق کی درخواستوں کا فیصلہ عدالتوں کے ذریعہ کیا جاتا ہے تو اس سے متعلقہ مالیاتی لاگت کے ساتھ 143,465 ملین مارک اپ 97,520 ملین روپے جمع ہوجاتے ہیں۔ فی الحال، آئینہ وکے لئے کوئی باضابطہ منظور شدہ کاروباری منصوبہ موجود نہیں ہے۔

یہ حالات اور واقعات غیر یقینی صورتحال کی نشاندہی کرتے ہیں جو کہ کمپنی کی حیثیت سے جاری رکھنے کی صلاحیت پر نمایاں شبہات ڈال سکتے ہیں اور ای وجہ سے وہ اپنے اثاثوں کا ادراک کرنے اور کاروبار کے معمول کے مطابق اپنی ذمہ داریوں کو نبھانے میں ناکام ہو سکتے ہیں۔ تاہم، کمپنی کی انکوائری نے پہلے کاروبار کی بنیاد پر ان مالی بیانات کو تیار کیا ہے۔ ان حالات اور واقعات کی وجہ سے جن کا یہاں ذکر کیا گیا ہے، ہماری رائے میں،

ڈائریکٹرز رپورٹ

مزید محرمات

کٹھنی کے ڈائریکٹرز آپ کو 34 ویں سالانہ اجلاس عام میں خوش آمدید کہتے ہیں اور 30 جون 2020 کو ختم ہونے والے مالی سال کے کٹھنی کے نتائج شدہ حسابات کے ساتھ سالانہ رپورٹ پیش کرتے ہیں۔

پاکستان کے متعلق کاروباری حالات میں کاروبار کرنے کی لامتناہی زیادہ ہوگئی ہے۔ ڈائریکٹرز کا خیال ہے کہ 16 جون 2016 کو اپریشن بند کرنا ایک دانشورانہ فیصلہ تھا کیونکہ ابھی اس موجودہ صورتحال اور لیکچاؤن کے شیبہ میں مثبت تبدیلی کے آثار نظر نہیں آ رہے ہیں۔ کاروبار کی بندش کے مذکورہ فیصلے سے کٹھنی کو مزید نقصانات سے بچنے میں مدد ملی۔

مالیاتی کارکردگی

زیر نظر مالی سال کے دوران کٹھنی کی کوئی پیو ایا اور فروخت نہیں ہوئی۔ محمول کاروبار میں کٹھنی کا کرپا یہ تھا جس کی مالیت 00.8 ملین روپے تھی۔ 794.23 ملین روپے کی ذریعہ پیمائش اور یکواہر ہونے کی وجہ سے کٹھنی نے موجودہ مدت میں 954.29 ملین روپے کے لگن کے بعد خالص خسارے کا اعلان کیا ہے جبکہ پچھلے سال 682.8 ملین روپے کے لگن کے بعد خالص نقصان ہوا تھا۔

دیباچہ کٹھنیوں کے ساتھ معاملات عدالت میں زیر سماعت ہیں تاکہ کٹھنی کو کوئی کرپٹ ان واپس لیا جاسکے۔

مالیاتی کارکردگی کا خلاصہ (ملین روپے میں)

روپے

تعمیر	2020 جون 30	2019 جون 30
فروخت	-	-
لیٹ اسٹوریٹ	-	-
مجموعی نقصان	-	-
آپریٹنگ نقصان	(27,723,598)	(45,000,198)
مالی اخراجات	(2,229,875)	(13,091,547)
لگن سے پہلے خالص نقصان	(29,953,473)	(58,091,745)
لگن کے بعد خالص نقصان	(29,953,473)	(8,681,685)
نیٹ پیئر نقصان	(2.12)	(0.62)

آپریٹنگ کارکردگی

جنگلیری ایک سال کے دوران کاروباری سرگرمیوں کے لئے بند رہی۔ کٹھنی کو کاروباری کمپنیوں کے ساتھ قانونی چارہ جوئی میں سے کیوں کہ جنگلیری کمپنیوں کے مارک اپ کی ادائیگی کے لئے نفاذ موجود نہیں تھے۔ قانونی چارہ جوئی کے معاملات کی عملی تصفیہات مالی بنیاد کے ساتھ 23 مئی 2020 میں مکمل طور پر دی گئی ہیں۔ انتظامیہ کوئی پرامیڈ ہے کہ کاروباروں سے موسم اور سب سے بڑھ کر آمدنی کی رست سے کٹھنی ان مسائل پر جلد کارروائی کرے گی۔

مستقبل کے امکانات

ان حالات میں سب سے اہم عنصر یہ کاروباری کمپنیوں کے ساتھ روابط درست کرنا اور کٹھنی کا قرضہ طے کرنا ہے۔ ہم 2020 انتظامیہ کو یقین ہے کہ جلد ہی مصیبت میں بہتری آئے گی اور لیکچاؤن کا شہ پر سب سے اہم اقدام حاصل کرے گا۔

Chairman's Review

I welcome to you the 34th Annual General Meeting of your Company and present on behalf of the Board of Directors, the Audited Statements of Accounts for the year ended 30 June 2020 along with my review on the performance of your Company.

Industry overview:

Over the years industry has become uncompetitive largely due to increased cost of doing business particularly for higher utilities cost and low capacity utilization. Especially Punjab based industry faced more headwinds as higher LNG prices made it difficult even to compete locally with industry of other provinces. Export package announced by the Prime Minister in January 2017 also failed to stem decline in exports as its implementation remained far from reality. Higher input cost due to increased raw materials prices and minimum wage rate affected its operational viability and gross margins of industry were very thin in the year. Due to un-conducive business environment slowly and gradually the base of conventional industry was weakening in general as was evident from consistent plunge of Pakistan's share of textile in global market.

Company's performance

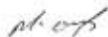
The decision to close the mills operation looks wiser now which at least stop the sponsors to inject money to cover the gap. During the year the company earn Rupees 6 million in term of rent which after meeting the day to day expenses was used to pay off the market creditors. The management of the company also dealing with the litigation cases with their bankers in the court of law and our legal counsel are confident for a amicable settlement with them in due course of time.

Future Prospects

The future of the company mainly depending on the future of the textile sector in Pakistan. If there will be any positive sign than the management believe to find a investor and then to improve the textile technology to enter the competitive international market. By the time to give the mill on rent for production of textile product is the most feasible option. Also we are looking for the amicable settlement with our banker in due course of time and then to plan it accordingly.

Acknowledgement

On my and on behalf of the board of directors of your company i take this opportunity of acknowledging the devoted and sincere services of employees of the Company. I am also grateful to our bankers, shareholders and the government organizations.



Muhammad Omer

Chairman

Lahore

October 05, 2020

تھریٹن کی جائزہ رپورٹ

میں 34 ویں سالانہ جنرل میٹنگ میں آپ کو خوش آمدید کہتا ہوں اور پورڈ آف ڈائریکٹرز کی طرف سے 30 جون 2020 کو رقم ہونے والے مالی سال کے لئے کمپنی کے تھریٹن شدہ سہايات کے ساتھ ساتھ آپ کی کمپنی کی کارکردگی پر اپنا جائزہ پیش کرتا ہوں۔

صنعتی جائزہ

گنی سالوں سے صنعت کا روزگار کرنے کے زیادہ اثر اہمیت خاص طور پر نئے مستعمل اثراہات اور کم پیداواری صلاحیت کی وجہ سے غیر مستحکم ہو گئی ہے۔ خاص طور پر پتلا پکی صنعت کو زیادہ دھاروں کا سامنا ہے کیونکہ LNG کی زیادہ قیمتوں نے دیگر مصنوعات کی مصنوعات کے ساتھ ساتھ مقامی سطح پر بھی مقابلہ کرنے مشکل بنا دیا ہے۔

نومبر 2017 میں وزیراعظم کا اعلان کر دیا کہ بجلی کی برآمدات کو بندھانے میں ناکام ہو گیا کیونکہ اس کی تقبل قیمت سے گھٹے زیادہ دور رس ہے۔ خاص مال کی زیادہ قیمتوں، کم سے کم اجرت کی شرح کی وجہ سے نئے ان پٹ اثراہات نے اس کی آپریشن صلاحیت کو متاثر کیا اور صنعت کا مجموعی مارنٹ جو دو سال میں بہت سی کم تھا۔ ناقابل امتداد کاروباری ماحول کی وجہ سے درآمدی صنعت کی بنیاد پر ماحولاً بہت آہستہ اور بتدریج کمزور ہو رہی ہے جیسا کہ عالمی منڈی میں پاکستانی ٹیکسٹائل کے حصہ مسلسل کمی سے ثابت ہوا ہے۔

کمپنی کی کارکردگی

مگر کے آپ بٹکر بڑھانے کا فیصلہ ابھی لیا گیا ہے جو کم از کم اسپانسرز کو مزید نقصان سے بچانے کا سال کے دوران کمپنی نے کرایہ کی حد میں 8 ملین روپے کمائے جو پابندی اثر اہمیت پر کار کرنے کے بعد مارکیٹ آرزوں کو ادا کرنے کے لئے استعمال کیا جائے گا۔ کمپنی کی انتظامیہ قانونی عدالت میں اپنے ڈیٹرز کے ساتھ قانونی چارہ جوئی کو بھی اہل کر رہی ہے اور تازہ قانونی مشیر پراختیاد سے کر سہايات مناسب وقت میں قابل اہمیتان ہونے کے ہیں۔

مستقبل کے امکانات

کمپنی کے مستقبل بنیادی طور پر پاکستان میں ٹیکسٹائل شعبے کے مستقبل پر انحصار کرتا ہے۔ اب حالات اچھے نظر آئے تو انتظامیہ میں اصلاحی اقدامات کی سہايات کے لئے ممکن اصلاحات میں سرمایہ کاری کرنے کیلئے ایک سرمایہ کار تلاش کرے گی۔ جب تک مل کو ٹیکسٹائل مصنوعات کی پیداوار کیلئے کرایہ پر دینا بہترین قابل عمل آئیٹم ہے۔ اس کے علاوہ ہم اپنے ڈیٹرز کے ساتھ مناسب وقت میں قابل اہمیتان کی تحقیق کی تلاش اور پھر اس پر عمل کی منصوبہ بندی بھی کر رہے ہیں۔

اظہار تشکر

میری اور کمپنی کے پورڈ آف ڈائریکٹرز کی طرف سے میں کمپنی کے عملے کو کارکنوں کی طرف سے فراہم کردہ مسلسل اہمیتان اور سہايات کے لئے زبردست شراکتہ دہن پیش کرتا ہوں۔ میں کمپنی کے ڈیٹرز بشیر ہولڈرز اور سرکاری اداروں کی مسلسل سہايات کا شکریہ ادا کرتا ہوں۔

Dr. Javed

(مہر)

چئیرمین

2020

**Statement of Compliance with Listed Companies (Code of Corporate Governance)
Regulations, 2019**

Name of company: Bilal Fibres Limited

Year ending: June 30, 2020

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are seven as per the following:

a. Male:	7
b. Female:	-

2. The composition of board is as follows:

Category	Names
Independent Directors	1. Mr. Muhammad Kashif 2. Mr. Muhammad Aslam Bhatti
Other Non Executive Directors	1. Mr. Anwaar Abbass 2. Mr. Muhammad Omer 3. Mr. Shahid Iqbal 4. Mr. Muhammad Asghar
Executive Director	1. Mr. Naeem Omer (Chief Executive)
Female Director	-

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;
4. 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;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensure that complete record of particulars of the significant policies along with their date of approval or updating is maintained by company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. 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. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;

9. The Board has arranged Directors' Training Program for the following:

Presently no director has participated in the training program required as per Regulation, however in the next financial year the compliance of the said Regulation will be ensured;

10. There were no new appointment of chief financial officer, company secretary and head of internal audit due to no business activity and the function of chief financial officer and company secretary performed by the same person;
11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the board;
12. The board has formed committees comprising of members given below:

Committees	Composition/Names
Audit Committee	<p>Chairman: Mr. Muhammad Aslam Bhatti (Independent Director)</p> <p>Members: Mr. Anwaar Abbas Mr. Muhammad Omer</p>
HR & Remuneration Committee	<p>Chairman: Mr. Muhammad Kashif</p> <p>Members: Mr. Muhammad Asghar Mrs. Shahid Iqbal</p>

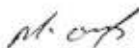
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
14. The frequency of meetings of the committee were as per following:-

Committees	Frequency
Audit Committee	Four quarterly meetings were held during the financial year ended June 30, 2020
HR & Remuneration Committee	One meeting was held during the financial year ended June 30, 2020

15. Due to no business activity presently the Board has not set up an effective internal audit function and there are no staff for the purpose;
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in

the audit are not a close relative (Spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of the Regulations 3, 6, 8, 27, 32, 33 and 36 of the Regulation have been complied with;



(MUHAMMAD OMER)
Chairman

Lahore: October 05, 2020



Tahir Siddiqi & Co.
Chartered Accountants



INDEPENDENT AUDITOR'S REPORT
To the member's of Bilal Fibres Limited

**INDEPENDENT AUDITORS REVIEW REPORT TO THE MEMBERS OF
BILAL FIBRES LIMITED**

Review Report on the Statement of Compliance Contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Bilal Fibres Limited (the Company) for the year ended June 30, 2020 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. 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 Regulations.

As a 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 Directors' 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 Regulations require 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. We are only required and have ensured compliance of the requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, 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 Regulations as applicable to the Company for the year ended June 30, 2020.

Further we highlight below the instance of Non-compliance with the requirement of the regulations as reflected in the note/ Paragraph reference

Paragraph Reference	Description
15	The Board has not setup an internal audit function as required by regulation 31 of Chapter X of Listed Companies Code of Corporate Governance regulations 2019.

Tahir Siddiqi & Co.
Chartered Accountants

Lahore
Dated: October 05, 2020





Tahir Siddiqi & Co.
Chartered Accountants

INDEPENDENT AUDITOR'S REPORT
To the member's of Bilal Fibres Limited



Report on the audit of the financial statements

Adverse Opinion

We have audited the annexed financial statements of BILAL FIBRES LIMITED ("the Company"), which comprise the statement of financial position as at June 30, 2020 and the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit.

In our opinion and to the best of our information and according to explanations given to us, because of the significance of the matters as discussed in the basis for adverse opinion section of our audit report Paragraph (a) to (d) the statement of financial position, the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof do not conform with the accounting and reporting standards as applicable in Pakistan and do not give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively do not give a true and fair view of the Company's affairs as at June 30, 2020 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Adverse Opinion

a) We did not observe the counting of the Physical inventory of stock in trade amounting to Rs.57.872 Million and Physical inspection of the mills Plant and machinery as of June 30, 2020; however we have received the valuation report of fixed assets carried out by independent valuer on June 28, 2019. The management informed us that the stocks are pledged with the banking Companies and are under litigation, while the factory is on lease now with the third Party.

b) The stocks are carried out in the statement of financial Position at Rs.57.872 Million i.e at cost. Management has not stated the inventories at lower of cost and net realizable value as required by the financial reporting standards as applicable in Pakistan, which constitutes a departure from applicable financial reporting standards. Therefore, we are unable to determine whether any adjustments were necessary in this regard.

c) As explained in note 23 to the financial statements, the company is in litigation with the banking companies. The Company had not worked out and provided the amount of markup on long term borrowings from financial institutions. Liabilities against assets subject to finance lease and short term borrowings (note 21) in these financial statements. Due to the unavailability of record, we were unable to determine whether any adjustments were necessary in this regard.

d) At the reporting date the Company has accumulated losses amounting to Rs.448,100 million and its current liabilities exceed its current assets by Rs.765,999 million. This situation will get worse if possible effects of the matters as discussed in para (a) to (c) above all accounted for in the financial statements. The Company has suspended its operations since June 16, 2016 and has leased out the factory. Further, financial results show adverse key financial ratios and the decision of the court cases is still uncertain, whether it will be in favor of the company or otherwise. The company is unable to pay the liabilities loan from banking companies amounting to Rs.474,852 million and the related finance cost.

Liabilities against assets subject to finance lease amounting to Rs.106,306 million along with the finance cost, short term borrowings amounting to Rs.143,465 million along with related finance cost, accrued markup amounting to Rs.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 on 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, the management of the company has prepared these financial statements on going concern basis. Because of the circumstances and events as mentioned herein, in our opinion, the company cannot be considered to be a going concern and thus the preparation of these financial statements on going concern basis is inappropriate. In our opinion the financial statements 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 qualifications discussed in paragraphs (a) to (d) above we are unable to determine the quantum of the required adjustments and provisions with a reasonable degree of accuracy.

We conducted our audit in accordance with international Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the international Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of the Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annexed financial statements of the current period. These matters were addressed in the context of our audit of the annexed financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matters as mentioned in the basis for adverse opinion section of our report, we have determined that there are no key audit matters to communicate in our report.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

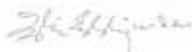
Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) Proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have not been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) Investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

(d) In our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Tahir Siddiqi.



Tahir Siddiqi & Co.
Chartered Accountants

Lahore
Dated: October 05, 2020



KEY OPERATING AND FINANCIAL DATA FOR LAST SIX YEARS

PARTICULARS	Year Ended 30th June					
	2020	2019	2018	2017	2016	2015
ASSETS EMPLOYED						
Property, plant and equipment	447,873	471,666	930,431	971,317	1,024,439	1,065,256
Investment Property	542,740	542,740	-	-	-	-
Long term deposits	1,156	1,156	3,256	3,389	3,389	3,609
Current assets	92,542	102,185	102,479	91,439	222,578	254,202
Total assets employed	1,084,311	1,117,747	1,036,206	1,068,144	1,250,406	1,323,066
FINANCED BY						
Shareholders' equity	(207,101)	(281,136)	(290,303)	(209,202)	(230,115)	(94,302)
Surplus on revaluation of fixed assets	414,934	418,903	293,016	300,296	307,846	319,215
	107,833	137,767	12,713	91,094	77,731	224,913
Deferred Income	-	-	-	-	4,857	9,713
Long term liabilities	-	-	-	-	390,833	435,749
Loan from directors/sponsor	111,021	117,307	110,459	92,372	91,744	63,705
Deferred Liability	6,936	6,936	60,396	22,257	14,177	72,973
Other deferred liabilities	-	-	-	-	13,946	16,691
	117,957	124,243	170,856	114,629	119,808	153,279
Current Liabilities	858,542	855,737	852,682	862,421	657,158	499,412
Total funds invested	1,084,311	1,117,747	1,036,251	1,068,144	1,250,406	1,323,056
PROFIT & LOSS						
Turnover (net)	-	-	-	95,048	1,067,924	1,638,364
Revenue - Income	-	-	-	1,500	-	-
	-	-	-	96,548	1,067,924	1,638,364
Gross (Loss)	-	-	-	(39,319)	(154,876)	(69,913)
Operating (Loss) / Profit	(27,724)	(45,100)	(31,489)	1,162	(188,717)	(115,865)
Finance cost	(2,230)	(3,093)	17,373	21,307	24,164	55,966
(loss) / Profit before taxation	(29,954)	(58,093)	(14,116)	22,469	(212,901)	(171,831)
(loss) / Profit after taxation	(29,954)	(58,093)	(14,116)	22,469	(212,901)	(171,831)
Earnings per share (Rs.)	(2.12)	(0.62)	(1.58)	0.95	(10.79)	(8.97)
Number of spindle installed	-	-	-	29,016	29,016	29,016
Number of spindle worked	-	-	-	-	29,016	29,016
Number of shifts per day	-	-	-	-	3	3
Actual production converted into 20's count (Kgs in million)	-	-	-	-	9.681	10.763

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2020

		June 30, 2020	June 30, 2019
	Note	Rupees	
NON-CURRENT ASSETS			
Property, plant and equipment:			
Operating fixed assets	5	393,261,924	414,179,914
Right of Use asset	6	54,611,544	57,485,836
Investment Property	7	542,740,000	542,740,000
Long term deposits	8	1,156,189	1,156,189
		991,769,648	1,015,561,939
CURRENT ASSETS			
Stock in trade	9	57,872,747	57,872,747
Deposits and short Term Prepayments	10	2,925,765	2,925,765
Other receivables	11	24,095,975	20,795,975
Sales tax refundable		3,540,913	3,540,913
Advance tax	12	3,515,444	16,915,459
Cash and bank balance	13	590,854	133,971
		92,541,698	102,184,830
		1,084,311,346	1,117,746,769
SHARE CAPITAL AND REVERSES			
Authorised shares capital			
15,000,000 (June 30, 2019: 15,000,000) Ordinary shares of Rs. 10 each	14	150,000,000	150,000,000
Issued, subscribed and paid up shares capital			
14,100,000 (June 30, 2019: 14,100,000) Ordinary shares of Rs. 10 each	14	141,000,000	141,000,000
Accumulated loss		(448,100,801)	(422,136,589)
Surplus on revaluation - Property, plant & equipment	15	414,914,038	418,903,299
		107,813,237	137,766,710
NON CURRENT LIABILITIES			
Long term financing from Banking Companies - Secured	16	-	-
Long term financing from directors and associates	17	111,020,533	117,307,353
Liabilities against assets subject to finance lease	18	-	-
Deferred liabilities	19	6,936,010	6,936,010
		117,956,543	124,243,363
CURRENT LIABILITIES			
Trade and other payables	20	34,162,131	32,482,381
Unclaimed dividend	39	235,776	235,776
Accrued Interest/Mark up payable	21	97,520,035	97,520,035
Short term borrowings	22	143,465,334	143,855,534
Current portion of:			
Long term financing from Banking Companies	16	474,851,759	473,336,630
Liabilities against assets subject to finance lease	18	108,306,331	108,306,331
		858,541,566	855,736,687
Contingencies and commitments	23	-	-
		1,084,311,346	1,117,746,769

The annexed notes form part of these financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2020

Particulars	Note	June 30, 2020		June 30, 2019	
		(Rupees)			
Sales	24	-	-	-	-
Cost of sales	25	-	-	-	-
Gross loss		-	-	-	-
Distribution cost	26	-	-	-	-
Administrative expenses	27	(33,723,599)	(55,648,770)		
Other operating income	28	6,000,000	10,648,572		
Finance cost	29	(2,229,875)	(13,091,547)		
		(29,953,473)	(58,091,745)		
Loss before taxation		(29,953,473)	(58,091,745)		
Provision for taxation	30	-	49,410,000		
Loss for the period		(29,953,473)	(8,681,685)		
Loss per share - basic and diluted	31	(2.12)	(0.62)		

The annexed notes form part of these financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

Particulars	Note	June 30, 2020	June 30, 2019
		(Rupees)	
Loss after taxation		(29,953,473)	(8,681,685)
Other comprehensive income			
Item that will not be reclassified to profit and loss account:			
Revaluation Surplus on Land & Building		-	241,654,864
Impairment Loss on Plant & Machinery		-	(108,384,271)
Remeasurement of staff retirement benefits - net of deferred tax		-	464,652
Total comprehensive income / (loss) for the year		<u>(29,953,473)</u>	<u>125,053,560</u>

The annexed notes form part of these financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2020

Particulars	Share capital	Accumulated loss	Surplus on revaluation of fixed assets	Total
(Rupees)				
Balance as on 01 July 2018	141,000,000	(421,303,103)	295,016,254	12,713,151
Transfer from surplus on revaluation on account of incremental depreciation - net of tax	-	7,583,548	(7,583,548)	-
Reassessment of staff retirement benefits - net of deferred tax	-	464,652	-	464,652
Net Profit/(loss) for the year	-	(8,681,686)	-	(8,681,686)
Other comprehensive loss for the year	-	-	133,270,593	133,270,593
Balance as on June 30, 2019	141,000,000	(421,136,589)	418,903,299	137,766,710
Transfer from surplus on revaluation on account of incremental depreciation - net of tax	-	3,989,261	(3,989,261)	-
Net Profit/(loss) for the year	-	(29,953,473)	-	(29,953,473)
Other comprehensive loss for the year	-	-	-	-
Balance as on June 30, 2020	141,000,000	(448,100,801)	414,914,038	107,813,237

The attached notes form part of these financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2020

Particulars	Note	June 30, 2020	June 30, 2019
		(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(29,853,473)	(58,091,745)
Adjustment for non-cash and other related items:			
Depreciation on operating fixed assets		20,917,990	37,556,221
Depreciation on assets subject to finance lease		2,874,293	3,025,571
Impairment loss/ Disallowed expense		92,316	8,714,508
Notional charges on interest free loans		2,228,309	13,087,514
Creditors balances added back		-	(453,500)
Staff retirement benefits (Current Service Cost, Past Service Cost and Gains/Losses on Settlements)		-	(4,186,227)
Finance cost		1,566	4,033
Interest on staff retirement benefits		-	890,970
Cash flow generated from operating activities before working capital changes		<u>(3,839,001)</u>	<u>547,345</u>
Effect on cash flow due to working capital changes :			
(Increase) / decrease in current assets:			
Other receivables		(3,300,000)	(6,000,000)
Advance tax		13,307,700	5,752,920
Increase in trade and other payables		1,679,750	2,468,463
Net cash used in working capital		<u>11,687,450</u>	<u>2,221,383</u>
Cash generated from / (used in) operations		<u>7,848,449</u>	<u>2,768,728</u>
Finance cost paid		(1,566)	(4,033)
Net cash used in operating activities		<u>7,846,883</u>	<u>2,764,695</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Long term deposits		-	2,200,000
Net cash used in investing activities		-	<u>2,200,000</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in short term borrowings - net		(390,000)	-
Increase/(decrease) in financing from directors and associates		(7,000,000)	(5,200,000)
Net cash generated from / (used in) financing activities		<u>(7,390,000)</u>	<u>(5,200,000)</u>
Net (decrease)/increase in cash and cash equivalents		<u>456,883</u>	<u>(235,305)</u>
Cash and cash equivalents at the beginning of the period		133,971	369,276
Cash and cash equivalents at the end of the period		<u>590,854</u>	<u>133,971</u>

The annexed notes form part of these financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 The company is limited by shares, incorporated in Pakistan on April 13, 1987 under the Companies Ordinance, 1984 (Repealed with the enactment of the companies Act, 2017) and the shares of the company are listed on Pakistan Stock Exchange Limited. The principal business of the company is manufacture and sale of yarn. The geographical location and address of the company's business units including plant as follows

Business Unit	Geographical location and address
Registered office	109-A, Street No.3, Cavalry Ground, Lahore Cantt, Lahore
Manufacturing Plant	38 KM, Sheekhupura Road, Tehsil Jaranwala, District, Faisalabad

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan, comprise of

- International financial reporting standards (IFRS Standards) issued by the international accounting standards Board (IASB) as notified under the companies Act 2017, and
- Provisions of and directives issued under the Companies Act 2017.

Where provisions of and directives issued under the companies Act 2017 differ from the IFRS standards, the provisions and directives issued under the companies Act 2017 have been followed.

2.2 Basis of Measurement

These financial statements have been prepared under the historical cost convention, except for certain items as disclosed in the relevant accounting Policies below.

Functional and presentation currency

These financial statements are presented in Pakistan Rupee (Rs. /Rupees) which is the company's functional currency. Amounts presented in the financial statements have been rounded off to the nearest of Rs. / Rupees, unless otherwise stated.

2.3 Key Judgments and estimates

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan, requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgment in the process of applying the company's accounting policies. The areas involving a high degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are documented in the following accounting policies and notes, and relate primarily to

- useful lives, residual values and depreciation method of Property, Plant and equipment [Refer to Note.5]
- Provision for slow moving inventories
- Obligation of defined benefit plans for employees
- Estimate of provision for warranty if any.
- Estimate of current and deferred tax.
- Estimate of contingent liabilities.

3 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

3.1 Standards amendments to approved accounting standards effective in current year

Following, standards, amendments and interpretation with respect to published accounting and reporting standards are effective from the date mentioned below

IFRS-9, Financial instruments, (effective for annual periods ending on or after June 30, 2019).

IFRS-9 addresses the classification, measurement and recognition of financial assets and financial liabilities and

replaces the guidance in IAS-39, that relates to the classification and measurement of financial instruments. IFRS-9, retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI, and fair value through profit or loss. The basis of classification depends on the entity's business model and contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with irrevocable option at inception to present changes in fair value in OCI with no recycling in future.

There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39.

IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after July 1, 2018).

The standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations.

IFRS 16 'Leases' (effective from annual period on or after January 1, 2019).

The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statement of financial position. IFRS 16 supersedes IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases-Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a lease'.

IFRIC 23 'Uncertainty over income tax treatments' (effective from accounting period beginning on or after January 1, 2019).

This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRS interpretations committee had clarified previously that IAS 12, not IAS 37 'Provisions, contingent liabilities and contingent assets', applies to accounting for uncertain income tax treatments. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.

Amendments to IFRS 9:

Prepayment Features with Negative Compensation Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

Amendments to IAS 19:

Plan Amendment, Curtailment or Settlement The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to determine the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event. An entity is also required to determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event, and the discount rate used to remeasure that net defined benefit liability (asset).

Amendments to IAS 28:

Long-term interests in associates and joint ventures The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture in which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests. The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

Amendments to IFRS 3 Business Combinations

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation. An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2019, with early application permitted.

Amendments to IFRS 11

Joint Arrangements An entity that participates in, but does not have joint control of a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured. An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after January 1, 2019, with early application permitted.

Amendments to IAS 12, Income Taxes

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where it originally recognised those past transactions or events. An entity applies the amendments for annual reporting periods beginning on or after January 1, 2019, with early application permitted. When the entity first applies these amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period.

Amendments to IAS 23, Borrowing Costs

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete. The entity applies the amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application permitted. Since the Group's current practice is in line with these amendments, they had no impact on the standards, amendment to publish standard and inter transactions better not yet effective and have not been early adopted by the company.

Amendments in Fourth schedule of Companies Act 2017

SECP through SRO dated July 29, 2019 has brought certain alterations in Fourth schedule of the company Act 2017. These alterations have resulted in elimination of certain disclosures in these financial statements of the company.

Standards, amendments to published standards and interpretations that are not yet effective and have not been early adopted by the Company

The following new standards and interpretations are not effective for the financial year beginning on July 1, 2019 and have not been early adopted by the company.

	Effective Date
-Definition of a business-Amendments to IFRS-3	January 01, 2020
-Interest rate benchmark reform-Amendments to IFRS-9, IAS-39, and IFRS-7	January 01, 2020
Definition of material-Amendments to IAS-1 and IAS-8	January 01, 2020
IFRS-7 Insurance Contracts	January 01, 2022

4 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Property, Plant and equipment**a Owned assets**

The Company has adopted revaluation model for its property, plant and equipment, except for factory equipment, office and

electric equipment and furniture and fixture. Property, plant and equipment except for capital work-in-progress are stated at cost less accumulated depreciation and impairment loss, if any. Freehold land has been transferred to investment property and is stated at fair value.

Depreciation charged on all depreciable assets is charged to profit and loss account on the reducing balance method over its estimated useful life at annual rates mentioned in note of fixed assets after taking into account their residual values.

Depreciation on additions is charged from the month in which asset is available for use and on disposal before the month of disposal. Residual values and the useful lives of the assets are reviewed at least at each financial year end and adjusted if impact on depreciation is significant.

Subsequent costs including major renewals and improvements are included in the carrying amount of the asset or are recognized as separate asset as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the company and cost can be measured reliably. The carrying amount of the replaced part is derecognized at the time of replacement. Normal repair and maintenance and day to day servicing are charged to the statement of profit or loss as incurred.

The depreciation methods, useful lives and residual values of items of property, plant and equipment are reviewed periodically and altered if circumstances or expectations have changed significantly. Any change or adjustment in depreciation method, useful lives and residual values is accounted for as a change in accounting estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' and is applied prospectively in the financial statements by adjusting the depreciation charge for the period in which the amendment or change has been made and for future periods. Disposal of an item of property, plant and equipment is recognized when significant risk and rewards, incidental to the ownership of that asset, have been transferred to the buyer. Gain and loss on disposal is determined by comparing the carrying amount of that asset with the sales proceeds and is recognized within 'other income / other operating expenses' in the statement of profit or loss.

b Leased Assets

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options. Leases are recognized as right-of-use assets and corresponding liabilities at the date at which the leased assets are available for use by the Company. The lease liabilities are initially measured at the present value of the remaining lease payments at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The lease liabilities are subsequently measured at amortised cost using the effective interest rate. Right-of-use assets are initially measured based on the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use assets are depreciated on reducing balance method. The carrying amount of the right of use asset is also reduced by impairment losses if any. At transition, the the company recognizes right to use assets equal to the present value of lease payments. Payments associated with short term leases and leases of low value assets are recognized on a straight line basis as an expense in profit or loss. Short term leases are leases with a lease term of less than 12 Months.

4.2 Capital Work In Progress

Capital work in progress is stated at cost less any impairment loss.

4.3 Stock In Trade

Stock In Trade have been stated at cost. Raw material in hand is measured at weighted average cost and raw material in transit is measured at Cost comprising invoice value plus other charges incurred thereon.

4.4 Stores, Spares and Loose tools

Stores, spares and loose tools are stated at lower of cost and net realizable value. The cost of inventory is based on weighted average cost. Items in transit are stated at cost accumulated up to the reporting date. The Company reviews the carrying amounts of stores, spares and loose tools on an on-going basis and provision is made for obsolescence if there is any change in usage.

4.5 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognized in the statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Current

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted in the reporting date. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in the previous years arising from assessments framed during the year for such year.

Deferred

Deferred tax is recognized using the balance sheet method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

4.6 Trade debts and other receivables

Trade debts and other receivables are classified as financial assets at amortized cost according to IFRS 9. Under IAS 39, trade and other receivables were previously classified as loans and receivables. Trade debts are initially recognized at original invoice amount which is the fair value of the consideration to be received in future and subsequently measured at cost less provision for doubtful debts. The Company uses simplified approach for measuring the expected credit losses for all trade and other receivables including contract assets based on lifetime expected credit losses. The Company estimates the credit losses using a provision matrix, where trade receivables are grouped based on different customer attributes along with historical, current and forward looking assumptions. Bad debts are written off with the approval of board of directors when identified.

4.7 Cash and Cash equivalents

Cash and cash equivalents are stated at cost in the statement of financial position. For the purpose of cash flow statement cash and cash equivalent consists of cash in hand and balances with banks.

4.8 Trade and other Payables

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

4.9 Financial liabilities

Financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. All financial liabilities are recognized initially at fair value less directly attributable transactions costs, if any, and subsequently measured at amortized cost using effective interest method.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a DE-recognition of original liability and recognition of a new liability and the difference in respective carrying amounts is recognized in the statement of profit or loss.

4.10 Financial assets

The details of new accounting policies after the application of IFRS 9 is as follows. The new IFRS effectively eliminated loans and receivables category of the previous IAS 39

4.10.1 Classification

Financial assets are classified, into following categories: financial assets at amortized cost, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income as per the requirements of IFRS-9. The financial assets are classified at initial recognition based on the business model used for managing the financial assets and contractual terms of the cash flows.

a Financial assets at amortized cost

A financial asset shall be classified as financial asset at amortized cost if both of the following conditions are met
-the assets held within a business-model whose objective is to hold assets in order to collect contractual cash flows
-Contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset shall be classified as financial asset at amortized cost if both of the following conditions are met

-the assets held within a business-model whose objective is to hold assets in order to collect contractual cash flows
-Contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b Financial assets at fair Value through other Comprehensive Income

Debt instruments whose contractual cash flows are solely payments of principal and interest and the objective of the company is achieved by both collecting cash flows and selling the financial assets.

Equity investments that are not held for trading and the company made an irrevocable election at initial recognition to measure it at fair value with only dividend income recognized in profit or loss.

c Financial assets at fair value through Profit or loss

Financial assets shall be measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income.

A debt instrument can be classified as financial asset at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring from measuring assets or liabilities or recognizing the gains or losses on them on different basis.

4.10.2 Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the statement of profit or loss. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. After initial recognition, financial assets are measured at amortized cost. Gains or losses arising from changes in fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of profit or loss within 'other income / other operating expenses' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the statement of profit or loss as part of 'other income' when the Company's right to receive payments is established. Gains or losses arising from changes in fair value of the 'financial assets at fair value through other comprehensive income' category are recognized in other comprehensive income with only dividend income recognized in profit or loss. The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from equity and recognized in the statement of profit or loss. Impairment losses recognized in the statement of profit or loss on equity instruments are not reversed through the statement of profit or loss.

4.11 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business.

4.12 Derivatives, financial instruments and hedging activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair values. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, if so, the nature of the item being hedged. The Company designates certain derivatives as either fair value hedge or cash flow hedge.

a Fair Value Hedge

A hedge of the exposure to changes in fair value of a recognized asset or liability or an unrecognized firm commitment or a component of any such item that is attributable to a particular risk and could affect profit or loss.

b Cash Flow Hedge

A hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with all or a component of a recognized asset or liability or a highly probable forecast transaction and could affect profit or loss.

4.13 Borrowing Costs

Borrowing costs are recognized as an expense in the period in which they 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.

4.14 Provision

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

4.15 Foreign currency Transactions

Transactions in foreign currencies are accounted for in Pakistan rupees at monthly average rates. Monetary assets and liabilities in foreign currencies are translated into rupees at the rate of exchange prevailing at the reporting date. Exchange gain or losses are charged to profit and loss account.

4.16 Impairment of Non-Financial assets

Non-financial assets are reviewed at each reporting date to identify circumstances indicating occurrence of impairment loss.

or reversal of previous impairment losses, if any. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Reversal of impairment loss is restricted to the original cost of the asset.

4.17 Revenue Recognition

According to the core principles of IFRS-15, the company recognizes the revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods and services. The company recognizes the revenue in accordance with that core principle by applying the following steps:

- Identify the contract with customer.
- Identify the performance obligations in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contract.
- Recognize revenue when the entity satisfies a performance obligation.

The company is involved in manufacturing and sale of foam and allied products. Revenue from sale of goods is recognized when the company satisfies a performance obligation (at a point of time) by transferring promised goods to customers being when the goods are dispatched to customers. Revenue is measured at fair value of the consideration received or receivable and is reduced for allowances such as taxes, duties, commission, sales returns and discounts. Income from different sources other than above is recognized on the following basis:

- Interest income is recognized on accrual basis.
- Dividend income is recognized when the right to receive payment is established.

4.18 Related Party Transactions

The company enters into transactions with related parties on arm's length basis. Prices for transactions with related parties are determined using admissible valuation methods, except in extremely rare circumstances where, subject to approval of the board of directors it is in the interest of the company to do so.

4.19 Long term investment in associates

Investment in associated companies is accounted for using the equity method of accounting. Under this method, investment is initially recognized at cost plus the company's equity in undistributed earnings and losses after acquisition, less any impairment in the value of individual investments.

4.20 Staff Retirement Benefits

The company operates a defined benefit plan i.e. gratuity scheme for all its permanent employees subject to attainment of retirement age and minimum service of prescribed period. Contributions are made to fund on the basis actuarial recommendations. Actuarial valuation is carried out using the projected unit credit method. All actuarial gains and losses are recognized in other comprehensive income.

4.21 Depreciation

Assets acquired under a finance lease are depreciated in the same manner and at the same rates used for similar owned assets, so as to depreciate these assets over their estimated useful lives in view of certainty of ownership of these assets at the end of lease term. Depreciation of the leased assets is charged to income.

4.22 Deferred income

Income arising from sale and lease back transaction, if any, which results in finance lease, is deferred and amortized equally over the lease period.

4.23 Investment properties

Properties comprising leasehold land and building which are not occupied by the Company and are held for capital appreciation or to earn rental income are classified as investment property in accordance with the requirements of International Accounting Standard (IAS)-40 'Investment Property'. These properties are carried at fair value, which is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. The valuation of the properties will be carried out with sufficient regularity.

4.24 Dividend and appropriations

Dividend is recognized as liability in period in which it is declared. Appropriations of profit are reflected in the statement of changes in equity at the period in which appropriations are approved.

4.25 Earning per Share

The company presents earning per share data for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period.

	June 30, 2020	June 30, 2019
	Rupees	
7 INVESTMENT PROPERTY		
Opening net book value	542,740,000	-
Transfer from property, plant & equipment during the year	-	542,740,000
Closing net book value	<u>542,740,000</u>	<u>542,740,000</u>

7.1 Investment property represents the fair value of land and building leased out by the company to MKB Spinning Mills Limited since April 01, 2017. The fair value of investment property is determined by the M/s Implac (Pvt.) Ltd. independent valuer as at June 28, 2019 having relevant professional experience. The fair market value was determined from market based evidence in accordance with the market value of similar land and building existing in near vicinity.

There are no contractual obligations to Purchase, Construct or develop Investment Property or for repairs, maintenance or enhancements.

7.2 Forced Sale Value

The forced sale value of Land and Building is 236.08 and 225.25 million respectively.

	June 30, 2020	June 30, 2019
	Rupees	
8 LONG TERM DEPOSITS		
Utilities	1,156,180	1,156,180
	<u>1,156,180</u>	<u>1,156,180</u>
9 STOCK IN TRADE		
Raw Material	57,528,875	57,528,875
Waste	343,872	343,872
	<u>57,872,747</u>	<u>57,872,747</u>

9.1 It includes carrying value of pledged stock amounting to Rs. 57,872 million (June 30, 2019: Rs. 57,872 million)

10 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

Bank Guarantee Margin

2,925,765	2,925,765
<u>2,925,765</u>	<u>2,925,765</u>

11 OTHER RECEIVABLE

Considered Good:

Mkb Spinning Mills Ltd, Fsd

Other receivables

TL1

14,200,000	10,900,000
9,895,975	9,895,975
<u>24,095,975</u>	<u>20,795,975</u>

11.1 This represents late payment surcharge and tariff adjustment claimed by Sui Northern Gas Pipelines Limited (SNGPL) against the orders of the Honorable Lahore High Court, Lahore while encashing bank guaranty by Silk Bank Limited. The Company has filed suit against the SNGPL for recovery of this amount which is pending adjudication.

	June 30, 2020	June 30, 2019
	Rupees	
12 ADVANCE INCOME TAX		
Opening balance	16,915,459	22,958,879
Adjusted against provision for taxation	-	75,000
Refund received during the year	(13,307,699)	(5,752,920)
Reversal of amount in assessment of Tax Refundable	(92,316)	(165,500)
	<u>3,515,444</u>	<u>16,915,459</u>

13 CASH AND BANK BALANCES

Cash in hand

Cash at banks

477,367	45,917
113,487	89,054
<u>590,854</u>	<u>133,971</u>

		June 30, 2020	June 30, 2019
		Rupees	
14 AUTHORIZED SHARE CAPITAL		150,000,000	150,000,000
15,000,000 (June 30, 2019: 15,000,000) Ordinary shares of Rs. 10 each			
ISSUED, SUBSCRIBED AND PAID UP SHARES CAPITAL			
14,100,000 (June 30, 2019: 14,100,000) Ordinary shares of Rs. 10 each Paid in cash	14.1	141,000,000	141,000,000
		141,000,000	141,000,000
14.1	The shareholders are entitled to receive all distributions to them including dividend and other entitlements in the form of bonus and right shares as and when declared by the company. All shares carry "one vote" per share without restriction. There is no movement in share capital during the year.		
		June 30, 2020	June 30, 2019
		Rupees	
15 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OF TAX			
Opening balance		501,459,316	378,579,086
Revaluation Surplus of Land and Building during the year		-	241,654,864
Impairment Loss on Plant & Machinery		-	(108,384,271)
15.1 Less: Transferred to unappropriated profit			
Incremental depreciation for the period		3,989,261	7,583,548
Related deferred tax liability		1,629,416	3,015,815
		5,618,677	10,599,363
		495,831,639	501,459,316
15.2 Less: Related deferred tax liabilities on			
Opening balance		82,547,017	85,562,832
Incremental depreciation for the year		(1,629,416)	(3,015,815)
		80,917,601	82,547,017
		414,914,038	418,903,299
16 LONG TERM FINANCING FROM BANKING COMPANIES - SECURED			
Demand Finance - Under mark up arrangements			
Demand finance - Settled amount	16.1	104,843,378	103,328,249
Demand finance - II	16.2	3,697,000	3,697,000
Demand finance - III	16.3	6,977,063	6,977,063
Demand finance - IV	16.4	174,170,823	174,170,823
Demand finance - IV (non-serviceable)	16.5	62,820,000	62,820,000
Demand finance - VIII	16.6	19,938,937	19,938,937
Forced demand finance	16.7	10,936,850	10,936,850
Frozen mark up			
Demand finance - II	16.8	252,000	252,000
Demand finance - III	16.9	140,091	140,091
Demand finance - IV	16.10	89,609,132	89,609,132
Demand finance - VIII	16.11	1,466,485	1,466,485
		474,851,799	475,336,630
Less: Current portion of long term loan due to decree by the banking companies		(474,851,799)	(475,336,630)
		-	-
16.1 Demand finance - Settled amount			
Gross amount payable	16.1.1	123,137,000	123,137,000
Present value adjustment - deferred notional income	16.1.2	(18,293,622)	(19,808,751)
Present value of settled amount		104,843,378	103,328,249

16.1.1 During the year ended June 30, 2013 the Company had rescheduled its Demand Finance - I amounted to Rs. 90,075 million, Term finance-I amounted to Rs. 18,639 million, Term finance III amounted to Rs. 3,336 million, Term finance IV amounted Rs. 40,00 million, Frozen markup on demand finance-I amounted 0.157 million and running finance amounted to Rs. 9.90 million in one demand finance facility aggregating to Rs.166,197 million with NIB Bank limited (now MCB Bank limited). As per the terms of revised agreement, the rescheduled loan is repayable in 106 monthly installments, commenced from June 12, 2013 and expiring on March 31, 2022. The restructured loan is secured against existing securities of the respective loan i.e. against joint post passu charge over land, building and machinery for Rs. 462.67 million(NIB bank's share in charge is Rs. 208.67 million), specific / exclusive charge of Rs. 124,246 million on machinery and 3 gas generators, second charge of Rs. 100 million over stocks and receivable and personal guarantee of the sponsoring directors of the company. The amount is settled as a result of consent decree passed by the court in favor of the bank and against the principal borrower and the guarantor for Rs. 250,011 million the basis of rescheduling agreement. Rescheduling agreement states that non payment of any three consecutive installments towards adjustment of the settled amount as required in terms of the rescheduled agreement shall be considered as a failure to satisfy the decree. In event of default, the bank shall be entitled to cancel / revoke any of the arrangement including waiver of markup under the rescheduling agreement and the principal borrower and the guarantor shall become immediately liable to pay to the bank forthwith the entire decretal amount less any payments made there under and the bank disregarding any arrangement shall immediately forthwith be entitled to continue execution of proceedings for recovery of decretal amount less any payment made against by the principal borrower and the guarantor.

16.1.2 This represent the difference between amortized cost and face value of interest free loan (rescheduled during the year ended on June 30, 2013) from NIB Bank Limited. amortized cost has been determined using effective interest rate of 10.00% per annum being the rate prevailing in the market. Movement of the present value adjustments is as follows. This represent the difference between amortized cost and face value of interest free loan (rescheduled during the year ended on June 30, 2013 as explained in note 16.1.1 above) from NIB Bank Limited. Amortized cost has been determined using effective interest rate of 10.00% per annum being the rate prevailing in the market. Movement of the present value adjustments is as follows:

	June 30, 2020	June 30, 2019
	Rupees	
Present value adjustments		
Opening balance	19,800,751	20,848,329
Amortized during the period	(1,515,329)	(1,039,578)
	18,285,422	19,808,751

16.2 The loan is obtained to finance fixed assets of the company. The loan is subject to mark up at the rate of 10 percent per annum payable quarterly (June 30, 2019: 10 percent per annum payable quarterly). The loan was repayable in thirty two quarterly installments, commencing from March 31, 2010 which expired on December 31, 2017. The loan is secured against first registered specific charge for Rs. 33,515 million over the textile machinery, first registered post passu charge for Rs. 66,00 million over all present and future fixed assets (including land, building and machinery) of the company.

16.3 The loan is obtained to adjust the existing RF facility of the company. The loan is subject to mark up at the rate of 10 percent per annum (June 30, 2019: 10 percent per annum payable quarterly). The loan was repayable in thirty two quarterly installments, commencing from March 31, 2010 which expired on December 31, 2017. The loan is secured against first registered specific charge for Rs. 33,515 million over the textile machinery, first registered post passu charge for Rs. 66,00 million over all present and future fixed assets (including land, building and machinery) of the company.

16.4 The loan was rescheduled and merged in one Demand finance, previously disclosed as DF-IV amounted to Rs.25 million, DF-V amounted to Rs. 70 million, DF-VI amounted to Rs.17 million DF-VII amounted to Rs. 65,208 million and lease finance facility amounted Rs.6,925 million. The loan is subject to marking at the rate of 3 months average KIBOR of quarter (June 30, 2019: 3 months average KIBOR). The loan was repayable in 30 installments payable quarterly commencing from September 30, 2009 which expired on December 31, 2017. The loan is secured against registered joint post passu charge of Rs.190 million on the present and future fixed assets (including land, building, plant and machinery) of the company valuing Rs. 472 million (already registered with SECP), additional second charge on a plot amounting to Rs. 40 million (currently mortgaged with Mezzan Bank Limited), ranking charge on fixed assets of the company of Rs. 29,957 million, ranking charge on fixed assets (including land, building and machinery) of the company of Rs. 54,860, exclusive hypothecation charge over plant and machinery amounting to Rs. 50,350 million, floating charge over plant and machinery amounting to Rs. 23,340. Exclusive hypothecation over plant and machinery amounting to Rs. 2,188 and personal guarantee of sponsoring director.

- 16.5** Overdue markup was converted into demand finance facility amounting to Rs. 65,825 million. The facility was repayable in 34 quarterly installments starting from September 30, 2009 which ended on December 31, 2017. The loan is secured against making charge on fixed assets of the company to cover markup for Rs. 65,825 million.
- 16.6** The loan was obtained to finance imported polyester subsequently restructured as demand finance. The loan was repayable in 32 quarterly installments commencing from March 31, 2010 which expired on December 31, 2017. The loan is secured against registered specific charge for Rs.33,515 million, registered pari passu charge of Rs.66 million on all present and future fixed assets of the company and accepted drafts and TRs.
- 16.7** This represents the forward loan created by SIB Bank on encashment of bank guarantee by Sai Northern Gas Pipe Lines Limited.
- 16.8** Deferred mark up on demand finance II for Rs. 0,252 million (June 30, 2019: Rs. 0,252 million) frozen and converted into long term financing. Frozen markup was payable in 28 equal quarterly installments of Rs. 0.019 million and 5 installments Rs. 0.020 million commencing from December 2009.
- 16.9** Deferred mark up on demand finance III as disclosed above of Rs. 0,140 million (June 30, 2019: for Rs. 0,140 million) froze and converted in to long term financing. Frozen markup was payable in 33 equal quarterly installments of Rs. 0.011 million commencing from December 2009.
- 16.10** Deferred mark up on demand finance IV of Rs. 89,609 million (June 30, 2019: Rs. 89,609 million) frozen and converted in to long term financing. Frozen markup was due to be paid in lump sum on December 31, 2017.
- 16.11** Deferred mark up on demand finance VIII as disclosed above for Rs. 1,466 million (June 30, 2019: Rs. 1,466 million) froze and converted into long term financing. Frozen markup was payable in 33 quarterly installments of Rs. 0.114 million commencing from December 2009.
- 16.12** The long term financing from Banking companies have been shown under the current liabilities in view of suits for recovery and execution applications filed by the banking companies under the Honorable Lahore High Court.

June 30, 2020 June 30, 2019
Rspees

17 LONG TERM FINANCING FROM DIRECTORS AND ASSOCIATES - UNSECURED

Interest free loan	17.1	133,061,600	140,061,600
Present value adjustment	17.2	(22,041,067)	(22,754,247)
		<u>111,020,533</u>	<u>117,307,353</u>

17.1 The directors of the Company have provided interest free loan to the Company to meet working Capital Requirements.

As at June 30, 2015, the management of the Company entered into an agreement with directors and associates and decided repayment terms of the interest free and unsecured loan (previously repayment terms of the loan were not determinable). According to the agreement, loan from directors and associates amounting to Rs. 80,561,600 will be paid on July 30, 2020 and remaining Rs. 52,500,000 will be paid on July 30, 2022. These loans have been recognized as amortized cost using effective discount rate of 10 percent. The resulting difference has been charged to profit and loss account and will be amortized over the remaining life of the loan. Out of the above amount, Rs. 52,500,000 has been subordinated to the loans from banking companies.

17.2 This represent the difference between amortized cost and face value of interest free loan. Amortized cost has been determined using effective interest rate of 10.00% per annum being the weighted average rate of return prevailing in the market. Movement of the deferred national income is as follows.

June 30, 2020 June 30, 2019
Rspees

Movement in present value			
Opening balance		22,754,247	34,802,183
Amortized during the period		(713,180)	(12,047,936)
		<u>22,041,067</u>	<u>22,754,247</u>

	June 30, 2020	June 30, 2019
	Rupees	
18 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Overdue installments	135,582,331	-
Upto one year	-	155,582,331
Minimum lease payments	155,582,331	155,582,331
Less: Finance charges for future years	(47,276,000)	(47,276,000)
Present value of minimum lease payments	108,306,331	108,306,331
Less: current maturity of lease liability	(108,306,331)	(108,306,331)
	-	-

18.1 The lease is obtained under sale and lease back transaction of plant and machinery from Bank of Punjab. The total lease rentals due under the lease agreements were payable in 33 quarterly installments commencing from December 31, 2009. The present value of minimum lease payments has been discounted at interest rate implicit in the lease, which equates to an interest rate of 3 months average KIBOR of the last day of quarter. The cost of repairs and insurance are borne by the lessee. The liability is secured by a lease agreement lien on leased assets, trust receipts to be executed in bank's favor and 33 post dated cheques for complete adjustment of principal.

18.2 Amount of lease liability includes an amount of Rs. 22,645 million (June 30, 2019: Rs. 22,645 million) deferred markup transferred to memo account. The deferred markup was payable in 16 quarterly installments starting from March 31, 2014 which ended on December 31, 2017. The breakup of the present value of minimum lease payment is given below.

	June 30, 2020	June 30, 2019
	Rupees	
Break up of minimum lease payments		
Lease liability	85,661,821	85,661,821
Deferred markup	22,644,510	22,644,510
	108,306,331	108,306,331

18.3 Current maturity of the lease liability		
Over due installments	108,306,331	108,306,331
Payable within one year	-	-
	108,306,331	108,306,331

19 DEFERRED LIABILITIES		
Staff retirement benefits - gratuity	19.1	6,936,010
Deferred tax	19.2	-
		6,936,010

19.1.1 The scheme provides for retirement benefits for all permanent employees who complete qualifying period of services with the company at varying percentages of last drawn salary. The percentage depends on the number of service years with the company. Annual provision is based on actuarial valuation, which was carried out as on June 30, 2019.

	June 30, 2020	June 30, 2019
	Rupees	
19.1.2 Movement in present value of defined benefit obligation		
Balance at the beginning of the period	6,936,010	10,695,919
Service cost (Current Service Cost + Past Service Cost + Gains/Losses on Settlements)	-	(4,186,227)
Interest cost	-	890,970
Benefit paid during the year	-	-
Actuarial (gain)/loss	-	(464,652)
Experience adjustment	-	-
Balance at the end of the period	6,936,010	6,936,010

19.1.3 Reconciliation of Net Defined Benefit Liability		
Net defined benefit liability at the beginning of the period	-	10,695,919
Cost chargeable to Statement of Profit or Loss during the period	-	(3,295,257)
Cost chargeable to Other Comprehensive Income	-	(464,652)
Benefits paid during the period	-	-
Net defined benefit liability at the end of the period	-	6,936,010

	June 30, 2020	June 30, 2019
	Rupees	
18.1.4 Amount chargeable to Statement of Profit or Loss		
Service cost	-	(4,196,227)
Net Interest on Net Defined Benefit Liability (Asset)	-	890,926
	-	(3,295,257)
18.1.5 Remeasurements of Net Defined Benefit Liability		
Actuarial (Gains)/Losses due to changes in Demographic Assumptions	-	-
Actuarial (Gains)/Losses due to changes in Financial Assumptions	-	-
Actuarial (Gains)/Losses due to experience adjustments	-	(464,652)
Ratios on Plan Assets	-	-
Effect of Changes in Asset Ceiling	-	-
Amount Chargeable to Other Comprehensive Income (OCI)	-	(464,652)
18.1.6 Average Expected Remaining Working Lifetime of Members		5 Years
Average Duration of Liabilities		3 Years
18.1.7 Principal Actuarial Assumptions (Sensitivity Analysis)		
Discount rate expected increase of +1%		6,727,290
Discount rate expected decrease of -1%		7,166,837
Estimated rate of increase in salary of the employees +1%		7,164,699
Estimated rate of increase in salary of the employees -1%		6,725,613
19.2 Deferred Tax		
Balance at the beginning of the period	-	49,700,560
Provided/Revised during the period	-	(49,700,560)
	-	-

During the year company reversed the opening deferred tax liability because company has brought forward losses on which deferred tax asset arrived. Company did not recognize deferred tax assets in the current year, as there are no temporary differences.

	June 30, 2020	June 30, 2019
	Rupees	
20 TRADE AND OTHER PAYABLES		
Trade creditors	16,070,945	16,070,945
Accrued liabilities	18,091,186	16,411,436
	34,162,131	32,482,381
21 ACCRUED INTEREST/MARK UP PAYABLE - SECURED FINANCES		
Long term financing from banking companies	43,782,571	43,782,571
Liabilities against assets subject to finance lease	26,650,426	26,650,426
Short term borrowings	27,087,037	27,087,037
	97,520,034	97,520,034
21.1 It includes overdue markup of Rupees 26.65 million (June 30, 2019: Rupees 26.65 million), Rupees 27.08 (June 30, 2019: Rupees 27.08) and Rupees 43.78 million (June 30, 2019: Rupees 43.78 million) on long term financing from banking companies, liabilities against assets subject to finance lease and on short term borrowings from banking companies respectively.		
22 SHORT TERM BORROWINGS - SECURED		
Cash finance from banking companies	22.1	
	143,465,534	143,855,534
	143,465,534	143,855,534

22.1 The aggregate of credit limits available for short term borrowings from banking companies were Rs. 275 million. These above facilities have expired on various dates by June 30, 2013.

22.2 These are secured against pledge of cotton bales at 30 percent margin, imported cotton at invoice value, polyester/yarn at 15 percent margin under lock and key of bank's approved warehouse, joint pari passu charge over land, building and machinery, exclusive charge on machinery, securities and personal guarantees of sponsoring directors.

These are subject to mark up ranging between 3 months KIBOR plus 3 percent (June 30, 2019: 3 months KIBOR plus 3 percent).

23 CONTINGENCIES AND COMMITMENTS

- 23.1** The Honorable Lahore High Court, while disposing the suit C.O.S No. 55/2012 passed a decree of Rupees 419,608 million together with the cost and the cost of funds in favour of the Bank of Punjab. The company has filed a regular first appeal no1017/2018 on August 09, 2016 before the Honorable Lahore High Court, Lahore. The outcome of the case is not ascertainable as at June 30, 2020. The legal counsel is hopeful that the outcome of the case will be decided in favour of the company.
- 23.2** The Bank of Punjab has filed execution petition no 82/2016 dated September 19, 2016 with the Honorable Lahore High Court, Lahore for execution of decree dated January 28, 2016 of Rs. 419,698 million together with the cost and the cost of fund in the favor of Bank of Punjab which is pending adjudication till the financial statements date.
- 23.3** The NIB Bank Limited (now MCB) has filed suit C.O.S No. 85/2009 before Honorable Lahore High court, Lahore against the company for recovery of Rupees. 297,403 million as outstanding dues against the banking facilities provided by the bank. Consent decree was passed on September 16, 2013 by the court in favor of the bank and against the principal borrower and the guarantor for Rs. 250,011 million on the basis of resettlement agreement dated September 04, 2013. Resettlement agreement states that non payment of any three consecutive installments towards adjustment of the settled amount as required in terms of the rescheduled agreement shall be considered as a failure to satisfy the decree. In event of default, the bank shall be entitled to cancel / revoke any of the arrangement including waiver of markup under the rescheduling agreement and the principal borrower and the guarantor shall become immediately liable to pay to the bank forthwith the entire decretal amount less any payments made there under and the bank disregarding any arrangement shall immediately forthwith be entitled to continue execution of proceedings for recovery of decretal amount less any payment made against by the principal borrower and the guarantor, however, consent decree have been implemented. As required in resettlement agreements company had applied to the court to withdrawal of its suit C.O.S No. 99/2009 filed against the bank and the case is disposed off by the Honorable judge of the Lahore High Court, Lahore.
- 23.4** The NIB Bank limited has filed an execution application no 87/2016 dated July 19, 2016 for execution of judgment and decree dated September 16, 2013 for the decreed amount of Rs 250,011 million with the honorable Lahore high court, Lahore plus cost of funds. The case is pending adjudication till the financial statements date.
- 23.5** The Silk Bank Limited has filed a suit C.O.S 67/2016 before Honorable Lahore High Court, Lahore against Company for recovery of Rupees 80,89 million as outstanding dues against the banking facilities provided by the bank. The case was shifted to the Banking Court by the Lahore High Court. The Company has also filed a suit against the bank before the Banking Court Lahore claiming recovery of Rs.89,156 million. The outcome of the case is not ascertainable as at June 30, 2020. However, legal counsel is hopeful that the outcome of the case will be decided in favour of the Company.
- 23.6** The Company has filed a writ petition before the Honorable Lahore High Court, Lahore against the illegal levy of license/permit fee to the tune of Rs. 200,000 by the District Govt. Faisalabad. Legal counsel of the company is of the view that this similar of petitions had already been decided by the Honorable Lahore High Court, Lahore in favour of petitioner. legal counsel is hopeful that the outcome of the case will be decided in favour of the company.

	June 30, 2020	June 30, 2019
	Rupees	

23.7 Claims not acknowledged in view of pending appeals before appellate authorities / high court	100,000	100,000
23.8 Indemnity bonds issued against exemption of sales tax and custom duty on import of machinery and local procurement of raw material	17,537,477	17,537,477
23.9 Bank guarantee issued in favor of Sai Northern Gas Pipelines Limited for supply of gas	6,000,000	6,000,000
23.10 Bank guarantee issued in favor of Collector of custom Karachi	2,675,000	2,675,000
23.11 Commitments outstanding	-	-

		June 30, 2020	June 30, 2019
		Rs/ps	
24 SALES		-	-
25 COST OF SALES			
Cost of goods manufactured	25.1	-	-
Finished Goods			
Opening stock		343,872	343,872
Closing stock		(343,872)	(343,872)
		-	-
Cost of goods sold		-	-
25.1 Cost of goods manufactured			
Raw material consumed	25.1.1	-	-
		-	-
Work in process:			
Opening stock		-	-
Closing stock		-	-
		-	-
25.1.1 Raw material consumed			
Opening stock		57,528,875	57,528,875
Closing stock		(57,528,875)	(57,528,875)
		-	-
25.1.2			
It represents the stock pledged and under custody of the bank and the cases are under litigation in the court of law.			
		June 30, 2020	June 30, 2019
		Rs/ps	
26 DISTRIBUTION COST		-	-
27 ADMINISTRATIVE EXPENSES:			
Directors' remuneration		1,800,000	1,800,000
Staff salaries and benefits		1,104,000	1,104,000
Staff retirement benefits - gratuity		-	890,970
Repair and Maintenance General		8,474,999	-
Fee and subscriptions		110,000	7,500
Auditors' remuneration	27.1	350,000	350,000
Impairment Loss on plant & machinery		-	6,714,508
Disallowed Expense-Prior Year Tax		92,206	-
Impairment Loss on sur gas long term deposit		-	2,280,000
Depreciation	5.2	23,792,284	40,581,792
		33,723,689	55,648,770
27.1 Auditor's Remuneration			
Annual audit fee		350,000	300,000
Half yearly fee		-	50,000
		350,000	350,000
28 OTHER OPERATING INCOME:			
Rent/ income		6,000,000	6,000,000
Creditor balances written back		-	453,500
Gain on settlement - Gratuity		-	4,186,227
Other income		-	8,845
		6,000,000	10,648,572

	June 30, 2020	June 30, 2019
	Rupees	
29 FINANCE COST		
Notional charges on interest free loans	2,228,309	13,087,514
Bank charges and commission	1,566	4,033
	<u>2,229,875</u>	<u>13,091,547</u>
30 TAXATION EXPENSES		
Current tax		
Current year	-	-
Prior year		290,500
Deferred tax		
Current year	-	(49,700,500)
	<u>-</u>	<u>(49,410,000)</u>

30.1 Relationship between tax expense and accounting profit

The relationship between tax expense and accounting profit has not been presented in these financial statements as the company has declared gross loss for the year.

		June 30, 2020	June 30, 2019
		Rupees	
31 Earning / (loss) per share - basic and diluted			
Profit / (loss) for the year	Rupees	(29,953,473)	(6,681,685)
Weighted average number of ordinary shares	Number	<u>14,100,000</u>	<u>14,100,000</u>
Earnings per share - basic	Rupees	<u>(2.12)</u>	<u>(0.42)</u>

There is no dilutive effect on basic loss per share of the company.

32 FINANCIAL INSTRUMENTS BY CATEGORY

Financial Assets as per Financial Statements

Loans and Receivables	2,925,765	2,925,765
Maturity upto one year:	24,095,975	20,795,975
Trade deposits and short term prepayments	590,854	133,971
Other receivables		
Cash and bank balances	1,156,180	1,156,180
Maturity after one year:	<u>28,768,774</u>	<u>25,011,891</u>
Long term deposits		

Financial Liabilities as per Financial Statements

Maturity upto one year:	34,162,131	32,482,381
Trade and other payables	235,776	235,776
Unclaimed dividend	97,520,035	97,520,035
Accrued interest / mark up	143,465,534	143,855,534
Short term borrowings	474,851,759	473,336,630
Current portion of Long term financing from banking companies	108,306,331	108,306,331
Liabilities against assets subject to finance lease		
Maturity after one year:	<u>111,020,533</u>	<u>117,307,353</u>
Long term financing from directors and associates	<u>969,562,099</u>	<u>973,044,040</u>

33 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The company has exposures to the following risks from its use of financial instruments.

- 33.1 Credit risk
- 33.2 Liquidity risk
- 33.3 Market risk

The board of directors has overall responsibility for the establishment and oversight of company's risk management framework. The board is also responsible for developing and monitoring the company's risk management policies.

33.1 Credit risk**Exposure to credit risk**

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the trade debts, loans and advances, trade deposits and short term prepayments and cash and bank balances. Out of total financial assets of Rs. 25,012 million (June 30, 2019: Rs. 21,447 million), financial assets which are subject to credit risk aggregate to Rs. 24,877 million (June 30, 2019: Rs. 21,077 million). The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows.

	June 30, 2020	June 30, 2019
	Rupees	
Long term deposits	1,156,180	1,156,189
Trade deposits	2,925,765	2,925,765
Other receivables	24,095,975	20,795,975
Cash and bank balances	590,854	173,971
	28,768,774	25,011,891

33.2 Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity 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. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

Lease Liabilities**2020**

	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
Finance lease	108,306,331	108,306,331	-	108,306,331	-	-

2019

	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
Finance Lease	108,306,331	108,306,331	-	108,306,331	-	-

Financial liabilities

	2020					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
Long term financing	474,851,759	474,851,759	-	474,851,759	-	-
Long term loans from	111,020,533	111,020,533	-	-	111,020,533	-
Trade and other	34,162,131	34,162,131	34,162,131	-	-	-
Unclaimed dividends	235,776	235,776	235,776	-	-	-
Accrued markup /	97,520,035	97,520,035	-	97,520,035	-	-
Short term borrowings	143,465,534	143,465,534	143,465,534	-	-	-
	861,255,768	861,255,768	177,863,441	572,371,794	111,020,533	-

	2019					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
Long term financing	473,336,630	473,336,630	-	473,336,630	-	-
Long term loans from	117,307,353	117,307,353	-	-	117,307,353	-
Trade and other	32,482,381	32,482,381	32,482,381	-	-	-
Unclaimed dividends	235,776	235,776	235,776	-	-	-
Interest	97,520,034	97,520,034	-	97,520,034	-	-
Short term borrowings	143,855,534	143,855,534	143,855,534	-	-	-
	864,737,709	864,737,709	176,573,691	570,856,664	117,307,353	-

33.2.1 The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark up rates effective as at June 30. The rates of mark up have been disclosed in relevant notes to these financial statements.

33.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiment, speculative activities, supply and demand of securities, and liquidity in the market. The company is exposed to currency risk and interest rate risk only.

33.3.1 Currency risk

Exposure to currency risk

The Company is not exposed to any currency risk as at the balance sheet date (2019: Nil), therefore no sensitivity analysis is required.

33.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposures arises from long term financing from banking companies, liabilities against assets subject to finance lease, short term borrowings and deposits in accounts with banks. At the balance sheet date the company is in litigation with the banking companies and has not provided the mark up on all borrowings. Therefore, risk of any can not be accurately determined at the balance sheet date the interest rate profile of the company's interest bearing financial instrument is as follow.

	June 30, 2020	June 30, 2019
	Rspees	
Fixed rate instruments		
Financial assets	-	-
Financial liabilities	32,471,576	32,471,576
Variable rate instruments		
Financial assets	-	-
Financial liabilities	694,152,048	693,026,919

Fair value sensitivity analysis for fixed rate instruments

The company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect profit and loss account.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rate at the reporting date would have increased/ (decreased) profit or loss by amounts shown below. This analysis assumes that all other variables, in a particular foreign currency rate (if any), remains constant. The analysis is performed on the same basis as for the previous year:-

33.4 Fair value of financial assets and liabilities

The carrying value of all financial instruments reflected in the financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

33.5 Off balance sheet items

	June 30, 2020	June 30, 2019
	Rupees	
Claims not acknowledged in view of pending appeals before appellate authorities / High court	100,000	100,000
Indemnity bonds issued against exemption of sales tax and custom duty on import of machinery and local procurement of raw material	17,537,477	17,537,477
Bank guarantee issued in favor of Sui Northern Gas Pipelines Limited for supply of gas	6,000,000	6,000,000
Bank guarantee issued in favor of the directors excise and taxation, Karachi	2,675,000	2,675,000

33.6 The effective rate of interest / mark up for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

34 CAPITAL RISK MANAGEMENT

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

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings divided by total capital employed. Borrowings represent long term financing from banking companies, long term financing from directors and associates, liability against asset subject to finance lease and short term borrowings. Total capital employed includes total equity as shown in the balance sheet plus borrowings.

	June 30, 2020	June 30, 2019
	Rupees	
Borrowings	Rupees 837,644,157	842,805,848
Total equity	Rupees 107,813,237	137,766,710
Total capital employed	Rupees 945,457,394	980,572,558
Gearing ratio	Percentage 88.60	85.95

	June 30, 2020	June 30, 2019
35 PLANT CAPACITY AND PRODUCTION		
Total number of spindles installed	29,016	29,016
Total number of spindles worked	-	-
Number of shifts per day	-	-
Installed capacity converted into 20'1 count (Kgs.)	11,889,912	11,889,912
Actual production converted into 20'1 count (Kgs.)	-	-

The company closed its business operation since June 16, 2016. Therefore no production during the year.

	June 30, 2020	June 30, 2019
	Rupees	
36 RELATED PARTY TRANSACTIONS		
36.1 Transactions with related parties		
Directors		
Receipt of loan from directors	-	300,000
Repayment of loan to director and associate	7,000,000	5,500,000

The company has related party relationship with its associated undertakings, its directors and executives officers. Transactions with related parties essentially entail sale and purchase of goods and / or services or Loans from the aforementioned concerns. All transactions are carried out on commercial basis.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The company considers all members of their management team, including the chief executive officer and directors to be its key management personnel.

36.2 Following are the related parties with whom the company had entered into transactions or have arrangements / agreements in place:

Sl. no.	Party Name	Basis of Relationship	Aggregate % of Share holding in the company
1.	Saeem Omer	CEO	16.63%
2.	Haseem Omer	Associate	N/A
3.	Mrs. Farah Nazam	Associate	N/A

37 REMUNERATION TO CHIEF EXECUTIVE AND EXECUTIVES

There is no executive in the company during the year (2019: Nil). There is only one chief executive and salaries and benefits amounting to Rs. 1,800,000 (2019: Rs. 1,800,000) are provided during the year. No salaries and benefits have been provided to the directors during the year.

38 CORRESPONDING FIGURES

Figures have been restated / reclassified in compliance with the accounting and reporting standards applicable in Pakistan wherever necessary to reflect more appropriate presentation for the purpose of comparison.

39 UN-CLAIMED DIVIDEND

This relates to un-claimed dividend, pertaining to various Past years and are still Un-claimed. This amount is being transferred to Profit bearing account and profit will be utilized for Corporate Social responsibility and other Specific Purposes.

40 NUMBER OF EMPLOYEES

	2020	2019
Number of employees worked as at June 30	4	4
Average number of employees worked during the year	4	4

41. IMPACT OF COVID-19

Operation of the company are normal since June, 2020 therefore no specific impact of covid-19 on these financial statements.

42. EVENTS AFTER THE BALANCE SHEET DATE

There are no subsequent events occurring after the balance sheet date.

43. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on **October 05, 2020** by the board of directors of the company.

**CHIEF EXECUTIVE****CHIEF FINANCIAL OFFICER****DIRECTOR**

FORM 34

THE COMPANIES ACT, 2017
(Section 227(2)(f))
PATTERN OF SHAREHOLDING

1.1 Name of the Company **BILAL FIBRES LIMITED**2.1. Pattern of holding of the shares held by the shareholders as at **30-06-2020**

2.2 No. of Shareholders	—Shareholdings—		Total Shares Held
	From	To	
169	1	100	9,076
449	101	500	195,384
151	501	1,000	142,859
283	1,001	5,000	832,800
109	5,001	10,000	896,954
48	10,001	15,000	621,815
36	15,001	20,000	653,707
9	20,001	25,000	214,500
17	25,001	30,000	485,000
8	30,001	35,000	261,500
6	35,001	40,000	235,500
7	40,001	45,000	305,000
12	45,001	50,000	595,634
5	50,001	55,000	262,600
4	55,001	60,000	236,000
2	60,001	65,000	126,000
2	65,001	70,000	132,000
2	70,001	75,000	150,000
1	85,001	90,000	85,500
4	95,001	100,000	400,000
2	100,001	105,000	204,500
1	105,001	110,000	108,500
3	110,001	115,000	343,000
2	115,001	120,000	233,500
1	120,001	125,000	123,500
3	145,001	150,000	446,500
1	155,001	160,000	159,500
1	185,001	190,000	185,500
1	200,001	205,000	201,500
1	285,001	290,000	289,000
1	295,001	300,000	300,000
1	345,001	350,000	350,000
1	370,001	375,000	373,500
1	495,001	500,000	500,000
1	575,001	580,000	575,497
1	1,090,001	1,095,000	1,094,500
1	1,765,001	1,770,000	1,769,674
1347			14,100,000

2.3 Categories of Shareholders	Shares Held	Percentage
2.3.1 Directors, Chief Executive Officer, and their spouse and minor children	2,405,986	17.0637
2.3.2 Associated Companies, undertakings and related parties. (Parent Company)	0	0.0000
2.3.3 NIT and ICP	8,033	0.0670
2.3.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	0	0.0000
2.3.5 Insurance Companies	52,100	0.3695
2.3.6 Modarabas and Mutual Funds	33	0.0002
2.3.7 Shareholders holding 10% or more	2,345,171	16.6324
2.3.8 General Public		
a. Local	11,632,814	82.5022
b. Foreign	0	0.0000
2.3.9 Others (to be specified)		
Joint Stock Companies	1,034	0.0073

BILAL FIBRES LIMITED
 Categories of Shareholding required under Code of Corporate Governance (CCG)
 As on June 30, 2020

Sr. No.	Name	No. of Shares Held	Percentage
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Associated Companies, Undertakings and Related Parties (Name Wise Detail):

- -

Mutual Funds (Name Wise Detail)

- -

Directors and their Spouse and Minor Children (Name Wise Detail):

1	MIAN NAEEM OMER	2,345,171	16.6324%
2	MR. MUHAMMAD ASGHAR	11,015	0.0781%
3	MR. SHAHID IQBAL	10,000	0.0709%
4	MR. MUHAMMAD OMER	10,000	0.0709%
5	MR. MUHAMMAD KASHIF	10,000	0.0709%
6	MR. MUHAMMAD ASLAM BHATTI	10,000	0.0709%
7	MR. MUHAMMAD ANWAR ABBAS	9,800	0.0695%

Executives:

- -

Public Sector Companies & Corporations:

- -

Banks, Development Finance Institutions, Non Banking Finance

52,133 0.3697%

Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:

Shareholders holding five percent or more voting interest in the listed company (Name Wise Detail)

1	MIAN NAEEM OMER	2,345,171	16.6324%
2	MR. MUHAMMAD RAFIQ ZAKI (CDC)	1,094,500	7.7624%

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:

S.No	NAME	SALE	PURCHASE
		Nil	

PROXY FORM

Folio No. _____ CDC Participants Identity Card No. _____ A/C No. _____

I/We _____

of _____ being

a member(s) of BILAL FIBRES LIMITED, a holder of _____

of ordinary as per Registered Folio No. _____

hereby appoint _____

of _____

Shares Registered Folio No. _____

who is also member of BILAL FIBRES LIMITED, as my proxy to vote for me and my behalf at the 34th Annual General Meeting of the Company to be held on Wednesday, October 28, 2020 and at any adjournment thereof.

Signed this _____ day of _____ 2020

Witness:

1.

Please affix Revenue Stamp

2.

NOTICE:

A member entitled to vote at this meeting may appoint a proxy. Proxies in order to be effective must be received at Registered Officer of the Company duly stamped and signed not later than 48 hours before the time of meeting.