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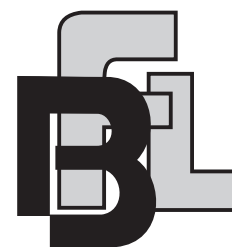


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BILAL FIBRES LIMITED

109-A, Street No. 3,
Cavalry Ground,
Lahore Cantt.

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BILAL
FIBRES LIMITED
(ISO 9001:2000 CERTIFIED)

3RD QUARTERLY REPORT

MARCH 31, 2020
(UN-AUDITED)



BILAL FIBRES LIMITED

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. Shahid Iqbal
Audit Committee	
Chairman:	Mr. Muhammad Aslam Bhatti
Member:	Mr. Anwaar Abbass
Member:	Mr. Muhammad Omer
Human Resource & Remuneration Committee	
Chairman:	Mr. Shahid Iqbal
Member:	Mr. Muhammad Kashif
Member:	Mr. Muhammad Asghar
Company Secretary	Mr. Muhammad Ijaz Shahid
Auditors	M/s Aslam Malik & Co Chartered Accountants Suit No. 18, 19, FF Floor, Central Plaza Barkat Market New Garden Town, Lahore.
Bankers	The Bank of Punjab NIB Bank Limited Silk Bank Limited
Share Registrar	M/s Corplink (Pvt.) Ltd. Wings Arcade, 1-K, Commercial, Model Town, Lahore.
Legal Advisor	Aakif Majeed Butt 9-G, Mushtaq Gurmani Road, Gulberg II, Lahore.
Head Office/ Registered Office	109-A, Street No. 3, Cavalry Ground, Lahore Cantt. Ph: +92 42 3667 2423 - 26 Fax: + 92 42 3717 5482 Email: fm@bilalfibres.com Web site: www.bilalfibres.com
Mills	38th KM, Sheikhpura Road, Tehsil Jaranwala, District Faisalabad.



BILAL FIBRES LIMITED

DIRECTORS' REPORT

The Directors of your company are presenting before you the un-audited condensed interim financial statements of the Company for the third quarter ended March 31, 2020.

These Accounts have been prepared in compliance with IAS-34 and being submitted as required under section 237 of Companies Act, 2017.

The Company has incurred a loss of Rs.49.742 million for the period ended March 31, 2020 as compared to last year period ended March 31, 2019 loss of Rs. 28.361 million.

OPERATING PERFORMANCE

During the period under review, your Company continued to sustain the prevailing critical challenges with regard to the economic conditions and the textile sector.

FUTURE PROSPECTS

The management has been working hard on resolution of the litigation with the banking companies and also very optimistic intensively for revival of the textile sector the way the government and APTMA are holding meetings and intensely working on different relief packages.

ACKNOWLEDGEMENT

Hereby, we do appreciate the efforts for the continued support and cooperation extended to us by our customers, suppliers and bankers. The invaluable services rendered by our employees during such crucial time are also thankfully recognized.

ڈائریکٹرز رپورٹ

آپ کی کمپنی کے ڈائریکٹرز 31 مارچ 2020 کو ختم ہونے والی نو ماہی کے لئے کمپنی کے غیر متوقع شدہ حسابات پیش کر رہی ہے۔

حسابات آئی اے ایس-34 کی بنیاد پر تیار کیے گئے ہیں اور کمپنیز ایکٹ 2017 کی دفعہ 237 کے تحت پیش کیے جا رہے ہیں۔

گزشتہ نو ماہی 2019 کی تقابلی مدت میں 28.361 ملین روپے نقصان کے مقابلے میں کمپنی کو 31 مارچ 2020 کو ختم مدت کے لئے 49.742 ملین روپے کا نقصان ہوا ہے۔

آپریٹنگ کارکردگی

زیر جائزہ مدت کے دوران آپ کی کمپنی نے موجودہ نازک اقتصادی حالات اور ٹیکسٹائل کے شعبہ کے حوالے سے اہم چیلنجز کا سامنا جاری رکھا ہوا ہے۔

مستقبل کے امکانات

ملز انتظامیہ مالیاتی اداروں کے ساتھ قانونی چارہ جوئی کے حل پر سخت محنت کر رہی ہے اور جس طرح ہی حکومت اور پیپٹا ٹیکسٹائل انڈسٹریز کی بحالی کے لئے مختلف میٹنگز اور ریلیف پیکیج پر کام کر رہی ہے، ملز انتظامیہ ٹیکسٹائل کے شعبہ کی بحالی کیلئے پرامید ہے۔

اعتماد و فکر

ہم اپنے صارفین، سپائزرز اور مالیاتی اداروں کے مسلسل تعاون اور مدد کو خراج تحسین پیش کرتے ہیں، ہم اس اہم وقت میں ہمارے ملازمین کی جانب سے پیش کی گئی انمول خدمات کے شکر گزار ہیں۔

For and behalf of the by Order of Board

(Naeem Omer)
Chief Executive

Lahore
Dated: April 28, 2020



BILAL FIBRES LIMITED

CHAIRMAN'S REVIEW REPORT

On behalf of the Board of Directors, I am presenting to you the Un-Audited Condensed Interim Financial Statements of the Company for the third quarter ended March 31, 2020, along with my review on the performance of the Company.

INDUSTRY OVERVIEW:

During the last few years, the textile sector has been facing different challenges and crisis due to the increased cost of doing business. Among such business environment, the volume of textile business has been falling down owing to the overall economic conditions of Pakistan.

COMPANY'S PERFORMANCE:

The management has been working very hard for resolution of the litigation cases with the banking companies and very optimistic for settlement of the cases positively.

FUTURE PROSPECTS:

The future of the company mainly depending on the future of the textile sector in Pakistan. Meanwhile, the mill has been working on lease whereas we have also been looking for other best possible and workable business options simultaneously.

ACKNOWLEDGEMENT:

I take this opportunity on my and on behalf of the board of directors of your company to acknowledge and thank the dedicated and sincere services of our employees. Whereas, I am also grateful to our bankers, shareholders and the government organizations for their support and usual cooperation.

چیئر مین کی جائزہ رپورٹ

بورڈ اور ڈائریکٹرز کی جانب سے میں آپ کی کمپنی کی کارکردگی پر اپنے جائزے کے ساتھ 31 مارچ 2020 کو ختم ہونے والی مدت کے لئے آپ کی کمپنی کا غیر آڈٹ شدہ نو ماہی مالیاتی حساب پر اپنے تاثرات پیش کر رہا ہوں۔

صنعتی جائزہ

پچھلے کچھ سالوں کے دوران ٹیکسٹائل سیکٹر کو کاروبار کرنے کی لاگت میں اضافے کی وجہ سے مختلف چیلنجز اور بحران کا سامنا کرنا پڑا ہے۔ اس طرح کے کاروباری ماحول میں، ٹیکسٹائل کا کاروبار کم ہو رہا ہے اور پاکستان کے مجموعی معاشی حالات کی وجہ سے اس کا حجم مسلسل کم ہو رہا ہے۔

کمپنی کی کارکردگی

انتظامیہ بینکنگ کمپنیوں کے ساتھ قانونی چارہ جوئی کے معاملات کو حل کرنے کے لئے بہت محنت کر رہی ہے اور معاملات کو مثبت طریقے سے حل کرنے کیلئے پرامید ہے۔

مستقبل کے امکانات

کمپنی کا مستقبل بنیادی طور پر پاکستان میں ٹیکسٹائل کے شعبہ کے مستقبل پر منحصر ہے۔ دریں اثنا ملز ریلیز پر چل رہی ہے جبکہ ہم بیک وقت دوسرے بہترین ممکنہ کاروباری مواقع کی تلاش میں ہیں۔

اعتماد و فکر

میں اپنے اور کمپنی کے بورڈ آف ڈائریکٹرز کی طرف سے اپنے ملازمین کی سرشار اور مخلص خدمات کا شکریہ ادا کرتا ہوں۔ مالیاتی اداروں، سرکاری اداروں اور حصص داران کی حمایت اور معمول کے تعاون پر بھی شکر گزار ہوں۔

Muhammad Omer
Chairman

Lahore
Dated: April 28, 2020



BILAL FIBRES LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2020 (UN-AUDITED)

		Un-audited Mar 31, 2020 Rupees	Audited June 30, 2019 Rupees
NON-CURRENT ASSETS			
Property, plant and equipment:	5	453,821,539	471,665,751
Investment Property	6	542,740,000	542,740,000
Long term deposits		1,156,180	1,156,180
		997,717,719	1,015,561,931
CURRENT ASSETS			
Stock in trade		57,872,747	57,872,747
Deposits and short Term Prepayments		2,925,765	2,925,765
Other receivables		24,195,975	20,795,975
Sales tax refundable		3,540,913	3,540,913
Advance tax		3,515,444	16,915,459
Cash and bank balance		3,089,947	133,971
		95,140,791	102,184,830
		1,092,858,510	1,117,746,761
SHARE CAPITAL AND REVERSED			
Authorised shares capital			
15,000,000 (June 30, 2019: 15,000,000) Ordinary shares of Rs. 10 each		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	7	141,000,000	141,000,000
Accumulated loss		(468,849,440)	(422,136,589)
Surplus on revaluation - Property, plant & equipment		415,873,685	418,903,299
		88,024,246	137,766,713
NON CURRENT LIABILITIES			
Long term financing from Banking Companies - Secured	8	-	-
Long term financing from directors and associates	9	39,478,467	117,307,353
Liabilities against assets subject to finance lease		-	-
Deferred liabilities		6,936,010	6,936,010
		46,414,477	124,243,363
CURRENT LIABILITIES			
Trade and other payables		33,185,131	32,482,381
Unclaimed dividend		235,776	235,776
Accrued Interest/Mark up payable		97,520,034	97,520,034
Short term borrowings		143,465,534	143,855,534
Current portion of:			
Long term financing from Banking Companies		493,145,381	473,336,630
Long term financing from directors and associates		82,561,600	-
Liabilities against assets subject to finance lease		108,306,331	108,306,331
		958,419,788	855,736,685
Contingencies and commitments	10	-	-
		1,092,858,510	1,117,746,761

The annexed notes form part of these financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR



BILAL FIBRES LIMITED

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)

FOR THE PERIOD ENDED MARCH 31, 2020

	Nine Month Period Ended Mar 31, 2020 Mar 31, 2019 (Rupees)		Quarter Ended Mar 31, 2020 Mar 31, 2019 (Rupees)	
Revenue	-	-	-	-
Cost of sales	-	-	-	-
Gross Profit/ (loss)	-	-	-	-
Distribution cost	(22,607,213)	(32,987,343)	(9,149,071)	(10,791,463)
Administrative expenses	4,500,000	8,849,933	1,500,000	1,508,015
Other operating income	(31,542,936)	(7,872,513)	(437,719)	1,042,059
Finance cost	(49,650,149)	(32,009,923)	(8,086,790)	(8,241,389)
Loss before taxation	(49,650,149)	(32,009,923)	(8,086,790)	(8,241,389)
Provision for taxation	(92,316)	3,648,725	-	(1,172,651)
Loss for the period	(49,742,465)	(28,361,198)	(8,086,790)	(9,414,040)
Loss per share - basic and diluted	(3.53)	(2.01)	(0.57)	(0.67)

The annexed notes form part of these financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR



BILAL FIBRES LIMITED

CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE PERIOD ENDED MARCH 31, 2020

	Nine Month Period Ended		Quarter Ended	
	Mar 31, 2020	Mar 31, 2019	Mar 31, 2020	Mar 31, 2019
	(Rupees)		(Rupees)	
Loss after taxation	(49,742,465)	(28,361,198)	(8,086,790)	(9,414,040)
Other comprehensive income				
Item that will not be reclassified to profit and loss account:				
Remeasurement of staff retirement benefits - net of deferred tax	-	28,821	-	28,821
Total comprehensive income / (loss) for the period	(49,742,465)	(28,332,377)	(8,086,790)	(9,385,219)

The annexed notes form part of these financial statements.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE PERIOD ENDED MARCH 31, 2020

	Share capital	Accumulated loss	Surplus on revaluation of fixed assets	Total
	(Rupees)			
Balance as on July 01, 2018	141,000,000	(421,303,103)	293,016,254	12,713,151
Total comprehensive loss for the period	-	(28,332,377)	-	(28,332,377)
Transfer from surplus on revaluation on account of Incremental depreciation - net of tax	-	5,181,112	(5,181,112)	-
Balance as on March 31, 2019	141,000,000	(444,454,368)	287,835,142	(15,619,223)
Balance as on July 01, 2019	141,000,000	(422,136,589)	418,903,299	137,766,713
Total comprehensive loss for the period	-	(49,742,465)	-	(49,742,465)
Transfer from surplus on revaluation on account of Incremental depreciation - net of tax	-	3,029,614	(3,029,614)	-
Balance as on March 31, 2020	141,000,000	(468,849,440)	415,873,685	88,024,248

The annexed notes form part of these financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR



BILAL FIBRES LIMITED

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE PERIOD ENDED MARCH 31, 2020

	Mar 31, 2020	Mar 31, 2019
Note	(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(49,650,149)	(32,009,923)
Adjustment for non-cash and other related items:		
Depreciation on operating fixed assets	15,688,493	28,167,166
Depreciation on Right of use assets	2,155,719	2,269,177
Notional income / expense on interest free loans	31,541,465	7,869,524
Finance cost	1,473	2,989
Remeasurement of staff retirement benefits - net of deferred tax	-	28,821
Cash flow generated from operating activities before working capital changes	(263,000)	6,327,754

Effect on cash flow due to working capital changes :

(Increase) / decrease in current assets:

Other receivables	(3,400,000)	(4,500,000)
Advance tax	13,307,699	-
Decrease in trade and other payables	702,750	(2,739,909)
Net cash used in working capital	10,610,449	(7,239,909)
Cash generated from / (used in) operations	10,347,449	(912,155)
Finance cost paid	(1,473)	(2,989)
Income tax paid	-	6,118,420
Net cash used in operating activities	10,345,976	5,203,276

CASH FLOWS FROM FINANCING ACTIVITIES

Payment of short term borrowings - net	(390,000)	-
Payment of financing from directors and associates	(7,000,000)	(5,200,000)
Net cash generated from / (used in) financing activities	(7,390,000)	(5,200,000)

Net (decrease)/increase in cash and cash equivalents **2,955,976** **3,276**

Cash and cash equivalents at the beginning of the period **133,971** **369,276**

Cash and cash equivalents at the end of the period **3,089,947** **372,552**

The annexed notes form part of these financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR



BILAL FIBRES LIMITED

SELECTED NOTES TO AND FORMING PART OF CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2020- (UNAUDITED)

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 The company is limited by shares, incorporated in Pakistan on April 13, 1987 under the repealed Companies Ordinance, 1984 (now the companies Act, 2017) and is quoted on Pakistan Stock Exchange Limited. The principal business of the company is manufacture and sale of yarn. The registered office of the company is situated at 109-A, Street No3, Cavalry Ground, Lahore. The manufacturing unit is located at 38 Kilometer Sheikhpura Road, Tehsil Jaranwala, District Faisalabad in the province of Punjab.

1.2 Significant transactions and events affecting the Company's financial position and performance

The Company had closed its operation since June 16, 2016 and reported accumulated losses of Rupees 468.85 million (June 30, 2019: Rupees 422.14 million). The current liabilities exceeded its current assets by Rupees 863.28 million (June 30, 2019: Rupees 753.55 million) as of balance sheet date. These conditions along with adverse key financial ratios and company's court cases with the banking companies on its inability to comply with covenants of loan agreements and to pay long term financing liabilities against assets subject to finance lease, short term borrowings and related finance costs on due dates indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern and therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business.

These financial statements, however, have been prepared under the going concern assumptions as the management after settling trade creditors is seeking amicable settlement of cases with the banking companies and at the same time in search of local or international investors to enter into joint venture arrangement to invest in the plant and machinery in order to compete with the international market players. Moreover, In order to meet the day to day expenses, the company has leased out the factory premises for a further period of 11 months which may be extended to 5 years.

2 STATEMENT OF COMPLIANCE

2.1 These condensed interim financial information have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International accounting standard (IAS) 34, Interim Financial Reporting, 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 with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 This condensed interim financial statement is unaudited and is being submitted to shareholders, as required by section 237 of Companies Act, 2017.

3 BASIS OF PREPARATION

3.1 This condensed interim financial information does not include all the information required for full financial statements and should be read in conjunction with the annual financial statements for the year ended June 30, 2019.

The accounting policies and computation methods adopted for the preparation of this condensed interim financial statements are the same as those applied in the preparation of the preceding annual published financial statements of the Company for the year ended June 30, 2019.

4 ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amount of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of the estimation are the same as those that applied to the financial statements for the year ended 30 June 2019.



BILAL FIBRES LIMITED

SELECTED NOTES TO AND FORMING PART OF CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2020- (UNAUDITED)

	Note	Mar 31, 2020	June 30, 2019
		Rupees	
5 Property, Plant and Equipment			
Operating assets	5.1	398,491,421	471,665,751
Right-of-use assets	5.2	55,330,118	-
		453,821,539	471,665,751
5.1 Operating assets			
Opening Book Value		471,665,751	930,431,458
Addition during the period/ year		-	-
Revaluation Surplus/ Impairment Loss during the year- Net		-	124,556,085
Transfer to Investment Property		-	(542,740,000)
Right of Use Assets		(57,485,837)	-
Depreciation charged during the period / year		(15,688,493)	(40,581,792)
		398,491,421	471,665,751
5.2 Right-of-use assets			
Opening Balance		-	-
Transfer from operating assets		57,485,837	-
Addition during the period/ year		-	-
Depreciation charged during the period		(2,155,719)	-
		55,330,118	-
6 INVESTMENT PROPERTY			
Opening net book value		542,740,000	-
Transfer from property, plant & equipment during the year		-	542,740,000
Fair value gain		-	-
Closing net book value		542,740,000	542,740,000
6.1 Investment property represents the 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 Impluse (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.			
6.2 Forced Sale Value			
The forced sale value of Land and Building is 236.08 and 225.25 million respectively.			
6.3 Particulars of investment properties (i.e land & building) are as follows:			
Description	Address	Area of land	Covered area of building
Land & building	Chak No 60-61/ R.B, 38-Km, Sheikhpura Road, Faisalabad	154.3 Kanals	250,349 Sq. Feet
	Note	Mar 31, 2020	June 30, 2019
		Rupees	
7 ISSUED, SUBSCRIBED AND PAID UP SHARES CAPITAL			
14,100,000 (June 30, 2019: 14,100,000) Ordinary shares of Rs. 10 each in cash	7.1	141,000,000	141,000,000
		141,000,000	141,000,000

7.1 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.



BILAL FIBRES LIMITED

SELECTED NOTES TO AND FORMING PART OF CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED MARCH 31, 2020- (UNAUDITED)

	Note	Mar 31, 2020	June 30, 2019
		Rupees	
8 LONG TERM FINANCING FROM BANKING COMPANIES - SECURED			
Demand Finance - Under mark up arrangements			
Demand finance - Settled amount	8.1	123,137,000	103,328,249
Demand finance - II	8.2	3,697,000	3,697,000
Demand finance - III	8.3	6,977,063	6,977,063
Demand finance - IV	8.4	174,170,823	174,170,823
Demand finance - IV (unserviceable)	8.5	62,820,000	62,820,000
Demand finance - VIII	8.6	19,938,937	19,938,937
Forced demand finance	8.7	10,936,850	10,936,850
Frozen mark up			
Demand finance - II	8.8	252,000	252,000
Demand finance - III	8.9	140,091	140,091
Demand finance - IV	8.10	89,609,132	89,609,132
Demand finance - VIII	8.11	1,466,485	1,466,485
		493,145,381	473,336,630
Less : Current portion of long term loan Due to decree by the banking companies		(493,145,381)	(473,336,630)
		-	-

8.1 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. 7.336 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). The restructured loan is secured against existing securities of the respective loan i.e. against joint pari passu charge over land, building and machinery for Rs. 462.67 million(NIB bank's share in charge is Rs. 206.67 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.

8.2 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 pari passu charge for Rs. 66.00 million over all present and future fixed assets (including land, building and machinery) of the company.

8.3 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, 2018: 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 pari passu charge for Rs. 66.00 million over all present and future fixed assets (including land, building and machinery) of the company.



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SELECTED NOTES TO AND FORMING PART OF CONDENSED INTERIM FINANCIAL STATEMENTS

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- 8.4 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 markup at the rate of 3 months average KIBOR of quarter (June 30, 2018: 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 pari 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 Meezan Bank Limited), ranking charge on fixed assets of the company of Rs. 29.933 million, ranking charge on fixed assets (including land, building and machinery) of the company of Rs. 54.660, exclusive hypothecation charge over plant and machinery amounting to Rs. 50.350 million, floating charge over plant and machinery amounting to Rs. 23.140. Exclusive hypothecation over plant and machinery amounting to Rs. 2.188 and personal guarantees of sponsoring director.
- 8.5 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 ranking charge on fixed assets of the company to cover markup for Rs. 65.825 million.
- 8.6 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.
- 8.7 This represents the forced loan created by Silk Bank on encashment of bank guarantee by Sui Northern Gas Pipe Lines Limited.
- 8.8 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.
- 8.9 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.
- 8.10 Deferred mark up on demand finance IV of Rs. 89.609 million (June 30, 2019: Rs. 89.609 million) freezed and converted in to long term financing. Frozen markup was due to be paid in lump sum on December 31, 2017.
- 8.11 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.
- 8.12 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 , Lahore as disclosed in Note number 10 to the financial statements. The detail of the financial arrangements with the banking companies is given in the Note numbers 8.1 to 8.11

9 LONG TERM FINANCING FROM DIRECTORS AND ASSOCIATES - UNSECURED

Interest free loan	9.1	140,061,600	140,061,600
Paid during the year		(7,000,000)	-
		133,061,600	140,061,600
Current Portion of Long Term Financing		(82,561,600)	-
		50,500,000	
Present value adjustment	9.3	(11,021,533)	(22,754,247)
		39,478,467	117,307,353



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9.1 According to the Loan agreement, loan from directors and associates amounting to Rs. 82,561,600 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 at amortized cost using effective. The resulting difference has been charged to profit and loss account and will be amortized over the remaining life of the loan.

9.2 Out of the above amount, Rs. 52,500,000 has subordinated to the loans from banking companies.

9.3 This represent the difference between amortized cost and face value of interest free loan. Movement of the deferred notional income is as follows.

10 CONTINGENCIES AND COMMITMENTS

10.1 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 no1017/2016 on August 09, 2016 before the Honorable Lahore High Court, Lahore. The outcome of the case is not ascertainable as at September 30, 2019. The legal counsel is hopeful that the outcome of the case will be decided in favour of the company.

10.2 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. 419.608 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.

10.3 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.

10.4 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.

10.5 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 September 30, 2019. However, legal counsel is hopeful that the outcome of the case will be decided in favor of the Company.

10.6 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 council is hopeful that the outcome of the case will be decided in favour of the company.



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Note	Mar 31, 2020	June 30, 2019
	Rupees	
10.7 Claims not acknowledged in view of pending appeals before appellate authorities / high court	100,000	100,000
10.8 Indemnity bonds issued against exemption of sale tax and custom duty on import of machinery and local procurement of raw material	17,537,477	17,537,477
10.9 Bank guarantee issued in favor of Sui Northern Gas Pipelines Limited for supply of gas	6,000,000	6,000,000
10.10 Bank guarantee issued in favor of Collector of custom Karachi	2,675,000	2,675,000
Commitments outstanding	-	-

11 TRANSACTION WITH RELATED PARTIES

The related parties comprise of associated undertakings, other related companies and key management personnel. The company in the normal course of business carried out transactions with related parties. There are no other significant related party transactions.

12 CORRESPONDING FIGURES

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

13 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on April 28, 2020 by the board of directors of the company.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR