

# **36<sup>th</sup> Annual Report 2022**

**BILAL**  
**FIBRES LIMITED**

# **ANNUAL REPORT 2022**

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## COMPANY INFORMATION

<b>Chief Executive</b>	Mr. Naeem Omer
<b>Chairman</b>	Mr. Muhammad Omer
<b>Directors</b>	Mr. Naeem Omer Mr. Anwaar Abbass Mr. Muhammad Asghar Mr. Muhammad Aslam Bhatti Mr. Muhammad Kashif Mr. Muhammad Omer Mr. Shahid Iqbal
<b>Audit Committee</b>	
<b>Chairman:</b>	Mr. Muhammad Aslam Bhatti
<b>Member:</b>	Mr. Anwaar Abbass
<b>Member:</b>	Mr. Muhammad Omer
<b>Human Resource &amp; Remuneration Committee</b>	
<b>Chairman:</b>	Mr. Muhammad Kashif
<b>Member:</b>	Mr. Muhammad Asghar
<b>Member:</b>	Mr. Shahid Iqbal
<b>Company Secretary</b>	Mr. Muhammad Ijaz Shahid
<b>Auditors</b>	M/s Mushtaq & Co. Chartered Accountants 19-B, Block G, Gulberg-III, Lahore.
<b>Bankers</b>	The Bank of Punjab MCB (NIB) Bank Limited Silk Bank Limited
<b>Share Registrar</b>	M/s Corplink (Pvt.) Ltd. Wings Arcade, I-K, Commercial, Model Town, Lahore.
<b>Legal Advisor</b>	Aakif Majeed But 9-G, Mustaq Gurmani Road, Gulberg II, Lahore
<b>Head Office / Registered Office</b>	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
<b>Mills</b>	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 36th 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 Thursday October 27, 2022 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 27, 2021.
2. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended June 30, 2022 together with the Directors' and Auditors' reports thereon.
3. To appoint auditors and fix their remuneration for the next year ending on June 30, 2023
4. To consider any other business with the permission of chair.

Lahore:  
Dated: October 05, 2022

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

**NOTES:**

- 1) The share transfer books of the company will remain closed from October 21, 2022 to October 27, 2022 (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 I.D 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 I.D 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 wellbeing 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, I-K, Commercial Model Town, Lahore.
- 7) The audited financial statement of the Company for the year ended June 30, 2022 have been placed at the Company's website: [www.bilalfibres.com](http://www.bilalfibres.com)

## اطلاع برائے سالانہ اجلاس عام

- بیل فائبر لمیٹڈ کے تمام حصص داران کو بذریعہ نوٹس بذمہ مطلع کیا جاتا ہے کہ کمپنی کا 36 واں سالانہ اجلاس عام مورخہ 27 اکتوبر 2022ء بروز جمعرات بوقت صبح 09:00 بجے کمپنی کے رجسٹرڈ آفس واقع 109-A، سٹریٹ نمبر 3، کیولری گراؤنڈ لاہور کینٹ، لاہور میں درج ذیل امور کی انجام دہی کے لئے منعقد ہوگا۔
- (1) کمپنی کے گزشتہ سالانہ اجلاس عام منعقدہ 27 اکتوبر 2021ء کی کارروائی کی توثیق۔
  - (2) سالانہ 30 جون 2022ء کی بابت کمپنی کے سالانہ نتائج شدہ حسابات بھرہ ان پر ڈائریکٹران و آڈیٹران کی رپورٹس کی وصولی، غور و خوض اور ان کی قبولیت۔
  - (3) 30 جون 2023ء کو ختم ہونے والے اگلے سال کیلئے آڈیٹران کا تقرر اور ان کے صلہ خدمت کا تعین۔
  - (4) چیئرمین کی اجازت سے دیگر امور کی انجام دہی۔
- لاہور مورخہ 05 اکتوبر 2022ء  
کمپنی سیکرٹری

- 1- کمپنی کی منتقلی حصص کی کتابیں مورخہ 21 اکتوبر 2022ء تا 27 اکتوبر 2022ء (بشمول دونوں دن) بند رہیں گی۔
- 2- سالانہ اجلاس عام میں شرکت اور ووٹ دینے کا اہل ممبر پر کسی مقرر کرنے کا اہل ہے۔ پراکسیاں تا آئندہ موثر ہو سکیں، اجلاس عام کے انعقاد کے وقت سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس میں لازماً وصول ہو جانی چاہیں۔ پراکسی کو لازمی کمپنی کا ممبر ہونا چاہیے۔
- 3- CDC کے کھاتہ داران اگر اس اجلاس میں شرکت کے خواہاں ہیں تو اپنے اصل / مصدقہ کاپی قومی شناختی کارڈ بعد پارٹیشن آئی ڈی اور اپنے CDC اکاؤنٹ نمبر شناخت کیلئے سالانہ اجلاس عام میں ہمراہ لائیں۔ پراکسی کے ساتھ شناختی کارڈ کی تصدیق شدہ کاپی، کھاتے اور پارٹیشن آئی ڈی نمبر منسلک کریں۔ کارپوریٹ انٹیلی کی صورت میں بورڈ آف ڈائریکٹری کی قرارداد / پاور آف اٹارنی مع نامزد فرد کے دستخط کا ضمیمہ (اگر پہلے فراہم نہ کئے گئے ہوں) اجلاس عام کے وقت مہیا کرنا ہوگا۔

4- کووڈ-19 کی موجودہ صورتحال کے پیش نظر سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) نے اپنے 17 مارچ 2020ء کے سرکولر نمبر 2020،5 میں افراد کی بڑے پیمانے پر حفاظت اور فائدے کے لئے کمپنیوں کو ہدایات دی ہیں۔ ایس ای سی پی کے احکامات کو ملحوظ خاطر رکھتے ہوئے کمپنی نے فیصلہ کیا ہے کہ سالانہ اجلاس عام، حصص داران کے کم سے کم جسمانی تعامل کے ساتھ منعقد کیا جائے جبکہ کورم کی ضرورت کو یقینی بنانے کے لئے ممبران سے درخواست ہے کہ اس سالانہ اجلاس عام میں پراکسی کے ذریعے حاضری کے لئے جمع ہوں۔

5- کمپنیز ایکٹ 2017ء کے مطابق وہ ممبران جو کسی شہر میں ہوں اور ان کے شیئرز ہولڈنگ کل ادا شدہ شیئرز کی کل کم از کم 10% ہو کمپنی سے مطالبہ کر سکتے ہیں کہ انہیں وڈیو لنک کے ذریعے اجلاس میں شرکت کی سہولت دی جائے یہ درخواست شیئرز رجسٹرار کے دفتر اجلاس کے انعقاد سے 7 یوم قبل سالانہ رپورٹ میں دیئے گئے فارم پر موصول ہونی چاہئے۔ مذکورہ فارم کمپنی کی ویب سائٹ پر بھی دستیاب ہے۔

6- حصہ داروں سے التماس ہے کہ اگر ان کے پتہ میں کوئی تبدیلی ہو، فی الفور ہمارے شیئرز رجسٹرار میسرز کارپ لنک (پرائیویٹ لمیٹڈ، ریکارڈنگ 1- کے، کمرشل ماڈل ٹاؤن، لاہور کو مطلع فرمائیں۔

7- 30 جون 2022ء کو ختم ہونے والے مالی سال کی آڈٹ شدہ رپورٹ کمپنی کی ویب سائٹ

www.bilalfibres.com پر رکھی گئی ہے۔

**DIRECTORS' REPORT****Dear Shareholders**

The Directors of your Company welcome you to the 36<sup>th</sup> Annual General Meeting and present the annual report together with the audited accounts of the Company for the financial year ended June 30, 2022.

The business conditions of Pakistan were not favorable due to political instability, inflation, and all-time high fuel prices.

**FINANCIAL PERFORMANCE**

Operations of the company remained closed during the financial year under review. The source of revenue was the rent of the factory amounting to Rs 6.00 million. Due to a depreciation of Rs 21.434 million and certain adjustment of Statement of Financial Position items the company declared a net loss after tax of Rs 55.558 million in the current period as compared to a net loss after tax of Rs 5.296 million in the previous year.

The financial results are summarized hereunder:

<b>Particulars</b>	<b>2022 Rs.</b>	<b>2021 Rs.</b>
Sales	-	-
Cost of sales	-	-
Gross loss	-	-
Operating loss	(5,705,741)	(3,472,081)
Finance Cost	(49,852,229)	(1,824,008)
Net Loss before tax	(55,557,970)	(5,296,089)
Net Loss after tax	(55,557,970)	(5,296,089)
Loss per shares	(3.94)	(0.38)

**OPERATING PERFORMANCE**

The Company is in litigation with the banking companies whereas the factory operations remained closed during the year. The complete details of the litigation cases are fully disclosed in note 24 of the financial statements.

The management is confident that with the blessing of Allah (SWT) the company will overcome these issues once the business conditions will be favorable.

**FUTURE PROSPECTS**

Under the prevailing circumstances, the most important factor is to negotiate with the banking companies. However, the management is hoping that the government will take steps to overcome the post impacts of flood and ever worst inflation for a revival of the economy and textile sector.

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 and property, plant and equipment amounting to Rs.57.873 million and Rs. 354.570 million respectively as at June 30, 2022. 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 related preparations could not be made because we are in litigation with our banks whereas the stock figures reflected in books are unchanged since closure of the factory.*

- b) At the reporting date the Company has not carried out revaluation of property, plant and equipment note 5 (except for factory equipment, office and electric equipment and furniture and fixture) which was due on June 30, 2022 due to discontinuity of operations. Previous revaluation was carried out on June 28, 2019. Therefore, we are unable to determine whether any adjustments were necessary in this regard.

*Our first priority is to deal and settle the matters with our bankers since all the machinery is under lien/pledge with the banks. However, we are aware of this non-compliance with the International Accounting Standard 16 and once the relevant arrangements are made with the banking companies, the compliance will be made accordingly.*

- c) The stocks are carried out in the statement of financial position at Rs.57.873 million i.e., at cost. Management has not stated the inventories at lower of cost or 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 related preparations could not be made because we are in litigation with our banks whereas the stock figures reflected in books are unchanged since closure of the factory.*

- d) As explained in note 24 to the financial statements, the company is in litigation with the banking companies.

The banks have not confirmed the balances of Long Term financing, as shown in note 16, amounting Rs.493.145 million, liabilities against assets subject to finance lease, as shown in note 18, amounting Rs.108.306 million and short term borrowings, as shown in note 23, amounting Rs.136.365 million. The banks have not confirmed the balances of accrued mark up on long term financing, liabilities against assets subject to finance lease and short term borrowings, note 21, sum of Rs. 97.520 million. 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, as shown in 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.

*We hope that the matters will be settled aptly with the banks. The relevant resultants will be incorporated accordingly.*

- e) As mentioned in note 24 we have not received reply of confirmation request from banks in respect of bank guarantees amounting to Rs. 8.675 million in aggregate and bank guarantee margin note 10 amounting to Rs. 2.925 million, to verify the correctness of contingency and trade deposits and short term prepayments. We were also unable to satisfy ourselves as to the correctness of the reported balances by performing other alternate auditing procedures.

*Although the prevailing circumstances are not very supportive, we eagerly believe the venture as a going concern since it has successfully managed to provide employment to many families working in the leased factory. The businesses have been going through the worst challenging situation resulting in the closure of many textile mills. Yet, the company is hoping that government will surely take up this matter on an emergency basis and necessary steps will be taken towards the revival of the textile sector. On the other hand, the company has always ensured timely compliance with all its corporate and statutory obligations.*

- f) At the reporting date the Company has accumulated losses amounting to Rs.501.565 million and its current liabilities exceed its current assets by Rs.923.492 million.

*Although the prevailing circumstances are not very supportive, we eagerly believe the venture as a going concern since it has successfully managed to provide employment to many families working in the leased factory. The businesses have been going through the worst challenging situation resulting in the closure of many textile mills. Yet, the company is hoping that government will surely take up this matter on an emergency basis and necessary steps will be taken towards the revival of the textile sector. On the other hand, the company has always ensured timely compliance with all its corporate and statutory obligations.*

#### **CODE OF CORPORATE GOVERNANCE:**

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

- Presently, The Board has not appointed a female director as required by regulation 7 of chapter II of Listed Companies Code of Corporate Governance regulations, 2019.
- The same person simultaneously holds office of chief financial officer and the company secretary of a listed company which is not allowed as required by regulation 24 of chapter VII of Listed Companies Code of Corporate Governance regulations, 2019.
- The Board has not set-up 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 currently suspended and all the employees have left the company. So once the business operations are resumed then these compliances will be made accordingly.*

#### **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 1<sup>st</sup> July to 30<sup>th</sup> June.

**DIVIDEND**

Due to accumulated losses of the company, directors do not recommend any dividend for the year ended June 30, 2022.

**AUDITORS**

The present Auditors M/s Mushtaq & Co., Chartered Accountants, being due for retirement has offered themselves for reappointment for the next year ending June 30, 2023.

**CORPORATE & FINANCIAL REPORTING FRAME WORK**

In compliance to new listing regulations of stock exchanges and 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, 2022 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" June 30, 2022 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 of the company cordially acknowledge the valued services rendered by the company's executives and staff. The Directors are also thankful to the banking companies for their cooperation and support.

***DIRECTORS' MEETINGS***

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

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

For and on behalf of the  
Board of Directors



**(Naeem Omer)**  
Chief Executive

Lahore  
Dated: October 5, 2022

### اظہار تشکر

ڈائریکٹرز کمپنی کے ذمہ داروں اور عملے کی طرف سے دی گئی گراں قدر خدمات کو دل سے تسلیم کرتے ہیں اور کمپنی کے بینکاروں کی حمایت اور تعاون کا شکریہ ادا کرتے ہیں۔

### ڈائریکٹرز کے اجلاس

سال کے دوران بورڈ آف ڈائریکٹرز کے 4 اجلاس ہوئے۔ ہر ڈائریکٹر کی حاضری مندرجہ ذیل ہے۔

### اجلاسوں کی تعداد میں شرکت کی

### ڈائریکٹر کے نام

04

جناب نعیم عمر

04

جناب انوار عباس

04

جناب شاہد اقبال

04

جناب محمد عمر

03

جناب محمد اصغر

04

جناب محمد اسلم بھٹی

03

جناب محمد کاشف

منجانب بورڈ آف ڈائریکٹرز

(نعیم عمر)

چیف ایگزیکٹو

لاہور

تاریخ: 5 اکتوبر، 2022

## اکاؤنٹنگ سال

کمپنی کا اکاؤنٹنگ سال یکم جولائی سے 30 جون تک ہے۔

## ڈیویڈنڈ

کمپنی کے جمع شدہ نقصانات کی وجہ سے، ڈائریکٹرز 30 جون، 2022 کو ختم ہونے والے سال کے لئے کسی بھی ڈیویڈنڈ کی سفارش نہیں کرتے۔

## آڈیٹرز

موجودہ آڈیٹرز میسرز قمیشتا اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے ریٹائرمنٹ کی وجہ سے، 30 جون 2023 کو ختم ہونے والے اگلے سال کے لئے خود کو دوبارہ تقرری کے لئے پیش کیا ہے۔

## کارپوریٹ اور فنانسئل رپورٹنگ فریم ورک

اسٹاک ایکسچینج کے نئے لسٹنگ ضوابط کی تعمیل میں اور جیسا کہ کمپنیز ایکٹ 2017، کے تحت ضروری ہے۔ آپ ڈائریکٹرز یہ بتاتے ہوئے خوش ہیں:

- نظام داخلی کنٹرول کا نظام مستحکم ہے اور اس کو موثر انداز میں نافذ اور نگرانی کی جارہی ہے۔
- بورڈ کمپنی کو چلتا ہوا کاروبار کے طور پر کمپنی کی صلاحیت سے مطمئن ہے۔
- کارپوریٹ گورننس کے بہترین طریقہ کار کو نئے سیکورٹی منٹلن۔ اور جیسا کہ اسٹاک ایکسچینج کے لسٹنگ ضوابط میں تفصیلاً دیا گیا ہے۔
- کمپنی کے پچھلے سال آپریٹنگ نتائج سے اہم انحراف اور اس کی وجوہات کی وضاحت کی گئی ہے۔
- ایکسوس، ڈیویڈنڈ، محصولات اور محصولات کے حساب سے کوئی قانونی ادائیگی نہیں ہے جو 30 جون 2022 تک بتایا ہے سوائے اس کے کہ مالی بیانات میں انکشاف کیا گیا ہو۔
- کارپوریٹ تنظیم نو، کاروباری توسیع کے لئے عدالت کے معاملات طے ہونے تک کوئی قابل عمل منصوبہ نہیں ہیں۔
- خلاصہ شکل میں پچھلے چھ سالوں کے کلیدی آپریٹنگ اور مالی اعداد و شمار کو اس سالانہ رپورٹ میں شامل کیا گیا ہے۔
- 30-06-2022 کو حصص داری کا نمونہ کی سٹیٹمنٹ بھی اس کے ساتھ منسلک ہے۔

## متعلقہ پارٹی کے لین دین

ہر بورڈ مینٹگ میں بورڈ آف ڈائریکٹرز ایسوسی ایٹ کمپنیوں / متعلقہ فریقوں کے ساتھ کمپنی کے لین دین کی منظوری دیتے ہیں۔ متعلقہ فریقوں کے ساتھ انجام پانے والے تمام لین دین آزادانہ بنیاد پر ہوئے ہیں۔

## کارپوریٹ سماجی ذمہ داریوں (CSR)

کارپوریٹ سماجی ذمہ داری (CSR) معاشرے کو کاروبار کے فوائد دینے کے متعلق ہے۔ ایک معمول کے طور پر، ہم اپنے ملازمین، پڑوسیوں اور صارفین کے ساتھ ساتھ ان برادریوں کی صحت اور سلامتی کی حفاظت کرتے ہیں جن میں ہم رہتے ہیں اور کام کرتے ہیں۔ مندرجہ بالا پیرا گراف میں کمپنی سی ایس آر کی سرگرمیوں کے لئے مستقل اقدامات کرتی ہے۔

(f) رپورٹنگ کی تاریخ پر کمپنی نے 501,565 ملین روپے کے نقصانات جمع کیے ہیں اور اس کی موجودہ ذمہ داریاں اس کے موجودہ اثاثوں سے 923,492 ملین روپے سے زیادہ ہیں۔

انتظامیہ اس منصوبے پر پختہ یقین رکھتی ہے کہ یہ چلتا ہوا کاروبار ہے اگرچہ اس وقت حالات بہت زیادہ معاون نہیں ہیں، لیکن اب بھی یز پر دی گئی فیکٹری فیکٹری میں کام کرنے والے بہت سے خاندانوں کو روزگار فراہم کرنے کا انتظام کر رہی ہے جہاں متعدد ٹیکسٹائل ملز کے کام بند ہو چکے ہیں۔ تاہم، کمپنی انتظامیہ امید کر رہی ہے کہ حکومت اس شعبے کی بحالی کے لیے اقدامات کرے گی۔ اس کے ساتھ ہی، کمپنی اپنی تمام کارپوریٹ اور قانونی ذمہ داریوں کی بروقت تعمیل کر رہی ہے۔

### **ضابطہ برائے کارپوریٹ گورننس:**

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

(a) فی الحال، بورڈ نے ایک خاتون ڈائریکٹر کی تقرری نہیں کی ہے جیسا کہ لسٹڈ کمپنیز کوڈ آف کارپوریٹ گورننس ریگولیشنز، ۲۰۱۹ کے باب ۷ کے ریگولیشن ۷ کے مطابق ضروری ہے۔

(b) ایک ہی شخص، ایک وقت چیف فنانشل آفیسر اور کمپنی سیکرٹری کا عہدہ رکھتا ہے۔ جس کی لسٹڈ کمپنیز کوڈ آف کارپوریٹ گورننس ریگولیشنز نمبر ۲۰۱۹، ۲۳ کے باب نمبر ۷ کے مطابق اجازت نہیں ہے۔

(c) بورڈ نے لسٹڈ کمپنیز کوڈ آف کارپوریٹ گورننس ریگولیشنز، ۲۰۱۹ کے باب نمبر ۱۰ کے ضابطہ نمبر ۳۱ کے مطابق اندرونی آڈٹ فنکشن ترتیب نہیں دیا۔ کمپنی کی کاروائیاں بند ہیں اور تمام ملازمین کمپنی چھوڑ چکے ہیں۔ لہذا ایک بار جب کاروبار دوبارہ شروع ہو جائے تو پھر اس کی تعمیل کی جائے گی۔

### **مالی اعداد و شمار کی پیش کش**

کمپنی انتظامیہ کے تیار کردہ مالی بیانات، اس کی امور کی صورت حال، اس کے کاموں، نقد بہاؤ اور ایکویٹی میں تبدیلیوں کا فائنل تہہ پیش کرتے ہیں۔

### **اکاؤنٹس کی کتابیں**

کمپنی نے اکاؤنٹس کی مناسب کتابیں ترتیب دے رکھی ہیں۔

### **اکاؤنٹنگ پالیسیاں**

مالی بیانات کی تیاری میں مناسب اکاؤنٹنگ پالیسیاں مستقل طور پر لاگو ہوتی ہیں اور محاسبہ کا تخمینہ معقول اور محتاط فیصلوں پر مبنی ہوتا ہے۔

### **بین الاقوامی اکاؤنٹنگ معیارات (IAS)**

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

اکٹیر نے اپنی رپورٹ میں درج ذیل شیعوں پر خدشات ظاہر کیے ہیں۔

(a) ہم نے 30 جون 2022 کو بالترتیب 57.873 ملین روپے تجارتی سٹاک اور 354.570 ملین روپے جائیداد، پلانٹ اور آلات تجارت کی فزیکل انویسٹری کی گنتی کا مشاہدہ نہیں کیا۔ انتظامیہ نے ہمیں بتایا کہ اسٹاک بینکنگ کمپنیوں کے پاس گروی ہیں اور قانونی چارہ جوئی کے تحت ہیں، جبکہ فیکٹری اب تیسرے فریق کے پاس لیز پر ہے۔

بینکنگ کمپنیوں کے ساتھ قانونی چارہ جوئی کی وجہ سے مناسب انتظامات نہیں کیے جاسکے اور فیکٹری بند ہونے کے بعد کتابوں میں ظاہر ہونے والا اسٹاک بتلیس وہی ہے۔

(b) رپورٹنگ کی تاریخ پر کمپنی نے جائیداد، پلانٹ اور آلات نوٹ 5 (سوائے فیکٹری کے آلات، دفتری اور برقی آلات اور فرنیچر اور فکسچر کے) کی دوبارہ تشخیص نہیں کی ہے جو 30 جون 2022 کو ہونا تھی۔ پچھلا جائزہ 28 جون 2019 کو کیا گیا تھا۔ لہذا، ہم یہ تعین کرنے سے قاصر ہیں کہ آیا اس سلسلے میں کوئی ایڈجسٹمنٹ ضروری تھی۔

ہماری پہلی ترجیح یہ ہے کہ ہم اپنے بینکرز اور تمام اداروں کے ساتھ اپنے معاملات کو طے کریں۔ مشینری بینکرز کے پاس قرضہ / گروی ہے۔ تاہم، ہم بین الاقوامی اکاؤنٹنگ اسٹینڈرڈ 16 کے ساتھ عدم قیبل سے آگاہ ہیں۔ اور ایک بار بینکنگ کمپنیوں کے ساتھ معاملات طے ہونے پر قیبل کر دی جائے گی۔

(c) سٹاک مالی حالت کے بیان میں 57.873 ملین روپے یعنی لاگت کے حساب سے کئے جاتے ہیں۔ بینکس نے پاکستان میں لاگو مالیاتی رپورٹنگ کے معیارات کے مطابق کم لاگت یا خالص قابل وصول قیمت پر انویسٹریز کا ذکر نہیں کیا ہے، جو کہ قابل اطلاق مالیاتی رپورٹنگ کے معیارات سے انحراف ہے۔ لہذا، ہم اس بات کا تعین کرنے سے قاصر ہیں کہ آیا اس سلسلے میں کوئی ایڈجسٹمنٹ ضروری تھی۔

بینکنگ کمپنیوں کے ساتھ قانونی چارہ جوئی کی وجہ سے مناسب انتظامات نہیں کیے جاسکے اور فیکٹری بند ہونے کے بعد کتابوں میں ظاہر ہونے والا اسٹاک بتلیس وہی ہے۔

(d) جیسا کہ نوٹ 24 میں مالیاتی بیانات کی وضاحت کی گئی ہے کمپنی بینکنگ کمپنیوں کے ساتھ قانونی چارہ جوئی میں ہے۔ بینکوں نے لاگت مرم فنانسنگ کے بتلیس کی تصدیق نہیں کی ہے، جس کی رقم 493.145 ملین روپے ہے جیسا کہ نوٹ 16 میں دکھایا گیا ہے۔ مالیاتی لیز سے مشروط اثاثوں کے خلاف واجبات جیسا کہ نوٹ 18 میں دکھایا گیا ہے، 108.306 ملین روپے کی رقم اور مختصر مدت کے قرضے 136.365 ملین روپے۔ جیسا کہ نوٹ 23 میں دکھایا گیا ہے بینکوں نے طویل مدتی فنانسنگ، فنانس لیز اور مختصر مدت کے قرضے پر جمع شدہ مارک اپ کے بتلیس رقم 97.520 ملین روپے کی تصدیق نہیں کی ہے جیسا کہ نوٹ 21 میں دکھایا گیا ہے۔

مالیاتی اداروں سے طویل مدتی قرضوں اثاثوں کے خلاف واجبات فنانس لیز سے مشروط اور مختصر مدت کے قرضوں کی رقم پر کمپنی نے مارک اپ پر کام نہیں کیا جیسا کہ ان مالیاتی بیانات میں نوٹ 21 میں دکھایا گیا ہے۔ ریکارڈ کی عدم دستیابی کی وجہ سے، ہم یہ تعین کرنے سے قاصر تھے کہ آیا اس سلسلے میں کوئی ایڈجسٹمنٹ ضروری ہے۔

ہمیں امید ہے کہ بینکوں کے ساتھ معاملات مناسب طریقے سے طے پا جائیں گے۔ متعلقہ نتائج کو اس کے مطابق شامل کر لیا جائے گا۔

(e) جیسا کہ نوٹ 24 میں بتایا گیا ہے کہ ہمیں مجموعی طور پر 8.675 ملین روپے کی بینک گارنٹی کے سلسلے میں بینکوں سے تصدیقی درخواست کا جواب موصول نہیں ہوا ہے۔ بینک گارنٹی مارجن نوٹ 10 جس کی رقم 2.925 ملین روپے ہے۔ ہنگامی اور تجارتی ذخائر اور مختصر مدت کی قبل از ادائیگی کی درنگی کی تصدیق کے لیے۔ ہم دوسرے متبادل آڈیٹنگ طریقہ کار کو انجام دے کر رپورٹ شدہ بتلیس کی درنگی کے بارے میں خود کو مطمئن کرنے سے بھی قاصر تھے۔

انتظامیہ اس منصوبے پر پختہ یقین رکھتی ہے کہ یہ چلتا ہوا کاروبار ہے اگرچہ اس وقت حالات بہت زیادہ معاون نہیں ہیں، لیکن اب بھی لیز پر دی گئی فیکٹری فیکٹری میں کام کرنے والے بہت سے خاندانوں کو روزگار فراہم کرنے کا انتظام کر رہی ہے جہاں متعدد ٹیکسٹائل ملز کے کام بند ہو چکے ہیں۔ تاہم، کمپنی انتظامیہ امید کر رہی ہے کہ حکومت اس شعبے کی بحالی کے لیے اقدامات کرے گی۔ اس کے ساتھ ہی، کمپنی اپنی تمام کارپوریٹ اور قانونی ذمہ داریوں کی بروقت قیبل کر رہی ہے۔

## ڈائریکٹر رپورٹ

### عزیز محسن داران

آپ کی کمپنی کے ڈائریکٹر آپ کو 36 ویں سالانہ اجلاس عام میں خوش آمدید کہتے ہیں اور 30 جون 2022 کو ختم ہونے والے مالی سال کے کمپنی کے نتیجہ شدہ حسابات کے ساتھ سالانہ رپورٹ پیش کرتے ہیں۔

سیاسی عدم استحکام، مہنگائی اور ایندھن کی بے وقت بلند قیمتوں کی وجہ سے پاکستان کے کاروباری حالات سازگار نہیں تھے۔

### مالیاتی کارکردگی

کمپنی کے آپریشنز زیر جائزہ مالی سال کے دوران بند رہے۔ آمدنی کا ذریعہ فیکٹری کا کرایہ 6.00 ملین روپے تھا۔ 21.434 ملین ڈیپریسیشن اور مالی پوزیشن کی سٹیٹمنٹ میں کچھ ایڈجسٹمنٹ کی وجہ سے کمپنی نے موجودہ مدت میں 55.558 ملین روپے کے ٹیکس کے بعد خالص نقصان کا اعلان کیا جبکہ پچھلے سال میں 5.296 ملین روپے کے ٹیکس کے بعد خالص نقصان ہوا تھا۔

### مالی نتائج کا خلاصہ درج ذیل دیا گیا ہے:-

روپے

تفصیل	30 جون 2021	30 جون 2022
فروخت	-	-
قیمت فروخت	-	-
مجموعی نقصان	-	-
آپریٹنگ نقصان	(3,472,081)	(5,705,741)
مالی اخراجات	(1,824,008)	(49,852,229)
ٹیکس سے پہلے خالص نقصان	(5,296,089)	(55,557,970)
ٹیکس کے بعد خالص نقصان	(5,296,089)	(55,557,970)
فی شیئر نقصان	(0.38)	(3.94)

### آپریٹنگ کارکردگی

کمپنی بینکاری کمپنیوں کے ساتھ قانونی چارہ جوئی میں ہے۔ قانونی چارہ جوئی کے معاملات کی مکمل تفصیلات مالی بیانات کے نوٹ نمبر 24 میں مکمل طور پر دی گئی ہیں۔ انتظامیہ کافی پُر امید ہے کہ اللہ تعالیٰ کی رحمت سے کمپنی ان مسائل پر جلد قابو پا لے گی۔ جیسے ہی کاروباری حالات سازگار ہوئے۔

### مستقبل کے امکانات

موجودہ حالات میں، سب سے اہم عنصر بینکنگ کمپنیوں کے ساتھ گفت و شنید کرنا ہے۔ تاہم، انتظامیہ امید کر رہی ہے کہ حکومت معیشت اور ٹیکسٹائل سیکٹر کی بحالی کے لیے سیلاب کے بعد کے اثرات اور اب تک کی بدترین افراط زر پر قابو پانے کے لیے اقدامات کرے گی۔

## Chairman's Review

I welcome to you the 36th 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 2022 along with my review on the performance of your Company.

### Industry overview:

Due to un-favorable business environment the base of conventional industry has weakened in general as was evident from consistent plunge of Pakistan's share of textile in global market.

### Company's performance

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

Currently, giving the factory on lease 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.

### چیئرمین کی جائزہ رپورٹ

میں 36 ویں سالانہ جنرل مینٹگ میں آپ کو خوش آمدید کہتا ہوں اور بورڈ آف ڈائریکٹرز کی طرف سے 30 جون 2022 کو ختم ہونے والے مالی سال کے لئے کمپنی کے نظر ثانی شدہ حسابات کے ساتھ ساتھ آپ کی کمپنی کی کارکردگی پر اپنا جائزہ پیش کرتا ہوں۔

#### صنعتی جائزہ

غیر سازگار کاروباری ماحول کی وجہ سے روایتی صنعت کی بنیاد عام طور پر کمزور ہو رہی ہے جیسا کہ عالمی منڈی میں ٹیکسٹائل کے پاکستان کے حصے میں مسلسل کمی سے ظاہر ہوتا ہے۔

#### کمپنی کی کارکردگی

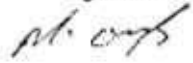
کمپنی کی مینٹگ اپنے بینکروں کے ساتھ عدالت میں مقدمات کا سامنا کر رہی ہے اور ہمارے وکیل وقت کے ساتھ ان کے ساتھ خوشگوار حل کے لیے پراعتماد ہیں۔

#### مستقبل کے امکانات

فی الحال، ٹیکسٹائل مصنوعات کی پیداوار کے لیے فیکٹری کو لیز پر دینا سب سے بہترین آپشن ہے۔ نیز ہم وقت کے ساتھ ساتھ اپنے بینکر کے ساتھ دوستانہ تصفیے کی تلاش میں ہیں اور پھر اس کے مطابق اس کی منصوبہ بندی کریں۔

#### اظہار تشکر

کمپنی کے بورڈ آف ڈائریکٹرز کی طرف سے کمپنی کے سٹاف کی سرشار اور پر غلوص خدمات کا اعتراف کرتا ہوں۔ میں گورنمنٹ اداروں، حصص داروں اور اپنے بینکرز کا بھی شکر گزار ہوں۔



(محمد عمر)

چیئرمین

# MUSHTAQ & CO.

## CHARTERED ACCOUNTANTS

Head Office: 407, Commerce Centre, Hasrat Mohani Road, Karachi. Tel: 021-32638521-3  
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### INDEPENDENT AUDITOR'S REVIEW REPORT

*To the members of Bilal Fibres Limited on the Statement of Compliance with the Code of Corporate Governance*

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, 2022, 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 this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Following instances of non-compliance with the requirements of the code were observed:

Paragraph reference	Description
01	Presently, The Board has not appointed a female director as required by regulation 7 of chapter II of Listed Companies Code of Corporate Governance regulations, 2019. However, in the next financial year the compliance of the said Regulation will be ensured.
10	The same person simultaneously holds office of chief financial officer and the company secretary of a listed company. Which is not allowed as required by regulation 24 of chapter VII of Listed Companies Code of Corporate Governance regulations, 2019.
15	The Board has not set-up an internal audit function as required by regulation 31 of Chapter X of Listed Companies Code of Corporate Governance regulations, 2019.

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Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code.

### *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:  
**Zahid Hussain Zahid, (FCA).**

Mushtaq & Co.  
Chartered Accountants



Karachi  
Dated: **05 OCT 2022**

UDIN: AR202210043y8vp1lsF2

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

**Name of company:** Bilal Fibres Limited

**Year ending:** June 30, 2022

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

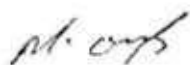
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
14. The frequency of meetings of the committee were as per following:-

Committees	Frequency
Audit Committee	Four quarterly meetings were held during the financial year ended June 30, 2022
HR & Remuneration Committee	One meeting was held during the financial year ended June 30, 2022

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, 2022

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*Independent auditor's report to the members of Bilal Fibres Limited**Report on the audit of the financial statements**Disclaimer of Opinion*

We were engaged to audit the financial statements of **BILAL FIBRES LIMITED** ("the Company"), which comprise the statement of financial position as at June 30, 2022 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.

We do not express an opinion on the accompanying financial statements of the company. Because of the significance of the matters described in Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

*Basis for Disclaimer of Opinion*

- a) We did not observe the counting of the Physical inventory of stock in trade and property, plant and equipment amounting to Rs.57.873 million and Rs. 354.570 million respectively as at June 30, 2022. 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) At the reporting date the Company has not carried out revaluation of property, plant and equipment note 5 (except for factory equipment, office and electric equipment and furniture and fixture) which was due on June 30, 2022 due to discontinuity of operations. Previous revaluation was carried out on June 28, 2019. Therefore, we are unable to determine whether any adjustments were necessary in this regard.
- c) The stocks are carried out in the statement of financial position at Rs.57.873 million i.e., at cost. Management has not stated the inventories at lower of cost or 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.
- d) As explained in note 24 to the financial statements, the company is in litigation with the banking companies.

The banks have not confirmed the balances of Long Term financing, as shown in note 16, amounting Rs.493.145 million, liabilities against assets subject to finance lease, as shown in note 18, amounting Rs.108.306 million and short term borrowings, as shown in note 23, amounting Rs.136.365 million.

The banks have not confirmed the balances of accrued mark up on long term financing, liabilities against assets subject to finance lease and short term borrowings, note 21, sum of Rs. 97.520 million.

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, as shown in 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.

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- e) As mentioned in note 24 we have not received reply of confirmation request from banks in respect of bank guarantees amounting to Rs. 8,675 million in aggregate and bank guarantee margin note 10 amounting to Rs. 2,925 million, to verify the correctness of contingency and trade deposits and short term prepayments. We were also unable to satisfy ourselves as to the correctness of the reported balances by performing other alternate auditing procedures.
- f) At the reporting date the Company has accumulated losses amounting to Rs.501.565 million and its current liabilities exceed its current assets by Rs.923.492 million.

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 conditions mentioned in points 'a' to 'f' along with adverse key financial ratios, the Company's inability to comply with loan agreements and pay debts on due dates and discontinuance of operations indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. 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 (f) above we are unable to determine the quantum of the required adjustments and provisions with a reasonable degree of accuracy.

#### *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 responsibility is to conduct an audit of the Company's financial statements in accordance with International Standards on Auditing and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants'

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Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code.

*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  
**Zahid Hussain Zahid, (FCA).**

*Mushtaq*  
**Mushtaq and Co.**  
**Chartered Accountants**

Karachi  
Dated: **05 OCT 2022**

UDIN: AR202210043y8vpHsF2

## KEY OPERATING AND FINANCIAL DATA FOR LAST SIX YEARS

PARTICULARS	Year Ended 30th June					
	2022	2021	2020	2019	2018	2017
<b>ASSETS EMPLOYED</b>						
Property, plant and equipment	403.86	425.292	447.873	471.666	930.431	973.317
Investment Property	573.00	556.309	542.740	542.740	-	-
Long term deposits	1.156	1.156	1.156	1.156	3.356	3.389
Current assets	82.70	83.773	92.542	102.185	102.479	91.439
<b>Total assets employed</b>	<b>1,060.711</b>	<b>1,066.530</b>	<b>1,084.311</b>	<b>1,117.747</b>	<b>1,036.266</b>	<b>1,068.144</b>
<b>FINANCED BY</b>						
Shareholders' equity	(360.56)	(308.607)	(307.101)	(281.136)	(280.303)	(209.202)
Surplus on revaluation of fixed assets	407.52	411.124	414.914	418.903	293.016	300.296
	46.959	102.517	107.813	137.767	12.713	91.094
Loan from directors/sponsors	-	95.917	111.021	117.307	110.459	92.372
Deferred Liability	7.561	7.420	6.936	6.936	60.396	22.257
	7.561	103.337	117.957	124.243	170.856	114.629
Current Liabilities	1,006.191	860.675	858.542	855.737	852.682	862.421
<b>Total funds invested</b>	<b>1,060.711</b>	<b>1,066.530</b>	<b>1,084.311</b>	<b>1,117.747</b>	<b>1,036.251</b>	<b>1,068.144</b>
<b>PROFIT &amp; LOSS</b>						
Turnover (net)	-	-	-	-	-	95.048
Revenue - Income	-	-	-	-	-	1,500
	-	-	-	-	-	96,548
Gross (Loss)	-	-	-	-	(39.319)	(39,319)
Operating (Loss) / Profit	(5,706)	(3,472)	(27,724)	(45,000)	(33,489)	1,162
Finance cost	(49,852)	(1,824)	(2,230)	(13,091)	17,373	21,307
(loss) / Profit before taxation	(55,558)	(5,296)	(29,954)	(58,091)	(50,862)	22,468
(loss) / Profit after taxation	(55,558)	(5,296)	(29,954)	(8,682)	(78,366)	13,363
Earnings per share (Rs.)	(3.94)	(0.38)	(2.12)	(0.62)	(5.56)	0.95
Number of spindle installed	-	-	-	-	-	29,016
Number of spindle worked	-	-	-	-	-	-
Number of shifts per day	-	-	-	-	-	-
Actual production converted into 20's count (Kgs in million)	-	-	-	-	-	-

## STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2022

### NON-CURRENT ASSETS

Property, plant and equipment
Right of use assets
Investment Property
Long term deposits

### CURRENT ASSETS

Stock in trade
Trade deposits and short term prepayments
Other receivables
Sales tax refundable
Tax Refunds Due From Government
Cash and bank balances

### SHARE CAPITAL AND RESERVES

#### Authorised share capital

15,000,000 (June 30, 2021: 15,000,000) Ordinary shares of Rs. 10 each

#### Issued, subscribed and paid up capital

14,100,000 (June 30, 2021: 14,100,000) Ordinary shares of Rs. 10 each

Accumulated loss

Surplus on revaluation of property, plant and equipment

### NON CURRENT LIABILITIES

Long term financing from Banking Companies - Secured
Long term financing from directors and associates
Liabilities against assets subject to finance lease
Deferred liabilities

### CURRENT LIABILITIES

Trade and other payables
Unclaimed dividend
Accrued Interest/Mark up payable
Loan from directors and associates
Short term borrowings

#### Current portion of:

Long term financing from Banking Companies
Liabilities against assets subject to finance lease

#### Contingencies and commitments

Note	June 30, 2022	June 30, 2021
	Rupees	
5	354,570,907	373,410,730
6	49,286,919	51,880,967
7	572,997,757	556,308,500
8	1,156,180	1,156,180
	<b>978,011,763</b>	<b>982,756,377</b>
9	57,872,747	57,872,747
10	2,925,765	2,925,765
11	17,120,975	15,295,975
	818,786	3,540,913
12	3,515,444	3,515,444
13	445,250	622,540
	<b>82,698,967</b>	<b>83,773,384</b>
	<b>1,060,710,730</b>	<b>1,066,529,761</b>
14	<b>150,000,000</b>	<b>150,000,000</b>
	141,000,000	141,000,000
	(501,564,754)	(449,607,092)
15	407,523,932	411,124,240
	<b>46,959,178</b>	<b>102,517,148</b>
16	-	-
17	-	95,917,168
18	-	-
19	7,561,010	7,420,010
	<b>7,561,010</b>	<b>103,337,178</b>
20	42,494,535	34,483,679
41	235,776	235,776
21	97,520,035	97,520,035
22	128,122,951	-
23	136,365,534	143,465,534
16	493,145,381	476,664,080
18	108,306,331	108,306,331
	<b>1,006,190,542</b>	<b>860,675,435</b>
24	-	-
	<b>1,060,710,730</b>	<b>1,066,529,761</b>

The annexed notes form part of these financial statements.

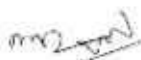
## STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED JUNE 30, 2022

	Note	June 30, 2022	June 30, 2021
		(Rupees)	
Sales	25	-	-
Cost of sales	26	-	-
<b>Gross loss</b>		-	-
Distribution cost	27	-	-
Administrative expenses	28	(25,672,871)	(33,995,297)
Other operating expenses	29	(2,722,127)	-
Other income	30	22,689,257	30,523,216
Finance cost	31	(49,852,229)	(1,824,008)
		<b>(55,557,970)</b>	<b>(5,296,089)</b>
<b>Loss before taxation</b>		<b>(55,557,970)</b>	<b>(5,296,089)</b>
Taxation	32	-	-
<b>Loss after taxation</b>		<b>(55,557,970)</b>	<b>(5,296,089)</b>
<b>Loss per share - basic and diluted</b>	33	<b>(3.94)</b>	<b>(0.38)</b>

*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, 2022**

	June 30, 2022	June 30, 2021
	(Rupees)	
<b>Loss after taxation</b>	<b>(55,557,970)</b>	<b>(5,296,089)</b>
Other comprehensive income	-	-
<b>Total comprehensive income / (loss) for the year</b>	<b>(55,557,970)</b>	<b>(5,296,089)</b>

*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, 2022

	Share capital	Revenue Reserve	Capital Reserve	Total
		Accumulated loss	Surplus on revaluation of fixed assets	
( Rupees )				
Balance as on 01 July 2020	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	-	3,789,798	(3,789,798)	-
Net Profit/(loss) for the year	-	(5,296,089)	-	(5,296,089)
Other comprehensive income for the period	-	-	-	-
Balance as on June 30, 2021	141,000,000	(449,607,092)	411,124,240	102,517,148
Transfer from surplus on revaluation on account of incremental depreciation - net of tax	-	3,600,308	(3,600,308)	-
Net Profit/(loss) for the year	-	(55,557,970)	-	(55,557,970)
Other comprehensive income for the period	-	-	-	-
Balance as on June 30, 2022	141,000,000	(501,564,754)	407,523,932	46,959,178

The annexed notes form part of these financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2022

Note	June 30, 2022	June 30, 2021
	(Rupees)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(55,557,970)	(5,296,089)
<b>Adjustment for non-cash and other related items:</b>		
Depreciation on operating fixed assets	18,839,823	19,851,194
Depreciation on right of use assets	2,594,048	2,730,577
Notional income /(expense) on interest free loans	49,477,084	(9,142,395)
Fair value gain on Investment property	(16,689,257)	(13,568,500)
Finance cost	145	11,687
Sales tax written off	2,722,127	-
Interest on staff retirement benefits	141,000	484,000
<b>Cash flow generated/(used in) from operating activities before working capital changes</b>	<b>1,527,000</b>	<b>(4,929,526)</b>
<b>Effect on cash flow due to working capital changes :</b>		
<b>(Increase) / decrease in current assets:</b>		
Other receivables	(1,825,000)	8,800,000
<b>Increase / (decrease) in current liabilities:</b>		
Increase in trade and other payables	8,010,856	321,548
<b>Net cash used in working capital</b>	<b>6,185,856</b>	<b>9,121,548</b>
<b>Cash generated from operations</b>	<b>7,712,856</b>	<b>4,192,022</b>
Finance cost	(145)	(11,687)
<b>Net cash generated from operating activities</b>	<b>7,712,711</b>	<b>4,180,335</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase/(decrease) in short term borrowings - net	(7,100,000)	-
Increase/(decrease) in financing from directors and associates	(790,000)	(4,148,649)
<b>Net cash (used in) financing activities</b>	<b>(7,890,000)</b>	<b>(4,148,649)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(177,290)</b>	<b>31,686</b>
Cash and cash equivalents at the beginning of the period	622,540	590,854
<b>Cash and cash equivalents at the end of the period</b>	<b>445,250</b>	<b>622,540</b>

The annexed notes form part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

### 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, Sheikhpura Road, Tehsil Jarranwala, 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) 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 of 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 Rupees, which is the company's functional currency. Amounts presented in the financial statements have been rounded off to the nearest Rupee, 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.
- Impairment loss of non-financial assets other than inventories.

**3 NEW AND AMENDED STANDARDS AND INTERPRETATIONS****3.1 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the company.**

	Effective date (annual reporting periods beginning on or after
IAS 1 Presentation of financial statements (Amendments)	January 1, 2023
IAS 8 Accounting policies, changes in accounting estimates and errors (Amendments)	January 1, 2023
IAS 12 Income Taxes (Amendments)	January 1, 2023
IAS 16 Property, Plant and Equipment (Amendments)	January 1, 2022
IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendments)	January 1, 2022
IAS 41 Agriculture (Amendments)	January 1, 2022
IFRS 3 Business Combinations (Amendments)	January 1, 2022
IFRS 9 Financial Instruments (Amendments)	January 1, 2022
IFRS 16 Leases (Amendments)	January 1, 2022

The management anticipates that adoption of above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than in presentation / disclosures.

**3.2 Further, the following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan:**

IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRS 17	Insurance contracts

**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/revaluation 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 statement of profit or 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 proceed 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 recognised 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 at the reporting date. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in the previous year's arising from assessments framed during the year for such years.

**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; and
- 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 where 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 asset 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 all 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 or 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**

The company is involved in manufacturing and sale of yarn. According to the core principles of IFRS-15, the company recognizes the revenue from sale of yarn 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.
- Rental income is recognized in the profit or loss on a straight-line basis over the lease term.

Unrealized gains / (losses) arising on revaluation of securities classified as 'fair value through other comprehensive income' are included in other comprehensive income in the period in which they arise.

Unrealized gains / (losses) arising on revaluation of securities classified as 'fair value through profit or loss' are included in profit or loss in the period in which they arise.

## 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 Staff Retirement Benefits

The company has adopted IAS 19, (Revised) "Employee Benefits". The amendments in the revised standard require the company to eliminate the corridor approach and recognize all actuarial gains and losses (now called 'remeasurements', that result from the remeasurement of defined benefits obligations and fair value of plan assets at the balance sheet date) in other comprehensive income as they occur, immediately recognize all past service costs and replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefits liability / asset.

The company had operated an unfunded gratuity scheme covering for all its permanent employees who have attained the minimum qualifying period for entitlement to the gratuity.

There was only four employee entitled for gratuity, therefore the management believed that it is unreasonable to conduct actuarial valuation as required by IAS 19 "(Revised) Employee Benefits".

## 4.20 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.

## 4.21 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.

## 4.22 Investment property

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.

## 4.23 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 in the period in which appropriations are approved.

## 4.24 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.

## 5 Property, Plant and Equipment

### 5.1 Operating Fixed Assets

PARTICULARS	2022							
	COST			Rate %	DEPRECIATION			WDV As at June 30, 2022
	As at July 01, 2021	Additions- (Disposal)	As at June 30, 2022		As at July 01, 2021	For the Period	As at June 30, 2022	
Plant and machinery	410,000,000	-	410,000,000	5	39,975,000	18,501,250	58,476,250	351,523,750
Factory equipment	129,250	-	129,250	10	110,346	1,890	112,236	17,014
Office & electric equipment	10,869,612	-	10,869,612	10	8,132,932	273,668	8,406,600	2,463,012
Furniture and fixture	3,533,809	-	3,533,809	10	2,903,663	63,015	2,966,678	567,131
<b>June 30, 2022</b>	<b>424,532,671</b>	<b>-</b>	<b>424,532,671</b>		<b>51,121,941</b>	<b>18,839,823</b>	<b>69,961,764</b>	<b>354,570,907</b>

PARTICULARS	2021							
	COST			Rate %	DEPRECIATION			WDV As at June 30, 2021
	As at July 01, 2020	Additions- (Disposal)	As at June 30, 2021		As at July 01, 2020	For the Period	As at June 30, 2021	
Plant and machinery	410,000,000	-	410,000,000	5	20,500,000	19,475,000	39,975,000	370,025,000
Factory equipment	129,250	-	129,250	10	108,245	2,101	110,346	18,904
Office & electric equipment	10,869,612	-	10,869,612	10	7,828,855	304,077	8,132,932	2,736,680
Furniture and fixture	3,533,809	-	3,533,809	10	2,833,647	70,016	2,903,663	630,146
<b>June 30, 2021</b>	<b>424,532,671</b>	<b>-</b>	<b>424,532,671</b>		<b>31,270,747</b>	<b>19,851,194</b>	<b>51,121,941</b>	<b>373,410,730</b>

5.2 Depreciation charge for the year on operating fixed assets and assets subject to finance lease has been allocated as follows:

	June 30, 2022	June 30, 2021
	Rupees	
Administrative expenses		
Operating Fixed Assets	5.1	18,839,823
Right of use assets	6	2,594,048
	<b>21,433,871</b>	<b>22,581,771</b>

5.3 The Company had revalued its Plant and Machinery. Revaluation of the assets was carried out by the independent valuers "M/S Impulse (Pvt.) Ltd. On June 28, 2019. The forced sale value of plant & machinery as per the valuation report was Rs. 307.50 million.

5.4 No operating fixed assets disposed off during the year.

5.5 Particulars of Immovable fixed Assets of the Company are as follows:

Location	Area of Land	Covered area of Building
109-A, Street No.3, Cavalry Ground, Lahore	1-Kanal	4,628.26 Square foot
Chak No. 60-61/R.B, 38 KM Sheikhupura road	154.3 Kanals	250,349 Square foot
Tehsil, Jarranwala, District, Faisalabad		

5.6 Had there been no revaluation, the carrying amount of the specific class of assets would have been as follows:

	June 30, 2022	June 30, 2021
	Rupees	
Plant and machinery	329,634,311	346,983,485
	<b>329,634,311</b>	<b>346,983,485</b>

## 6 Right of Use assets

PARTICULARS	2022							
	COST			Rate %	DEPRECIATION			WDV As at June 30, 2022
	As at July 01, 2021	Additions	As at June 30, 2022		As at July 01, 2021	For the Period	As at June 30, 2022	
Plant and machinery	92,365,822	-	92,365,822	5	40,484,855	2,594,048	43,078,903	49,286,919
<b>June 30, 2022</b>	<b>92,365,822</b>	<b>-</b>	<b>92,365,822</b>		<b>40,484,855</b>	<b>2,594,048</b>	<b>43,078,903</b>	<b>49,286,919</b>

PARTICULARS	2021							
	COST			Rate %	DEPRECIATION			WDV As at June 30, 2021
	As at July 01, 2020	Additions	As at June 30, 2021		As at July 01, 2020	For the Period	As at June 30, 2021	
Plant and machinery	92,365,822	-	92,365,822	5	37,754,278	2,730,577	40,484,855	51,880,967
<b>June 30, 2021</b>	<b>92,365,822</b>	<b>-</b>	<b>92,365,822</b>		<b>37,754,278</b>	<b>2,730,577</b>	<b>40,484,855</b>	<b>51,880,967</b>

	Note	June 30, 2022	June 30, 2021
		Rupees	
<b>7 INVESTMENT PROPERTY</b>			
Opening net book value		556,308,500	542,740,000
Fair Value Gain	30	16,689,257	13,568,500
Closing net book value		<b>572,997,757</b>	<b>556,308,500</b>
<b>7.1</b>	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 Akram Enterprises independent valuer as at July 11, 2022 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.		
<b>7.2 Forced Sale Value</b>	The forced sale value of Land and Building is 249,240 and 237,807 million respectively.		
<b>8 LONG TERM DEPOSITS</b>		<b>June 30, 2022</b>	<b>June 30, 2021</b>
		Rupees	
Utilities		1,156,180	1,156,180
		<b>1,156,180</b>	<b>1,156,180</b>
<b>9 STOCK IN TRADE</b>			
Raw Material		57,528,875	57,528,875
Waste		343,872	343,872
		<b>57,872,747</b>	<b>57,872,747</b>
<b>9.1</b>	It includes carrying value of pledged stock amounting to Rs. 57.872 million (June 30, 2021: Rs. 57.872 million)		
<b>10 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS</b>		<b>June 30, 2022</b>	<b>June 30, 2021</b>
		Rupees	
Bank Guarantee Margin		2,925,765	2,925,765
		<b>2,925,765</b>	<b>2,925,765</b>
<b>11 OTHER RECEIVABLES</b>			
Mkb Spinning Mills Ltd, Fsd -Unsecured considered good	11.1	7,225,000	5,400,000
Other receivables - considered doubtful	11.2	9,895,975	9,895,975
		<b>17,120,975</b>	<b>15,295,975</b>
<b>11.1</b>	The movement of MKB Spinning Mills Ltd, Fsd is as follows:		
Rent receivable from Mkb Spinning Mills Ltd, Fsd		7,600,000	5,400,000
Less: Provision for doubtful debts / expected credit losses	11.1.1	(375,000)	-
Closing rent receivable from Mkb Spinning Mills Ltd, Fsd		<b>7,225,000</b>	<b>5,400,000</b>
<b>11.1.1 Provision for doubtful rent receivable / expected credit losses</b>			
Balance as at July 01		-	-
Provision charged during the year		375,000	-
Provision reversed during the year		-	-
Balances written off during the year		-	-
Balance as at June 30		<b>375,000</b>	<b>-</b>
<b>11.2</b>	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 guarantee by Silk Bank Limited. The Company has filed suit against the SNGPL for recovery of this amount which is pending adjudication. This case is fully disclosed in Note 24.7.		
<b>12 TAX REFUNDS DUE FROM GOVERNMENT</b>		<b>June 30, 2022</b>	<b>June 30, 2021</b>
		Rupees	
Advance Income Tax		3,515,444	3,515,444
		<b>3,515,444</b>	<b>3,515,444</b>
<b>13 CASH AND BANK BALANCES</b>			
Cash in hand		113,644	552,789
Cash at banks - Current accounts		331,606	69,751
		<b>445,250</b>	<b>622,540</b>

	Note	June 30, 2022	June 30, 2021
		Rupees	
<b>14 AUTHORIZED SHARE CAPITAL</b>			
15,000,000 (June 30, 2021: 15,000,000) Ordinary shares of Rs. 10 each		<b>150,000,000</b>	<b>150,000,000</b>
<b>ISSUED, SUBSCRIBED AND PAID UP CAPITAL</b>			
14,100,000 (June 30, 2021: 14,100,000) Ordinary shares of Rs. 10 each Paid in cash	<b>14.1</b>	141,000,000	141,000,000
		<b>141,000,000</b>	<b>141,000,000</b>
<b>14.1</b> 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.			
	Note	June 30, 2022	June 30, 2021
		Rupees	
<b>15 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>			
Opening balance		490,493,896	495,831,639
<b>15.1 Less: Transferred to unappropriated profit</b>			
Incremental depreciation for the period		3,600,308	3,789,798
Related deferred tax liability		1,470,548	1,547,945
		5,070,856	5,337,743
		<b>485,423,040</b>	<b>490,493,896</b>
<b>15.2 Less: Related deferred tax liabilities on</b>			
Opening balance		79,369,656	80,917,601
Incremental depreciation for the year		(1,470,548)	(1,547,945)
		77,899,108	79,369,656
		<b>407,523,932</b>	<b>411,124,240</b>
<b>16 LONG TERM FINANCING FROM BANKING COMPANIES - SECURED</b>			
<b>Demand Finance - Under mark up arrangements</b>			
Demand finance - Settled amount	<b>16.1</b>	123,137,000	106,655,699
Demand finance - II	<b>16.2</b>	3,697,000	3,697,000
Demand finance - III	<b>16.3</b>	6,977,063	6,977,063
Demand finance - IV	<b>16.4</b>	174,170,823	174,170,823
Demand finance - IV (unserviceable)	<b>16.5</b>	62,820,000	62,820,000
Demand finance - VIII	<b>16.6</b>	19,938,937	19,938,937
Forced demand finance	<b>16.7</b>	10,936,850	10,936,850
<b>Frozen mark up</b>			
Demand finance - II	<b>16.8</b>	252,000	252,000
Demand finance - III	<b>16.9</b>	140,091	140,091
Demand finance - IV	<b>16.10</b>	89,609,132	89,609,132
Demand finance - VIII	<b>16.11</b>	1,466,485	1,466,485
		<b>493,145,381</b>	<b>476,664,080</b>
Less : Current portion of long term loan Due to decree by the banking companies		<b>(493,145,381)</b>	<b>(476,664,080)</b>
		<b>-</b>	<b>-</b>
<b>16.1 Demand finance - Settled amount</b>			
Gross amount payable	<b>16.1.1</b>	123,137,000	123,137,000
Present value adjustment - deferred notional income	<b>16.1.2</b>	-	(16,481,301)
<b>Present value of settled amount</b>		<b>123,137,000</b>	<b>106,655,699</b>

**16.1.1** During the year ended June 30, 2023 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 mark-up 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 instalments, commenced from June 12, 2013 and expired 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. 250.911 million the basis of rescheduling agreement. Rescheduling agreement states that non payment of any three

consecutive instalments 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 mark-up 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. 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 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, 2022	June 30, 2021
	Rupees	
<b>Present value adjustments</b>		
Opening balance	16,481,301	18,293,622
Amortized during the period	(16,481,301)	(1,812,321)
	-	<b>16,481,301</b>

- 16.2** The loan was 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, 2021: 10 percent per annum payable quarterly). The loan was repayable in thirty two quarterly instalments, 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.
- 16.3** The loan was 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, 2021: 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.
- 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 mark-up at the rate of 3 months average KIBOR of quarter (June 30, 2021: 3 months average KIBOR). The loan was repayable in 30 instalments 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.
- 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 ranking 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 forced loan created by Silk Bank on encashment of bank guarantee by Sui Northern Gas Pipe Lines Limited.
- 16.8** Deferred mark up on demand finance II for Rs. 0,252 million (June 30, 2021: 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, 2021: 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, 2021: Rs. 89.609 million) freed 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, 2021: 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.

<b>17</b>	<b>LONG TERM FINANCING FROM DIRECTORS AND ASSOCIATES -</b>	<b>Note</b>	<b>June 30, 2022</b>	<b>June 30, 2021</b>
			<b>Rupees</b>	
	<b>UNSECURED</b>			
	Interest free loan	<b>17.1</b>	128,122,951	128,912,951
	Present value adjustment	<b>17.2</b>	-	(32,995,783)
	Loan transferred to current liabilities	<b>22</b>	(128,122,951)	-
			<b>-</b>	<b>95,917,168</b>

- 17.1** The directors of the Company have provided interest free loan to the Company that were utilised 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). The payment of loan was rescheduled on June 30, 2021 and according to the agreement, loan from directors and associates will be paid on July 31, 2024. These loan 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 loan. During the year ended June 30, 2022, the agreement has been revised and the loan is payable on demand of directors and associates. This loan is accounted for in accordance with the Technical Release-32 issued by ICAP.

- 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 % per annum being the weighted average rate of return prevailing in the market. Movement of the deferred notional income is as follows:

	<b>June 30, 2022</b>	<b>June 30, 2021</b>
	<b>Rupees</b>	
<b>Movement in present value</b>		
Opening balance	32,995,783	22,041,067
Amortized during the period/ Loan acceration	(32,995,783)	10,954,716
	<b>-</b>	<b>32,995,783</b>

**18 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE**

Overdue installments	155,582,331	155,582,331
Upto one year	-	-
<b>Minimum lease payments</b>	<b>155,582,331</b>	<b>155,582,331</b>
Less: Finance charges for future years	(47,276,000)	(47,276,000)
<b>Present value of minimum lease payments</b>	<b>108,306,331</b>	<b>108,306,331</b>
Less: current maturity of lease liability	(108,306,331)	(108,306,331)
	<b>-</b>	<b>-</b>

- 18.1** The lease was 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, 2021: 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.

	Note	June 30, 2022	June 30, 2021
		Rupees	
<b>Break up of minimum lease payments</b>			
Lease liability		85,661,821	85,661,821
Deferred mark up		22,644,510	22,644,510
		<b>108,306,331</b>	<b>108,306,331</b>
<b>18.3 Current maturity of the lease liability</b>			
Over due installments		108,306,331	108,306,331
Payable within one year		-	-
		<b>108,306,331</b>	<b>108,306,331</b>
<b>19 DEFERRED LIABILITIES</b>			
Staff retirement benefits - gratuity	19.1	7,561,010	7,420,010
Deferred taxation	19.2	-	-
		<b>7,561,010</b>	<b>7,420,010</b>

**19.1** 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.

There was only four employee entitled for gratuity, therefore the management believed that it is unreasonable to conduct actuarial valuation as required by IAS 19 "(Revised) Employee Benefits". Provision is made on the basis of last drawn salary of the employees in employment.

<b>19.2 Deferred Taxation</b>		<b>June 30, 2022</b>	<b>June 30, 2021</b>
		Rupees	
<b>Deferred tax assets on deductible temporary differences</b>			
Provision for gratuity		(2,192,693)	(2,151,803)
Tax losses-Previous Period		(74,464,013)	(112,897,466)
Provision for doubtful debts		(108,750)	-
Leased Liability		(31,408,836)	(31,408,836)
<b>Deferred tax liability on taxable temporary differences</b>			
Property Plant Equipment		85,895,889	88,598,561
Right of use asset		14,293,207	15,045,480
		<b>(7,985,196)</b>	<b>(42,814,063)</b>
Tax rate used		29%	29%

During the year net deferred tax asset amounting to Rs. 7.196 million (2021: Rs.42,814 million) has not been recognized because it is not probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized.

	Notes	June 30, 2022	June 30, 2021
		Rupees	
<b>20 TRADE AND OTHER PAYABLES</b>			
Trade creditors		18,935,348	13,349,493
Accrued liabilities		23,559,187	21,134,186
		<b>42,494,535</b>	<b>34,483,679</b>
<b>21 ACCRUED INTEREST/MARK UP PAYABLE - SECURED FINANCES</b>			
Long term financing from banking companies		43,782,571	43,782,571
Liabilities against assets subject to finance lease		26,650,427	26,650,427
Short term borrowings		27,087,037	27,087,037
		<b>97,520,035</b>	<b>97,520,035</b>

**21.1** It includes overdue markup of Rupees 43.78 million (June 30, 2021: Rupees 43.78 million) Rupees 26.65 million (June 30, 2021: Rupees 26.65 million) and Rupees 27.08 million (June 30, 2021: Rupees 27.08 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 LOAN FROM DIRECTORS AND ASSOCIATES - UNSECURED

Notes	June 30, 2022	June 30, 2021
	Rupees	
Mian Naeem Omer	92,622,951	-
Mian Muhammad Saleem Omer	11,000,000	-
Mrs. Surrya Begum	1,500,000	-
Mrs. Farrah Naeem	23,000,000	-
	<b>128,122,951</b>	<b>-</b>

- 22.1 During the year ended June 30, 2022, the agreement has been revised and the loan is payable on demand of directors and associates. Detail of loan initially provided is fully disclosed in note 17.1 of these financial statements.

Notes	June 30, 2022	June 30, 2021
	Rupees	
23		
23.1	136,365,534	143,465,534
	<b>136,365,534</b>	<b>143,465,534</b>

## 23 SHORT TERM BORROWINGS - SECURED

Cash finance from banking companies

- 23.1 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, 2015.
- 23.2 These are secured against pledge of cotton bales at 10 percent margin, imported cotton at invoice value, polyester/yarn at 15 percent margin under lock and key of banks' approved macadam, 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, 2021: 3 months KIBOR plus 3 percent).

## 24 CONTINGENCIES AND COMMITMENTS

- 24.1 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 no. 1017/2016 on August 09, 2016 before the Honorable Lahore High Court, Lahore. The outcome of the case is not ascertainable as at June 30, 2022. The legal counsel is hopeful that the outcome of the case will be decided in favour of the company.
- 24.2 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.
- 24.3 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.
- 24.4 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. This suit was decreed on 08.02.2021. Against said Decree, the Company has filed an appeal vide RFA No. 10508/2021 before the Division Bench of Lahore High Court Lahore which is still pending adjudication. 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, 2022. However, legal counsel is hopeful that the outcome of the case will be decided in favor of the Company.

- 24.5** 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.
- 24.6** The Company has filed a suit against The Bank of Punjab before the Lahore High Court vide COS No.74/2012 for the recovery of losses amounting to Rs. 475.665 million accrued to the company with the breaches of contractual obligations by The Bank of Punjab. The outcome of the case is not ascertainable as at June 30, 2022. However company is hopeful that the outcome of the case will be decided in the favour of the Company.
- 24.7** The suit was filed by Silk Bank Limited, against Bilal Fibres Ltd., and others before the Banking Court Lahore, wherein the Bank claimed recovery of Rs. 10.166 million on the basis of an alleged guarantee. This suit was decreed on 08.02.2021. Against said Decree, the Company has filed an appeal vide RFA No. 19512/2021 before the Division Bench of Lahore High Court Lahore which is still pending adjudication. This case is being vigorously and diligently contested by the company. The Bank has also filed Execution petition, which is also pending adjudication. The final outcome of this case shall be subjected to decision of Appeal.

		<b>June 30, 2022</b>	<b>June 30, 2021</b>
		<b>Rupees</b>	
<b>24.8</b>	Claims not acknowledged in view of pending appeals before appellate authorities / high court	100,000	100,000
<b>24.9</b>	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
<b>24.10</b>	Bank guarantee issued in favor of Sui Northern Gas Pipelines Limited for supply of gas	6,000,000	6,000,000
<b>24.11</b>	Bank guarantee issued in favor of Collector of custom Karachi	2,675,000	2,675,000
<b>24.12</b>	<b>Commitments outstanding</b>	-	-
	<b>Notes</b>	<b>June 30, 2022</b>	<b>June 30, 2021</b>
		<b>Rupees</b>	
<b>25</b>	<b>SALES</b>		
	Sales	-	-
<b>26</b>	<b>COST OF SALES</b>		
	Cost of goods manufactured	26.1	-
	Finished Goods:		
	Opening stock	343,872	343,872
	Closing stock	(343,872)	(343,872)
	Cost of goods sold	-	-
<b>26.1</b>	<b>Cost of goods manufactured</b>		
	Raw material consumed	26.1.1	-
	Work in process:		
	Opening stock	-	-
	Closing stock	-	-
<b>26.1.1</b>	<b>Raw material consumed</b>		
	Opening stock	57,528,875	57,528,875
	Closing stock	(57,528,875)	(57,528,875)
<b>26.1.2</b>	It represents the stock pledged and under custody of the bank and the cases are under litigation in the court of law.	-	-

	Notes	June 30, 2022	June 30, 2021
		Rupees	
<b>27 DISTRIBUTION COST</b>			
Selling and distribution expenses		-	-
		-	-
<b>28 ADMINISTRATIVE EXPENSES</b>			
Directors' remuneration		1,800,000	1,800,000
Staff salaries and benefits		1,958,000	1,104,000
Staff retirement benefits		141,000	484,000
Repair and Maintenance General		-	7,465,526
Fee and subscriptions		-	220,000
Auditors' remuneration	28.1	340,000	340,000
Depreciation	5.2	21,433,871	22,581,771
		<b>25,672,871</b>	<b>33,995,297</b>
<b>28.1 Auditor's Remuneration</b>			
Annual audit fee		300,000	300,000
Half yearly review		40,000	40,000
		<b>340,000</b>	<b>340,000</b>
<b>29 OTHER OPERATING EXPENSES</b>			
Sales tax written off	29.1	2,722,127	-
		<b>2,722,127</b>	<b>-</b>
<b>29.1</b>	During the year the management has assessed that sales tax authorities will not refund extra sales tax booked in financial statements:		
<b>30 OTHER INCOME</b>	Notes	June 30, 2022	June 30, 2021
		Rupees	
Rental income		6,000,000	6,000,000
Fair Value Gain	7	16,689,257	13,568,500
Notional income on director's interest free loans		-	10,954,716
		<b>22,689,257</b>	<b>30,523,216</b>
<b>31 FINANCE COST</b>			
Notional charges on interest free loans		49,477,084	1,812,321
Provision for doubtful rent receivable		375,000	-
Bank charges and commission		145	11,687
		<b>49,852,229</b>	<b>1,824,008</b>
<b>32 TAXATION EXPENSES</b>			
<b>Current tax</b>			
Current year		-	-
Prior year		-	-
<b>Deferred tax</b>			
Current year		-	-
		-	-
<b>32.1 Relationship between tax expense and accounting profit</b>			
The relationship between tax expense and accounting profit has not been presented in these financial statements as the company has no tax expense on account of taxable loss and NIL revenue.			
		June 30, 2022	June 30, 2021
		Rupees	
<b>33 Earning / (loss) per share - basic and diluted</b>			
Profit / (loss) for the year	Rupees	(55,557,970)	(5,296,089)
Weighted average number of ordinary shares	Number	14,100,000	14,100,000
Earnings per share - basic	Rupees	(3.94)	(0.38)

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

## 34 FINANCIAL INSTRUMENTS BY CATEGORY

### Financial Assets as per Financial Statements

#### Maturity upto one year:

Trade deposits and short term prepayments

Other receivables

Cash and bank balances

#### Maturity after one year:

Long term deposits

Note	June 30, 2022	June 30, 2021
	Rupees	
	2,925,765	2,925,765
	17,120,975	15,295,975
	445,250	622,540
	1,156,180	1,156,180
	<b>21,648,170</b>	<b>20,000,460</b>

### Financial Liabilities as per Financial Statements

#### Maturity upto one year:

Trade and other payables

Unclaimed dividend

Accrued interest / mark up

Short term borrowings

Current portion of Long term financing from banking companies

Liabilities against assets subject to finance lease

Loan from directors and associates

#### Maturity after one year:

Long term financing from directors and associates

	42,494,535	34,483,679
	235,776	235,776
	97,520,035	97,520,035
	136,365,534	143,465,534
	493,145,381	476,664,080
	108,306,331	108,306,331
	128,122,951	-
	-	95,917,168
	<b>1,006,190,542</b>	<b>956,592,603</b>

## 35 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

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

### 35.1 Credit risk

### 35.2 Liquidity risk

### 35.3 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.

### 35.1 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. 21,393 million (June 30, 2021: Rs. 20.00 million), financial assets which are subject to credit risk aggregate to Rs. 21,197 million (June 30, 2021: Rs 19,377 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, 2022	June 30, 2021
	Rupees	
Long term deposits	1,156,180	1,156,180
Trade deposits and short term prepayments	2,925,765	2,925,765
Other receivables	17,120,975	15,295,975
Cash and bank balances	445,250	622,540
	<b>21,648,170</b>	<b>20,000,460</b>

### 35.2 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 damages to the company's reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

## Financial liabilities

	2022					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
Long term financing	493,145,381	493,145,381	-	493,145,381	-	-
Finance lease	108,306,331	108,306,331	-	108,306,331	-	-
Trade and other payables	42,494,535	42,494,535	42,494,535	-	-	-
Unclaimed dividends	235,776	235,776	235,776	-	-	-
Accrued markup / interest	97,520,035	97,520,035	-	97,520,035	-	-
Loan from directors and associates	128,122,951	128,122,951	128,122,951	-	-	-
Short term borrowings	136,365,534	136,365,534	136,365,534	-	-	-
	<b>1,006,190,542</b>	<b>1,006,190,542</b>	<b>307,218,796</b>	<b>698,971,747</b>	<b>-</b>	<b>-</b>

	2021					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
Long term financing	476,664,080	476,664,080	-	476,664,080	-	-
Long term loans from directors and associates	95,917,168	95,917,168	-	-	95,917,168	-
Finance Lease	108,306,331	108,306,331	-	108,306,331	-	-
Trade and other payables	34,483,679	34,483,679	34,483,679	-	-	-
Unclaimed dividends	235,776	235,776	235,776	-	-	-
Accrued markup / interest	97,520,035	97,520,035	-	97,520,035	-	-
Short term borrowings	143,465,534	143,465,534	143,465,534	-	-	-
	<b>956,592,603</b>	<b>956,592,603</b>	<b>178,184,989</b>	<b>682,490,446</b>	<b>95,917,168</b>	<b>-</b>

**35.2.1** 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.

### 35.3 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 sentiments, speculative activities, supply and demand of securities, and liquidity in the market. The company is exposed to currency risk and interest rate risk only.

#### 35.3.1 Currency risk

##### Exposure to currency risk

The Company is not exposed to any currency risk as at the balance sheet date (2021: Nil), therefore no sensitivity analysis is required.

#### 35.3.2 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 providing the mark up on all borrowings. Therefore, risk if 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, 2022	June 30, 2021
	Rupees	
<b>Fixed rate instruments</b>		
Financial assets	-	-
Financial liabilities	32,471,576	32,471,576
<b>Variable rate instruments</b>		
Financial assets	-	-
Financial liabilities	705,345,670	695,964,369

#### 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:-

## 35.3.3 Other Price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The company is not exposed to commodity price risk as it does not hold financial instruments based commodity prices.

## 35.4 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.

The following table shows the carrying amounts and fair values of financial assets and liabilities. The fair value of financial assets measured at fair value is shown below. It does not include fair value information for financial assets and financial liabilities not measured at fair value as the carrying amount is a reasonable approximation of fair value.

Carrying Amount			Carrying Amount		
2022			2021		
At amortized cost	Fair value through profit or loss	Fair value through other comprehensive income	At amortized cost	Fair value through profit or loss	Fair value through other comprehensive income
-----Rupees-----					
<b>Financial assets</b>					
Long term deposits	1,156,180	-	1,156,180	-	-
Trade deposits and short term prepayments	2,925,765	-	2,925,765	-	-
Other receivables	17,120,975	-	15,295,975	-	-
Cash and bank balances	445,250	-	622,540	-	-
	<b>21,648,170</b>	-	<b>20,000,460</b>	-	-
<b>Financial Liabilities</b>					
Long term financing	493,145,381	-	476,664,080	-	-
Long term loans from directors & associates	-	-	95,917,168	-	-
Liabilities against assets subject to finance lease	108,306,331	-	108,306,331	-	-
Trade and other payables	42,494,535	-	34,483,679	-	-
Unclaimed dividends	235,776	-	235,776	-	-
Accrued markup / interest	97,520,035	-	97,520,035	-	-
Loan from directors and associates	128,122,951	-	-	-	-
Short term borrowings	136,365,534	-	143,465,534	-	-
	<b>1,006,190,542</b>	-	<b>956,592,603</b>	-	-

The basis for determining fair values is as follows:

### Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date plus an adequate credit spread. Since the majority of the financial assets are fixed rate instruments, there is no significant difference in market rate and the rate of instrument, fair value significantly approximates to carrying value.

### Fair value hierarchy

The table below analyzes financial assets that are measured at fair value, by valuation method. The different levels have been defined as follows

- Level 1 : Quoted prices in active markets for identical assets and liabilities;
- Level 2 : Observable inputs; and
- Level 3 : Unobservable inputs.

The Company held the following financial assets at fair value:

	Level 1	Level 2	Level 3	Total
	Rupees			
<b>June 30, 2022</b>				
At fair value through profit or loss	-	-	-	-
	-	-	-	-
<b>June 30, 2021</b>				
At fair value through profit or loss	-	-	-	-
	-	-	-	-

## Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities.

### 35.5 Off balance sheet items

	June 30, 2022	June 30, 2021
	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

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

## 36 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 shareholder 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. The 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, 2022	June 30, 2021
	Rupees	
Borrowings	865,940,197	824,353,113
Total equity	46,959,178	102,517,148
Total capital employed	912,899,375	926,870,261
Gearing ratio	94.86	88.94

## 37 PLANT CAPACITY AND PRODUCTION

Total number of spindles installed

Total number of spindles worked

Number of shifts per day

Installed capacity converted into 20/1 count (Kgs.)

Actual production converted into 20/1 count (Kgs.)

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

2022	2021
29,016	29,016
-	-
-	-
11,889,912	11,889,912
-	-

## 38 RELATED PARTY TRANSACTIONS

June 30, 2022 June 30, 2021

### 38.1 Transactions with related parties

**Directors** Repayment of loan to director Mian Naeem Omer

Rupees
790,000 4,148,649

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.

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

Sr. no.	Party Name	Basis of Relationship	Aggregate % of Share holding in the company
1.	Mian Naeem Omer	CEO	16.63%
2.	Mian Hasham Omer	Associate	N/A
3.	Mrs. Farah Naeem	Associate	N/A
4.	Mian Muhammad Saleem Omer	Associate	N/A
5.	Mrs. Surrya Begum	Associate	N/A

## 39 REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

There is no executive in the company during the year (2021: Nil). There is only one chief executive and salaries and benefits amounting to Rs. 1,800,000 (2021: Rs. 1,800,000) are provided during the year. No salaries and benefits have been provided to the directors during the year.

## 40 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.

## 41 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.

## 42 NUMBER OF EMPLOYEES

Number of employees worked as at June 30

Average number of employees worked during the year

2022	2021
4	4
4	4

## 43 EVENTS AFTER THE BALANCE SHEET DATE

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

## 44 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on **October 05, 2022** the board of directors of the company.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

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

**FORM 34**

1.1 Name of the Company

**BILAL FIBRES LIMITED**

2.1. Pattern of holding of the shares held by the shareholders as at

**30-06-2022**

2.2 No. of Shareholders	-----Shareholdings-----		Total Shares Held
	From	To	
179	1	100	9,849
451	101	500	194,666
149	501	1,000	140,414
251	1,001	5,000	692,095
92	5,001	10,000	772,286
31	10,001	15,000	392,533
17	15,001	20,000	320,886
10	20,001	25,000	235,000
8	25,001	30,000	223,000
10	30,001	35,000	329,000
5	35,001	40,000	192,500
5	40,001	45,000	213,000
8	45,001	50,000	396,000
7	50,001	55,000	366,600
2	60,001	65,000	128,000
1	65,001	70,000	69,500
4	70,001	75,000	294,000
2	80,001	85,000	166,000
4	95,001	100,000	400,000
2	100,001	105,000	209,000
2	105,001	110,000	216,500
1	110,001	115,000	115,000
1	115,001	120,000	120,000
3	140,001	145,000	429,000
1	145,001	150,000	146,500
2	150,001	155,000	306,500
1	155,001	160,000	157,000
1	175,001	180,000	178,500
1	185,001	190,000	187,500
1	190,001	195,000	191,000
1	205,001	210,000	209,500
1	245,001	250,000	250,000
1	265,001	270,000	270,000
1	290,001	295,000	295,000
1	350,001	355,000	352,500
1	480,001	485,000	480,500
1	485,001	490,000	487,500
1	520,001	525,000	523,500
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
1263			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)	-	0.0000
2.3.3 NIT and ICP	8,033	0.0570
2.3.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	-	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	11,514,814	81.6653
b. Foreign	4,000	0.0284
2.3.9 Others	-	0.0000
<b>Joint Stock Companies</b>	<b>115,034</b>	<b>0.8158</b>

## Categories of Shareholding required under Code of Corporate Governance (CCG) As on June 30, 2022

Sr. No.	Name	No. of Shares Held	Percentage
---------	------	--------------------	------------

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

52,133 0.3697%

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 for me and my behalf at  
the 36<sup>th</sup> Annual General Meeting of the Company to be held on Thursday, October 27, 2022 and  
at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2022

**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.