

AL-ABID
SILK MILLS LIMITED

53rd ANNUAL REPORT
2021

AL-ABID SILK MILLS LIMITED

53rd ANNUAL REPORT

FOR THE YEAR ENDED JUNE 30, 2021

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AL-ABID SILK MILLS LIMITED

COMPANY INFORMATION

| | | |
|--|---|--|
| BOARD OF DIRECTORS | Mr. Naseem A. Sattar Mr. Qamar Mashkoo Mr. Muhammad Sajid Hafeez Mst. Adia Naseem Mrs. Sadaf Nadeem Syed Raza Abbas Jaffari | Chief Executive Officer Independent Non-Executive Director Independent Non-Executive Director Non-Executive Director Non-Executive Director Nominee Director (N.I.T.) |
| CHIEF FINANCIAL OFFICER | Mr. Haroon Rasheed | |
| SECRETARY | Mr. Nasim Ahmed | |
| AUDIT COMMITTEE | Mr. Qamar Mashkoo Mr. Muhammad Sajid Hafeez | Chairman Member |
| HUMAN RESOURCE AND REMUNERATION COMMITTEE | Mr. Muhammad Sajid Hafeez Mr. Naseem A. Sattar Mr. Qamar Mashkoo | Chairman Member Member |
| AUDITORS | Muniff Ziauddin & Co., Chartered Accountants | |
| REGISTRARS | Jwaffs Registrar Services (Pvt) Ltd. Room # 407-408, 4th Floor, Al-Ameera Centre, Shahrah-e-Iraq, Saddar, Karachi | |
| BANKERS | Allied Bank Limited Faysal Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited JS Bank Limited Meezan Bank Limited National Bank of Pakistan PAIR Investment Company Limited Standard Chartered Bank (Pakistan) Limited Summit Bank Limited The Bank of Punjab United Bank Limited | |
| REGISTERED OFFICE | A-34 / A, S.I.T.E., Manghopir Road, Karachi. | |
| MILLS | A-34 / A, A-29 / B, S.I.T.E., Karachi. | |
| E-MAIL | mail@alabid.com | |

AL-ABID SILK MILLS LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 53rd Annual General meeting of the Shareholders of the Company will be held at the Hotel Galaxy, 164, B.C.H.S. Shahrah-e-Faisal Karachi, on Wednesday, October 27, 2021 at 04:45 p.m. to transact the following business:

1. To confirm the Minutes of the Annual General Meeting of the Company held on October 27, 2020.
2. To receive, consider and adopt the annual audited accounts of the Company together with the Directors' and Auditors' Report thereon for the year ended June 30, 2021.
3. To appoint statutory Auditors for the year 2021-2022 and fix their remuneration. The present auditors M/s. Muniff Ziauddin & Company, Chartered Accountants, have offered themselves for re-appointment as Auditors of the Company.
4. To consider any other business with the permission of the Chair.

BY ORDER OF THE BOARD

NASIM AHMED
Company Secretary

Karachi: October 01, 2021

NOTES:

1. The Share Transfer Books of the Company will remain closed from October 20, 2021 to October 27, 2021 (both days inclusive).
2. Members whose names appearing in the Registered of Members as of October 20, 2021, are entitled to attend and vote at the meeting. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend, speak and vote for him/her. A proxy must be a member of the Company.
3. An instrument of proxy applicable for the Meeting may be obtained from the Registered Office of the Company during normal office hours. Proxy form may also be downloaded from the Company's website: www.alabid.com.
4. An instrument of proxy and the power of attorney or other authority (if any) under which is signed, or a notorially certified copy of such power or authority, must be valid, be deposited at the Registered Office of the Company not less than 48 hours before the time of the Meeting.
5. In accordance with the provisions of Section 242 of the Companies Act, 2017 and Circular No.18/2017, a listed company, is required to pay cash dividend to the shareholders only through electronic mode directly into the bank account designated by the entitled shareholder. In compliance with the said law, in order to receive your future dividends directly in your Bank Account, you are required to provide the information mentioned on the form placed on the Company's website and send the same to your brokers/ the Central Depository Company Ltd, if the share are held in electronic form or to the Company's shares Registrar if the shares are held in paper certificate form.
6. Members are requested to submit a copy of their Computerized National Identity Card (CNIC/SNIC), if not already provided, and notify immediately changes, if any, in their registered address to our Share Registrar, JWAFFS Registrar Services (Pvt) Limited.

AL-ABID SILK MILLS LIMITED

7. Pursuant to SECP Circular No.10 of 2014 dated May 21, 2014, if the Company received consent from members holding in aggregate 10% or more shareholding residing in a geographical location to participate in the meeting through video conference at least 7 days prior to the date of Annual General Meeting, the company will arrange video conference facility in that city subject to availability of such facility in that city. To avail this facility please provide the following information to the company registered office PABX Nos. (+9221) 32560040 and email mail@alabid.com:

8. I/We of being an member of Al-Abid Silk Mills Limited holder of Ordinary Share(s) as per Register Folio No. _____ hereby opt for video conference facility at (Please insert name of the city) _____.

Signature of member

9. Members can exercise their right to demand a poll subject to meeting requirements of Section 143-145 of Companies Act, 2017 and applicable clauses of Companies (Postal Ballot) Regulations 2018.

10. CDC Account Holders will further have to follow the under mentioned guidelines as laid down in circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan and being mentioned in the Notice of Meeting Circulated to the Members.

A. For Attending the Meeting:

- i) In case of individuals, the account holder or sub-account holder and/or the persons whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his identity by showing his original Computerized National Identity Card (CNIC) or, original passport at the time of attending the meeting.
- ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

B. For Appointing Proxies

- i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
- ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv) The proxy shall produce his/her original CNIC or original passport at the time of the Meeting.
- v) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

AL-ABID SILK MILLS LIMITED

REVIEW REPORT BY THE CHAIRMAN

As required under the Code of Corporate Governance, an annual evaluation of the Board of Directors of Al-Abid Silk Mills Limited is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company.

For the financial year ended June 30, 2021, the Board's overall performance and effectiveness has been assessed as Satisfactory. Improvement is an ongoing process leading to action plans. The overall assessment as Satisfactory is based on an evaluation of integral components, including vision, mission and values; engagement in strategic planning; formulation of policies; monitoring the organization's business activities; monitor financial resource management; effective fiscal oversight; equitable treatment of all employees and efficiency in carrying out the Board's business.

The Board of Directors of the Company received agendas and supporting written material including follow up materials in sufficient time prior to the board and its committee meetings. The board meets frequently enough to adequately discharge its responsibilities. The non- executive and independent directors are equally involved in important decisions.

Karachi: October 01, 2021



Chairman / Director

AL-ABID SILK MILLS LIMITED

DIRECTOR'S REPORT TO THE SHAREHOLDERS

The Board of Directors is presenting 53rd Annual report and Annual financial statement for the year ended June 30, 2021.

We hope all our shareholders and concerned persons are safe from corona pandemic which has created unprecedented circumstances not only in the country but also in the entire world. Keeping in view these circumstances, we are presenting our shareholders and all concerned "future outlook" of the company.

Future Outlook:

Al-Abid Silk Mills Ltd has been not only a leading but also a pioneer of value added textile manufacturer and exporter of the country - well acknowledged in the international market, and had a work force attached with the employment, accommodating 7600 employees under roofs of various factories of Al-Abid Silk Mills Ltd., situated in SITE. Just before getting into financial difficulties in the year 2010 – 2011, we still had export of US\$:126 Millions in the year 2010 and US\$:118 Millions in the year 2011 respectively.

The sponsors have settled ten banks and financial institutions, so their liabilities are NIL today (reported already last year). During the period under report, we have settled in addition to the banks as mentioned above, one more bank i.e. Faysal Bank Ltd settling their liability as well.

Settlement with JS Bank has also reached, however, it is in the State Bank of Pakistan for approval. As reported to you earlier, settlement amount has also been deposited as per requirements. The remaining banks are only now Bank of Punjab, National Bank of Pakistan and PAK Iran Investment Company. With National Bank of Pakistan, we are discussing settlement/rehab, who are giving us helping hand in keeping with their SOPs to pursue these positively.

We want to assure our shareholders and concerned authorities that the management will leave no stone unturned in its efforts to revive the company and regain the position it enjoyed in the past.

After settlement with the large number of banks as mentioned above, we had to vacate our various premises, which contained the major plants, which had to be dismantled and transferred to another premises of Al-Abid at plot No. A-34/A and A-29/B, where it was possible to accommodate those space-wise and infrastructure-wise.

Under the circumstances, it is practically like putting up a new plant which under these difficult circumstances including corona pandemic has been a tall task. The installation started in 2020 immediately to settlement with large number of banks after all encumbrances were removed.

Now, we are striving towards the commissioning of the plant and discussing with some investors to fill the gap of minimum required finances as plants are all practically installed and with finishing touches, running of the plants can be started.

In the above, we've tried to give our shareholders and all concerned a detailed and complete picture as it is.

Comments on adverse opinion of auditor's report

- i) With regard to first qualification of the auditors we would like to state that the liability has been further reduced and we are going for valuation of the assets. The business plan is under preparation.
- ii) With regard to bank confirmations qualification of the auditor we would like to mention the fact that the company is in litigation with these financial institutions and they normally do not reply to such inquiries when there is litigation.
- iii) Regarding IAS 36 - impairment qualification - valuation of assets will address the qualification.

AL-ABID SILK MILLS LIMITED

Election of Directors:

We are aware that election of directors has to take place as it is quite some time back that we held the election. Unfortunately, our chairman Mr. Jawed Azam expired due to corona and Mr. Azim Ahmed, who has been the executive director, resigned.

Under present circumstances when transactions are closed in Stock Exchange and company is not in production due to reasons mentioned above that main production plants shifted from one premises to another premises and their installation, being very time consuming, but the management intentions are positive to straighten all matters and to start again the production as it is an asset of the country and the employment creating positions for the un-employed and earning foreign exchange for the country.

We hope you will find the balance sheet healthier than last year and InshAllah in the coming month it will be still better and soon we will be getting into production.

DIVIDEND

Considering the current state of affairs, the cash flow of the Company does not allow any dividend payout. Therefore, the Board of Directors does not recommend dividend for the year ended June 30, 2021.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Directors declare that:

- The financial statements prepared by the management of Al-Abid Silk Mills Limited present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of Al-Abid Silk Mills Limited have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of Financial Statements.
- The Board is responsible for the Company's system of internal control and reviewing its effectiveness.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- Key operating and financial data for last six years in summarized form is also enclosed in the annual report.

AL-ABID SILK MILLS LIMITED

NUMBER OF BOARD MEETINGS HELD DURING THE YEAR AND ATTENDANCE OF EACH DIRECTOR

During the year seven meetings of the Board of Directors were held. The attendance of the Directors at board meetings were as follows:

| Name of Director | Meeting Attended |
|---|------------------|
| Mr. S.M. Jawed Azam (Expired on 16.12.2020) | 05 |
| Mr. Naseem A. Sattar | 07 |
| Mr. Azim Ahmed (Registered on 22.02.2021) | 03 |
| Mr. Qamar Mashkoor | -- |
| Mr. Muhammad Sajid Hafeez | -- |
| Syed Raza Abbas Jafferri | 07 |
| Mst. Adia Naseem | 04 |
| Mrs. Sadaf Nadeem | 02 |

AUDIT COMMITTEE:

Size and Composition:

For the financial year ended June 30, 2021, the audit committee comprised the following two directors, all are Non-Executive Directors:

| | | |
|---|---------------------------|----------|
| 1 | Mr. Qamar Mashkoor | Chairman |
| 2 | Mr. Muhammad Sajid Hafeez | Member |

INTERNAL AUDIT FUNCTION:

The Board is responsible for effectiveness of the company's system of internal control. The internal control systems are designed to meet company's requirement to avoid the risk to which it may be exposed.

AUDITORS:

M/s. Muniff Ziauddin & Co., Chartered Accountants have retired and being eligible offered themselves for reappointment. The board of Directors has recommended the appointment of the M/s. Muniff Ziauddin & Co., Chartered Accountants for the year ending June 30, 2022.

PATTERN OF SHAREHOLDING:

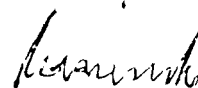
The Pattern of Shareholding and additional information regarding pattern of shareholding is attached to the financial statements included in this report.

ACKNOWLEDGMENT

We do hope to achieve it with well-wishes of our shareholders, our employees and kind cooperation of the banks.

Thanks to all of you.

For and on behalf of the Board of Directors



(NASEEM A. SATTAR)
Chief Executive Officer

Karachi: October 01, 2021

AL-ABID SILK MILLS LIMITED

العابدسلك ملولمیلٹڈ حصص داران کیلئے ڈائریکٹرز کی رپورٹ

بورڈ آف ڈائریکٹرز 30 جون 2021ء کو ختم ہونے والے سال کیلئے کمپنی کی تریپن ویں سالانہ رپورٹ اور سالانہ مالیاتی حسابات پیش کر رہے ہیں۔

ہم امید کرتے ہیں کہ ہمارے تمام حصص داران اور متعلقہ افراد کو رونا و باء سے محفوظ ہیں جس نے نہ صرف ملک میں بلکہ دنیا بھر میں بے مثال حالات پیدا کر دیئے ہیں۔

ان حالات کو مد نظر رکھتے ہوئے، ہم اپنے حصص داران اور تمام متعلقہ افراد کیلئے کمپنی کا ”مستقبل کا نظریہ“ پیش کر رہے ہیں۔
مستقبل کا نظریہ:

العابدسلك ملولمیلٹڈ نہ صرف ایک لیڈنگ کمپنی ہے بلکہ ویلیو ایڈڈ ٹیکسٹائل کا مینوفیکچرر اور ملک کا بے مثال برآمد کنندہ بھی ہے جو عالمی مارکیٹ میں تسلیم شدہ ہے اور روزگار سے وابستہ ایک ورک فورس تھی جہاں 7600 ملازمین کام کرتے ہیں۔ العابدسلك ملولمیلٹڈ کی مختلف فیکٹریاں سائٹ میں واقع ہیں۔ سال 2010-11 میں مالی مشکلات سے پہلے ہمارے پاس سال 2010 میں 126 ملین ڈالر اور سال 2011 میں 118 ملین ڈالر کی برآمدات موجود تھیں۔

اسپانسرز نے دس بینکوں اور مالیاتی اداروں کے ساتھ تصفیہ کیا ہے، لہذا آج کے دن ان کے قرضہ جات صفر ہیں (گزشتہ سال پہلے ہی مطلع کر دیا گیا ہے)۔ دوران مدت رپورٹ کے تحت ہم نے اوپر بیان کیے گئے بینکوں کے علاوہ ایک اور بینک یعنی فیصل بینک لمیٹڈ کے ساتھ بھی ان کے قرضہ جات کے سلسلے میں تصفیہ کر لیا ہے۔

جے ایس بینک کے ساتھ تصفیہ طے پا چکا ہے تاہم یہ منظوری کے لیے اسٹیٹ بینک آف پاکستان میں ہے۔ جیسا کہ آپ کو پہلے بتایا گیا ہے کہ ضروریات کے مطابق تصفیہ کی رقم بھی جمع کروادی گئی ہے۔ باقی بینک صرف بینک آف پنجاب، نیشنل بینک آف پاکستان اور پاک ایران انویسٹمنٹ کمپنی ہیں۔ نیشنل بینک آف پاکستان کے ساتھ، تصفیہ کے بارے میں ہماری بات چیت جاری ہے، جو ہمیں ان کے ایس او پیز کو مد نظر رکھتے ہوئے اسے مثبت انداز میں آگے بڑھانے میں مدد دے رہے ہیں۔

ہم اپنے حصص داران اور متعلقہ حکام کو یقین دلانا چاہتے ہیں کہ انتظامیہ کمپنی کو دوبارہ فعال کرنے اور ماضی میں اسے جو مقام حاصل تھا وہ واپس دلوانے کی کوششوں میں کوئی کسر نہیں چھوڑے گی۔

جیسا کہ اوپر بیان کیا گیا ہے بینکوں کی بڑی تعداد کے ساتھ تصفیہ کرنے کے بعد، ہمیں اپنی مختلف جگہیں خالی کرنا پڑیں، جن میں بڑے پلانٹ تھے، جنہیں نکال کر پلانٹ نمبر A-34/A اور A-29/B پر العابد کی دوسری جگہوں میں منتقل کرنا تھا، جہاں ان کو جگہوں اور انفراسٹرکچر کے لحاظ سے ان کو ایڈجسٹ کرنا ممکن تھا۔

ان حالات میں، یہ عملی طور پر ایک نیا پلانٹ لگانے کے مترادف ہے جو ان مشکل حالات بشمول کورونا و باء میں ایک طویل کام ہے۔ بینکوں کے ساتھ تصفیہ کرنے کے بعد 2020ء میں بڑی تعداد میں تنصیب فوری طور پر شروع ہوئی۔

اب، ہم پلانٹ کی کمزور کی طرف کوشاں ہیں اور کچھ سرمایہ کاران کے ساتھ بات چیت کر رہے ہیں تاکہ کم از کم مطلوبہ فنانس کا خلا پُر کیا جاسکے کیونکہ سب پلانٹس عملی طور پر لگائے جا چکے ہیں اور فنڈنگ ٹچر کے ساتھ پلانٹس کو چلانے کا کام شروع کیا جاسکتا ہے۔

مذکورہ بالا کے تحت، ہم نے اپنے حصص داران اور تمام متعلقہ افراد کو ایک تفصیلی اور مکمل شبیہ دینے کی کوشش کی ہے۔

AL-ABID SILK MILLS LIMITED

آڈیٹر کی منفی رائے پر تبصرہ:

- ۱۔ آڈیٹر کی پہلی رپورٹ کے حوالے سے ہم یہ بتانا چاہیں گے کہ liability مزید کم کردی گئی ہے اور ہم اثاثوں کی تشخیص کیلئے جارہے ہیں اور کاروباری منصوبہ تیاری کے مراحل میں ہے۔
- ۲۔ آڈیٹر کی رپورٹ کے بارے میں بینک کی تصدیق کے حوالے سے ہم اس حقیقت کا ذکر کرنا چاہیں گے کہ کمپنی ان مالیاتی اداروں کے ساتھ قانونی چارہ جوئی کے مراحل میں ہے اور وہ عام طور پر اس طرح کی انکوائریوں کا جواب نہیں دیتے جب قانونی چارہ جوئی ہو رہی ہو۔
- ۳۔ IAS 36 کے سلسلے میں، اثاثہ جات کی ویلویکیشن اہلیت کو واضح کرے گی۔

ڈائریکٹرز کے انتخابات:

ہم جانتے ہیں کہ ڈائریکٹرز کے انتخابات ہونے چاہئیں جیسا کہ کچھ عرصہ قبل ہم نے انتخابات کروائے تھے۔ بد قسمتی سے ہمارے چیئرمین جناب جاوید اعظم کورونادبا کے باعث انتقال کر گئے، اور جناب عظیم احمد نے ایگزیکٹو ڈائریکٹر کے عہدے سے استعفیٰ دے دی۔

موجودہ حالات میں جب اسٹاک ایکسچینج میں ٹرانزیکشنز بند ہیں اور مذکورہ وجوہات کے باعث کمپنی پیداواری عمل میں نہیں ہے، مین پروڈکشن پلانٹس ایک احاطے سے دوسرے احاطے میں منتقل ہو گئے ہیں اور ان کی تنصیب کافی وقت طلب ہے، لیکن انتظامیہ کے ارادے تمام معاملات کو سنبھالنے اور دوبارہ پیداوار شروع کرنے کے لیے مثبت ہیں کیونکہ یہ ملک کا اثاثہ ہے اور بے روزگاروں کے لیے روزگار کے مواقع پیدا کرتا ہے اور ملک کے لیے زرمبادلہ کماتا ہے۔

ہم امید کرتے ہیں کہ آپ بیلنس شیٹ کو گزشتہ سال کی نسبت سے بہتر پائیں گے اور انشاء اللہ آنے والے مہینے میں یہ مزید بہتر ہوگی اور جلد ہی ہم پیداواری عمل شروع کر دیں گے۔

ڈویڈنڈ:

موجودہ معاملات کے حوالے سے کمپنی کا کیش فلو ہمیں کسی بھی ڈویڈنڈ کی اجازت نہیں دیتا۔ لہذا بورڈ آف ڈائریکٹرز 30 جون 2021ء کو ختم ہونے والے سال کیلئے ڈویڈنڈ کی سفارش نہیں کرتے ہیں۔

کارپوریٹ اور مالیاتی رپورٹنگ کا فریم ورک:

ڈائریکٹرز نے یہ اقرار کیا ہے کہ:

- ☆ العابد سلک ملز لمیٹڈ کی انتظامیہ نے مالیاتی حسابات مرتب کئے ہیں جو کہ موجودہ معاملات کے لئے بالکل صحیح ہیں، جو کہ آپریشن، کیش فلو اور ایکوٹی میں تبدیلی کا نتیجہ ہے۔
- ☆ العابد سلک ملز لمیٹڈ کے کھاتے مناسب طور پر مرتب کئے گئے ہیں۔
- ☆ مالیاتی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں پر عملدرآمد کیا گیا ہے اور اکاؤنٹنگ کا تخمینہ مناسب اور صحیح فیصلے کی بنیاد پر ہے۔
- ☆ انٹرنیشنل فنانسنگ رپورٹنگ اسٹینڈرڈز جس کا اطلاق پاکستان میں کیا گیا ہے، ہم نے مالیاتی حسابات کی تیاری میں اس پر عملدرآمد کیا ہے۔
- ☆ بورڈ کمپنی کے داخلی کنٹرول کے سسٹم کا ذمہ دار ہے، بورڈ نے یہ کیا ہے کہ داخلی کنٹرول کا سسٹم مضبوط اور موثر ہونا چاہئے تاکہ صحیح معنوں میں عملدرآمد کیا جاسکے۔
- ☆ کمپنی کی مہارت پر کسی قسم کے کوئی شکوک و شبہات نہیں ہیں۔
- ☆ کارپوریٹ گورننس کی بہترین پریکٹس سے کسی بھی مواد کو ضائع نہیں کیا گیا ہے جس کی تفصیل فہرست میں موجود ہے۔
- ☆ گزشتہ چھ سالوں کا مالیاتی ڈیٹا اور آپریشننگ کا طریقہ کار سالانہ رپورٹ کے ساتھ منسلک ہے۔

AL-ABID SILK MILLS LIMITED

دوران سال منعقدہ بورڈ کی میٹنگز کی تعداد اور ہر ڈائریکٹر کی حاضری:
اس سال بورڈ آف ڈائریکٹرز کی سات میٹنگز منعقد ہوئیں، بورڈ کی ان میٹنگز میں حاضر ہونے والے ڈائریکٹرز کی تفصیلات درج ذیل ہیں:

| ڈائریکٹر کا نام | میٹنگ میں حاضری کی تعداد |
|---|--------------------------|
| جناب ایس ایم جاوید اعظم (16-12-2020 کو انتقال کر گئے) | 05 |
| جناب نسیم اے ستار | 07 |
| جناب عظیم احمد (22-02-2021 کو مستعفی ہو گئے) | 03 |
| جناب قمر منگور | -- |
| جناب محمد ساجد حفیظ | -- |
| سید رضا عباس جعفری | 07 |
| مسماں عادیہ نسیم | 04 |
| مسماں صدق ندیم | 02 |

آڈٹ کمیٹی:
30 جون 2021 کو ختم ہونے والے مالیاتی سال کیلئے آڈٹ کمیٹی درج ذیل دو ڈائریکٹرز پر مشتمل ہے، یہ تمام غیر ایگزیکٹو ڈائریکٹرز ہیں:

| | | |
|----|---------------------|----------|
| 1- | جناب قمر منگور | چیئر مین |
| 2- | جناب محمد ساجد حفیظ | ممبر |

انٹرنل آڈٹ فنکشن:
یہ بورڈ انٹرنل کنٹرول کی کمیٹی کے نظام کو موثر بنانے کا ذمہ دار ہے۔ انٹرنل کنٹرول سسٹم کو اس طرح مرتب کیا گیا ہے کہ کمیٹی کی تمام ضروریات پوری ہو سکیں اور ہر قسم کے خطرات سے محفوظ رہا جاسکے۔

آڈیٹرز:
میسرز منیف ضیاء الدین اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹ ریٹائر ہو چکے ہیں اور انہوں نے اپنی تقرری کیلئے دوبارہ پیشکش کی ہے۔ بورڈ آف ڈائریکٹرز نے 30 جون 2022 کو ختم ہونے والے سال کیلئے میسرز منیف ضیاء الدین اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹ کی تقرری کی سفارش کی ہے۔

شیئر ہولڈنگ کا پیٹرن:
شیئر ہولڈنگ کا پیٹرن اور اضافی معلومات مالیاتی حسابات میں اس رپورٹ کے ساتھ منسلک ہے۔

اظہار تشکر:
ہم اپنے شیئر ہولڈرز، اپنے ملازمین اور بینکوں کے تعاون کے ساتھ کامیابی حاصل کرنے کی نیک خواہشات کا اظہار کرتے ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے

نسیم اے ستار

چیف ایگزیکٹو آفیسر

کراچی: مورخہ یکم اکتوبر 2021ء

AL-ABID SILK MILLS LIMITED

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019 Year ended June 30, 2021

The Company has complied with the requirements of Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) in the following manner:

1. The total number of directors are 6 (six) as per the following:

- a. Male:4
- b. Female:2

2. The composition of the Board is as follows:

| | |
|-------------------------|---------------------------|
| Independent Directors | Mr. Qamar Mashkoor |
| | Mr. Muhammad Sajid Hafeez |
| Executive Director | Mr. Naseem A. Sattar |
| Non-Executive Directors | Mst. Adia Naseem |
| | Mrs. Sadaf Nadeem |
| | Syed Raza Abbas Jaffari |
| Female Director | Mst. Adia Naseem |
| | Mrs. Sadaf Nadeem |

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 ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the 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 approved appointment of chief financial officer, company secretary including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

10. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board;

AL-ABID SILK MILLS LIMITED

11. The Board has formed committees comprising of members given below:

- a) Audit Committee
 Qamar Mashkooor Chairman
 Muhammad Sajid Hafeez Member
- b) HR and Remuneration Committee
 Muhammad Sajid Hafeez Chairman
 Naseem A. Sattar Member
 Qamar Mashkooor Member

12. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;

13. 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;

14. 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;

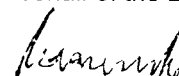
15. We confirm that all requirements of regulations 3, 6, 7, 8, 32, 33 and 36 of the Regulations have been complied with except 27.

| Regulation | Explanation |
|------------|---|
| 27 | As per the regulation, the audit committee of a company shall comprise of at least three member and they shall meet at least once every quarter of the financial year. However, the Audit committee has only two members and did not hold any meeting in the financial year since the company is not operational since a long time. |

16. Explanation for non-compliance with the requirements, other than regulations 3, 6, 7, 8, 32, 33 and 36 are below:

| Regulation | Explanation |
|------------|--|
| 19(1) | All non-compliant directors, are encouraged to obtain Directors' Training certification. During the year, no directors training certificate was undertaken by non-compliant directors. |
| 31(1) | As per the regulation, there shall be an internal audit function in every company. However, there is no internal audit function in the company since the company is not operational since a long time. |
| 15 | Since no audit committee meetings were held during the year, consequently the related party transactions were not first placed there, rather they were directly approved by the Board. |
| 28(3) | As per the regulation, The Human Resource and Remuneration Committee shall meet at least once in a financial year. However, the committee did not hold any meeting in the financial year. |

For and on behalf of the Board of Directors



(NASEEM A. SATTAR)
Chief Executive Officer

Karachi: October 01, 2021

AL-ABID SILK MILLS LIMITED

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Al-Abid Silk Mills Limited (the Company) for the year ended June 30, 2021 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 Director's 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 requires 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.

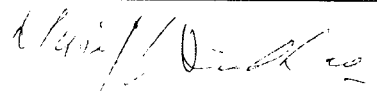
Following instance of non-compliance with the requirement of the Regulations was observed which is not stated in the Statement of Compliance:

The number of directors has declined less than the seven directors as prescribed under section 154 (1) (b) of the Companies Act, 2017. The casual vacancy of director has not been filled till date. Furthermore, the Company has not held election of directors which is past due.

Based on our review, except for the above instance of non-compliance, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the Regulations as applicable to the Company for the year ended June 30, 2021.

Further, we highlight below instances of non-compliance with the requirements of the Code as reflected in the note 15 and 16 in the Statement of Compliance:

| Regulation | Explanation |
|------------|---|
| 27 | As per the regulation, the audit committee of a company shall comprise of at least three member and they shall meet at least once every quarter of the financial year. However, the Audit committee has only two members and did not hold any meeting in the financial year since the company is not operational since a long time. |
| 19(1) | During the year, no Directors' training certification was undertaken by non-compliant Directors. |
| 31(1) | As per the regulation, there shall be an internal audit function in every company. However, there is no internal audit function in the company since the company is not operational since a long time. |
| 15 | Since no audit committee meetings were held during the year, consequently the related party transactions were not first placed there, rather they were directly approved by the Board. |
| 28(3) | As per the regulation, The Human Resource and Remuneration Committee shall meet at least once in a financial year. However, the committee did not hold any meeting in the financial year. |


MUNIFF ZIAUDDIN & CO.
CHARTERED ACCOUNTANTS
MUHAMMAD MOIN KHAN

Karachi: October 01, 2021

AL-ABID SILK MILLS LIMITED

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Adverse Opinion

We have audited the annexed financial statements of Al-Abid Silk Mills Limited (the Company), which comprise the statement to financial position as at 30 June 2021, and the statement of profit or loss and statement of other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including as obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the accompanying financial statements do not give a true and fair view of the financial position of the company as at June 30, 2021, and financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Adverse Opinion

- (i) As explained on note 2, the accumulated loss of the company has been reached at Rs. 3.476 billion which has eroded its equity to an adverse balance of Rs. 1.723 billion after surplus on revaluation of fixed assets, as of that date Company's current liabilities exceeded its current assets by Rs. 2.696 billion and further during the year no production and sales were made by the company. These events indicate a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and therefore the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. These financial statements have been prepared on a going concern basis however; the business revival plan is not disclosed in the financial statements.
- (ii) We have not received direct bank confirmations from the banks and financial institutions for short term loans amounting to Rs. 1.397 billion and for bank balances of Rs. 0.0008 billion as mentioned in the financial statements. The Company has not recorded mark-up on these finances which amounts to Rs. 0.122 billion on the plea of restructuring negotiation/litigation with the respective banks. Moreover, we were not arranged direct confirmations from trade and other creditors amounting to Rs. 0.689 billion.
- (iii) The Company has not complied with the requirements of IAS 36 – Impairment in relation to the plant, machinery and equipment and capital work in progress as the company did not conduct impairment testing on such assets during the year and these are not written down to their recoverable amount or value in use.

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

Key Audit Matters

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

AL-ABID SILK MILLS LIMITED

In addition to the matter described on the basis for Adverse opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report:

| Key Audit Matters | How our audit addressed the Key Audit Matters |
|--|---|
| <p>1. Contingencies</p> <p>The Company is subject to material litigations involving different courts pertaining to Long-term loans, taxation and other matters, which requires management to make assessment and judgements with respect to likelihood and impact of such litigations. Management have engaged independent legal counsel on these matters.</p> <p>The accounting for, and disclosure of, contingencies is complex and is a matter of most significance in our audit because of the judgements required to determine the level of certainty on these matters.</p> <p>The details of contingencies along with management's assessment and the related provisions are disclosed in note 17 to the financial statements.</p> <p>During the year, the Company has reached settlement with Faysal bank amounted to Rs. 783,331,222 and has paid the agreed amount to the same as full and final settlement.</p> | <p>In response to this matter, our audit procedures included:</p> <p>Discussing legal cases with the legal department to understand the management's view point and obtaining and reviewing the litigation documents in order to assess the facts and circumstances.</p> <p>Obtaining independent opinion of legal advisors dealing with such cases in the form confirmations.</p> <p>We also evaluated the legal cases in line with the requirements of IAS 37: Provisions, contingent liabilities and contingent assets.</p> <p>The disclosures of legal exposures and provisions were assessed for completeness and accuracy.</p> <p>We reviewed the Master Settlement Agreements (MSA) with related bank and verified the amount paid to such banks as full and final settlement from source documents.</p> |

Information other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of Management and 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 Companies Act, 2017 (XIX of 2017) and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud and 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.

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

AL-ABID SILK MILLS LIMITED

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

AL-ABID SILK MILLS LIMITED

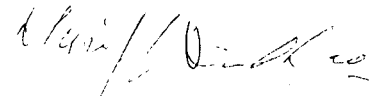
From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless a law or regulation precludes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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) except the matters specified in basis for adverse opinion, the statement of financial position, the statement of profit or loss and statement of other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have 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) 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 auditors' report is Muhammad Moin Khan.



Karachi: October 01, 2021

Chartered Accountants
Muhammad Moin Khan

AL-ABID SILK MILLS LIMITED

STATEMENT OF FINANCIAL POSITION

| | | 2021 | 2020 Restated |
|---|--|-----------------|------------------|
| Note | | (Rupees) | |
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Authorized capital | | | |
| 20,000,000 Ordinary Shares of Rs. 10/- each | | | |
| | | 200,000,000 | 200,000,000 |
| | | 134,095,500 | 134,095,500 |
| Capital reserves | | | |
| Other reserves | | | |
| | | 372,831,844 | 372,834,000 |
| | | 1,246,542,660 | 1,297,497,056 |
| Revenue reserves | | | |
| Accumulated loss | | | |
| | | (3,476,966,961) | (4,133,178,918) |
| Total equity | | | |
| | | (1,723,496,957) | (2,328,752,362) |
| NON- CURRENT LIABILITIES | | | |
| Deferred Taxation | | | |
| | | - | - |
| Staff retirement benefits | | | |
| | | 8,425,182 | 8,339,236 |
| | | 8,425,182 | 8,339,236 |
| CURRENT LIABILITIES | | | |
| Loan from directors and family member's - unsecured | | | |
| | | 521,018,754 | 521,018,754 |
| Security deposit | | | |
| | | - | 16,400,000 |
| Trade and other payables | | | |
| | | 762,843,112 | 763,265,695 |
| Unclaimed dividend | | | |
| | | 108,310 | 108,310 |
| Advance from I.B.L | | | |
| | | 366,063,944 | 366,063,944 |
| Accrued markup | | | |
| | | 60,622,829 | 96,809,130 |
| Short term finances | | | |
| | | 1,397,310,685 | 2,144,455,606 |
| Provision for taxation | | | |
| | | 573,441 | 390,459 |
| CONTINGENCIES AND COMMITMENTS | | | |
| | | 3,108,541,074 | 3,908,511,899 |
| | | 1,393,469,299 | 1,588,098,774 |

The annexed notes form an integral part of these financial statements.

Chief Executive Officer

Director

AL-ABID SILK MILLS LIMITED

AS AT JUNE 30, 2021

| | | 2021 | 2020 Restated |
|---------------------------------|------|----------------------|----------------------|
| | Note | (Rupees) | |
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 18 | 978,405,190 | 1,206,193,888 |
| Long term security deposit | | 3,311,307 | 3,290,949 |
| CURRENT ASSETS | | | |
| Stores and spares | 19 | 24,909,000 | 37,835,793 |
| Stock in trade | 20 | - | 9,094,981 |
| Trade debts | 21 | 1,200,936 | 1,389,977 |
| Loans and advances | 22 | 5,048,594 | 9,050,619 |
| Trade deposits | 23 | 8,144,398 | 8,144,398 |
| Other receivables | 24 | 219,841,188 | 150,495,162 |
| Tax refunds due from government | 25 | 62,265,684 | 60,250,342 |
| Cash and bank balances | 26 | 90,343,002 | 102,352,665 |
| | | 411,752,802 | 378,613,937 |
| | | <u>1,393,469,299</u> | <u>1,588,098,774</u> |

Chief Financial Officer

AL-ABID SILK MILLS LIMITED

STATEMENT OF PROFIT OR LOSS ACCOUNT AS AT JUNE 30, 2021

| | | 2021 | Restated 2020 |
|--|------|---------------------------|-----------------------------|
| | Note | Rupees | Rupees |
| Sales and manufacturing | 27 | - | - |
| Cost of sales | 28 | (86,131,390) | (103,495,483) |
| Gross loss | | <u>(86,131,390)</u> | <u>(103,495,483)</u> |
| Administrative expenses | 29 | (55,675,568) | (82,863,555) |
| Other income | 30 | 748,733,583 | 2,677,838,068 |
| Profit from operations | | <u>606,926,625</u> | <u>2,491,479,030</u> |
| Finance cost | 31 | (1,486,083) | 6,062 |
| Profit before taxation | | <u>605,440,542</u> | <u>2,491,472,968</u> |
| Taxation-net | 32 | (182,981) | (30,125) |
| Profit after taxation | | <u><u>605,257,561</u></u> | <u><u>2,491,442,843</u></u> |
| Earning per share - basic and diluted | 33 | <u><u>45.14</u></u> | <u><u>185.80</u></u> |

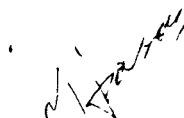
The annexed notes form an integral part of these financial statements.



Chief Executive Officer



Director




Chief Financial Officer

AL-ABID SILK MILLS LIMITED

STATEMENT OF COMPREHENSIVE INCOME AS AT JUNE 30, 2021

| | 2021 | Restated 2020 |
|---|--------------------|----------------------|
| | Rupees | Rupees |
| Profit after taxation | 605,257,561 | 2,491,442,843 |
| Other comprehensive income | - | - |
| <i>Items that will not be reclassified subsequently to statement of profit or loss (net of tax)</i> | | |
| (Loss)/Gain on remeasurement of defined benefit liability-net of tax | (2,156) | - |
| Total comprehensive income for the year | 605,255,405 | 2,491,442,843 |

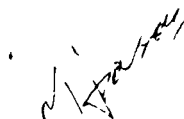
The annexed notes form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

AL-ABID SILK MILLS LIMITED

STATEMENT OF CASH FLOWS AS AT JUNE 30, 2021

| | 2021 Rupees | Restated 2020 Rupees |
|---|----------------------|----------------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 605,440,542 | 2,491,472,968 |
| Adjustments for: | | |
| Depreciation | 69,412,616 | 94,753,730 |
| Gain on disposal of property, plant and equipment | (186,572,006) | (269,984,692) |
| Provision for slow moving obsolete stores and spares | 6,949,565 | 7,567,159 |
| Forfeited security deposit | - | (14,000,000) |
| Provision for staff retirement benefits | 83,789 | 1,347,634 |
| Provision for obsolete stock | - | 1,818,996 |
| Obsolete stock writeoff | 10,187,700 | - |
| Impairment of trade debts | 189,041 | 189,040 |
| Gain on reversal of financial liability | (551,331,222) | (2,383,167,506) |
| CASH FLOW FROM OPERATING ACTIVITIES - BEFORE WORKING CAPITAL CHANGES | (651,080,517) | (2,561,475,639) |
| WORKING CAPITAL CHANGES | | |
| Decrease / (Increase) in current assets: | | |
| Stores and spares | 4,884,510 | - |
| Loan and advances | 4,002,025 | (4,027,025) |
| Trade deposits and prepayments | - | (150,300) |
| Other receivables | (69,346,026) | 44,862,913 |
| Tax refunds due from government | (2,015,342) | 433,759 |
| | (62,474,833) | 41,119,347 |
| (Decrease) / Increase in current liabilities: | | |
| Trade and other payable | (422,583) | (164,347,174) |
| Repayment of Short term finance | - | - |
| Security deposit | (16,400,000) | (13,600,000) |
| Accrued mark-up settled | (36,186,301) | - |
| | (53,008,884) | (177,947,174) |
| Cash used on operations | (161,123,693) | (206,830,497) |
| Taxes paid | - | (360,334) |
| Net cash used on operating activities | (161,123,693) | (207,190,831) |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Proceeds from disposal of fixed assets | 345,012,486 | 737,862,500 |
| Proceeds from sale of scrap | - | 2,008,333 |
| Long term security deposit | (20,358) | 310,100 |
| Net cash generated from investing activities | 344,927,730 | 740,180,933 |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Repayment /settlement of short term finance | (195,813,699) | (577,842,795) |
| Loan from director | - | - |
| Net cash used in financing activities | (195,813,699) | (577,842,795) |
| Net decrease in cash and cash equivalents | (12,009,662) | (44,852,691) |
| Cash and cash equivalents at the beginning of the year | 102,352,665 | 147,205,357 |
| Cash and cash equivalents at the end of the year | 90,343,002 | 102,352,665 |

The annexed notes form an integral part of these financial statements.

Chief Executive Officer

Director,

Chief Financial Officer

AL-ABID SILK MILLS LIMITED

STATEMENT OF CHANGES IN EQUITY AS AT JUNE 30, 2021

| Share Capital | Capital Reserve | | Revenue Reserve | Total |
|--|-----------------|---|------------------|-----------------|
| Issued, subscribed and paid-up capital | Other reserve | Revaluation Surplus on Property Plant & Equipment | Accumulated Loss | |
| ----- Rupees ----- | | | | |
| 134,095,500 | 372,834,000 | 1,373,792,567 | (6,700,917,272) | (4,820,195,205) |
| | | | | |
| - | - | - | 2,491,442,843 | 2,491,442,843 |
| - | - | - | - | - |
| - | - | - | 2,491,442,843 | 2,491,442,843 |
| - | - | (76,295,511) | 76,295,511 | - |
| 134,095,500 | 372,834,000 | 1,297,497,056 | (4,133,178,918) | (2,328,752,362) |
| | | | | |
| - | - | - | 605,257,561 | 605,257,561 |
| - | (2,156) | - | - | (2,156) |
| - | (2,156) | - | 605,257,561 | 605,255,405 |
| - | - | (50,954,396) | 50,954,396 | - |
| 134,095,500 | 372,831,844 | 1,246,542,660 | (3,476,966,961) | (1,723,496,957) |

The annexed notes form an integral part of these financial statements.

Chief Executive Officer

Director

Chief Financial Officer

AL-ABID SILK MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

1. LEGAL STATUS AND OPERATIONS

- 1.1 Al-Abid Silk Mills Limited (the Company) was incorporated as a private limited company in the year 1968, later on it was converted into public limited company as on December 24, 1987 under repealed Companies Ordinance, 1984 (repealed by the enactment of Companies act, 2017). The shares of the Company are listed on Pakistan Stock Exchange Limited. The registered office is located at A-34/A, S.I.T.E., Manghopir Road, Karachi. The Company is principally engaged in manufacturing and processing of various kinds of fabrics and export of printed and dyed cloth, bed sets and other textile made-ups. The manufacturing facilities of the Company are located at Karachi.

Geographical location and addresses of major business units including mills / plants of the Company are as under:

| Karachi | Purpose |
|--|---|
| A-34/A, S.I.T.E., Manghopir Road, Karachi. | The registered office with manufacturing facilities |
| A-29/B, S.I.T.E., Manghopir Road, Karachi. | The factory premises with manufacturing facilities |

2 GOING CONCERN ASSUMPTIONS

The Company has curtailed off the manufacturing activities for quite some time. As a result of constant losses, the accumulated loss of the company has reached to Rs. 3.476 billion and Company's equity is in negative by Rs. 1.723 billion while the reported current liabilities (since partly under litigation) have exceeded the current assets of the company by Rs. 2.696 billion. These conditions indicate the existence of a material uncertainty that may cast significant doubt on 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 believes that the company will remain a going concern in the foreseeable future.

The banks and DFI filed civil recovery suits in Honorable High Court and Banking Court for recovery of their lent fund. The Company filed leave to defend in the court against all such legal suits. Furthermore, the company did not accrue the markup of Rs. 122.35 million as matter was under litigation. However, During the year the company has settled the liability of Faysal Bank Limited and paid as full and final. Settlement with JS Bank is under process according to Supreme Court Order/Direction, in this regard the company has deposited the surety amount to Nazir Sindh High Court Karachi against recovery suit No.B-76/2013. The management has already requested rest of the banks and DFI collectively and individually, to reschedule their credit facilities for a longer period coupled with fresh additional working capital facility in order to resume the operation of the company, and the discussion with the banks/DFI are continuing.

During the year ended June 30, 2016, International Brand Limited (IBL) submitted proposal to the bank for restructuring and acquire shareholding in the Company. Pending this proposal IBL entered into contract dated June 15th, 2015 for manufacturing of their goods in the Company. For this purpose in pursuit to have the plant in full running condition to manufacture their contract goods as per their specification, IBL incurred initial mobilizing expenses under their supervision for repair and maintenance which was to be adjusted against generation of manufacturing of contract goods only. However, Manufacturing of contract goods was not started by IBL. Further, on February 10th, 2017 IBL has given the notice of termination of this contract and pursuant to their termination notice IBL has vacated the premises without undertaking the manufacturing of any contract goods.

Considering the above, the management of the company is confident to turn it around and to continue as a going concern. Accordingly, these financial statements do not include any adjustment relating to the realization of its assets and liquidation of any liabilities that might be necessary should the company be unable to continue as a going concern.

AL-ABID SILK MILLS LIMITED

3 Basis of Preparation

3.1 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;
- 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 and directives issued under the Companies Act, 2017 have been followed.

3.2 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.

3.3 Functional and presentation currency

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

4 Key judgements and estimates

The preparation of financial statements in confirmation 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 judgement in the process of applying the company's accounting policies. The area involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are documented in the following accounting policies and notes and related primarily to;

- Useful lives, residual values and depreciation method of Property, plant and equipment (note 6.1 & 18)
- Impairment loss of non financial assets other than stock in trade (note 6.6)
- Provision for impairment of stock in trade (note 6.3 & 20)
- Provision for expected credit loss (note 6.7)
- Obligation of defined benefit obligation (note 6.13 & 10)
- Estimation of provisions (note 6.19)
- Estimation of contingent liabilities (note 6.17 and 17)
- Current income tax expense, provision for current tax recognition of deferred tax (refer note 6.12 & 32)

AL-ABID SILK MILLS LIMITED

5 NEW STANDARDS, AMENDMENTS TO APPROVED ACCOUNTING STANDARDS AND NEW INTERPRETATIONS

5.1 New standards/ amendments and interpretations to published approved accounting and reporting standards which are effective during the year:

The Company has adopted all the new standards and amendments to the following approved accounting standards as applicable in Pakistan which became effective during the year:

5.2 Effective in current year and not relevant to the Company

| | | Effective date (annual periods beginning on or after) |
|---------|---|---|
| IFRS 3 | Business Combinations - The amendments narrowed and clarified the definition of a business, the amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. | January 1, 2020 |
| IFRS 16 | Leases - The objective of the amendment is to give timely relief to lessees to Covid-19 - related rent concessions while still enabling them to provide useful information about their leases to investors. | January 1, 2020 |
| IFRS 7 | Financial Instruments "disclosures". | January 1, 2020 |
| IFRS 9 | Financial Instruments | January 1, 2020 |
| IAS 1 | Presentation of Financial Statements - amendments to its definition of material to make it easier for companies to make materiality judgements. | January 1, 2020 |
| IAS 39 | Financial Instruments: Recognition and Measurement. | January 1, 2020 |
| IAS 41 | Agriculture. | January 1, 2020 |

5.3 The following International Financial Reporting Standards (IFRS Standards) and amendments not yet effective

IFRS 16 COVID-19 - Related Rent Concessions

The International Accounting Standards Board (the Board) has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate.

Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
- there is no substantive change to the other terms and conditions of the lease.

AL-ABID SILK MILLS LIMITED

| | | |
|---|--|-----------------|
| | The standard is not likely to have any effect on Company's financial statements. | January 1, 2021 |
| - | IFRS 3 Business Combinations - amendments updating a reference to the Conceptual Framework | January 1, 2022 |
| - | IFRS 4 Insurance Contracts - Amendments regarding the expiry date of the deferral approach | January 1, 2023 |
| - | IFRS 9 Financial Instruments - The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability. | January 1, 2022 |
| - | IAS 1 Presentation of Financial Statements - Amendments regarding the classification of current and non-current liabilities. | January 1, 2023 |
| | IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors- Amendment regarding the definition of accounting estimates, the standard defines the concept of a "change in accounting estimates". | January 1, 2023 |
| | IAS 12 Income taxes - Amendment regarding to clarify how companies account for deferred tax on leases and decommissioning obligations | January 1, 2023 |
| | IAS 16 Property, plant and equipment - The amendments clarify the prohibition on an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. | January 1, 2022 |
| | IAS 37 Provisions, Contingent Liabilities and Contingent Assets - The amendments specify the costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous. | January 1, 2022 |

The IASB issued 'Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)' with amendments that address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. The amendments are effective for annual periods beginning on or after January 01, 2021. The standard is not likely to have any effect on Company's financial statements.

The following new standards and interpretations have been issued by the 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 Standard
IFRS 17 Insurance Contracts

AL-ABID SILK MILLS LIMITED

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been consistently applied to all years presented in these financial statements, except in changes as indicated below.

6.1 Property, plant and equipment

- a) Items of property, plant and equipment, other than freehold land, buildings on freehold land and capital work-in-progress, are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at revalued amount whereas buildings on freehold land, are stated at revalued amounts less accumulated depreciation and any identified impairment loss. Borrowing costs are also capitalized for the period up to the date of commencement of commercial production of the respective plant & machinery, acquired out of the proceeds of such borrowings.

Any revaluation increase arising on the revaluation of land, buildings is recognised in other comprehensive income and presented as a separate component of equity as "Revaluation surplus on property, plant and equipment", except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of land, buildings is charged to profit or loss to the extent that it exceeds the balance, if any, held in the revaluation surplus on property, plant and equipment relating to a previous revaluation of that asset. The revaluation reserve is not available for distribution to the Company's shareholders. The surplus on revaluation of land and buildings to the extent of incremental depreciation charged (net of deferred tax) is transferred to inappropriate profit.

- b) Depreciation is charged (other than land and capital work in progress) over their estimated useful lives, using diminishing balance method at the rates specified in note 18.
- c) Depreciation is charged on assets from the month of purchase or from the month of commercial production for additions in respect of additions made during the year while proportionate depreciation is charged on assets disposed off during the year till the month of disposal.
- d) Major renewals and replacement are capitalized.
- e) An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on derecognition of an item of property plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the assets and as recognised on as other income in the statement of profit or loss. In the case of dereognition of a revalued property, the attributable revaluation surplus remaining on the surplus on revaluation is transferred directly to the unappropriated profit.

Judgements and estimates

The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any changes in estimate is accounted for on a prospective basis.

Impairment

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Capital work-in-progress

Capital work-in-progress is stated at cost less impairment loss (if any).

6.2 Stores, spares and loose tools

Stores, spares and loose tools are stated at the lower of cost and net realizable value. The cost of inventory is based on moving average cost. Items in transit are stated at cost accumulated up to the statement of financial position date. The Company reviews the carrying amount of stores, spares and loose tools on a regular basis and provision is made for identified obsolete and slow moving items.

AL-ABID SILK MILLS LIMITED

6.3 Stock-in-trade

- 1 These are valued at lower of cost and net realizable value.
- 2 Cost in relation to raw materials in hand, packing materials and other components has been calculated on a weighted average basis and represents invoice values plus other charges paid thereon.
- 3 Cost in relation to work in process and finished goods represents direct cost of materials, wages and appropriate manufacturing overheads.
 - i. Raw materials held in custom bonded warehouse and stock-in-transit are valued at cost comprising of invoice value plus other charges accumulated up to the balance sheet date.
 - ii. Net realizable value represents the estimated selling price in the ordinary course of business less all estimated costs necessary to completion and to be incurred in marketing, selling and distribution.

Judgements and estimates

Stock in trade write down is made based on the current market conditions, historical experience and selling goods of similar nature. It could change significantly as a result of changes in market condition. A review is made on each reporting date on stock for excess, obsolescence and decline in net realizable value and an allowance is recorded against the stock balances for any such decline.

6.4 Trade and other receivables

Trade debts and other receivables are recorded initially at transaction price and subsequently measured at amortized cost less loss allowance, if any. The loss allowance is recognized on "expected credit loss method" based on management's expectation of losses without regard to whether an impairment trigger happened or not.

6.5 Cash and cash equivalent

Cash and cash equivalents on the statement of financial position comprises cash at banks and on hand. For the purpose of cash flow statement, cash and cash equivalents comprise cash on hand and deposit held with banks.

6.6 Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non financial assets (other than stock in trade and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The increase in the carrying amounts shall be treated as reversals of impairment losses for individual assets and recognized in profit or loss unless the asset is measured at revalued amount. Any reversal of impairment loss of a revalued asset shall be treated as a revaluation increase.

6.7 Financial instruments

6.7.1 Financial assets

The Company classifies its financial assets at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

AL-ABID SILK MILLS LIMITED

6.7.1.1 Financial assets at amortised cost

Financial assets at amortised cost are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on de-recognition are recognised directly in profit or loss.

6.7.1.2 Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

6.7.1.3 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are those financial assets which are either designated in this category or not classified in any of the other categories. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss in the period in which it arises.

Financial assets are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently premeasured to fair value, amortized cost or cost as the case may be. Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the profit or loss for the period in which it arises.

Equity instrument financial assets / mutual funds are measured at fair value at and subsequent to initial recognition. Changes in fair value of these financial assets are normally recognised in profit or loss. Dividends from such investments continue to be recognised in profit or loss when the Company's right to receive payment is established. Where an election is made to present fair value gains and losses on equity instruments in other comprehensive income there is no subsequent reclassification of fair value gains and losses to profit or loss following the de-recognition of the investment.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company.

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade debtors, the Company applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company recognises in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

6.7.2 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised costs are initially measured at fair value minus transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method.

AL-ABID SILK MILLS LIMITED

A financial liability is derecognised when the obligation under the liability is discharged, 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 and modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit or loss.

6.8 Off setting of financial assets and liabilities

Financial assets and liabilities are off-set and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognised amounts and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

6.9 Trade and other payables

Liabilities for trade and other payables are recognized initially at their fair value and subsequently measured at amortized cost using effective interest method.

6.10 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred and are subsequently measured at amortized cost using the effective interest rate method. Borrowings are classified as current liabilities unless the Company has an unconditional / contractual right to defer settlement of the liability for at least twelve months after the statement of financial position date.

6.11 Share capital

Share capital is classified as equity and recognized at the face value. Incremental costs net of tax and directly attributable to the issue of new shares are shown as a deduction in equity

6.12 Taxation

Current

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses and credits only if it is probable that future taxable amounts will be available to utilise those temporary differences and unused tax losses and credits.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

AL-ABID SILK MILLS LIMITED

Judgements and estimate

Significant judgment is required on determining the income tax expenses and provision for tax. There are many transactions and calculations for which the ultimate tax determination is uncertain as these matters are being contested at various forums. The Company recognizes liabilities are the anticipated tax issues based on estimates on whether additional taxes will be due. Where the final tax outcome of these matters is different from the amount that are initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

Further, the carrying amount of the deferred tax asset is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profit. If required, carrying amount of the deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profit to allow the benefit of part of all that recognized deferred tax assets to be utilized. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Off-setting

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

6.13 Staff retirement benefits

Defined benefit plan

The Company operates an unfunded gratuity scheme covering all eligible employees. A defined benefit plan is a plan that is not a defined contribution plan. The liability recognized in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligations at the end of the reporting period. The defined benefit obligations are calculated annually by independent actuary using the projected unit credit method.

The present value of the defined benefit obligations are determined by discounting the estimated future cash outflows. These are denominated in the currency in which the benefits will be paid. Remeasurement gain/losses are recognised in other comprehensive income

Judgements and estimates

In determining the liability for long-service payments management must make an estimate of salary increases over the following years, discounts rate to use in the present value calculation and the number of employees expected to leave before they receive the benefits

6.14 Revenue recognition

Revenue from contracts with customers is recognised at the point in time when performance obligation is satisfied i.e. control of the goods is transferred to the customers at an amount that reflects the consideration to which the Company expects to be entitled to on exchange of those goods.

Return on deposits is recognized on a time proportionate basis using the effective rate of return.

Dividend income is recognized in profit or loss as other income when:

- 1 The Company's right to receive payment have been established.
- 2 Probable that economic benefit will flow to the Company.
- 3 The amount of dividend can be measured reliably.

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6.15 Foreign exchange translation

Transactions in foreign currencies are accounted for in Pakistani Rupees at the foreign exchange rates prevailing on the date of transactions. Monetary assets and liabilities in foreign currencies, except for those covered under forward foreign exchange contracts, if any, are retranslated into Pak Rupees at the foreign exchange rates approximately those prevailing at the reporting date. Forward foreign exchange contracts, if any, are translated at contracted rates exchange differences, if any, are charged on statement of profit or loss.

6.16 Borrowing cost

Borrowing costs are recognized as an expense on the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing cost, if any, are capitalized as part of the cost of the asset.

6.17 Contingent liabilities

Contingent liability is disclosed when:

- 6.17.1 There is possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company' or
- 6.17.2 There is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

6.18 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as liability on the period in which the dividends are approved by the company's shareholders.

6.19 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are not recognized for future operating losses.

Judgements and estimate

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amount of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognized provision is recognized in the statement of profit or loss unless the provision was originally recognized as part of the cost of an asset.

6.20 Related party transactions

Transactions with related parties are based at arms's length at normal commercial rates on the same terms and conditions as applicable to third party transactions.

6.21 Basic and diluted earnings per share

The company presents basic and diluted earnings per share (EPS) for its shareholders. Basic 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 year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

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| 7 | ISSUED, SUBSCRIBED AND PAID-UP CAPITAL | | 2021 Rupees | 2020 Rupees |
|---|--|------------|--|----------------|
| | 2021 (Number of Shares) | 2020 | | |
| | 20,000,000 | 20,000,000 | | |
| | | | Authorized Capital | |
| | | | Ordinary shares of Rs. 10 each | |
| | | | 200,000,000 | 200,000,000 |
| | | | Issued, subscribed and paid up capital | |
| | 8,713,900 | 8,713,900 | Ordinary shares of Rs. 10 each fully paid-up in cash | |
| | | | 87,139,000 | 87,139,000 |
| | 4,695,650 | 4,695,650 | Ordinary shares of Rs. 10 each issued as fully paid bonus shares | |
| | | | 46,956,500 | 46,956,500 |
| | 13,409,550 | 13,409,550 | 134,095,500 | 134,095,500 |

Shares held by the related parties of the Company

| Directors, CEO, & their spouse and minor children | 2021 | 2021 | 2020 | 2020 |
|---|------------------|--------------------|------------------|--------------------|
| | Number of Shares | Percentage holding | Number of Shares | Percentage Holding |
| Mr. Naseem A. Sattar | 7,515,162 | 56.043 | 7,515,162 | 56.043 |
| Mrs. Zarina Naseem | 1,479,361 | 11.030 | 1,479,361 | 11.030 |
| Mr. Azim Ahmed-(Resigned) | 479,818 | 3.578 | 479,818 | 3.578 |
| Mst. Adia Naseem | 328,322 | 2.448 | 328,322 | 2.448 |
| Mrs. Sadaf Nadeem | 132,281 | 0.986 | 132,281 | 0.986 |
| S.M. Jawed Azam-(Death) | 500 | 0.004 | 500 | 0.004 |
| Mr. Qamar Mashkooor | 500 | 0.004 | 500 | 0.004 |
| Mr. Muhammad Sajid Hafeez | 500 | 0.004 | 500 | 0.004 |

NIT and SICIP

| | | | | |
|--|-----------|-------|-----------|-------|
| CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST | 1,113,687 | 8.305 | 1,113,687 | 8.305 |
| STATE LIFE INSURANCE CORPORATION OF PAKISTAN | 236,994 | 1.767 | 236,994 | 1.767 |

| 8 | Revaluation Surplus on Property Plant & Equipment | 2021 | 2020 |
|---|---|---------------|---------------|
| | | Rupees | |
| | Balance at beginning of the year - net (restated) | 1,297,497,056 | 1,373,792,567 |
| | Less: Transferred to unappropriated profit on account of Incremental depreciation for the year - net of tax | (50,954,396) | (76,295,511) |
| | Balance at end of the year - net | 1,246,542,660 | 1,297,497,056 |

8.1 During the year ended June 30, 2018 the Company has revalued its Leasehold land, Building on Leasehold land, Plant, Machinery & equipments, Furniture & Fixture, Office equipment, Electric, gas & Other Installation and Leased Plant, Machinery & equipments. The valuation has been determined by the independent qualified valuer M/s. SIPRA & Company (Pvt) Limited. The assessed values of the fixed assets as determined by the valuer amounts to Rs. 2,232,252,450 as at January 08, 2018, however, the forced sales value of Rs. 1,674,048,087 have been taken to account for the fixed assets for the reason as mentioned in note 1.1. The earlier valuations were carried out by M/s. Anjum Adil and Associates independent qualified valuer on June 30, 2012, August 31, 2010 and August 31, 2007 on the basis of prevailing market rates at that time.

8.2 Had there been no revaluation the related figures of Leasehold land, Building on Leasehold land, Plant, Machinery & equipments, Furniture & Fixture, Office equipment, Electric, gas & Other Installation would have been as follows:

| | 2021 | | | 2020 | | |
|-------------------------------------|---------------|--------------------------|-------------|---------------|--------------------------|-------------|
| | Cost | Accumulated depreciation | Book value | Cost | Accumulated depreciation | Book value |
| Leasehold land | 29,376,842 | - | 29,376,842 | 44,848,411 | - | 44,848,411 |
| Building on leasehold land | 289,870,773 | 241,330,247 | 48,540,526 | 399,754,593 | 322,229,641 | 77,524,952 |
| Plant, Machinery & equipments | 2,001,525,719 | 1,660,537,540 | 340,988,178 | 2,189,322,652 | 1,777,979,835 | 411,342,816 |
| Furniture & Fixture | 42,571,147 | 34,410,000 | 8,161,146 | 65,241,588 | 52,840,139 | 12,401,448 |
| Office equipment | 4,533,716 | 3,643,972 | 889,744 | 7,498,775 | 6,188,064 | 1,310,711 |
| Electric, gas & Other Installations | 71,081,709 | 58,456,899 | 12,624,810 | 94,161,839 | 76,719,830 | 17,441,909 |
| | 2,438,959,906 | 1,998,378,658 | 440,581,246 | 2,800,827,858 | 2,235,957,609 | 564,870,247 |

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- 8.3 Previously the Company has carried out various revaluations to replace the carrying amounts of the assets with their market values / depreciated market values. Details of revaluation are stated below:

| Effective Date of Revaluation | Name of Independent Valuer | Class of Property, Plant And Equipment Revalued | Surplus / (Deficit) Arising Due To Revaluation | Forced sale value |
|-------------------------------|---------------------------------------|--|--|----------------------|
| August 31, 2007 | M/s. Anjum Adil & Associates | Leasehold land, Building on Leasehold land, Plant, Machinery & equipments, Furniture & Fixture, Office equipment, Electric, gas & Other Installation and Leased Plant, Machinery & equipments. | Rs: 554.72 million | - |
| August 31, 2010 | M/s. Anjum Adil & Associates | Leasehold land, Building on Leasehold land, Plant, Machinery & equipments, Furniture & Fixture, Office equipment, Electric, gas & Other Installation and Leased Plant, Machinery & equipments. | (Rs: 40.03 million) | - |
| June 30, 2012 | M/s. Anjum Adil & Associates | Leasehold land, Building on Leasehold land, Plant, Machinery & equipments, Furniture & Fixture, Office equipment, Electric, gas & Other Installation and Leased Plant, Machinery & equipments. | Rs: 3,807.35 million | - |
| January 05, 2018 | M/s Sipra & Company (Private) Limited | Leasehold land, Building on Leasehold land, Plant, Machinery & equipments, Furniture & Fixture, Office equipment, Electric, gas & Other Installation and Leased Plant, Machinery & equipments. | (Rs: 1,470.14 million) | Rs. 1,674.05 million |

8.4 Restriction on distribution

The surplus on revaluation of property, plant and equipment is not available for distribution to the shareholders in accordance with section 241 of the Companies Act, 2017.

9 DEFERRED TAXATION

Debit / (Credit) balances arising from:

| | | |
|--|----------------------|----------------------|
| Accelerated tax depreciation allowance | 128,785,417 | 47,133,728 |
| Provision for slow moving and obsolete stores and spares | (12,987,754) | (10,972,381) |
| Provision for slow moving and obsolete stock | (5,275,090) | (2,637,546) |
| Impairment of trade debts | (328,931) | (274,109) |
| Provision for retirement benefits | (2,443,303) | - |
| Tax credit of unused tax losses | (293,096,225) | (362,021,434) |
| | <u>(185,345,886)</u> | <u>(328,771,742)</u> |

- 9.1 Deferred tax asset has not been recognized as management is of the view that future earnings to the extent of such asset may not be available.

| | Note | 2021 Rupees | 2020 Rupees |
|---|------|------------------|------------------|
| | | | Restated |
| 10 STAFF RETIREMENT BENEFITS | | <u>8,425,182</u> | <u>8,339,236</u> |
| 10.1 Changes in present value of defined benefit obligation | | | |
| Present value at the beginning of the year | | 8,339,236 | 6,991,602 |
| Current service cost | | 80,177 | 552,530 |
| Interest cost on defined benefit obligation | | 114,549 | 795,104 |
| Loss / (Gain) on remeasurement of defined benefit obligation | | 3,037 | - |
| Benefits paid during the year | | - | - |
| Experience adjustments | | (111,817) | - |
| Present value at the end of the year | | <u>8,425,182</u> | <u>8,339,236</u> |
| 10.2 The following amounts have been charged to statement of profit or loss during the year | | | |
| Current service cost | | 80,177 | 552,530 |
| Interest cost on defined benefit obligation | | 114,549 | 795,104 |
| | | <u>194,726</u> | <u>1,347,634</u> |
| 10.3 Charge for the year has been allocated as under: | | | |
| Administrative expenses | | <u>194,726</u> | <u>1,347,634</u> |
| 10.4 Total remeasurements chargeable in other comprehensive income | | | |
| Actuarial loss from changes in financial assumptions | | <u>3,037</u> | <u>-</u> |
| 10.5 Principal actuarial assumptions | | | |
| The latest actuarial valuation for gratuity fund was carried out as at June 30, 2021 using the Projected Unit Credit Method (PUCM). The following significant assumptions used for the actuarial valuation: | | | |

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| | 2021 | 2020 |
|---------------------------------------|------------------------------------|------------------------------------|
| Discount rate | 8.5% | 8.5% |
| Expected rate of increase in salary | 10% | 10% |
| Average retirement age of an employee | 60 | 60 |
| Mortality rates | SLIC 2001 - 2005 Setback 1 Year | SLIC 2001 - 2005 Setback 1 Year |

10.6 Sensitivity analysis

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected rate of salary increase. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

| Impact on defined benefit obligation | | | |
|--------------------------------------|-------------------------|------------------------|------------------------|
| | Changes in assumption % | Increase in assumption | Decrease in assumption |
| | | <----- Rupees-----> | |
| Discount rate | | | |
| | plus (+) 100 bps | 1,361,823 | - |
| | minus (-) 100 bps | - | 1,510,654 |
| Salary increase | | | |
| | plus (+) 100 bps | 1,512,023 | - |
| | minus (-) 100 bps | - | 1,359,249 |

10.7 The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the staff retirement gratuity recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous method.

| Historical information | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|-----------|-----------|-----------|-----------|-----------|
| Present value of defined benefit obligation | 8,339,236 | 6,991,602 | 7,008,935 | 7,118,935 | 7,358,935 |
| Experience adjustment on obligation | - | - | - | - | - |

10.8 Maturity profile

| Years | Rupees |
|---------------------------|-----------|
| 2022 | 60,627 |
| 2023 | 64,056 |
| 2024 | 201,463 |
| 2025 | 66,896 |
| 2026 | 70,743 |
| 2027 | 75,583 |
| 2028 | 1,213,813 |
| 2029 | 1,197,801 |
| 2030 | 10,986 |
| 2031 | 9,684 |
| 2032 & onwards | 917,916 |
| Weighted average duration | 5 years |

10.9 The charge in respect of defined benefit plan for the year ended June 30, 2022 is estimated to be Rs. 60,627/=

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| | | 2021 Rupees | 2020 Rupees |
|------|---|----------------------|----------------------|
| 11 | LOAN FROM DIRECTOR AND FAMILY MEMBER - UNSECURED | | |
| | Balance at beginning of the year | 521,018,754 | 521,018,754 |
| | Received during the year | - | - |
| | Repaid during the year | - | - |
| | | <u>521,018,754</u> | <u>521,018,754</u> |
| 11.1 | The above is interest free loan from director (s) of the company, which is payable on demand. | | |
| 12 | SECURITY DEPOSIT | - | 16,400,000 |
| 12.1 | This comprises of security deposited by the fixed assets buyer under agreement. | | |
| 13 | TRADE AND OTHER PAYABLES | | |
| | Trade creditors | 477,669,677 | 477,679,677 |
| | Other creditors | 211,385,378 | 210,953,962 |
| | GIDC payable | 47,874,699 | 47,874,699 |
| | Accrued liabilities | 6,324,065 | 6,762,230 |
| | Workers' profit participation fund | 16,695,060 | 16,695,060 |
| | Advance from customers | 785,717 | 785,717 |
| | Other liabilities | 2,108,516 | 2,514,350 |
| | | <u>762,843,112</u> | <u>763,265,695</u> |
| 14 | ADVANCE FROM IBL | 366,063,944 | 366,063,944 |
| 14.1 | The comprises of initial mobilizing expenses by International Brands Limited as disclosed on note 1.1 for repair and maintenance to have the plant in full running condition. | | |
| 15 | ACCRUED MARKUP | | |
| | Export refinance loan | 32,377,419 | 68,563,720 |
| | Liabilities against assets subject to finance lease | 3,437,436 | 3,437,436 |
| | Short term loan | 24,807,974 | 24,807,974 |
| | | <u>60,622,829</u> | <u>96,809,130</u> |
| 16 | SHORT TERM FINANCES | | |
| | From banks and financial institutions - Secured | 2,144,455,606 | 4,976,112,476 |
| | Less: Settlement during the year | 16.1 (747,144,921) | (2,826,588,352) |
| | Adjustment against DLT | 16.2 - | (5,068,518) |
| | | <u>1,397,310,685</u> | <u>2,144,455,606</u> |
| 16.1 | The facilities consist of various types of short term finances from different banks and non-banking financial institutions. The facilities are secured against hypothecation charge on stocks, mortgage on factory property of Plot No. A-34/A and A-29/B with Land, building and machinery installed thereon and charge on book debts and receivables of the company. As fully disclosed in note No. 17.1 various banks have filed suit for the recovery of these loans. Previously and during the period, the company has settled off most of the banks as mentioned in note 1.1. The management is amicably pursuing rest of the banks and D.F.I for rescheduling or settlement as disclosed in note 1.1 & 17.1. | | |
| 16.2 | This represented an adjustment against the financial facilities of Bank of Punjab being amount of DLT received by them. | | |
| 17 | CONTINGENCIES AND COMMITMENTS | | |
| 17.1 | Contingencies | | |
| | Bank guarantee | 1,512,000 | 1,512,000 |
| | The bank guarantees have been issued in favor of Excise, Sales tax and others. | | |

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| S.NO. | WRIT PETITION | FORUM | ISSUE INVOLVED | STATUS |
|-------|---------------------------------|------------------|---|---------|
| 1 | | Sindh High Court | The Sales Tax department has filed an appeal in the Honorable High Court of Sindh on 23rd August, 2000 against the Order of the learned Appellate Tribunal Customs and Sales Tax for recovery of Additional Tax and Surcharge amounting to Rs. 3.449 million for the year 1992-93. No provision for this amount has been made in these accounts as the management of the Company is of the view that the decision of the Learned Appellate Tribunal Customs and Sales Tax given in favor of the Company will be successfully defended in the Honorable High Court. | Pending |
| 2 | Application No. 95 & 96 of 2016 | Sindh High Court | The Spl. Sales Tax Reference Application No. 95 & 96 of 2016 filed by the company against order passed by the Sindh Revenue Board Appellate Tribunal order related to period ending June 30, 2014 and June 30, 2015 are pending before Honorable High Court of Sindh at Karachi. Further, The Sindh Revenue Board has also filed Spl. Sales Tax Reference Application No. 119 of 2016 against order passed by the Sindh Revenue Board Appellate Tribunal order related to period ending June 30, 2014 and June 30, 2015 is pending before Honorable High Court of Sindh at Karachi. | Pending |
| 3 | Suit No. B-42/2013 | Sindh High Court | Al-Abid Silk Mills Limited (company) has filed the suit for damages against the JS Bank Limited and JS Bank Limited has filed suit # B-76/2013 against the company for recovery of outstanding loan amounting to Rs. 335,105,083/- Settlement with JS Bank Ltd is under process according to Supreme Court of Pakistan Direction, the company deposited the surty amount to Nazir Sindh High Court in the Suit. | Pending |
| 4 | Suit No. B-95 of 2013 | Sindh High Court | Bank of Punjab has filed suit against the Company for recovery of outstanding loan amounting to Rs. 434,399,948/-. | Pending |
| 5 | Suit No. B-111 of 2013 | Sindh High Court | PAIR Investment Co. Ltd. has filed the suit against the Company for recovery of outstanding loan amounting to Rs. 171,460,949/-. | Pending |
| 6 | Suit No. B-26 of 2017 | Sindh High Court | National Bank of Pakistan has filed the suit against the Company for recovery of outstanding loan amounting to Rs. 948,140,145/-. | Pending |
| 7 | Suit No. 1586/2013 | Sindh High Court | The company has filed suit inter alia for cancellation of cheques; and damages against Jawaid Arshad Textile. | Pending |
| 8 | Suit No. 540/2014 | Sindh High Court | Javed Arshad has filed the suit against the company for recovery of Rs. 21.32 million. | Pending |
| 9 | Suit No. 1200/2014 | Sindh High Court | Ranyal Textile has filed the suit against the company for recovery of Rs. 40.94 million. | Pending |
| 10 | Suit No. 1245/2015 | Sindh High Court | Shah Taj Textile has filed the suit against the company for recovery of Rs. 112.64 million. | Pending |
| 11 | Suit No. 1833/2015 | Sindh High Court | Maksons Textile has filed the suit against the company for recovery of Rs. 56.38 million. | Pending |
| 12 | Suit No. 358/2015 | Sindh High Court | BASF has filed the suit against the company for recovery of Rs. 33.68 million. | Pending |
| 13 | Suit No. 2442/2016 | Sindh High Court | ICI Pakistan has filed the suit against the company for recovery of Rs. 26.57 million. | Pending |
| 14 | ILCA 519/2018 | Sindh High Court | The company has filed an High Court Appeal against Shah Taj Textile limited, an ad-interim injunctive order of the Learned Single Judge wherein the company was refrained from creating any third party interest on their properties. | Pending |
| 15 | JCM No. 34/2014 | Sindh High Court | One of the supplier of the company has filed a winding up petition, on the ground that the company owes a sum of Rs. 40.94 million to Ranyal Textile. Such claim is denied by the company. | Pending |
| 16 | JCM No. 25/2015 | Sindh High Court | PAIR Investment Company Limited has filed a winding up petition, on the ground that the company owes a sum of Rs. 201.925 million to PAIR Investment. Such claim is denied by the company. | Pending |
| 17 | Suit No. 604/2018 | Sindh High Court | ACME (supplier) has filed suit for recovery of Rs. 48,822,642/-, before the High Court of Sindh at Karachi. An application for rejection of plaint has been filed in the matter on the grounds that the claim of this supplier is time barred. Besides this, issues have yet to be framed in the case therefore it is premature to comment on the outcome. The management is vigorously contesting the case. | Pending |
| 18 | JCM No. 10/2015 | Sindh High Court | Achroma Textile Chemicals Pakistan (creditor) has filed a winding up petition at High Court of Sindh at Karachi. The winding up petition has been filed on the grounds that Al-Abid owes Achroma Textile Chemical Pakistan (formerly BASF Pakistan) a sum of Rs. 33,683,561/-. Such claim is denied by Al-Abid. The petition is yet to be heard. Therefore, it is premature to comment on the outcome. The management is vigorously contesting the case. | Pending |
| 19 | JCM No. 35/2014 | Sindh High Court | JS Bank Limited had filed a winding up petition at High Court of Sindh at Karachi, on the grounds that Al-Abid owes to the JS Bank Limited Rs. 370,930,165/-. The management is vigorously contesting the case. | Pending |

- 17.1.1 The amount mentioned on above cases 3 to 6 are claimed amounts by the Banks and DFI, actual amounts to be determined by the Banking Court.
- 17.1.2 The outcome of above cases as referred in cases 3-19 cannot be predicted and the management is vigorously contesting the cases.
- 17.1.3 There are various ex-workers filed suits pending for payment of their legal dues before the Authority under the Payment of Wages Act, West Division, Karachi. The company believes that there may not be any financial implications.
- 17.2 Commitments
There are no commitments as at year end. (June 2020:Nil)

18 PROPERTY, PLANT AND EQUIPMENT

Operating Fixed Assets
Capital Work in Progress - DDPC Boiler

18.1 Operating Fixed Assets

| | Note | 2021 Rupees | 2020 Rupees |
|--|------|--------------------|----------------------|
| | 18.1 | 961,605,190 | 1,189,393,888 |
| | | 16,800,000 | 16,800,000 |
| | | <u>978,405,190</u> | <u>1,206,193,888</u> |

| Particulars | June 2021 | | | | | | | | Total |
|---|-----------|-----------------------------|-------------------------------|---------------------|------------------|-------------------------------------|-------------|-------------|---------------|
| | Rate | Building on Lease hold land | Plant, Machinery & equipments | Furniture & Fixture | Office equipment | Electric, gas & Other Installations | Vehicles | | |
| | 10% | 10% | 10% | 10% | 10% | 10% | 20% | | |
| Owned Assets | | | | | | | | | |
| Opening net book value | | 414,755,000 | 294,999,507 | 468,993,780 | 2,907,139 | 288,743 | 4,756,648 | 2,693,071 | 1,189,393,888 |
| Addition during the year | | - | - | (44,038,745) | (1,498,460) | (210,083) | (1,865,440) | 64,398 | 64,398 |
| Disposal during the year | | (58,880,000) | (84,005,387) | (44,198,835) | (184,258) | (15,402) | (355,042) | (5,000,000) | (195,503,125) |
| Charge for the year | | - | (24,112,849) | (44,198,835) | (184,258) | (15,402) | (355,042) | (535,229) | (69,412,616) |
| Surplus/(impairment)/ Deletions during the year | | - | 20,441,587 | 10,839,171 | 364,856 | 51,120 | 453,909 | 4,912,002 | 37,062,645 |
| Closing net book value | | 355,875,000 | 207,318,848 | 391,595,371 | 1,578,276 | 114,378 | 2,989,075 | 2,134,242 | 961,605,190 |

18.2 Forced sale value as per the last revaluation report as of January 08, 2018

| Asset class | Forced sale value |
|--------------------------------|--------------------|
| Lease hold land | 284,700,000 |
| Building | 224,358,167 |
| Plant, Machinery and Equipment | 423,710,000 |
| Total | 932,768,167 |

18.3 The valuation was conducted by an independent valuer and they have appropriate qualifications and experience in the fair value measurement of properties in the relevant locations. Leasehold land was valued on the basis of fair market value. Valuations for building and Plant & machinery were based on the estimated gross replacement cost, depreciated to reflect the residual service potential of the assets taking account of the age, condition and obsolescence. The fair value of assets subject to revaluation model fall under level 2 of the fair value hierarchy - ie significant observable inputs.

18.4 Particulars of immovable property (i.e. land and building) in the name of the Company are as follows:

| Location | Usage of Immovable Property | |
|---|-----------------------------|----------------------------|
| | Total Area (Square feet) | Covered Area (Square feet) |
| Lease hold Land & Plot No. A-34/A, S.I.T.E., Karachi Building | 65,340 | 80,982.50 |
| Plot No. A-29/B, S.I.T.E., Karachi | 124,146 | 269,835.00 |

* The covered area includes multi storey buildings.

18.5 Had there been no revaluation, related figures of property, plant and equipments would have been as mentioned in 8.2:

| | 2021 Rupees | 2020 Rupees |
|----------------------------|-------------------|-------------------|
| Allocation of Depreciation | 68,994,126 | 94,109,327 |
| Manufacturing overheads | 418,490 | 644,403 |
| Administrative expenses | <u>69,412,616</u> | <u>94,753,730</u> |

18.7

| Particulars | 2020 | | | | | | | | Total |
|--------------------------------------|------|-----------------|-----------------------------|-------------------------------|---------------------|------------------|-------------------------------------|-----------|---------------|
| | Rate | Lease hold Land | Building on Lease hold land | Plant, Machinery & equipments | Furniture & Fixture | Office equipment | Electric, gas & Other Installations | Vehicles | |
| Owned Assets | | | | | | | | | |
| Rupees | | | | | | | | | |
| Opening net book value | | 725,395,000 | 445,235,524 | 567,374,285 | 3,854,357 | 691,676 | 6,108,246 | 3,386,339 | 1,752,025,427 |
| Addition during the year | | - | - | - | - | - | - | - | - |
| Disposal during the year | | (310,640,000) | (137,378,122) | (54,117,058) | (730,454) | (433,742) | (962,866) | - | (504,262,042) |
| Charge for the year | | - | (38,650,639) | (54,432,927) | (367,326) | (59,898) | (569,673) | (673,268) | (94,753,731) |
| Surplus/(impairment) during the year | | - | 25,792,744 | 10,169,480 | 150,562 | 90,707 | 180,741 | - | 36,384,234 |
| Closing net book value | | 414,755,000 | 294,999,507 | 468,993,780 | 2,907,139 | 288,743 | 4,756,648 | 2,693,071 | 1,189,393,888 |

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18.8 Details of property, plant and equipment sold are given below:

| DESCRIPTION | COST | ACCUMULATED DEPRECIATION | BOOK VALUE | SALE AMOUNT | GAIN/(LOSS) | MODE OF DISPOSAL | PARTICULARS OF BUYERS | RELATIONSHIP |
|--------------------------------------|--------------------|--------------------------|--------------------|--------------------|--------------------|------------------|-----------------------|--------------|
| PAD STEAM DYEING RANGE (SAGA) | 19,000,000 | 4,623,175 | 14,376,825 | 17,108,333 | 2,731,508 | Negotiation | Abdul Razzak | Scrap buyers |
| STEAM AGER STORK | 4,200,000 | 1,021,965 | 3,178,035 | 1,181,854 | (1,996,181) | Negotiation | Mohabbat Khan | Scrap buyers |
| OBERMIER TRIPLE DECK DRYER | 2,100,000 | 510,983 | 1,589,017 | 583,333 | (1,005,684) | Negotiation | Muhammad Zubair | Scrap buyers |
| LAND, BUILDING & EQUIPMENTS D-14/C-1 | 152,953,125 | 22,890,348 | 130,062,777 | 318,197,940 | 188,135,163 | Negotiation | Union Appealal | |
| COMPREHENSIVE SHRINKING LINE | 5,250,000 | 1,311,122 | 3,938,878 | 1,500,000 | (2,438,878) | Negotiation | Muhammad Zubair | Scrap buyers |
| ROTARY PRINTING MACHINE | 7,000,000 | 1,793,050 | 5,206,950 | 5,641,026 | 434,076 | Negotiation | M Hanif Industries | |
| MASTER TRUCK JU-1374 | 1,500,000 | 1,466,786 | 33,214 | 50,000 | 16,786 | Negotiation | Allah Ditta | Scrap buyers |
| MAZDA TRUCK JX-9368 | 2,000,000 | 1,980,400 | 19,600 | 500,000 | 480,400 | Negotiation | Nazir Ahmed | Scrap buyers |
| FORK LIFTER JS-2568 | 1,500,000 | 1,464,816 | 35,184 | 250,000 | 214,816 | Negotiation | Abdul Karim | Scrap buyers |
| | 195,503,125 | 37,062,645 | 158,440,480 | 345,012,486 | 186,572,006 | | | |

18.9 During the year, no assets were disposed-off to Chief Executive, Director, Executive or a Shareholder having not less than ten percent of the voting shares of the Company or any related party.

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| | | 2021 Rupees | 2020 Rupees |
|------|---|--------------------|--------------------|
| 19 | STORES AND SPARES | | |
| | Stores | - | 1,092,718 |
| | Spares Opening balance | 74,578,870 | 74,578,870 |
| | Disposal during the year | (4,884,510) | - |
| | Provision for slow moving and obsolete stores and spares | 69,694,360 | 75,671,588 |
| | | (44,785,360) | (37,835,795) |
| | | <u>24,909,000</u> | <u>37,835,793</u> |
| 19.1 | Stores and spares do not include any major spare parts which may be categorized under the Property, Plant and Equipment. | | |
| 19.2 | Provision for slow moving and obsolete stores and spares: | | |
| | Balance as at July 01, | 37,835,795 | 30,268,636 |
| | Provision for the year | 6,949,565 | 7,567,157 |
| | Balance as at June 30 | <u>44,785,360</u> | <u>37,835,795</u> |
| 20 | STOCK IN TRADE | | |
| | Raw materials | | |
| | In hand | 18,189,966 | 18,189,966 |
| | Provision made during the year | (9,094,985) | (9,094,985) |
| | Written off during the year | 9,094,981 | 9,094,981 |
| | | (9,094,981) | - |
| | | <u>-</u> | <u>9,094,981</u> |
| 21 | TRADE DEBTS | | |
| | Unsecured | | |
| | Secured | - | - |
| | -Considered good | 444,776 | 444,776 |
| | -Considered doubtful | 1,890,406 | 1,890,406 |
| | Allowance for expected credit losses | 2,335,182 | 2,335,182 |
| | | (1,134,246) | (945,205) |
| | | <u>1,200,936</u> | <u>1,389,977</u> |
| 21.1 | Allowance for expected credit losses | | |
| | Balance as at July 01, | 945,205 | 756,164 |
| | Impairment charge for the year | 189,041 | 189,041 |
| | Balance as at June 30 | <u>1,134,246</u> | <u>945,205</u> |
| 22 | LOANS AND ADVANCES | | |
| | Advances-considered good | | |
| | Loans to staff and workers | 25,000 | - |
| | Advances to suppliers, contractors and others - unsecured | 5,023,594 | 9,050,619 |
| | | <u>5,048,594</u> | <u>9,050,619</u> |
| 23 | TRADE DEPOSITS | | |
| | Trade deposits - unsecured and considered good | <u>8,144,398</u> | <u>8,144,398</u> |
| 24 | OTHER RECEIVABLES | | |
| | Duty drawback | | |
| | Receivable from banks | 93,683,626 | 93,683,626 |
| | Research and development support | 32,332,398 | 52,486,372 |
| | Deposit with Nazir Sindh High Court against loan settlement | 4,325,164 | 4,325,164 |
| | | <u>89,500,000</u> | <u>-</u> |
| | | <u>219,841,188</u> | <u>150,495,162</u> |
| 24.1 | This represents the amount of DTL received by certain banks on the company's behalf in the accounts held by these banks namely United Bank Limited, Standard Chartered Bank Limited, Allied Bank Limited, Habib Bank Limited, Faysal Bank Limited, National Bank of Pakistan and Summit Bank Limited and the same is receivable from the respective banks. One of the banks namely United Bank Limited has refused to pay amount despite of the fact that full and final settlement was amicably reached and clearance certificate as per the honorable Sindh High Court's consent decree was obtained. During the year, the company has filed the suit # 862/2020 against the bank for the recovery of Rs. 13,871,000/-. | | |
| 24.2 | This represents amount deposited with Nazir Sindh High Court Karachi for Settlement under process with JS Bank Ltd according to Supreme Court's order/direction | | |
| 25 | TAX REFUNDS DUE FROM GOVERNMENT | | |
| | Sales tax | 52,032,544 | 50,708,620 |
| | Income tax | 10,233,140 | 9,541,722 |
| | | <u>62,265,684</u> | <u>60,250,342</u> |
| 26 | CASH AND BANK BALANCES | | |
| | Cash on hand | 28,227,893 | 27,089,590 |
| | Cash at Banks | | |
| | - Current account | 3,810,836 | 5,587,060 |
| | - Saving account | 58,304,273 | 69,676,016 |
| | | <u>62,115,109</u> | <u>75,263,076</u> |
| | | <u>90,343,002</u> | <u>102,352,666</u> |
| 26.1 | This represents deposit in saving account in Dubai Islamic Bank carrying mark-up range 4% to 5% (2020: 8.5% to 10%). | | |

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| | | 2021 Rupees | Restated 2020 Rupees |
|------|--|-----------------|----------------------------|
| 27 | SALES AND MANUFACTURING | | |
| | Sales | - | - |
| | Export sales | - | - |
| | Local sales | - | - |
| | Manufacturing | - | - |
| | Printing and dyeing | - | - |
| | | - | - |
| 28 | COST OF SALES | | |
| | Cost of materials consumed | - | - |
| | Salaries and wages | - | - |
| | Manufacturing overhead | 28.1 86,131,390 | 103,495,483 |
| | | 86,131,390 | 103,495,483 |
| | Work - in- process | | |
| | Opening stock | - | - |
| | Closing stock | - | - |
| | | - | - |
| | Finished goods | | |
| | Opening stock | - | - |
| | Closing stock | - | - |
| | | - | - |
| | | 86,131,390 | 103,495,483 |
| 28.1 | Manufacturing Overhead | | |
| | Provision for slow moving and obsolete stores and spares | 6,949,565 | 9,386,156 |
| | Depreciation | 18.1 68,994,126 | 94,109,327 |
| | Stock in trade Written off | 9,094,981 | - |
| | Store and spare written off | 1,092,718 | - |
| | | 86,131,390 | 103,495,483 |
| 29 | ADMINISTRATIVE EXPENSES | | |
| | Salaries and other benefits | 11,419,711 | 13,094,034 |
| | Repairs and maintenance | 21,265,212 | 3,384,585 |
| | Rent, rates and taxes | 734,446 | 1,103,797 |
| | GIDC expenses | - | 47,874,699 |
| | Staff welfare | 9,760 | 15,000 |
| | Heat, light and power | 5,817,231 | 3,632,805 |
| | Car maintenance | 674,521 | 815,169 |
| | Conveyance | 17,900 | 69,711 |
| | Entertainment | 157,854 | 302,976 |
| | Printing and stationery | 228,160 | 217,158 |
| | Communication | 66,990 | 63,395 |
| | Legal and professional | 2,369,000 | 5,464,480 |
| | Auditors' remuneration | 29.1 616,000 | 811,000 |
| | Advertisement | 62,300 | 82,580 |
| | Subscription and fees | 1,037,396 | 1,494,706 |
| | Insurance premium | 102,420 | - |
| | Service contracts | 45,000 | 190,617 |
| | Brokerage and commission | 10,444,137 | 3,413,400 |
| | Depreciation | 18.1 418,490 | 644,403 |
| | Impairment of trade debts | 189,041 | 189,040 |
| | | 55,675,568 | 82,863,555 |
| 29.1 | Auditors' remuneration | | |
| | Audit services: | | |
| | Annual audit fees | 400,000 | 600,000 |
| | Fee for half yearly review | 80,000 | 81,000 |
| | Out of pocket expenses | 36,000 | 30,000 |
| | Non-audit services: | | |
| | Tax advisory services | 100,000 | 100,000 |
| | | 616,000 | 811,000 |

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| | | 2021 Rupees | 2020 Rupees |
|------|---|---------------------------|----------------------|
| 30 | OTHER INCOME | | |
| | Income from non-financial assets / liabilities | | |
| | Forfeited security deposit | - | 14,000,000 |
| | Gain arising on settlement of loan (secured) | 551,331,222 | 2,213,218,088 |
| | Waiver received from Creditors | - | 169,949,418 |
| | Sale of scrap | 12,198,744 | 2,008,333 |
| | Loss on sale of stock | (4,217,843) | - |
| | Gain on disposal of property, plant and equipment | 186,572,006 | 269,984,692 |
| | Income from financial assets / liabilities | | |
| | Profit on PLS deposit account | 2,849,454 | 8,677,537 |
| | | <u>748,733,583</u> | <u>2,677,838,068</u> |
| 31 | FINANCE COST | | |
| | Bank charges, mark-up and commission | <u>1,486,083</u> | <u>6,062</u> |
| 32 | TAXATION - NET | | |
| | Current | (182,981) | (30,125) |
| | Deferred | - | - |
| | | <u>(182,981)</u> | <u>(30,125)</u> |
| | No tax reconciliation is required as tax provision sufficiency disclosure is computed at minimum tax on scrap sales under section 113 (2)(C) of the Income Tax Ordinance, 2001. The tax expense under revaluation surplus directly routed through equity amounts at Rs. 20.81 million (2020: Rs. 31.1 million). | | |
| 33 | EARNING PER SHARE - BASIC AND DILUTED | | |
| 33.1 | EARNING PER SHARE - BASIC | | |
| | Profit after taxation | Rupees <u>605,257,561</u> | <u>2,491,442,843</u> |
| | Weighted average number of shares | Number <u>13,409,550</u> | <u>13,409,550</u> |
| | Earning per share - basic | Rupees <u>45.14</u> | <u>185.80</u> |
| 33.2 | Diluted earnings per share | | |
| | There is no dilution effect on the basic earning per share of the company. | | |

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34 REMUNERATION OF DIRECTORS & EXECUTIVES

| | CHIEF EXECUTIVE | | DIRECTOR | | EXECUTIVES | |
|----------------------------------|-----------------|------|----------|------|------------|-----------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| | Rupees | | | | | |
| Basic | - | - | - | - | 2,569,697 | 2,327,273 |
| House rent | - | - | - | - | 1,156,364 | 1,047,273 |
| Other allowances and perquisites | - | - | - | - | 513,939 | 465,454 |
| | - | - | - | - | 4,240,000 | 3,840,000 |
| Number of persons | 1 | 1 | 1 | 1 | 3 | 3 |

In order to improve financial position of the company, the directors of the Company have decided to forgo fees, remuneration and other perquisites.

34.1 The Chief Executive and Directors have been provided with free use of the company maintained cars, residential telephones for business and personal use and foreign air traveling for self and dependents once in a year. Certain executives have also been provided with free use of Company maintained car.

34.2 Aggregate amount charged in the accounts for Board Meeting fee to non - executive Directors is Rs. 36,000/= (2020: Rs.28,000).

34.3 In view for bad financial condition of the company directors have decided not to claim their whole remuneration for the year ended June 30, 2021 i.e. Mr. Naseem A. Sattar Rs. 10,500,000 (2020: Mr. Naseem A. Sattar Rs. 10,500,000).

2021 2020
←-----Rupees-----→

35 FINANCIAL INSTRUMENTS BY CATEGORY

Financial Assets

At amortized cost

| | | |
|------------------------|--------------------|--------------------|
| Long term deposits | 3,311,307 | 3,290,949 |
| Account receivables | 1,200,936 | 1,389,977 |
| Trade deposit | 8,144,398 | 8,144,398 |
| Other receivables | 219,841,188 | 150,495,162 |
| Cash and bank balances | 90,343,002 | 102,352,665 |
| | 322,840,831 | 265,673,151 |

Financial Liabilities

At amortized cost

| | | |
|--------------------------------|----------------------|----------------------|
| Loan from director - unsecured | 521,018,754 | 521,018,754 |
| Staff retirement benefits | 8,425,182 | 8,339,236 |
| Security deposit | - | 16,400,000 |
| Trade and other payables | 762,843,112 | 763,265,695 |
| Unclaimed dividend | 108,310 | 108,310 |
| Advance from I.B.L | 366,063,944 | 366,063,944 |
| Short term finance | 1,397,310,685 | 2,144,455,606 |
| Accrued markup | 60,622,829 | 96,809,130 |
| | 3,116,392,816 | 3,916,460,674 |

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36 FINANCIAL RISK MANAGEMENT

The company's activities expose it to a variety of financial risk, market risk, credit risk and liquidity risk. The company's overall risk management programme focuses on having cost efficient funding as well as to manage financial risk to minimize earning volatility and provide maximum return to shareholders

The Board of Directors has overall responsibility for the establishment and oversight of the Company's financial risk management framework. The board is also responsible for developing and monitoring the Company's risk management policies.

36.1 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing returns.

36.2 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly where receivables and payables exist due to transactions entered in foreign currencies. As at June 30, 2021, the company is not exposed to currency risk.

36.3 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. The Company's interest rate risk arises from long-term and short-term borrowings. Borrowings issued at variable interest rates expose the Company to cash flow interest rate risk and borrowings issued at fixed interest rates gives rise to fair value interest rate risk. Significant interest rate risk exposures are primarily managed by a suitable mix of borrowings at fixed and variable interest rates.

At the reporting date the interest rate profile of the Company's interest bearing financial instruments is as follows:

Variable rate instruments - Financial Assets

Term Deposit Receipts

Saving account

| | | |
|--|-------------------|-------------------|
| | - | - |
| | 58,304,273 | 69,676,016 |
| | <u>58,304,273</u> | <u>69,676,016</u> |

Variable rate instruments - Financial Liabilities

Short term finances

| | | |
|--|----------------------|----------------------|
| | 1,397,310,685 | 2,144,455,606 |
| | <u>1,397,310,685</u> | <u>2,144,455,606</u> |

Sensitivity analysis

A change of 1% in interest rates at the reporting date would have increased/ decreased profit before tax for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Effect on Profit before tax

| | | |
|--|-------------------|-------------------|
| | <u>13,973,107</u> | <u>21,444,556</u> |
|--|-------------------|-------------------|

36.4 Price risk

Price risk is 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. As at June 30, 2021 the Company is not exposed to price risk.

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36.5 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. The Company does not have any significant exposure to customers from any single customer

Credit risk of the Company arises principally from trade debts, advances, deposits, other receivables and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

| | | 2021 | 2020 |
|---------------------------------|--------|--------------------|--------------------|
| | | <-----Rupees-----> | |
| Long term security deposits | | 3,311,307 | 3,290,949 |
| Trade Debts | 36.5.1 | 1,200,936 | 1,389,977 |
| Trade deposit | | 8,144,398 | 8,144,398 |
| Tax refunds due from government | | 62,265,684 | 60,250,342 |
| Other receivables | | 219,841,188 | 150,495,162 |
| Cash and bank balances | | 90,343,002 | 102,352,665 |
| | | 385,106,515 | 325,923,493 |

36.5.1 Set out below is the information about the credit risk exposure on the Company's trade debts

| | Trade debts | |
|-----------------------|--------------------|------------------|
| | <-----Rupees-----> | |
| | 2021 | 2020 |
| Not past due | - | - |
| Past due 0-60 days | - | - |
| Past due 61 and above | 1,200,936 | 1,389,977 |
| | 1,200,936 | 1,389,977 |

Concentration of credit risks exists when changes on economic and industry factors similarly affect the group of counter parties whose aggregated credit exposure is significant on relation to the company's total credit exposure. The company's financial assets are broadly diversified and transactions are entered into with diverse credit worthy parties, thereby mitigating any significant concentration risk. Therefore, the company believes that it is not exposed to major concentration of credit risk.

However, impairment analysis is always performed as each reporting date using a provision matrix to measure expected credit losses. Generally trade debtors are written off if past due for more than one year and are not subject to enforcement activity.

Other financial assets at amortised cost includes advances, deposits and other receivables

The credit quality of balances with banks can be assessed by reference to external credit ratings as shown below:

| Bank | Rating agency | Short-term Rating | 2021 | 2020 |
|------------------------------|---------------|-------------------|-------------------|-------------------|
| | | | (Rupees) | |
| Dubai Islamic Bank Limited | JCR - VIS | A-1+ | 58,343,226 | 70,017,970 |
| Bank Islami Pakistan Limited | PACRA | A-1 | 33,416 | 35,416 |
| Askari Bank Limited | PACRA | A-1+ | 49,075 | 49,075 |
| Summit Bank Limited | JCR - VIS | A-3 | 1,928,789 | 1,928,789 |
| United Bank Limited | JCR - VIS | A-1+ | 12,433 | 868,585 |
| | | | 60,366,939 | 72,899,835 |

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| | 2021 | 2020 |
|---|-----------|-----------|
| | Rupees | Rupees |
| Due from customers other than related parties | 1,200,936 | 1,389,977 |
| Others | 1,200,936 | 1,389,977 |

The balances of financial assets held with related parties other than short term investments are as follows:

| | 2021 | 2020 |
|-------------------|-------------|-------------|
| | Rupees | Rupees |
| Trade deposits | 8,144,398 | 8,144,398 |
| Other receivables | 219,841,188 | 150,495,162 |
| | 227,985,586 | 158,639,560 |

36.6 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or would have difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The following are the contractual maturities of financial liabilities, including interest payments, excluding the impact of netting agreements:

Financial liabilities in accordance with their contractual maturities are presented below:

| 2021 | Less than 3 months | 3 to 12 months | 1 to 5 years | Greater than 5 years | Total |
|---|--------------------|----------------------|--------------|----------------------|----------------------|
| Loan from director and family member- unsecured | - | 521,018,754 | - | - | 521,018,754 |
| Retirement benefits | - | - | - | 8,425,182 | 8,425,182 |
| Trade and other payables | - | 698,093,353 | - | - | 698,093,353 |
| Unclaimed dividend | - | 108,310 | - | - | 108,310 |
| Advance from I.B.L | - | 366,063,944 | - | - | 366,063,944 |
| Short term finance | - | 1,397,310,685 | - | - | 1,397,310,685 |
| Accrued markup | - | 60,622,829 | - | - | 60,622,829 |
| Total | - | 3,043,217,875 | - | 8,425,182 | 3,051,643,057 |

| 2020 | Less than 3 months | 3 to 12 months | 1 to 5 years | Greater than 5 years | Total |
|---|--------------------|----------------------|--------------|----------------------|----------------------|
| Loan from director and family member- unsecured | - | 521,018,754 | - | - | 521,018,754 |
| Retirement benefits | - | - | - | 8,339,236 | 8,339,236 |
| Security deposit | - | 16,400,000 | - | - | 16,400,000 |
| Trade and other payables | - | 698,695,936 | - | - | 698,695,936 |
| Unclaimed dividend | - | 108,310 | - | - | 108,310 |
| Advance from I.B.L | - | 366,063,944 | - | - | 366,063,944 |
| Short term finance | - | 2,144,455,606 | - | - | 2,144,455,606 |
| Accrued markup | - | 96,809,130 | - | - | 96,809,130 |
| Total | - | 3,843,551,680 | - | 8,339,236 | 3,851,890,916 |

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company manages liquidity risk by maintaining sufficient cash and bank balances and availability of financing through banking arrangements, which includes Short term finances.

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37 FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value of all the financial instruments reflected in the financial statements approximates to their fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values.

Fair value hierarchy;

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at 30 June, 2021, the company has no financial instruments that falls into any of the above category. There were no transfer between level 1, 2 and 3 in the year.

38 CAPITAL RISK MANAGEMENT

The objective of the company when managing capital i.e its shareholder's equity is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits to other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The company manage its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions consistent with others in the industry. The company manages its capital risk by monitoring its liquid assets and keeping in view future investment requirements and expectation of the shareholders.

As at June 30, 2021 and 2020, the company had surplus reserves to meet its requirements.

The gearing ratio as at June 30, 2021 and June 30, 2020 is as follows:

39 RELATED PARTY TRANSACTIONS

| NAME OF RELATED PARTY | RELATIONSHIP WITH THE COMPANY | NATURE OF TRANSACTIONS | 2021 | 2020 |
|-------------------------------------|-------------------------------|------------------------|-------------|-------------|
| TRANSACTIONS DURING THE YEAR | | | | |
| Naseem A. Sattar | Chief Executive | Nil | - | - |
| Azim Ahmed | Family Member | Nil | - | - |
| BALANCE | | | | |
| Naseem A. Sattar | Chief Executive | Payable | 460,912,887 | 460,912,887 |
| Azim Ahmed | Family Member | Payable | 60,105,867 | 60,105,867 |

40 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

| | As at June 30, 2020 | Non-cash Changes | Cashflows | As at June 30, 2021 |
|----------------------------|----------------------|------------------|----------------------|----------------------|
| -----Rupees----- | | | | |
| Short term running finance | 2,144,455,606 | - | (747,144,921) | 1,397,310,685 |
| | <u>2,144,455,606</u> | <u>-</u> | <u>(747,144,921)</u> | <u>1,397,310,685</u> |

41 IMPACT OF COVID-19

In the light of ongoing COVID-19 pandemic, the company has review its exposure to business risk and has not identified any risk that could materially impact the financial performance or position of the company. Consequently, there was no significant impact of COVID-19 pandemic on the company's operations or recognition and measurement of assets and liabilities during the year ended June 30, 2021.

AL-ABID SILK MILLS LIMITED

42 PLANT CAPACITY & PRODUCTION

The production capacity of the plant can not be determined as it depends upon the process, the quality of the cloth used for printing and dyeing, which may compose of different kinds of fabrics and texture having different construction and weights.

43 NUMBER OF EMPLOYEES

| | 2021 | 2020 |
|-------------------------------------|------|------|
| Number of employees at the year-end | 8 | 8 |
| Average number of employees | 8 | 8 |

44 CORRESPONDING FIGURES

Corresponding figures have been reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison in accordance with the accounting and reporting standards as applicable in Pakistan.

45 DATE OF AUTHORIZATION FOR ISSUE

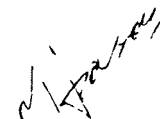
These financial statements were approved and authorized for issue on 01-10-2021 by the Board of Directors of the Company.



Chief Executive Officer



Director



Chief Financial Officer

AL-ABID SILK MILLS LIMITED

Key Operating and Financial Data

| Statement of Profit or Loss | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|--|---------|---------|---------|---------|---------|---------|
| -----Rupees in million----- | | | | | | |
| Sales and manufacturing | - | - | - | - | - | - |
| Gross Loss | (86) | (103) | (131) | (214) | (332) | (714) |
| Loss from operations | 607 | 2,491 | (126) | (32) | (325) | (685) |
| Loss before taxation | 605 | 2,491 | (126) | (32) | (325) | (685) |
| Loss after taxation | 605 | 2,491 | (126) | (12) | (342) | (684) |
| Statement of Financial Position | | | | | | |
| Property, plant and equipment | 978 | 1,206 | 1,769 | 1,942 | 3,659 | 3,997 |
| Long term security deposit | 3 | 3 | 4 | 2 | 2 | 2 |
| Net current assets | (2,697) | (3,530) | (6,592) | (6,638) | (6,836) | (6,831) |
| Total assets employed | (1,715) | (2,320) | (4,819) | (4,694) | (3,176) | (2,833) |
| Represented by: | | | | | | |
| Share Capital | 134 | 134 | 134 | 134 | 134 | 134 |
| Reserves | (1,858) | (2,463) | (4,954) | (4,828) | (3,776) | (3,444) |
| Shareholders' equity | (1,723) | (2,329) | (4,820) | (4,694) | (3,642) | (3,310) |
| Surplus on revaluation -of fixed assets | 1,247 | 1,297 | 1,374 | 1,441 | 2,596 | 2,809 |
| Long term Financing | - | - | - | - | - | - |
| Deferred liabilities | - | - | - | - | 484 | 477 |
| Total capital employed | (477) | (1,031) | (3,446) | (3,253) | (562) | (24) |
| Statement of Cash Flow | | | | | | |
| Operating activities | (161) | (207) | (3) | 187 | (17) | (19) |
| Investing activities | 345 | 740 | 52 | - | 0 | 4 |
| Financing activities | (196) | (578) | (118) | 22 | 17 | 14 |
| Cash & cash equivalents -at beginning of the year | 102 | 147 | 218 | 9 | 9 | 10 |
| Cash & cash equivalents -at end of the year | 90 | 102 | 148 | 218 | 9 | 9 |
| Dividend (%age) | - | - | - | - | - | - |
| Debt-equity ratio | (1.81) | (1.68) | (1.47) | (1.53) | (2.10) | (2.31) |
| Debt | 3,117 | 3,916 | 7,067 | 7,174 | 7,640 | 7,658 |
| Equity | (1,723) | (2,329) | (4,820) | (4,694) | (3,642) | (3,310) |

AL-ABID SILK MILLS LIMITED

PATTERN OF SHAREHOLDING AS AT 30-06-2021

| NUMBER OF SHAREHOLDERS | SHARE HOLDING | | TOTAL NUMBER OF SHARES HELD | |
|------------------------|---------------|----|-----------------------------|------------|
| 464 | 1 | -- | 100 | 12,662 |
| 134 | 101 | -- | 500 | 32,023 |
| 41 | 501 | -- | 1,000 | 36,210 |
| 71 | 1,001 | -- | 50,000 | 444,656 |
| 1 | 50,001 | -- | 100,000 | 96,000 |
| 10 | 100,001 | -- | 1,000,000 | 2,679,789 |
| 2 | 1,000,001 | -- | 3,000,000 | 2,593,048 |
| 1 | 3,000,001 | -- | 8,000,000 | 7,515,162 |
| 724 | | | | 13,409,550 |

| CATEGORIES OF SHARE HOLDERS | NUMBER OF SHARE HOLDERS | SHARE HELD | PERCENTAGE |
|---|-------------------------|------------|------------|
| INDIVIDUALS | 708 | | |
| HOLDING LESS THAN 10% | | 1,901,559 | 14.181% |
| FINANCIAL INSTITUTIONS | 7 | | |
| CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST | | 1,113,687 | 8.305% |
| NATIONAL BANK OF PAKISTAN | | 583,570 | 4.352% |
| NATIONAL BANK OF PAKISTAN | | 643 | 0.005% |
| NATIONAL BANK OF PAKISTAN | | 100 | 0.001% |
| THE BANK OF PUNJAB, TREASURY DIVISION | | 8,000 | 0.060% |
| TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST | | 3,674 | 0.027% |
| TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND | | 104,696 | 0.781% |
| INSURANCE COMPANY | 1 | | |
| STATE LIFE INSURANCE CORPORATION OF PAKISTAN | | 236,994 | 1.767% |
| JOINT STOCK COMPANIES | 2 | | |
| EXCEL SECURITIES (PRIVATE) LIMITED | | 500 | 0.004% |
| MAPLE LEAF CAPITAL LIMITED | | 1 | 0.000% |
| DIRECTORS, CEO & THEIR SPOUSE AND MINOR CHILDREN | 6 | | |
| MR. NASEEM A. SATTAR | | 7,515,162 | 56.043% |
| MRS. ZARINA NASEEM | | 1,479,361 | 11.032% |
| MST. ADIA NASEEM | | 328,322 | 2.448% |
| MRS. SADAF NADEEM | | 132,281 | 0.986% |
| MR. QAMAR MASHKOOB | | 500 | 0.004% |
| MR. MUHAMMAD SAJID HAFEEZ | | 500 | 0.004% |
| TOTAL | 724 | 13,409,550 | 100.000% |

AL-ABID SILK MILLS LIMITED

PROXY FORM

The Company Secretary
Al-Abid Silk Mills Limited
A-34/A, S.I.T.E., Manghopir Road,
Karachi.

I/We _____
_____ being member(s) of Al-Abid Silk Mills Limited holding
_____ ordinary shares hereby appoint _____
of _____ Folio/CDC Account No. _____ or failing him / her
_____ Folio / CDC Account No. _____
of who is / are also members(s) of Al-Abid Silk Mills Limited as my / our proxy in my / our absence to attend and vote
for me / us and on my behalf at the Annual General Meeting of the Company to be held on Wednesday 27, October 2021
and at any adjournment thereof.

As witness my / our hand / seal this _____ day of _____ 2021

Witness No. 1

Name _____

Address _____

CNIC No. _____

Rs. 5/-
Revenue
Stamp

Witness No. 1

Name _____

Address _____

CNIC No. _____

Signature of Member(s)
(This signature should agree with the specimen
registered with the Company)

Important:

1. CDC Account Holders are requested to strictly follow the guidelines mentioned in the Notice of Meeting.
2. Attested copies of CNIC / SNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form
3. The proxy shall produce his / her original CNIC / SNIC or original passport at the time of the meeting.
4. A Member entitled to attend an Annual General Meeting is entitled to appoint a proxy to attend and vote instead of him/her.
5. Members are requested:
 - (a) To affix Revenue Stamp of Rs. 5/- at the place indicated above.
 - (b) To sign across the Revenue Stamp in the same style of signature as is registered with the Company.
 - (c) To write down their Folio Numbers / CDC Account Numbers.
6. This form of proxy, duly completed and signed across a Rs. 5/- revenue stamp, must be deposited at the Company's Registered Office not less than 48 hours before the time for holding the meeting.

AL-ABID SILK MILLS LIMITED

پروکسی فارم

کمپنی سیکریٹری
العابد سِلک ملز لمیٹڈ
A-34/A، ایس۔ آئی۔ ٹی۔ ای، ہنگھوپیر روڈ،
کراچی۔

میں/ہم _____
العابد سِلک ملز لمیٹڈ کے ممبر ہونے کی حیثیت سے _____ عام حصص کے حامل ہیں اور فلیو/سی ڈی سی اکاؤنٹ نمبر _____
یا اس کی عدم موجودگی میں فلیو نمبر/سی ڈی سی اکاؤنٹ _____ کے _____
نمبر _____ کے _____ کا تقرر کرتا/کرتی ہوں جو کہ العابد سِلک
ملز لمیٹڈ کا ممبر بھی ہے بحیثیت میرے/ہمارے پروکسی میری/ہماری عدم موجودگی میں کمپنی کے عام سالانہ اجلاس بروز بدھ مورخہ 27 اکتوبر 2021ء کو منعقد ہوگا
اور اس کے التوا میری/ہماری جانب سے شرکت کرے گا اور ووٹ دے گا۔
آج اس دن 2021 کو دستخط کئے گئے۔

5/- روپے کارسیدی ٹکٹ

گواہ نمبر 1

_____ نام
_____ پتہ
_____ شناختی کارڈ نمبر
(دستخط کمپنی کے ساتھ رجسٹر شدہ نمونے کے دستخط کے مطابق ہونے چاہئیں)

_____ فلیو نمبر
_____ شرکت کنندہ کا آئی ڈی نمبر

گواہ نمبر 1

_____ نام
_____ پتہ
_____ شناختی کارڈ نمبر

نوٹ:

- 1۔ سی ڈی سی اکاؤنٹ ہولڈرز سے استدعا ہے کہ اجلاس کے نوٹس میں بیان کردہ گائیڈ لائنز پر سختی سے عمل پیرا ہوں۔
- 2۔ پروکسی فارم کے ساتھ سی این آئی سی/ایس این آئی سی یا بینیفیشل اونرز اور پروکسی کی تصدیق شدہ کاپیاں پیش کی جائیں گی۔
- 3۔ پروکسی اجلاس کے وقت اپنا اور بینجیل سی این آئی سی/ایس این آئی سی یا اور بینجیل پاسپورٹ پیش کرے گا۔
- 4۔ ممبر سالانہ عام اجلاس میں شرکت کا مستحق ہوگا ساتھ ہی وہ اپنے بجائے پروکسی کے تقرر کا مستحق ہوگا کہ وہ اس کی جانب سے شرکت کرے اور ووٹ دے۔
- 5۔ ممبر سے استدعا ہے کہ:
 - (a) اوپر دکھائی گئی جگہ پر 5 روپے کارسیدی ٹکٹ لگائیں۔
 - (b) ریونیو سٹیپ پر دستخط اسی انداز میں کریں جیسا کہ کمپنی میں رجسٹرڈ ہے۔
 - (c) ان کے فلیو نمبر/سی ڈی سی اکاؤنٹ نمبر تحریر کرے۔
- 6۔ یہ پراکسی فارم، جو کہ 5 روپے کے ریونیو سٹیپ پر مکمل طور پر دستخط شدہ ہے، اجلاس کے انعقاد کے وقت سے 48 گھنٹے سے کم وقت میں کمپنی کے رجسٹرڈ آفس میں جمع کرانا ضروری ہے۔