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BILAL FIBRES LIMITED
(ISO 9001:2000 CERTIFIED)

1ST QUARTERLY REPORT

SEPTEMBER 30, 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. 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 Centrte, 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, 1-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, Sheikhupura 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 first quarter ended September 30, 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.12.483 million for the period ended September 30, 2020 as compared to last year period ended September 30, 2019 loss of Rs.8.505 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 for revival of the textile sector the way the new 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 30 ستمبر 2020 کو ختم ہونے والی سہ ماہی کے لئے کمپنی کے غیر آڈٹ شدہ حسابات پیش کر رہے ہیں۔

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

گزشتہ سہ ماہی 2019 کی تقابلی مدت میں 8.505 ملین روپے نقصان کے مقابلے میں کمپنی کو 30 ستمبر 2020 کو مختتمہ مدت کے لئے 12.483 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 نئی حکومت اور اپٹما ٹیکسٹائل انڈسٹریز کی بحالی کے لئے مختلف میٹینگز اور ریلیف پیکجز پر کام کر رہی ہے، ملز انتظامیہ ٹیکسٹائل کے شعبے کی بحالی کیلئے پر امید ہے۔

اظہار تشکر
ہم اپنے صارفین، سپائرز 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

Lahore
Dated: October 26, 2020

(Naeem Omer)
Chief Executive

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 first quarter ended September 30, 2020. Along with my review on the performance of your 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 adverse economic conditions of Pakistan.

COMPANY'S PERFORMANCE:

The management has been working very hard for resolution of the litigation cases with the banking companie 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 m 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.

چیئرمین کی جائزہ رپورٹ

بورڈ اور ڈائریکٹرز کی جانب سے میں آپ کی کمپنی کی کارکردگی پر اپنے جائزے کے ساتھ 30 ستمبر 2020 ء کو ختم ہونے والی مدت کے لئے آپ کی کمپنی کے غیر آڈٹ شدہ سہ 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 منفی 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 پر امید ہے۔

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

اظہار تشکر
میں اپنے اور کمپنی کے بورڈ آف ڈائیریکٹرز 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۔

Lahore
Dated: October 26, 2020

Muhammad Omer
Chairman

BILAL FIBRES LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2020

	Note	Un-audited September 30, 2020	Audited June 30, 2020
		Rupees	
NON-CURRENT ASSETS			
Property, plant and equipment:			
Operating fixed assets	3	388,299,125	393,261,924
Right of Use asset		53,928,900	54,611,544
Investment Property	4	542,740,000	542,740,000
Long term deposits		1,156,180	1,156,180
		986,124,205	**991,769,648**
CURRENT ASSETS			
Stock in trade		57,872,747	57,872,747
Deposits and short Term Prepayments		2,925,765	2,925,765
Other receivables		18,295,975	24,095,975
Sales tax refundable		3,540,913	3,540,913
Advance tax		3,515,444	3,515,444
Cash and bank balance		379,854	590,854
		86,530,698	**92,541,698**
		1,072,654,903	**1,084,311,346**
SHARE CAPITAL AND REVERSES			
Authorised shares capital			
15,000,000 (June 30, 2019: 15,000,000) Ordinary shares of Rs. 10 each	5	**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	5	141,000,000	141,000,000
Accumulated loss		(458,921,440)	(448,100,801)
Surplus on revaluation - Property, plant & equipment	6	413,251,846	414,914,038
		95,330,406	**107,813,237**
NON CURRENT LIABILITIES			
Long term financing from Banking Companies - Secured	7	-	-
Long term financing from directors and associates	8	111,020,533	111,020,533
Liabilities against assets subject to finance lease		-	-
Deferred liabilities		6,936,010	6,936,010
		117,956,543	**117,956,543**
CURRENT LIABILITIES			
Trade and other payables		34,892,131	34,162,131
Unclaimed dividend		235,776	235,776
Accrued Interest/Mark up payable		97,520,035	97,520,035
Short term borrowings		143,465,534	143,465,534
Current portion of:			
Long term financing from Banking Companies		474,948,147	474,851,759
Liabilities against assets subject to finance lease		108,306,331	108,306,331
		859,367,954	**858,541,566**
Contingencies and commitments	9	-	-
		1,072,654,903	**1,084,311,346**

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
FOR THE PERIOD ENDED SEPTEMBER 30, 2020 (UN-AUDITED)

	First Quarter Ended September 30, 2020	September 30, 2019
	(Rupees)	
Sales	-	-
Cost of sales	-	-
Gross loss	-	-
Distribution cost	-	-
Administrative expenses	(13,886,443)	(6,674,071)
Other operating income	1,500,000	1,500,000
Finance cost	(96,388)	(3,330,970)
	(12,482,831)	**(8,505,041)**
Loss before taxation	**(12,482,831)**	**(8,505,041)**
Provision for taxation	-	-
Loss for the period	**(12,482,831)**	**(8,505,041)**
Loss per share - basic and diluted	**(0.89)**	**(0.60)**

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

FOR THE PERIOD ENDED SEPTEMBER 30, 2020 (UN-AUDITED)

	First Quarter Ended	
	September 30, 2020	September 30, 2019
	(Rupees)	
Loss after taxation	**(12,482,831)**	**(8,505,041)**
Total comprehensive loss for the period	**(12,482,831)**	**(8,505,041)**

The annexed notes form part of these financial statements.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED SEPTEMBER 30, 2020 (UN-AUDITED)

Particulars	Share capital	Accumulated loss	Surplus on revaluation of fixed assets	Total
	(Rupees)			
Balance as on 01 July 2019	141,000,000	(422,136,589)	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 Loss for the period	-	(29,953,473)	-	(29,953,473)
Other comprehensive loss for the period	-		-	-
Balance as on June 30, 2019	**141,000,000**	**(448,100,801)**	**414,914,038**	**107,813,237**
Transfer from surplus on revaluation on account of incremental depreciation - net of tax	-	1,662,192	(1,662,192)	-
Net Loss for the period		(12,482,831)	-	(12,482,831)
Other comprehensive loss for the period	-	-	-	-
Balance as on September 30, 2020	**141,000,000**	**(458,921,440)**	**413,251,846**	**95,330,406**

The annexed notes form part of these financial statements.

CHIEF EXECUTIVE CHIEF FINANCIAL OFFICER DIRECTOR

BILAL FIBRES LIMITED

CONDENSED INTERIM STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED SEPTEMBER 30, 2020 (UN-AUDITED)

	First Quarter Ended	
	September 30, 2020	September 30, 2019
	(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(12,482,831)	(8,505,041)
Adjustment for non-cash and other related items:		
Depreciation on operating fixed assets	4,962,799	5,229,498
Depreciation on assets subject to finance lease	682,644	718,573
Finance cost	96,388	3,330,970
Cash flow generated from operating activities before working capital changes	**(6,741,000)**	**774,000**
Effect on cash flow due to working capital changes :		
(Increase) / decrease in current assets:		
Other receivables	5,800,000	(1,500,000)
Increase in trade and other payables	730,000	726,000
Net cash used in working capital	**6,530,000**	**(774,000)**
Cash generated from / (used in) operations	**(211,000)**	-
Net cash used in operating activities	**(211,000)**	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Long term deposits	-	-
Net cash used in investing activities	-	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase/(decrease) in short term borrowings - net	-	-
Increase/(decrease) in financing from directors and associates	-	-
Net cash generated from /(used in) financing activities	-	-
Net (decrease)/increase in cash and cash equivalents	**(211,000)**	-
Cash and cash equivalents at the beginning of the period	590,854	133,971
Cash and cash equivalents at the end of the period	**379,854**	133,971

The annexed notes form part of these financial statements.

CHIEF EXECUTIVE CHIEF FINANCIAL OFFICER DIRECTOR

1 LEGAL STATUS AND OPERATIONS

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, Sheikhupura Road, Tehsil Jarranwala, District , Faisalabad

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of Compliance

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; (The Act): And
- Provisions of and directives issued under the Companies Act.

Where provisions of and directives issued under the Companies Act differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Application of New and revised International Financial reporting Standards

2.2.1 Standards, Amendments to standard and interpretations becoming effective during the period

These are certain new standards, amendments to standards and interpretations that become effective during the period and are mandatory for accounting periods of the company begnning on or after July 01, 2019, but are not considered relevant or not to have any significant effect on the company's operations and are, therefore, not disclosed in these condensed interim financial statements.

2.2.2 Standards, Amendments to standard and interpretations becoming effective during the period

There are certain new standards, amendments to standards and interpretations that become effective in future periods, but are considered not to be relevant or not to have any significant effect on the company's operations and are, therefore not disclosed in these condensed interim financial statements.

2.3 Basis of Preperation

This condensed interim financial statement have been prepared under the historical cost convention, except certain items as disclosed in these condensed interim financial statement. These condensed interim financial statement do not include alll the information required for complete set of financial statement and should be read in conjunction with the Company's published audited financial statements for the year ended June 30, 2020.

2.4 Accounting Policies and methods of Computations

The accounting policies and methods of computation followed in the preparation of these condensed interim financial statements are the same as applied in the preparation of the published audited financial statements for the year ended June 30, 2020.

2.5 Financial Risk Management

The Company's risk management objectives and policies are consistent with these objectives and policies which were disclosed in financial statement of the company as at and for the year ended June 30, 2020.

BILAL FIBRES LIMITED

SELECTED NOTES TO AND FORMING PART OF CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED SEPTEMBER 30, 2020

	Note	Un-audited September 30, 2020	Audited June 30, 2020
		Rupees	
3 Property, Plant and Equipment			
Operating assets	3.1	388,299,125	393,261,924
Right-of-use assets	3.2	53,928,900	54,611,544
		442,228,025	**447,873,468**
3.1 Operating assets			
Opening Book Value		393,261,924	424,532,671
Depreciation charged during the period / year		(4,962,799)	(31,270,747)
		388,299,125	**393,261,924**
3.2 Right-of-use assets			
Opening Balance		54,611,544	57,485,837
Depreciation charged during the period		(682,644)	(2,874,293)
		53,928,900	**54,611,544**
4 INVESTMENT PROPERTY			
Opening net book value		542,740,000	542,740,000
Closing net book value		**542,740,000**	**542,740,000**

4.1 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.

4.2 Forced Sale Value

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

4.3 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,	154.3 Kanals	250,349 Sq. Feet

	Note	Un-audited September 30, 2020	Audited June 30, 2020
		Rupees	
5 AUTHORIZED SHARE CAPITAL			
15,000,000 (June 30, 2020: 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, 2020: 14,100,000) Ordinary shares of Rs. 10 each Paid in cash	5.1	141,000,000	141,000,000
		141,000,000	**141,000,000**

5.1 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.

6 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPEMENT - NET OF TAX	Un-audited September 30, 2020	Audited June 30, 2020
	Rupees	
Opening balance	495,831,639	501,450,316
6.1 Less: Transferred to unappropriated profit		
Incremental depreciation for the period	1,662,192	3,989,261
Related deferred tax liability	678,923	1,629,416
	2,341,115	5,618,677
	493,490,524	**495,831,639**
6.2 Less: Related deferred tax liabilities on		
Opening balance	80,917,601	82,547,017
incremental depreciation for the year	(678,923)	(1,629,416)
	80,238,678	80,917,601
	413,251,846	**414,914,038**

	Note	Un-audited September 30, 2020	Audited June 30, 2020
		Rupees	
7 LONG TERM FINANCING FROM BANKING COMPANIES - SECURED			
Demand Finance - Under mark up arrangements			
Demand finance - Settled amount	7.1	104,939,766	104,843,378
Demand finance - II	7.2	3,697,000	3,697,000
Demand finance - III	7.3	6,977,063	6,977,063
Demand finance - IV	7.4	174,170,823	174,170,823
Demand finance - IV (unserviceable)	7.5	62,820,000	62,820,000
Demand finance - VIII	7.6	19,938,937	19,938,937
Forced demand finance	7.7	10,936,850	10,936,850
Frozen mark up			
Demand finance - II	7.8	252,000	252,000
Demand finance - III	7.9	140,091	140,091
Demand finance - IV	7.10	89,609,132	89,609,132
Demand finance - VIII	7.11	1,466,485	1,466,485
		474,948,147	**474,851,759**
Less : Current portion of long term loan Due to decree by the banking companies		**(474,948,147)**	**(474,851,759)**
		-	-

7.1 Demand finance - Settled amount

	Note	Un-audited September 30, 2020	Audited June 30, 2020
Gross amount payable	7.1.1	123,137,000	123,137,000
Present value adjustment - deferred notional income	7.1.2	(18,197,234)	(18,293,622)
Present value of settled amount		**104,939,766**	**104,843,378**

7.1.1 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. 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). 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 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 decreetal 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 decreetal amount less any payment made against by the principal borrower and the guarantor.

7.1.2 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. mortized 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 18.1.1 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.

	Un-audited September 30, 2020	Audited June 30, 2020
	Rupees	
Present value adjustments		
Opening balance	18,293,622	19,808,751
Amortized during the period	(96,388)	(1,515,129)
	18,197,234	**18,293,622**

7.2 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.

BILAL FIBRES LIMITED
SELECTED NOTES TO AND FORMING PART OF CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2020

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

7.4 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, 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 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.

7.5 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.

7.6 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.

7.7 This represents the forced loan created by Silk Bank on encashment of bank guarantee by Sui Northern Gas Pipe Lines Limited.

7.8 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.

7.9 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.

7.10 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.

7.11 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.

7.12 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.

	Note	Un-audited September 30, 2020	Audited June 30, 2020
		Rupees	
8 LONG TERM FINANCING FROM DIRECTORS AND ASSOCIATES - UNSECURED			
Interest free loan	8.1	133,061,600	133,061,600
Present value adjustment	8.2	(22,041,067)	(22,041,067)
		111,020,533	**111,020,533**

8.1 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 at 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.

8.2 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 notional income is as follows.

	Un-audited September 30, 2020	Audited June 30, 2020
	Rupees	
Movement in present value		
Opening balance	22,041,067	22,754,247
Amortized during the period	-	(713,180)
	22,041,067	**22,041,067**

BILAL FIBRES LIMITED

SELECTED NOTES TO AND FORMING PART OF CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED SEPTEMBER 30, 2020

9 CONTINGENCIES AND COMMITMENTS

9.1 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 June 30, 2020. The legal counsel is hopeful that the outcome of the case will be decided in favour of the company.

9.2 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.

9.3 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 decreetal 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 decreetal 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.

9.4 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.

9.5 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 favor of the Company.

9.6 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.

		Un-audited September 30, 2020	Audited June 30, 2020
		Rupees	
9.7	Claims not acknowledged in view of pending appeals before appellate authorities / high court	100,000	100,000
9.8	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
9.9	Bank guarantee issued in favor of Sui Northern Gas Pipelines Limited for supply of gas	6,000,000	6,000,000
9.10	Bank guarantee issued in favor of Collector of custom Karachi	2,675,000	2,675,000
	Commitments outstanding	-	-

10 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.

11 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.

12 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on **October 26 , 2020** by the board of directors of the company.

CHIEF EXECUTIVE | CHIEF FINANCIAL OFFICER | DIRECTOR