

REPORT AND ACCOUNTS
FOR THE SIX MONTHS ENDED
DECEMBER 31, 2021

AL-ABID SILK MILLS LIMITED

REGISTERED OFFICE
A-34/A, S.I.T.E., Manghopir Road, Karachi.

AL-ABID SILK MILLS LIMITED

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AL-ABID SILK MILLS LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS	Mr. Naseem A. Sattar Mst. Adia Naseem Mrs. Sadaf Nadeem Syed Raza Abbas Jaffari	Chief Executive Officer Non-Executive Director Non-Executive Director Nominee Director (N.I.T.)
CHIEF FINANCIAL OFFICER	Mr. Haroon Rasheed	
SECRETARY	Mr. Nasim Ahmed	
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

DIRECTORS' REPORT TO SHAREHOLDERS

The Board of Directors present the condensed interim financial statement of the Company for the 2nd Quarter ended on December 31, 2021,

The entire world is facing corona virus pandemic and inflation.

Future outlook:

As already mentioned in various reports after settlement with major banks our main task was to shift our large plants from the locations A-39 & A-51/B to our other premises A-34/A & A-29/B, this was the major task like building a new factory which involved not only mechanical work but considerable civil work also, which under normal circumstances can take three years.

In spite of all difficulties faced we have been able to set up the entire plant in the other premises A-34/A & A-29/B which requires final touches for commissioning the plant. For this purpose we need specialized engineers who can handle the software of our highly technical plant. Normally manufacturer's engineer perform this job however, we are also searching domestically engineers who are suitable to handle these specialize jobs as in any case engineers from manufacturers are not only expensive but presently due to corona virus the movement are also restricted.

The plant need just final touches and can be commissioned and commercial production can be started which however require funds or investment in equity for which we are also making efforts but under the circumstances there are various hurdles as our trading in stock exchange has been stopped, thus equity participation or investment possibilities are faced with this position accordingly also our election of directors which is also required and necessary.

Comments on adverse opinion

As already reported in annual report, the revaluation of assets has been done and as a result the equity is positive and IAS- 36 impairment qualification has been removed.

Regarding bank confirmation, it is normal that when banks are in litigation normally they do not supply balance confirmation.

The adverse opinion for missing revival plan, is outcome of plant being closed and not in commercial production, accordingly the reference to cash flow and accumulated loss, as explained in para 3 above.

JS Bank settlement agreement has been signed and settlement amount has already been deposited with Sindh High Court.

AL-ABID SILK MILLS LIMITED

Our need is that transaction of stock exchange are re-opened which was also desired by shareholders on our last AGM. We also hope SECP, Stock Exchange and our shareholders will appreciate our efforts and support us to reach the goal in the interest of all including the country for a company which was exporting over 100 million US Dollar annually. We can call election of directors and arrange investment in equity from private investor or Banks, which will enable us to give a revival plan.

According to legal conclusion by SECP regarding two independent directors namely Mr. Qamar Mashkooor and Mr. Mohammad Sajid Hafeez for absents from the board meeting they have been removed from the board under section Sub-section (1) and clause (b) of the Section 171 of the companies Act, 2017. We will look for co-option for suitable directors to fill vacancies.

We hope you will find improvement in our Financial Statement, regrettably it is taking time as we could only start this huge factory rebuilding in year 2020 when all encumbrance of settled banks were removed from A-39 & A/51-B.

We hope our share holders and all concern will have understanding for our efforts.

Thanks to all of you.

For and on behalf of the Board of Directors



Naseem A. Sattar
Chief Executive Officer

February 24, 2022

AL-ABID SILK MILLS LIMITED

حصص داران کیلئے ڈائریکٹرز کی رپورٹ

بورڈ آف ڈائریکٹرز 31 دسمبر 2021 کو ختم ہونے والی دوسری سرمایہ کیلئے کمپنی کے مجموعی مالیاتی حوالہ پیش کر رہے ہیں۔

پوری دنیا کو کورونا وبا اور ہنگامی کا سامنا ہے۔

مستقبل کا نظریہ:

جیسا کہ پہلے ہی مختلف رپورٹس میں بتایا گیا ہے کہ اہم بیکنوں کے ساتھ تصفیہ کے بعد ہمارا بنیادی مقصد اپنے اہم پلانٹس کی پلانٹ نمبر A-39 اور A-51/B سے دوسرے پلانٹ نمبر A-34/A اور A-29/B میں منتقلی تھی۔ یہ ایک نئی ٹیکنالوجی بنانے جیسا اہم ہاسک تھا جس میں نہ صرف میکینیکل کام بلکہ سول کام بھی شامل تھا، جس میں عام حالات میں تین سال لگ سکتے ہیں۔

تمام درجہ شدہ مشکلات کے باوجود ہم دوسری جگہ پلانٹ نمبر A-34/A اور A-29/B میں پلانٹ لگانے میں کامیاب رہے جسے شروع کرنے کے لیے حتیٰ مراحل کی ضرورت ہے۔ اس مقصد کے لیے ہمیں خصوصی انجینئرز کی ضرورت ہے جو ہمارے انتہائی تکنیکی پلانٹ کے سافٹ ویئر کو پینڈل کر سکیں۔ عام طور پر مینوفیکچررز کے انجینئرز یہ کام انجام دیتے ہیں تاہم ہم مقامی طور پر بھی انجینئرز کو تلاش کر رہے ہیں جو ان خصوصی امور کو سنبھالنے کے لیے موزوں ہوں کیونکہ کسی بھی صورت میں مینوفیکچررز کے انجینئرز نہ صرف مہنگے ہوتے ہیں بلکہ کورونا وبا کی موجودہ صورتحال کے باعث نقل و حرکت بھی محدود ہے۔

پلانٹ کو حتمی شکل دینے کی ضرورت ہے اور اسے شروع کیا جاسکتا ہے اور تجارتی پیداوار بھی شروع کی جاسکتی ہے تاہم اس کے لئے ایک نئی میں فنڈز یا سرمایہ کاری کی ضرورت ہے جس کے لیے ہم کوششیں کر رہے ہیں لیکن ان حالات میں طرح طرح کی رکاوٹیں مائل ہیں کیونکہ اسٹاک ایکسچینج میں ہماری ٹریڈنگ روک دی گئی ہے، اس طرح ایک نئی کی شرکت یا سرمایہ کاری کے امکانات اس حیثیت سے درپیش ہیں اسی مناسبت سے ہمارے ڈائریکٹرز کا انتخاب بھی جو ضروری ہے۔

منفی رائے پر تبصرے:

جیسا کہ پہلے ہی سالانہ رپورٹ میں بتایا گیا ہے اثاثہ جات کی دوبارہ تقییم کی گئی ہے اور اس کے نتیجے میں ایک نئی قیمت ہے اور IAS-36 کی خرابی کی اہلیت کو ختم کر دیا گیا ہے۔

بینک کنٹریبیوٹن سے متعلق، یہ عام بات ہے کہ جب بینک قانونی چارہ جوئی میں ہوتے ہیں تو وہ بینکس کی کنٹریبیوٹن فراہم نہیں کرتے۔

بحالی کی منصوبہ بندی کے لیے منفی رائے، بحوالہ کیش فلو اور جمع شدہ خسارہ، پلانٹ کے بند ہونے کا نتیجہ ہے اور تجارتی پیداوار میں نہیں جیسا کہ اوپر جیرا میں بیان کیا گیا ہے۔

AL-ABID SILK MILLS LIMITED

جے ایس بینک تفسیر معاہدہ پر دستخط ہو گئے ہیں اور تفسیر کی رقم سندھ ہائی کورٹ میں پہلے ہی جمع کرا دی گئی ہے۔

ہماری ضرورت اس بات کی ہے کہ سٹاک ایکسچینج کی نذر: ایکشن کو دوبارہ کھولا جائے جس کی خواہش شیئر ہولڈرز نے ہماری آگست 2022 میں بھی کی تھی۔ ہم یہ بھی امید کرتے ہیں کہ SECP، سٹاک ایکسچینج اور ہمارے شیئر ہولڈرز ہماری کوششوں کو سراہیں گے اور ایک ایسی گھنٹی کے لیے جو 100 ملین امریکی ڈالر سالانہ سے زیادہ برآمدات کر رہی تھی، کے لیے جو ملک سمیت سب کے مفاد میں ہے پرفٹ سٹیمپ پیچھے میں ہماری مدد کریں گے۔ ہم ڈائریکٹرز کے انتخاب بھی کروا سکتے ہیں اور نئی سرمایہ کار یا بینکوں سے ایجوینیٹی میں سرمایہ کاری کا بندوبست بھی کر سکتے ہیں، جو ہمیں بحالی کی منصوبہ بندی کے قابل بنائے گا۔

SECP کے قانونی نتیجے کے تحت دو آزاد ڈائریکٹرز جناب قمر سکور اور جناب محمد ساجد حفیظ کو بورڈ میننگ سے غیر حاضر بننے کی صورت میں قانون کے تحت کیپٹنری ایکٹ 2017 کے سیکشن 171 کے سب سیکشن (1) اور سٹن (b) کے تحت انہیں بورڈ سے ہٹا دیا گیا ہے۔ ہم خالی آسامیوں کو پُر کرنے کے لیے سوزوں ڈائریکٹرز کا انتخاب کریں گے۔

ہم امید کرتے ہیں کہ آپ کو ہمارے مالیاتی بیان میں بہتری نظر آئے گی، انہوں کو اس میں کچھ وقت لگ رہا ہے کیونکہ ہم 2020 میں اس بڑی ٹیکسٹائل کی تعمیر نو کا آغاز کر کے تھے جب A-39 اور A-51/B سے بینکوں کے تمام واجبات ختم کر دیے گئے تھے۔

ہمیں امید ہے کہ ہمارے شیئر ہولڈرز اور تمام متعلقین ہماری کوششوں کو سمجھیں گے۔

آپ سب کا شکر یہ

سورج: 24 فروری 2022ء

بورڈ آف ڈائریکٹرز کی جانب سے

محمد اسرار
نیم اے سار
چیف ایگزیکٹو آفیسر

AL-ABID SILK MILLS LIMITED

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF AL-ABID SILK MILLS LIMITED REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Al-Abid Silk Mills Limited as at **December 31, 2021** and the related condensed interim statement of profit or loss, condensed interim statement of other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis of Adverse Conclusion

- (i) As explained on note 1.1, the accumulated loss of the Company has been reached at Rs. 2.779 billion, as of that date Company's current liabilities exceeded its current assets by Rs. 2.705 billion and further during the period 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 along with other mitigating factors is not disclosed in these interim 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. The Company has not recorded mark-up on these finances which amounts to Rs. 0.062 billion on the plea of restructuring negotiation/litigation with the respective banks. Moreover, we were not arranged for direct confirmations from trade and other creditors amounting to Rs. 0.688 billion.

AL-ABID SILK MILLS LIMITED

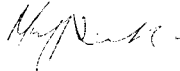
Adverse Conclusion

Our review indicates that, because of the matters as described in the preceding paragraphs, this condensed interim financial statements do not present fairly, in all material respects, the financial position of the company as at December 31, 2021, and of its financial performance and its cash flows for the six months period then ended in accordance with the approved accounting standards as applicable in Pakistan relating to interim financial reporting.

Other matters

The figures of the condensed interim statement of profit or loss and condensed interim statement of other comprehensive income for the quarters ended December 31, 2021 and 2020 have not been reviewed, as we are required to review only the cumulative figures for the six-months period ended December 31, 2021.

The engagement partner on the review resulting in this independent auditor's report is Muhammad Moin Khan.



**Chartered Accountants
Karachi**

Date: February 24, 2022

UDIN: RR2021101530Tf9XvISH

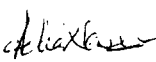
AL-ABID SILK
CONDENSED INTERIM STATEMENT OF
AS AT

		Dec 2021 (Un-Audited)	June 2021 (Audited) Restated	
		----- (Rupees) -----		
EQUITY & LIABILITIES				
SHARE CAPITAL AND RESERVES				
	Authorized capital			
	20,000,000 ordinary shares of Rs. 10/- each	200,000,000	200,000,000	
	Issued, subscribed and paid-up capital	134,095,500	134,095,500	
	Capital reserves			
	Other reserves	372,831,844	372,831,844	
	Revaluation Surplus on Property, Plant & Equipment	2,297,728,476	518,892,129	5
	Revenue reserves			
	Accumulated loss	(2,779,138,394)	(2,749,316,430)	
	Total equity	25,517,426	(1,723,496,957)	
LIABILITIES				
NON- CURRENT LIABILITIES				
	Deffered Taxation	-	-	
	Staff Retirement benefits	8,425,182	8,425,182	
		8,425,182	8,425,182	
CURRENT LIABILITIES				
	Loan from directors and family member's- unsecured	521,018,754	521,018,754	6
	Trade and other payables	762,962,349	762,843,112	
	Unclaimed dividend	108,310	108,310	
	Advance from I.B.L	366,063,944	366,063,944	7
	Accrued markup	60,622,829	60,622,829	8
	Short term finances	1,397,310,685	1,397,310,685	9
	Provision for taxation	626,561	573,441	
		3,108,713,431	3,108,541,074	
	CONTINGENCIES AND COMMITMENTS			10
		3,142,656,040	1,393,469,299	


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



 Chief Executive Officer



 Director



 Chief Financial Officer

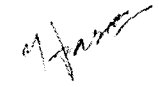
MILLS LIMITED

FINANCIAL POSITION (UN-AUDITED)
DECEMBER 31, 2021

		Dec 2021 (Un-Audited)	June 2021 (Audited)
	Note	----- (Rupees) -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	11	2,736,473,286	978,405,190
Long term security deposit		3,311,307	3,311,307
CURRENT ASSETS			
Stores and spares		24,909,000	24,909,000
Trade debts		1,106,416	1,200,936
Loans and advances		5,108,304	5,048,594
Trade deposits and prepayments		8,144,398	8,144,398
Other receivables	12	216,808,363	219,841,188
Tax refunds due from government		62,636,974	62,265,684
Cash and bank balances		84,157,992	90,343,002
		402,871,447	411,752,802
		<u>3,142,656,040</u>	<u>1,393,469,299</u>


Chief Executive Officer


Director


Chief Financial Officer

AL-ABID SILK MILLS LIMITED


CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED) FOR THE SIX MONTHS ENDED DECEMBER 31, 2021

	Six Months ended		Quarter ended	
	Dec 31, 2021 Rupees	Dec 31, 2020 Rupees	Dec 31, 2021 Rupees	Dec 31, 2020 Rupees
Sales and manufacturing	-	-	-	-
Cost of sales	40,767,612	57,149,829	25,654,716	36,252,290
Gross loss	(40,767,612)	(57,149,829)	(25,654,716)	(36,252,290)
Operating expenses				
Administrative expenses	11,427,781 (52,195,393)	25,470,209 (82,620,038)	6,010,582 (31,665,298)	6,627,949 (42,880,239)
Other income	13 4,794,374	745,404,869	3,101,090	5,326,816
(Loss)/ profit from operations	(47,401,019)	662,784,831	(28,564,208)	(37,553,423)
Finance cost	-	7,233	-	1,583
(Loss) / profit before taxation	(47,401,019)	662,777,598	(28,564,208)	(37,555,006)
Taxation-net	(53,120)	(97,472)	(37,486)	(97,472)
(Loss) / profit after taxation	(47,454,139)	662,680,126	(28,601,694)	(37,652,478)
(Loss) / Earning per share - basic and diluted	14 (3.54)	49.42	(2.13)	(2.81)

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


Chief Executive Officer


Director


Chief Financial Officer


AL-ABID SILK MILLS LIMITED


CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED) FOR THE SIX MONTHS ENDED DECEMBER 31, 2021

	Six Months ended		Quarter Ended	
	December 31, 2021 Rupees	December 31, 2020 Rupees	December 31, 2021 Rupees	December 31, 2020 Rupees
(Loss) / profit after taxation	(47,454,139)	662,680,126	(28,601,694)	(37,652,478)
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Revaluation of property, plant and equipment	1,796,468,522	-	1,796,468,522	-
Items that are or may be reclassified subsequently to profit or loss	-	-	-	-
Other comprehensive income for the period	1,796,468,522	-	1,796,468,522	-
Total comprehensive income / (loss) for the period	<u>1,749,014,383</u>	<u>662,680,126</u>	<u>1,767,866,828</u>	<u>(37,652,478)</u>

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


Chief Executive Officer


Director


Chief Financial Officer

AL-ABID SILK MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2021

	December 31, 2021	December 31, 2020
	Rupees	Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	(47,401,019)	662,777,598
Adjustments for:		
Depreciation	38,400,427	35,610,941
Gain on disposal of property, plant and equipment	-	(185,876,790)
Provision for slow moving obsolete stores and spares	-	3,756,261
Provision for obsolete stock	-	668,989
Impairment of trade debts	94,520	94,521
Gain on reversal of financial liability	-	(551,331,222)
	38,494,947	(697,077,300)
WORKING CAPITAL CHANGES		
Decrease / (Increase) in current assets:		
Loan and advances	(59,710)	3,826,525
Other receivables	3,032,825	(78,987,895)
Tax refunds due from government	(371,290)	(1,659,781)
	2,601,825	(76,821,151)
(Decrease) / Increase in current liabilities:		
Trade and other payable	119,237	(277,654)
Security deposit	-	(16,400,000)
Accrued mark-up	-	(36,186,301)
	119,237	(52,863,956)
Cash used on operations	(6,185,010)	(163,984,809)
Taxes paid	-	(1,390,909)
Net cash used in operating activities	(6,185,010)	(165,375,718)
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from disposal of fixed assets	-	344,262,486
Proceeds from sale of scrap	-	6,498,112
Long term security deposit	-	50,000
Net cash generated from investing activities	-	350,810,598
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of short term finance	-	(195,813,699)
Net cash used in financing activities	-	(195,813,699)
Net decrease in cash and cash equivalents	(6,185,010)	(10,378,820)
Cash and cash equivalents at the beginning of the period	90,343,002	102,352,665
Cash and cash equivalents at the end of the period	84,157,992	91,973,844

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


 Chief Executive Officer


 Director


 Chief Financial Officer

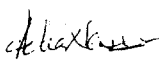
AL-ABID SILK MILLS LIMITED


CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE SIX MONTHS ENDED DECEMBER 31, 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					
Balance as at July 01, 2020 - previously stated	134,095,500	372,834,000	1,297,497,056	(4,131,831,283)	(2,327,404,727)
Correction of error - Note 5.3	-	-	(675,666,486)	675,666,486	-
Balance as at July 01, 2020 - restated	134,095,500	372,834,000	621,830,570	(3,456,164,797)	(2,327,404,727)
Profit after tax for the six months ended December 31, 2020	-	-	-	662,680,126	662,680,126
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the six months ended December 31, 2020	-	-	-	662,680,126	662,680,126
-Transfer on account of disposal	-	-	(51,964,045)	51,964,045	-
-Transfer on account of incremental depreciation	-	-	(17,152,721)	17,152,721	-
Balance as at December 31, 2020 - restated	134,095,500	372,834,000	552,693,804	(2,724,347,905)	(1,664,724,601)
Balance as at July 01, 2021 - previously stated	134,095,500	372,831,844	1,246,542,660	(3,476,966,961)	(1,723,496,957)
Correction of error - Note 5.3	-	-	(727,650,531)	727,650,531	-
Balance as at July 01, 2021 - restated	134,095,500	372,831,844	518,892,129	(2,749,316,430)	(1,723,496,957)
Loss after tax for the six months ended December 31, 2021	-	-	-	(47,454,139)	(47,454,139)
Other comprehensive income	-	-	1,796,468,522	-	1,796,468,522
Total comprehensive income for the six months ended December 31, 2021	-	-	1,796,468,522	(47,454,139)	1,749,014,383
-Transfer from surplus on revaluation of fixed assets on account of incremental depreciation	-	-	(17,632,175)	17,632,175	-
Balance as at December 31, 2021	134,095,500	372,831,844	2,297,728,476	(2,779,138,394)	25,517,426

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


Chief Executive Officer


Director


Chief Financial Officer

AL-ABID SILK MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS ENDED DECEMBER 31, 2021

1. LEGAL STATUS AND OPERATIONS

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:

<u>KARACHI</u>	<u>PURPOSE</u>
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

1.1 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. 2.779 billion, while the reported current liabilities (since partly under litigation) have exceeded to current assets of the company by Rs. 2.705 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. 61.85 million as matter was under litigation. Settlement with JS Bank is under process according to Supreme Court Order/Direction, in this regard the company has deposited the settlement 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.

2 IMPACT OF COVID-19 ON FINANCIAL STATEMENTS

In the light of on going COVID-19 pandemic, the company has reviewed its exposure to business risk and has not identified any risks 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 period ended December 31, 2021.

AL-ABID SILK MILLS LIMITED

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by International Accounting Standard Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountant of Pakistan as are notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

- 3.2 These condensed interim financial statements are un-audited but subject to limited scope review by the auditors and are being submitted to the shareholders as required under Section 237 of the Companies Act, 2017. These condensed interim financial statements do not include all the information and disclosures required in an annual audited financial statements, and should be read in conjunction with the Company's annual audited financial statements for the year ended June 30, 2021.

3.3 New standards, amendments to approved accounting standards and new interpretations

3.3.1 Amendments to approved accounting standards which are effective during the year ending June 30, 2022

There are certain amendments to approved accounting standards which are mandatory for accounting periods beginning on or after July 1, 2021 but are considered not to be relevant or have any significant effect on the Company's financial reporting.

3.3.2 New standards and amendments to approved accounting standards that are effective for the Company's accounting periods beginning on or after July 1, 2022.

There is a new standard and certain amendments to approved accounting standards that will be mandatory for accounting periods beginning on or after July 1, 2022 but are considered not to be relevant or expected to have any significant effect on the Company's financial reporting.

- 3.4 The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are same as those applied in the preparation of the financial statements for the year ended June 30, 2021.

4 SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of these condensed interim financial statements in conformity with the approved accounting and reporting standards as applicable in Pakistan for interim reporting requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on the historical experience and other factors, including reasonable expectations of future events. Revision to accounting estimates are recognised prospectively commencing from the period of revision.

Judgments and estimates made by the management in the preparation of these condensed interim financial statements are same as those applied to financial statements as at and for the year ended June 30, 2021.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2021.

AL-ABID SILK MILLS LIMITED

	Note	Dec-2021 Rupees (Un-Audited)	June 2021 Rupees (Audited)
5			Revised
Revaluation Surplus on Property Plant & Equipment			
Balance at beginning of the period / year - restated	5.3	518,892,129	621,830,570
Less: Transferred to unappropriated profit on account of incremental depreciation for the period / year		(17,632,175)	(50,954,396)
Less: Transferred to unappropriated profit on account of disposal for the period / year		-	(51,984,045)
Surplus on revaluation arisen during the period / year		1,796,468,522	
Balance at end of the period / year - net		<u>2,297,728,476</u>	<u>518,892,129</u>

5.1 The Company has revalued its Leasehold land, Building on Leasehold land, Plant, Machinery & equipments, Furniture & Fixture, Office equipment, Electric, gas & Other Installation. The valuation has been determined by the independent qualified valuer M/s. Sadruddin Associates (Pvt) Ltd on November 30, 2021. The assessed values of the fixed assets as determined by the valuer amounts to Rs. 2,730,786,761, however, the forced sale value is Rs. 2,321,168,747 have been taken to account for the fixed assets. The earlier valuations were carried out by independent qualified valuer M/s. SIPRA & Company on January 08, 2018 and M/s. Arjum 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.

5.2 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:

	Dec-21			Jun-21		
	Cost	Accumulated depreciation	Book value	Cost	Accumulated depreciation	Book value
Leasehold land	29,376,842	-	29,376,842	29,376,842	-	29,376,842
Building on leasehold land	289,870,773	243,757,274	46,113,499	289,870,773	241,130,247	48,740,526
Plant, Machinery & equipments	2,001,525,719	1,677,586,948	323,938,770	2,001,525,719	1,660,537,540	340,988,178
Furniture & Fixture	42,571,147	36,818,057	7,753,089	42,571,147	34,410,000	8,161,146
Office equipment	4,533,716	3,698,459	845,257	4,533,716	3,643,972	889,744
Electric, gas & Other installations	71,081,709	59,888,158	11,193,551	71,081,709	58,456,999	12,624,710
	<u>2,438,959,906</u>	<u>2,016,938,876</u>	<u>422,021,028</u>	<u>2,438,959,906</u>	<u>1,998,178,658</u>	<u>440,781,246</u>

5.3 The Company had not transferred the amount on account of disposal of the assets from revaluation surplus on property, plant and equipment to the accumulated losses. The error is corrected as follows:

	1/Jul/2020		
	As previously reported	Restatement	As restated
Revaluation Surplus on Property, Plant & Equipment	1,297,497,856	(675,666,488)	621,830,570
Accumulated loss	(4,131,831,283)	675,666,486	(3,456,164,797)
	1/Jul/2021		
	As previously reported	Restatement	As restated
Revaluation Surplus on Property, Plant & Equipment	1,246,542,560	(727,650,531)	518,892,129
Accumulated loss	(3,478,966,961)	727,650,531	(2,749,316,430)
		Dec - 2021 Rupees (Un-Audited)	June 2021 Rupees (Audited)
6			
LOAN FROM DIRECTORS AND FAMILY MEMBERS - UNSECURED		521,018,754	521,018,754
Balance at beginning of the year		-	-
Received during the year		-	-
Repaid during the year		-	-
		<u>521,018,754</u>	<u>521,018,754</u>

The above is interest free loan from director(s) of the company, which is payable on demand.

7 **ADVANCE FROM IBL** 366,063,944 366,063,944
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.

8 **ACCRUED MARKUP**
Export refinance loan 32,377,419 32,377,419
Liabilities against assets subject to finance lease 3,437,436 3,437,436
Short term loan 24,807,874 24,807,874
60,622,829 60,622,829

9 **SHORT TERM FINANCES**
From banks and financial institutions - Secured 1,387,310,685 2,144,455,606
Balance at beginning of the year (747,144,921)
Less: Settlement during the year 1,387,310,685 1,387,310,685

9.1 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. 10 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 & 10.

10 **CONTINGENCIES AND COMMITMENTS**
10.1 **Contingencies**
Bank guarantee 1,512,000 1,512,000
The bank guarantees have been issued in favor of Excise, Sales tax and others.

AL-ABID SILK MILLS LIMITED

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 is 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. 135,105,083/-. Settlement with JS Bank Ltd is under process according to Supreme Court of Pakistan Direction, the company deposited the settlement 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 Jawad 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	Shahaj 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	KCI Pakistan has filed the suit against the company for recovery of Rs. 26.57 million.	Pending
14	H.C.A 519/2018	Sindh High Court	The company has filed an High Court Appeal against Shahaj Textile limited, an ad-interim injunctive order of the Learned Single Judge wherein the company was restrained 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. 40.64 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. 48,827,642/-, 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. 33,033,561/-. 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 has 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. Settlement with JS Bank Ltd is under process according to Supreme Court of Pakistan Direction, the company deposited the settlement amount to Nazir Sindh High Court in the Suit.	Pending
20			Subsequent to the year end, the Additional Commissioner of Inland Revenue, Range A, Audit, Corporate Tax Office, Karachi (ADCRI) passed an order dated January 27, 2022 u/s 122(1A) of the Income Tax Ordinance, 2001 for the Tax Year 2020 whereof a demand of Rs. 739,071,338 was raised. The management has filed an Income Tax Appeal before the Commissioner, Inland Revenue (Appeals) III, Karachi (CRIA) on 10-02-2022 against the said order passed by the ADCRI, which is pending and in the opinion of the Company and an independent legal counsel of the Company there is no anticipation of any unfavorable outcome of the said appeal and hence no provision is required to be made in the Financial Statements.	Pending

AL-ABID SILK MILLS LIMITED

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.

The outcome of above cases as referred in cases 3-20 cannot be predicted and the management is vigorously contesting the cases.

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.

	Note	Dec 2021 Rupees (Un-Audited)	June 2021 Rupees (Audited)
11 PROPERTY, PLANT AND EQUIPMENT			
Operating Fixed Assets		2,719,673,286	961,605,190
Capital Work in Progress - DDFC Boiler		16,800,000	16,800,000
		<u>2,736,473,286</u>	<u>978,405,190</u>
11.1 Operating Fixed Assets			
Opening written down value		961,605,190	1,189,393,888
Additions		-	64,398
Deletions		-	(158,440,480)
Surplus arisen during the period		1,796,468,522	-
Depreciation		(38,408,427)	(69,412,616)
		<u>2,719,673,285</u>	<u>961,605,190</u>
12 OTHER RECEIVABLES			
Duty drawback		93,683,626	93,683,626
Receivable from banks	12.1	29,299,573	32,332,398
Research and development support		4,325,164	4,325,164
Deposited with Nazir Sindh High Court against loan settlement	12.2	89,500,000	89,500,000
		<u>216,808,363</u>	<u>219,841,188</u>

12.1 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, Allied 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/-.

12.2 This represents settlement amount deposited with Nazir Sindh High Court Karachi for Settlement under process with JS Bank Ltd according to Supreme Court's order/direction.

	Note	Dec-21 Rupees (Un-Audited)	Dec-20 Rupees (Un-Audited)
13 OTHER INCOME			
Income from non-financial assets			
Sale of scrap		3,541,322	6,498,112
Gain on disposal of property, plant and equipment		-	185,876,790
Income from financial assets / liabilities			
Gain arising on settlement of loan (secured)		-	551,331,222
Profit on PLS deposit account		1,253,052	1,698,745
		<u>4,794,374</u>	<u>745,404,869</u>

14 (LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED

	For the six months ended		For the Quarter ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	Rupees in '000			
(Loss) / profit after taxation	(47,454,139)	662,680,126	(28,601,694)	(37,652,478)
Weighted average number of ordinary shares outstanding during the period	13,409,550	13,409,550	13,409,550	13,409,550
(Loss) / earnings per share - basic & dilutive	(3.54)	49.42	(2.13)	(2.81)

There are no dilutive potential ordinary shares outstanding as at December 31, 2021 and 2020.

AL-ABID SILK MILLS LIMITED

15 RELATED PARTY TRANSACTIONS

The related parties comprise associated undertakings and key management personnel. The transactions between the Company and the related parties are carried out at arms length. No significant transactions were made with related parties during the period. Significant balances with related parties are as follows:

		Dec 2021 Rupees (Un-Audited)	June 2021 Rupees (Audited)
Balances			
Nature	Relationship with the company		
Loan received from - Azim Ahmed	Family member of a Director	60,105,867	
Loan received from director - Naseem A. Sattar	Chief Executive Officer	460,912,887	460,912,887

16 KEY MANAGEMENT PERSONNEL - REMUNERATION & BENEFITS

In view of bad financial condition of the company directors have decided not to claim their whole remuneration for the period ended December 31, 2021 i.e. Mr. Naseem A. Sattar Rs. 5,250,000. (2020: Mr. Naseem A. Sattar Rs. 5,250,000).

17 FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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 these interim financial statements approximate 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 December 31, 2021 the Company has no financial instruments that falls into any of the above category.


18 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were approved and authorized for issue in the Board of Directors' meeting held on February 24, 2022.

19 GENERAL

Corresponding figures have been reclassified/ re-arranged wherever necessary to facilitate comparison on the presentation on the current period. However, there are no material reclassifications / re-arrangements to report.


Chief Executive Officer


Director


Chief Financial Officer

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Saddar, Karachi.