

AL-ABID
SILK MILLS LIMITED

55th ANNUAL REPORT
2023

AL-ABID SILK MILLS LIMITED

**55th ANNUAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023**

CONTENTS	PAGE NO.
Company Information	2
Notice of Annual General Meeting	3
Review Report by the Chairman	5
Director Report to the Shareholders (English)	6
Director Report to the Shareholders (Urdu)	8
Statement of Compliance with the Code of Corporate Governance	11
Review Report to the Members on Statement of Compliance Contained in Listed Companies (Code of Corporate Governance) Regulations, 2019	13
Auditor's Report to the Members	14
Statement of Financial Position	18
Statement of Profit or Loss	20
Statement of Comprehensive Income	21
Statement of Cash Flows	22
Statement of Changes in Equity	23
Notes to the Financial Statements	24
Key Operating and Financial Data	46
Pattern of Shareholding	47
Proxy Form (English)	
Proxy Form (Urdu)	

AL-ABID SILK MILLS LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS	Mr. Naseem A. Sattar Mr. Azim Ahmed Mr. Qamar Mashkooor Mr. Muhammad Sajid Hafeez Mst. Adia Naseem Mrs. Sadaf Nadeem Syed Raza Abbas Jaffari	Chairman Chief Executive Officer Independent Non-Executive Director Independent Non-Executive Director Non-Executive Director Non-Executive Director Nominee Director of (N.I.T.)
AUDIT COMMITTEE	Mr. Qamar Mashkooor Mr. Muhammad Sajid Hafeez Mr. Naseem A. Sattar	Chairman Member Member
HUMAN RESOURCE AND REMUNERATION COMMITTEE	Mr. Muhammad Sajid Hafeez Mr. Naseem A. Sattar Mst. Adia Naseem	Chairman Member Member
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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 55th Annual General meeting of the Shareholders of the Company will be held at the Institute of Chartered Accountants of Pakistan, G-31/8 Kehkashan, Clifton Karachi, on Friday, October 27, 2023 at 03:00 p.m. to transact the following business:

1. To confirm the Minutes of the Extra Ordinary General Meeting of the Company held on May 16, 2023.
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, 2023.
3. To appoint statutory Auditors for the year 2023-2024 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 03, 2023

NOTES:

1. The Share Transfer Books of the Company will remain closed from October 21, 2023 to October 27, 2023 (both days inclusive).
2. Members whose names appearing in the Registered of Members as of October 20, 2023, 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 notarially 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 received 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.

AL-ABID SILK MILLS LIMITED

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, JWAFS Registrar Services (Pvt) 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/or email mail@alabid.com.

I/We of being a 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

8. 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.
9. **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

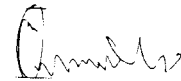
REVIEW REPORT BY THE CHAIRPERSON

As per 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, 2023, the Board's overall performance and effectiveness has been assessed as Satisfactory. Improvement is an ongoing process leading to action plans. This 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 and committee's of the Company received agenda and related supporting documents including follow up materials in sufficient time prior to the board and its committees meetings. The board meets frequently enough to adequately discharge its responsibilities. The non- executive and independent directors are equally involved in important decisions of the Board.

Karachi: October 03, 2023



Chairperson

AL-ABID SILK MILLS LIMITED

DIRECTOR'S REPORT TO THE SHAREHOLDERS

The Board of Directors of the Company is pleased to present 55th Annual report to the share holders for the year ended June 30, 2023.

Future Outlook:

Our country is facing multiple challenges in the form of political instability, inflation, rising interest rates, high energy cost, current debt payments, and the rapid devaluation of local currency against the US dollar.

The textile industry of Pakistan is undergoing severe crises due to the above factors. Despite all these challenges, your Company is moving ahead to revive production with its state-of-the-art plant and machinery. We feel it is only a matter of time before the Government adopts prudent economic policies in its strive for higher foreign exchange earnings. With so much exportable surplus, the textile sector cannot and will not be ignored. The Company also intends to offer its surplus land and building to logistics companies for their warehousing & distribution needs and for other purposes such as cold storage etc. This will generate additional revenue for the Company.

As reported earlier, JS Bank has been settled and the settlement amount has been deposited with the Nazir, Sindh High Court. Bank of Punjab has been successfully restructured and their payments are ongoing in a timely fashion by the grace of God. Concentrated efforts are underway to settle/restructure the remaining two lenders namely NBP and Pak Iran at the earliest. It is of utmost importance for the Company to take its lenders along in its strive towards revival.

SECP's 7-year-old matter has been put to rest. Your company diligently removed the discrepancies and fully complied with their requirements. The regulator per their recent order has withdrawn all the show-cause notices issued to the Company.

Comments on adverse opinion of auditor's report

1. The accumulated loss has been reached negative Rs.2,533 million. Due to the Company is not in production currently.
2. The bank did not confirm directly to the auditor any balance as they are in litigation with the Company.

DIVIDEND

Considering the financial constraint, the company does not plan on any dividend payout, therefore the Board does not recommend any dividend for the year ended June 30, 2023.

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.

AL-ABID SILK MILLS LIMITED

- 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.

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

During the year nine (09) 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.Naseem A.Sattar	07
Mr.Azim Ahmed	06
Mr.Qamar Mashkoo	06
Mr.Muhammad Sajid Hafeez	06
Mst.Adia Naseem	09
Mrs.Sadaf Nadeem	09
Syed Raza Abbas Jaffari	09

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, 2024.

PATTERN OF SHAREHOLDING:

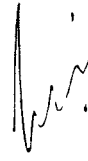
The Pattern of Shareholding and additional information regarding pattern of shareholding is attached to the financial statements included in this report.

ACKNOWLEDGMENT

The Board of Directors of the Company is thankful to the shareholders and the financial institutions for their understanding, support and cooperation.

Thanks to all of you.

For and on behalf of the Board of Directors



(AZIM AHMED)
Chief Executive Officer

Karachi: October 03, 2023

حصص داران کیلئے ڈائریکٹرز کی رپورٹ

کمپنی کے بورڈ آف ڈائریکٹرز حصص داران کو 30 جون 2023ء کو ختم ہونے والے سال کی 55 ویں سالانہ رپورٹ پیش کر رہے ہیں۔

مستقبل کا نظریہ:

ہمارے ملک کو اس وقت سیاسی عدم استحکام، افراط زر، بڑھتی ہوئی شرح سود، توانائی کی بلند قیمت، قرضوں کی موجودہ ادائیگیاں اور امریکی ڈالر کے مقابلے میں مقامی کرنسی کی قدر میں تیزی سے کمی جیسے متعدد چیلنجز کا سامنا ہے۔

پاکستان میں ٹیکسٹائل کی صنعت کو مذکورہ بالا عوامل کے باعث شدید بحران کا سامنا ہے۔ تاہم، ان تمام چیلنجز کے باوجود، آپ کی کمپنی اپنے جدید ترین پلانٹ اور مشینری کے ساتھ پیداوار کو بحال کرنے کے لیے سرگرم عمل ہے۔ ہمیں لگتا ہے کہ حکومت کی جانب سے زرمبادلہ کی کمائی کو بڑھانے کے لیے اپنی کوششوں میں ٹھوس اقتصادی پالیسیاں نافذ کرنے میں صرف وقت کی بات ہے۔ برآمدات کے لیے کافی سرپلس دستیاب ہونے کے ساتھ، ٹیکسٹائل سیکٹر کو نظر انداز نہیں کیا جاسکتا اور نہ ہی کیا جائے گا۔ کمپنی اپنی اضافی زمین اور عمارتیں لاجسٹکس کمپنیوں کو ان کے گودام اور تقسیم کی ضروریات کے ساتھ ساتھ کولڈ اسٹوریج جیسے دیگر مقاصد کے لیے بھی فراہم کرنے کا ارادہ رکھتی ہے۔ اس اقدام سے کمپنی کو اضافی آمدنی ہوگی۔

جیسا کہ پہلے اطلاع دی گئی ہے کہ بے ایس بینک کے ساتھ تصفیہ ہو چکا ہے اور تصفیہ کی طے شدہ رقم ناظر سندھ ہائی کورٹ کے پاس جمع کرا دی گئی ہے۔ مزید برآں، بینک آف پنجاب کی کامیابی سے تنظیم نو کی گئی ہے، اور اللہ تعالیٰ کے فضل سے ان کی ادائیگیاں وقت پر کی جا رہی ہیں۔ باقی دو قرض دہندگان، یعنی NBP اور پاک ایران کے ساتھ تصفیہ کو جلد از جلد حل کرنے یا ان کی تنظیم نو کرنے کے لیے مشترکہ طور پر کوششیں جاری ہیں۔ کمپنی کے لیے ان قرض دہندگان کے ساتھ حل کرنا انتہائی اہمیت کا حامل ہے کیونکہ یہ بحالی کے لیے کوشاں ہیں۔

سات سال سے جاری SECP کے ساتھ معاملہ اب حل ہو گیا ہے۔ آپ کی کمپنی نے تندہی سے تضادات کو دور کیا ہے اور ان کی ضروریات کی مکمل تعمیل کی ہے۔ حالیہ حکم نامے کے مطابق ریگولیٹرز نے کمپنی کو جاری کیے گئے تمام شوکا ز نوٹس واپس لے لیے ہیں۔

آڈیٹرز رپورٹ کی منفی رائے پر تبصرہ:

- 1- جمع شدہ خسارہ 2,533 ملین روپے تک پہنچ گیا ہے یہ کمی پیداوار نہ ہونے کی وجہ سے ہے۔
- 2- بینک نے آڈیٹر کو براہ راست کسی بیلنس کی تصدیق نہیں کی کیونکہ بینک قانونی چارہ جوئی میں کسی بیلنس کی تصدیق نہیں کرتے۔

AL-ABID SILK MILLS LIMITED

ڈویڈنڈ:

موجودہ حالات کو مد نظر رکھتے ہوئے، کمپنی کا کیش فلو کسی بھی ڈویڈنڈ کی ادائیگی کی اجازت نہیں دیتا۔ لہذا، بورڈ آف ڈائریکٹرز نے 30 جون 2023 کو ختم ہونے والے سال کے لیے ڈویڈنڈ کی سفارش نہیں کی۔

کارپوریٹ اور مالیاتی رپورٹنگ کا فریم ورک:

ڈائریکٹرز نے یہ اقرار کیا ہے کہ:

- ☆ العابدسک ملز لمیٹڈ کی انتظامیہ نے مالیاتی حسابات مرتب کئے ہیں جو کہ موجودہ معاملات کیلئے بالکل صحیح ہیں، جو کہ آپریشن، کیش فلو اور ایکویٹی میں تبدیلی کا نتیجہ ہے۔
- ☆ العابدسک 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 طے 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۔
- ☆ گذشتہ چھ سالوں کا مالیاتی ڈیٹا اور آپریٹنگ کا طریقہ کار سالانہ رپورٹ کے ساتھ منسلک ہے۔

دوران سال منعقدہ بورڈ کی میٹنگز کی تعداد اور ہر ڈائریکٹر کی حاضری:

اس سال بورڈ آف ڈائریکٹرز کی 9 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 نسیم اے ستار	07
جناب عظیم احمد	06
جناب قمر مشکور	06
جناب محمد ساجد حفیظ	06
محترمہ عادیہ نسیم	09
محترمہ صدف ندیم	09
سید رضا عباس جعفری	09

AL-ABID SILK MILLS LIMITED

انٹرنل آڈٹ فنکشن:

یہ بورڈ انٹرنل کنٹرول کی کمپنی کے نظام کو موثر بنانے کا ذمہ دار ہے۔ انٹرنل کنٹرول سسٹم کو اس طرح مرتب کیا گیا ہے کہ کمپنی 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 2024ء 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:

کمپنی کے بورڈ آف ڈائریکٹرز شیئر ہولڈرز اور مالیاتی اداروں کے تفہیم، حمایت اور تعاون کیلئے شکر گزار ہیں۔

کراچی: مورخہ 03 اکتوبر 2023ء

بورڈ آف ڈائریکٹرز کی جانب سے



چیف ایگزیکٹو آفیسر

AL-ABID SILK MILLS LIMITED

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019 Year ended June 30, 2023

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 7 (Seven) as per the following:

- a. Male : 5
- b. Female: 2

2. The composition of the Board is as follows:

Executive Director	Mr. Azim Ahmed
Non-Executive Directors	Mr. Naseem A. Sattar
	Mst. Adia Naseem
	Mrs. Sadaf Nadeem
	Syed Raza Abbas Jaffari (Nominee NIT)
Independent Directors	Mr. Qamar Mashkoor
	Mr. Muhammad Sajid Hafeez

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. All the directors on their Boards have acquired the prescribed certification under any director training program offered by institutions, local or foreign, that meet the criteria specified by the Commission and approved by it.

10. 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;

AL-ABID SILK MILLS LIMITED

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

12. The Board has formed committees comprising of members given below.

Audit Committee

Mr. Qamar Mashkoor Chairman
Mr. Naseem A.Sattar Member
Mr. Muhammad Sajid Hafeez Member

HR and Remuneration Committee

Mr. Muhammad Sajid Hafeez Chairman
Mr. Naseem A.Sattar Member
Mst. Adia Naseem Member

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

14. The frequency of meetings (Quarterly) of the committee were as per following

Audit Committee 02 Quarterly meetings

15. The board has not set up an effective internal audit function or has not outsourced the internal audit function to any specialist organization due to the present situation of the Company.

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;


17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;

18. We confirm that all requirements of regulations have been complied with.

19. Explanation for non-compliance with the requirements,

Regulation	Explanation
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.

Karachi: October 03, 2023



Chairperson

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, 2023 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.

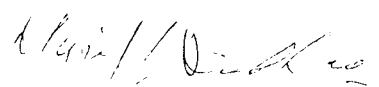
Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the Regulations as applicable to the Company for the year ended June 30, 2023.

We highlight below instance of non-compliance with the requirement of the Code as reflected in the note 19 in the Statement of Compliance:

Regulation	Explanation
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.

Karachi: October 03, 2023

UDIN: CR202310153KW8hafq1Q


MUNIFF ZIAUDDIN & CO.
CHARTERED ACCOUNTANTS
MUHAMMAD MOIN KHAN

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 of financial position as at 30 June 2023, and the statement of profit or loss, statement of 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 a summary of significant accounting policies and other explanatory information, and we state except for the matter as disclosed in paragraph (ii) of the basis of Adverse opinion that we have 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 and to the best of our information and according to the explanations given to us, 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, 2023, 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. 2.533 billion, and as of that date Company's current liabilities exceeded its current assets by Rs. 2.360 billion. Furthermore, 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 as disclosed in the financial statements has not yet been implemented.
- (ii) We have not received direct bank confirmations from the banks and financial institutions for short term loans amounting to Rs. 1.301 billion and for bank balances of Rs. 654,144 as mentioned in the financial statements. The Company has not recorded mark-up on these finances which amounts to Rs. 247.91 million on the plea of restructuring negotiation/litigation with the respective banks. Moreover, we were not arranged direct confirmations from trade & other creditors amounting to Rs. 0.689 billion.

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 16 to the financial statements.</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>

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 them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

AL-ABID SILK MILLS LIMITED

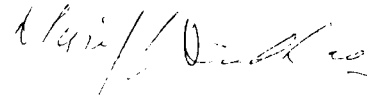
From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes 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.



Chartered Accountants
Muhammad Moin Khan

Karachi: October 03, 2023

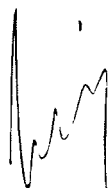
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AL-ABID SILK MILLS LIMITED

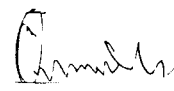
STATEMENT OF FINANCIAL POSITION

		2023	2022
Note	(Rupees)	-----	-----
EQUITY & LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital		200,000,000	200,000,000
20,000,000 ordinary shares of Rs. 10/- each		<u>200,000,000</u>	<u>200,000,000</u>
Issued, subscribed and paid-up capital	7	134,095,500	134,095,500
Capital reserves			
Other reserves		372,834,000	372,834,000
Revaluation Surplus on Property, Plant & Equipment	8	2,048,543,523	2,239,643,487
Revenue reserves			
Accumulated loss		<u>(2,533,346,372)</u>	<u>(2,812,486,378)</u>
Total equity		22,126,651	(65,913,391)
LIABILITIES			
NON- CURRENT LIABILITIES			
Deferred tax	9	-	-
Staff retirement benefits	10	8,613,055	8,373,879
		<u>8,613,055</u>	<u>8,373,879</u>
CURRENT LIABILITIES			
Loan from directors - unsecured	11	561,018,754	521,018,754
Trade and other payables	12	765,176,397	763,396,791
Unclaimed dividend		108,310	108,310
Advance from I.B.L	13	-	366,063,944
Accrued markup	14	60,622,829	60,622,829
Short term finances	15	1,301,787,787	1,397,310,685
Provision for taxation		<u>694,227</u>	<u>617,708</u>
		2,689,408,304	3,109,139,021
CONTINGENCIES AND COMMITMENTS	16		
		<u>2,720,148,010</u>	<u>3,051,599,509</u>

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



Chief Executive Officer




Director

AL-ABID SILK MILLS LIMITED

AS AT JUNE 30, 2023

	2023	2022
Note	(Rupees)	
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	17 2,387,255,876	2,658,036,109
Long term security deposit	3,311,307	3,311,307
CURRENT ASSETS		
Stores and spares	18 24,909,000	24,909,000
Trade debts	19 -	1,011,896
Loans and advances	20 1,153,310	5,142,502
Trade deposits and prepayments	21 2,060,688	8,144,398
Other receivables	22 213,214,629	216,756,212
Tax refunds due from government	23 58,144,585	62,654,925
Cash and bank balances	24 30,098,615	71,633,160
	329,580,827	390,252,093
	<u>2,720,148,010</u>	<u>3,051,599,509</u>

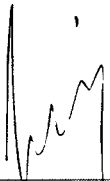

Chief Financial Officer

AL-ABID SILK MILLS LIMITED


STATEMENT OF PROFIT OR LOSS For the year ended June 30, 2023

	Note	2023 Rupees	2022 Rupees
Sales and manufacturing	25	-	-
Cost of sales	26	(144,487,583)	(116,478,329)
Gross loss		<u>(144,487,583)</u>	<u>(116,478,329)</u>
Operating expenses			
Administrative expenses	27	(48,295,201)	(27,172,331)
Other income	28	317,950,380	4,914,053
Profit / (loss) from operations		<u>125,167,596</u>	<u>(138,736,607)</u>
Finance cost	29	(36,985,182)	(325,142)
Profit / (loss) before taxation		<u>88,182,415</u>	<u>(139,061,749)</u>
Taxation-net	30	(76,519)	(44,267)
Profit / (loss) after taxation		<u><u>88,105,895</u></u>	<u><u>(139,106,016)</u></u>
Earning / (loss) per share - basic and diluted	31	<u><u>6.57</u></u>	<u><u>(10.37)</u></u>

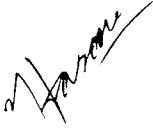
The annexed notes form an integral part of these financial statements.



 Chief Executive Officer



 Director



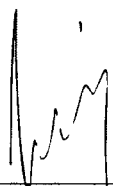
 Chief Financial Officer

AL-ABID SILK MILLS LIMITED

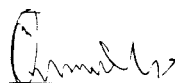
STATEMENT OF OTHER COMPREHENSIVE INCOME For the year ended June 30, 2023

	2023 Rupees	2022 Rupees
Profit / (loss) after taxation	88,105,895	(139,106,016)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Revaluation of property, plant and equipments	-	1,796,468,522
Remeasurements of defined benefit liability	(65,853)	221,060
	(65,853)	1,796,689,582
Items that are or may be reclassified subsequently to profit or loss	-	-
Other comprehensive income for the year	(65,853)	1,796,689,582
Total comprehensive income for the year	88,040,042	1,657,583,566

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



Chief Executive Officer



Director



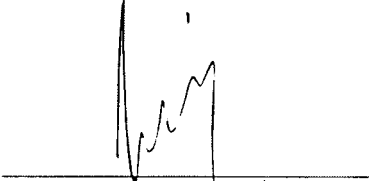
Chief Financial Officer

AL-ABID SILK MILLS LIMITED

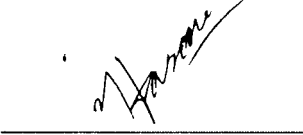
STATEMENT OF CASH FLOWS For the year ended June 30, 2023

	Note	2023 Rupees	2022 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		88,182,415	(139,061,749)
Adjustments for:			
Depreciation	17.7	144,983,637	116,837,600
Loss on disposal of property, plant and equipment		58,260,232	-
Provision for staff retirement benefits		173,323	169,757
Impairment of trade debts	19	1,011,896	189,040
Impairment of CWIP (Boiler)		9,300,000	
		213,729,088	117,196,397
WORKING CAPITAL CHANGES			
Decrease / (Increase) in current assets:			
Loan and advances		3,989,192	(93,908)
Other receivables		3,541,583	3,084,976
Trade Deposits and prepayments		6,083,710	
Tax refunds due from government		4,510,340	(389,241)
		18,124,825	2,601,827
(Decrease) / Increase in current liabilities:			
Trade and other payable		(364,284,338)	553,683
Accrued mark-up		-	-
		(364,284,338)	553,683
Cash used on operations		(44,248,010)	(18,709,842)
Taxes paid		-	-
Net cash used in operating activities		(44,248,010)	(18,709,842)
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from disposal of fixed assets		58,236,364	-
Net cash generated from investing activities		58,236,364	-
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of short term finance		(95,522,898)	-
Loan from Director		40,000,000	-
Net cash used in financing activities		(55,522,898)	-
Net decrease in cash and cash equivalents		(41,534,544)	(18,709,842)
Cash and cash equivalents at the beginning of the Year		71,633,160	90,343,002
Cash and cash equivalents at the end of the Year	24	30,098,615	71,633,160

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


Chief Executive Officer


Director

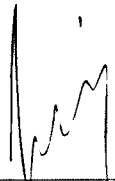

Chief Financial Officer

AL-ABID SILK MILLS LIMITED

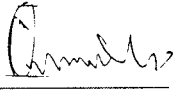
STATEMENT OF CHANGES IN EQUITY For the year ended June 30, 2023

	Share Capital	Capital Reserve		Revenue Reserve	Total
	Issued, subscribed and paid-up capital	Other reserve	Revaluation Surplus on	Accumulated Loss	
	----- Rupees -----				
Balance as at July 01, 2021	134,095,500	372,834,000	518,892,129	(2,749,318,586)	(1,723,496,957)
Comprehensive income for the year					
Loss after tax for the Year ended June 30, 2022	-	-	-	(139,106,016)	(139,106,016)
Other comprehensive income	-	-	1,796,468,522	221,060	1,796,689,582
Total comprehensive income for the Year ended June 30, 2022	-	-	1,796,468,522	(138,884,956)	1,657,583,566
-Transfer on account of incremental depreciation	-	-	(75,717,164)	75,717,164	-
Balance as at June 30, 2022	134,095,500	372,834,000	2,239,643,487	(2,812,486,378)	(65,913,391)
Balance as at June 30, 2022	134,095,500	372,834,000	2,239,643,487	(2,812,486,378)	(65,913,391)
Comprehensive income for the year					
Profit after tax for the Year ended June 30, 2023	-	-	-	88,105,895	88,105,895
Other comprehensive income	-	-	-	(65,853)	(65,853)
Total comprehensive income for the Year ended June 30, 2023	-	-	-	88,040,042	88,040,042
-Transfer from surplus on revaluation of fixed assets on account of incremental depreciation	-	-	(109,073,302)	109,073,302	-
Transfer on account of disposal of Fixed Assets			(82,026,662)	82,026,662	-
Balance as at June 30, 2023	134,095,500	372,834,000	2,048,543,523	(2,533,346,372)	22,126,651

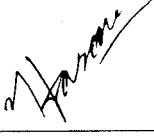
The annexed notes form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

AL-ABID SILK MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

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

A-29/B, S.I.T.E., Manghopir Road, Karachi.

PURPOSE

The registered office with manufacturing facilities

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. 2.533 billion and total equity to Rs. 22.127 million, while the reported current liabilities (since partly under litigation) have exceeded to current assets of the company by Rs. 2.360 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 bank 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. 247.91 million as matter was under litigation. Settlement with JS Bank has been reached 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 matter of The Bank of Punjab has been settled and the management has already requested rest of bank and DFI collectively and individually to reschedule their credit facilities for a longer period.

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.

IBL have terminated their '**contract Manufacturing Agreement**' without doing any manufacturing of contract goods according to their agreement, the management of the Company has written off their advances incurred by them for mobilizing expenses of the plant under their supervision for repair and maintenance.

According to the business revival plan of the Company, the management is going to resume its production activities with its state of the art machinery in the subsequent period. The plant is in good condition requiring minimal Capital expenditure for maintenance. In this regard management is already working on rehabilitation of the required machinery. Due to the demand and supply situation, the company has an advantage to run the plant at full capacity and generate significant revenues.

Besides production, the Company intends to offer its surplus land and building to logistic companies for their warehousing and distribution needs. This will generate additional revenue for the Company. Infact, subsequent to the year end, a portion of property has been sublet for warehousing and distribution.

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 SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of these 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. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

- Useful lives, residual values and depreciation method of Property, plant and equipment (note 6.1 & 17)
- Impairment loss of non financial assets other than stock in trade (note 6.6)
- Provision for impairment of stock in trade (note 6.3 & 19)
- 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 16)
- Current income tax expense, provision for current tax recognition of deferred tax (refer note 6.12 & 30)

5 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

5.1 Standards, amendments to published standards and interpretations that are effective in the current year

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 1, 2022. However, these do not have any significant impact on the Company's financial statements.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company:

	Effective date (annual reporting periods beginning on or after)
IAS 1 Presentation of Financial Statements (Amendments)	1-Jan-23
IAS 8 Accounting Policies, Changing in Accounting Estimates and Errors (Amendments)	1-Jan-23
IAS 12 Income Taxes (Amendments)	1-Jan-23
IFRS 4 Insurance Contracts (Amendments)	1-Jan-23
IAS 7 Statement of Cash Flows (Amendments)	1-Jan-23
IFRS 7 Financial Instruments	1-Jan-23
IFRS 16 Leases (Amendments)	1-Jan-24

AL-ABID SILK MILLS LIMITED

5.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

The above standards, amendments to approved accounting standards and interpretations are not likely to have any material impact on the Company's financial statements.

Other than the aforesaid standards, interpretations and amendments, International Accounting Standards Board (IASB) has also issued the following standards and interpretation, which have not been notified locally or declared exempt by the Securities and Exchange Commission of Pakistan (SECP) as at June 30, 2023;

IFRS 1 First-time Adoption of International Financial Reporting Standards
IFRS 17 Insurance Contracts
IFRIC 12 Service Concession Arrangement

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 unappropriated 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 17.
- 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 derecognition 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 estimates is accounted for on a prospective basis.

Impairment

An asset's carrying amount is writtendown immediately to its recoverable amount if the assets 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).

AL-ABID SILK MILLS LIMITED

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.

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.

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 is 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 substantially 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

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 for 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

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 .

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 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.

AL-ABID SILK MILLS LIMITED

7 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

		June 2023 Rupees	June 2022 Rupees
June - 2023 (Number of Shares)	June 2022		
20,000,000	20,000,000	200,000,000	200,000,000
Authorized Capital			
	Ordinary shares of Rs. 10 each		
Issued, subscribed and paid up capital			
8,713,900	8,713,900	87,139,000	87,139,000
	Ordinary shares of Rs. 10 each fully paid-up in cash		
4,695,650	4,695,650	46,956,500	46,956,500
	Ordinary shares of Rs. 10 each issued as fully paid bonus shares		
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	Jun-23		Jun-22	
	Number of Shares	Percentage holding	Number of Shares	Percentage Holding
Mr. Naseem A. Sattar	7,515,162	56.043	7,515,162	56.043
Mr. Azim Ahmed	479,818	3.578	-	-
Mr. Qamar Mashkooor	500	0.004	-	-
Mr. Muhammad Sajid Hafeez	500	0.004	-	-
Mst. Adia Naseem	328,322	2.448	328,322	2.448
Mrs. Sadaf Nadeem	132,281	0.986	132,281	0.986
Mrs. Zarina Naseem	1,479,361	11.030	1,479,361	11.030
Mrs. Reena Azim	112,875	0.840	-	-
NIT and SICP				
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

7.1 All ordinary shares rank equally with regard to the Company's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

8 Revaluation Surplus on Property Plant & Equipment

	June - 2023 Rupees	June 2022 Rupees
Balance at beginning of the period / year	2,239,643,487	518,892,129
Less: Transferred to unappropriated profit on account of incremental depreciation for the year.	(109,073,302)	(75,717,164)
Less: Transferred to unappropriated profit on account of disposal for the year.	(82,026,662)	-
Surplus/Deficit on revaluation arisen during the year	-	1,796,468,522
Balance at end of the year - net	2,048,543,523	2,239,643,487

8.1 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 sales value is Rs. 2,321,168,747 have been taken to account for the fixed assets.

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:

	Jun-23			Jun-22			
	Cost	Deletion	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	-	250,552,947	39,317,826	289,870,773	246,184,300	43,686,473
Plant, Machinery & equipments	2,001,525,719	(312,735,737)	1,445,108,595	243,681,387	2,001,525,719	1,694,636,355	306,889,363
Furniture & Fixture	42,571,147	-	35,960,615	6,610,532	42,571,147	35,226,114	7,345,032
Office equipment	4,533,716	-	3,813,024	720,692	4,533,716	3,732,946	800,770
Electric, gas & Other Installations	71,081,709	-	60,855,611	10,226,098	71,081,709	59,719,378	11,362,331
	2,438,959,906	(312,735,737)	1,796,290,792	329,933,377	2,438,959,906	2,039,499,093	399,460,811

AL-ABID SILK MILLS LIMITED

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 08, 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)	-
November 30, 2021	M/s Sadriddin Associates (Pvt) Ltd	Leasehold land, Building on Leasehold land, Plant, Machinery & equipments, Furniture & Fixture, Office equipment, Electric, gas & Other Installation and Leased Plant, Machinery & equipments.	Rs. 1,796 million	Rs. 2,321 million

	June - 2023 Rupees	June 2022 Rupees
9 DEFERRED TAX		
Debit / (Credit) balances arising from:		
Property, plant and equipments	317,201,595	387,454,018
Provision for slow moving and obsolete stores and spares	-	-
Provision for slow moving and obsolete stock	-	-
Impairment of trade debts	-	(383,753)
Provision for retirement benefits	(2,497,786)	(2,428,425)
Tax credit of unused tax losses	(380,888,076)	(416,821,208)
	<u>(66,184,267)</u>	<u>(32,179,368)</u>

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.

10 STAFF RETIREMENT BENEFITS	8,613,055	8,373,879
10.1 Changes in present value of defined benefit obligation		
Present value at the beginning of the year	8,373,879	8,425,182
Current service cost	58,210	51,399
Interest cost on defined benefit obligation	115,113	118,358
Loss / (Gain) on remeasurement of defined benefit obligation	3,304	3,300
Benefits paid during the year	-	-
Experience adjustments	62,549	(224,360)
Present value at the end of the year	8,613,055	8,373,879
10.2 The following amounts have been charged to statement of profit or loss during the year		
Current service cost	58,210	51,399
Interest cost on defined benefit obligation	115,113	118,358
	<u>173,323</u>	<u>169,757</u>
10.3 Charge for the year has been allocated as under:		
Administrative expenses	<u>173,323</u>	<u>169,757</u>
10.4 Total remeasurements chargeable in other comprehensive income		
Actuarial loss from changes in financial assumptions	<u>65,853</u>	<u>(221,060)</u>
10.5 Principal actuarial assumptions		

The latest actuarial valuation for gratuity fund was carried out as at June 30, 2023 using the Projected Unit Credit Method (PUCM). The following significant assumptions used for the actuarial valuation:

AL-ABID SILK MILLS LIMITED

	June 30, 2023 Rupees	June 30, 2022 Rupees
Discount rate	16.25%	13.25%
Expected rate of increase in salary	15.25%	12.25%
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:

	<i>Impact on defined benefit obligation</i>		
	Changes in assumption %	Increase in assumption	Decrease in assumption
	←----- Rupees -----→		
<i>Discount rate</i>	plus (+) 100 bps	1,051,049	-
	minus (-) 100 bps	-	1,140,297
<i>Salary increase</i>	plus (+) 100 bps	1,141,013	-
	minus (-) 100 bps	-	1,049,624

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	2022	2021	2020	2019	2018
Present value of defined benefit obligation	8,373,879	8,425,182	8,339,236	8,339,236	6,991,602
Experience adjustment on obligation	-	-	-	-	-

10.8 Maturity profile

Years	Rupees
2023	26,521
2024	30,950
2025	36,077
2026	42,038
2027	48,924
2028	301,431
2029	1,790,204
2030	-
2031	-
2032	-
2033 & Onwards	-
Weighted average duration	5 years

10.9 The estimated charge to P & L in respect of defined benefit plan for the year ended June 30, 2023 is estimated to be Rs. 173,323/=

10.10 The amount includes Rs. 8,613,055 (2022: Rs. 7,491,602) in respect of gratuity payable to ex-employees of the Company.

AL-ABID SILK MILLS LIMITED

	June -2023 Rupees	2022 Rupees
11 LOAN FROM DIRECTORS - UNSECURED		
Balance at beginning of the year	521,018,754	521,018,754
Received during the year	40,000,000	-
Repaid during the year	-	-
	<u>561,018,754</u>	<u>521,018,754</u>
The above is interest free loan from director(s) of the company, which is payable on demand.		
12 TRADE AND OTHER PAYABLES		
Trade creditors	477,669,677	477,669,677
Other creditors	212,053,311	211,843,262
GIDC payable	47,874,699	47,874,699
Accrued liabilities	5,952,822	6,412,209
Workers' profit participation fund	16,695,060	16,695,060
Advance from customers	2,785,717	785,717
Other liabilities	2,145,111	2,116,167
	<u>765,176,397</u>	<u>763,396,791</u>
13 ADVANCE FROM IBL - UNSECURED	13.1	366,063,944
		-
13.1 The comprises of initial mobilizing expenses by International Brands Limited as disclosed on note 2 for repair and maintenance to have the plant in full running condition. The same has been written off during the year as disclosed in note 2		
14 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	24,807,974	24,807,974
	<u>60,622,829</u>	<u>60,622,829</u>
15 SHORT TERM FINANCES		
From banks and financial institutions - Secured	15.1	1,397,310,685
Add: Cost of fund of Bank of Punjab against the settlement		36,977,102
Less: Payment during the year		<u>(132,500,000)</u>
		<u>1,301,787,787</u>
		<u>1,397,310,685</u>
15.1 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. 16 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 2. The management is amicably pursuing rest of the banks and D.F.I for rescheduling or settlement as disclosed in note 2 & 16.		

AL-ABID SILK MILLS LIMITED

16 CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

Bank guarantee

1,512,000

1,512,000

The bank guarantees have been issued in favor of Excise, Sales tax and others.

16.2

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. During the year, the Sindh High Court passed order in favor of the Company. The Department has filed an appeal before the Supreme Court for challenging the order.	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 has been reached 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/- Al-Abid Silk Mills Limited and The Bank of Punjab have resolved their dispute and a compromise decree has been passed in the instant suit. However, installment payment as per schedule has been made by the Company against the settlement of this loan.	Settled
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 interalia 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	Shahtaj 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	H.C.A 519/2018	Sindh High Court	The company has filed an High Court Appeal against Shahtaj 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/-. Settlement with JS Bank Ltd has been reached according to Supreme Court of Pakistan Direction, the company deposited the settlement amount to Nazir Sindh High Court in the Suit.	Pending
20			During the year 2022, the Additional Commissioner of Inland Revenue, Range A, Audit-I, Corporate Tax Office, Karachi (ADCIR) passed an order dated January 27, 2022 u/s 122(SA) of the Income Tax Ordinance, 2001 for the Tax Year 2020 whereof a demand of Rs. 739,071,338 was raised. The company has filed an Income Tax Appeal before the Commissioner Inland Revenue (Appeals III), Karachi [CIR(A)] on 10-02-2022 against the said order passed by the ADCIR. The case has been concluded on April 20, 2022 by the Commissioner of IR VII Karachi, against which the company has filed second appeal before Appellate Tribunal IR, 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

The amount mentioned on above cases 3, 5, 6, 16 & 19 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 7-15, 17, 18 & 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.

AL-ABID SILK MILLS LIMITED

	Note	2023 Rupees	2022 Rupees
17 Operating Fixed Assets			
Capital Work in Progress - DDFC Boiler	17.1	2,379,753,876	2,641,236,109
	17.4	7,500,000	16,800,000
		<u>2,387,253,876</u>	<u>2,658,036,109</u>

17.1 Operating Fixed Assets

Particulars	June 2023						Total	
	Lease hold Land	Building on Lease hold land	Plant, Machinery & equipments	Furniture & Fixture	Office equipment	Electric, gas & Other Installations		Vehicles
Rate	10%	10%	10%	10%	10%	10%	20%	
Owned Assets	Rupees							
Opening net book value	1,165,956,000	544,315,950	912,071,025	4,746,175	504,733	11,912,083	1,728,143	2,641,234,109
Addition during the year	-	-	-	-	-	-	-	-
Deletion during the year	-	-	(116,372,301)	-	-	-	(124,295)	(116,496,596)
Charge for the year	-	(54,431,795)	(88,507,968)	(474,318)	(50,473)	(1,191,211)	(327,872)	(144,983,637)
Closing net book value	<u>1,165,956,000</u>	<u>489,884,155</u>	<u>707,190,756</u>	<u>4,271,857</u>	<u>454,260</u>	<u>10,720,872</u>	<u>1,275,976</u>	<u>2,379,753,876</u>

17.2 Forced sale value

Asset	Forced sale value
Lease hold land	991,062,600
Building	416,401,532
Plant, Machinery and Equipment	614,242,083
Total	<u>2,021,706,215</u>

17.3 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 i.e significant observable inputs.

17.4 During the year the company has got impairment testing on CWIP and the resulting impairment has duly been accounted for.

Opening Balance	16,800,000
Less: Impairment during the year	9,300,000
Closing Balance	7,500,000

17.5 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 & Building	Head Office and Manufacturing facility Factory and Manufacturing facility	65,340.00 124,146.00	80,983.50 269,835.00		
* The covered area includes multi storey buildings.					
17.6 Had there been no revaluation, related figures of property, plant and equipments would have been as mentioned in 8.2:					
17.7 Allocation of Depreciation					
Manufacturing overheads				June 2023	June 2022
Administrative expenses				Rupees	Rupees
				144,487,583	77,353,971
				496,054	265,043
				144,983,637	77,619,014

17.8

Particulars	June 2022							Total
	Lease hold Land	Building on Lease hold	Plant, Machinery & equipments	Furniture & Fixture	Office equipment	Electric, gas & Other	Vehicles	
Rate	10%	10%	10%	10%	10%	10%	20%	
Owned Assets								
Rupees								
Opening net book value	355,875,000	207,316,848	391,595,371	1,578,276	114,378	2,989,075	2,134,242	961,603,190
Addition during the year	-	-	-	-	-	-	-	-
Deletion during the year	-	(42,357,096)	(72,816,450)	(359,463)	(36,033)	(862,462)	(406,099)	(116,837,603)
Charge for the year	-	-	-	-	-	-	-	-
Surplus during the year	810,081,000	379,356,198	593,292,104	3,527,362	426,388	9,795,470	-	1,796,468,522
Closing net book value	1,165,956,000	544,315,950	912,071,025	4,746,175	504,733	11,912,083	1,728,143	2,641,234,109

17.9 Detail of Plant & Machinery Sold.

S.NO	PARTICULARS	COST	ACC.DEP	WDV	SALE PRICE	GAIN / (LOSS)	PARTICULARS	RELATIONSHIP	MODE OF DISPOSAL
1	BATCHERS	1,519,980	136,376	1,383,604	2,350,000	966,396	EJAZ MUHAMMAD	SCRAP BUYER	NEGOTIATION
2	FOLDING MACHINE	65,000	5,832	59,168	833,333	774,165	ABDUL RAZZAK	SCRAP BUYER	NEGOTIATION
3	ROLLING MACHINE	694,000	62,267	631,733	541,667	(90,066)	ABDUL RAZZAK	SCRAP BUYER	NEGOTIATION
4	LIFTER	3,028,000	2,903,705	124,295	875,000	750,705	AHMED ALI	SCRAP BUYER	NEGOTIATION
5	BATCHERS	1,266,650	153,405	1,113,245	991,736	(121,509)	EJAZ MUHAMMAD	SCRAP BUYER	NEGOTIATION
6	ROLLING MACHINE	1,000,000	121,111	878,889	991,736	112,847	ABDUL RAZZAK	SCRAP BUYER	NEGOTIATION
7	STENTER NO.6, DEVAC, CAROVAC	31,149,000	3,772,490	27,376,510	5,785,124	(21,591,386)	ABDUL RAZZAK	SCRAP BUYER	NEGOTIATION
8	COLOUR KITCHEN	6,790,000	822,344	5,967,656	2,479,339	(3,488,317)	ABDUL RAZZAK	SCRAP BUYER	NEGOTIATION
9	GOLLAR WASHING	25,420,000	3,278,121	22,141,879	12,396,694	(9,745,185)	ABDUL RAZZAK	SCRAP BUYER	NEGOTIATION
10	GAS GENERATOR	15,000,000	2,052,083	12,947,917	6,611,570	(6,336,347)	EJAZ MUHAMMAD	SCRAP BUYER	NEGOTIATION
11	QUILTING MACHINE	1,200,000	164,167	1,035,833	1,652,893	617,060	ABDUL RAZZAK	SCRAP BUYER	NEGOTIATION
12	R.O.PLANT	6,223,000	851,341	5,371,659	826,446	(4,545,213)	ABDUL RAZZAK	SCRAP BUYER	NEGOTIATION
13	GAS GENERATOR	15,000,000	2,169,792	12,830,208	11,983,471	(846,737)	SUMER DAWOOD	SCRAP BUYER	NEGOTIATION
14	REGGIANI NO.1	28,800,000	4,166,000	24,634,000	9,917,355	(14,716,645)	AZEEM SHAHZAD	SCRAP BUYER	NEGOTIATION
	GRAND TOTAL	137,155,630	20,659,034	116,496,596	58,236,364	(58,260,232)			

AL-ABID SILK MILLS LIMITED

	June 23 Rupees	June 22 Rupees
18 STORES AND SPARES		
Stores	-	-
Spares Opening Balance	24,909,000	24,909,000
Disposal during the year	-	-
	<u>24,909,000</u>	<u>24,909,000</u>
Provision for slow moving and obsolete stores and spares	-	-
	<u>24,909,000</u>	<u>24,909,000</u>
Stores and spares do not include any major spare parts which may be categorized under the Property, Plant and Equipment.		
19 TRADE DEBTS		
Unsecured		
Secured		
-Considered good	444,776	444,776
-Considered doubtful	1,890,406	1,890,406
	<u>2,335,182</u>	<u>2,335,182</u>
Allowance for expected credit losses	(2,335,182)	(1,323,286)
	-	1,011,896
Provision for doubtful debts		
Balance as at July 01, 2022	1,323,286	1,134,246
charge for the year	1,011,896	189,040
Balance as at June 2023	<u>2,335,182</u>	<u>1,323,286</u>
20 LOANS AND ADVANCES		
Advances-considered good		
Loans to staff and workers	215,000	125,000
Advances to suppliers, contractors and others - unsecured	938,310	5,017,502
	<u>1,153,310</u>	<u>5,142,502</u>
21 TRADE DEPOSITS AND PREPAYMENTS		
Trade deposits - unsecured and considered good	<u>2,060,688</u>	<u>8,144,398</u>
22 OTHER RECEIVABLES		
Duty drawback	92,555,928	92,555,928
Receivable from banks	26,833,537	30,375,120
Research and development support	4,325,164	4,325,164
Deposited with Nazir Sindh High Court against loan settlement	89,500,000	89,500,000
	<u>213,214,629</u>	<u>216,756,212</u>
22.1 This represents the amount of DTLT 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 and National Bank of Pakistan 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 degree was obtained. During the year, the company has filed the suit # 862/2020 against the bank for the recovery of Rs. 13,871,000/-.		
22.2 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.		
23 TAX REFUNDS DUE FROM GOVERNMENT		
Sales tax	47,188,328	52,215,875
Income tax	10,956,257	10,439,050
	<u>58,144,585</u>	<u>62,654,925</u>
24 CASH AND BANK BALANCES		
Cash on hand	430,661	25,220,817
Cash at Banks		
- Current account	797,965	45,819,587
- Saving account	28,869,989	592,756
	<u>29,667,954</u>	<u>46,412,343</u>
	<u>30,098,615</u>	<u>71,633,160</u>
24.1 This represents deposit in saving account in Dubai Islamic Bank carrying mark-up range 10% to 17%. (2022: 4.5% to 10%)		

AL-ABID SILK MILLS LIMITED

	Note	June 2023 Rupees	June 2022 Rupees
25 SALES AND MANUFACTURING			
Sales		-	-
26 COST OF SALES			
Depreciation	17.7	144,487,583	116,478,329
		<u>144,487,583</u>	<u>116,478,329</u>
		<u>144,487,583</u>	<u>116,478,329</u>
27 ADMINISTRATIVE EXPENSES			
Salaries and benefits		12,065,502	12,255,376
Repairs and maintenance		2,038,368	1,387,060
Rent, rates and taxes		621,977	435,067
Staff Welfare		-	127,156
Heat, light and power		2,414,939	3,154,792
Car maintenance		1,137,357	565,353
Conveyance		27,200	16,152
Entertainment		266,670	126,738
Printing and stationery		282,767	260,934
Communication		91,150	60,870
Legal and professional		5,570,000	4,850,000
Auditors' remuneration	27.1	973,000	665,000
Advertisement		158,920	40,000
Subscription and fees		1,130,517	2,532,103
Insurance Premium		99,119	102,419
Service contracts		-	45,000
Brokerage and commission		273,553	-
Depreciation	17.7	496,054	359,271
Writeoff trade deposits and prepayment		6,083,710	-
Writeoff Loan and Advances		4,252,502	-
Impairment of trade debts		1,011,896	189,040
Impairment of CWIP (Boiler)		9,300,000	-
		<u>48,295,201</u>	<u>27,172,331</u>
27.1 Auditors' remuneration			
Annual audit fees		700,000	500,000
Fee for half yearly review		135,000	81,000
Out of pocket expenses		30,000	30,000
Non-audit services:			
Tax advisory services		108,000	54,000
		<u>973,000</u>	<u>665,000</u>
28 OTHER INCOME			
Income from non-financial assets			
Sale of scrap		6,121,555	3,541,322
Loss on sale of Assets		(58,260,232)	-
Write off Advance from IBL		366,063,944	-
Income from financial assets / liabilities			
Profit on PLS deposit account		4,025,113	1,372,731
		<u>317,950,380</u>	<u>4,914,053</u>
29 FINANCE COST			
Cost of fund of Bank of Punjab			
Bank Charges		36,977,102	-
		8,080	325,142
		<u>36,985,182</u>	<u>325,142</u>
30 TAXATION - NET			
Current		(76,519)	(44,267)
Deferred		-	-
		<u>(76,519)</u>	<u>(44,267)</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.			
31 EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED			
31.1 EARNINGS / (LOSS) PER SHARE - BASIC			
Profit / (loss) after taxation	Rupees	88,305,895	(139,106,016)
Weighted average number of shares	Number	13,409,550	13,409,550
Earning / (loss) per share-Basic	Rupees	6.59	(10.37)
31.2 EARNINGS / (LOSS) PER SHARE - DILUTED			
There is no dilution effect on the basic earning per shares of the Company (2022: Nil).			

AL-ABID SILK MILLS LIMITED

32 REMUNERATION OF DIRECTORS & EXECUTIVES

	CHIEF EXECUTIVE		DIRECTOR		EXECUTIVES	
	2023	2022	2023	2022	2023	2022
	----- Rupees -----					
Basic	-	-	-	-	3,503,030	4,253,333
House rent	-	-	-	-	1,576,364	1,914,000
Other allowances and perquisites	-	-	-	-	700,606	850,667
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,780,000</u>	<u>7,018,000</u>
Number of persons	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>3</u>	<u>3</u>

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

32.1 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.

32.2 Aggregate amount charged in the accounts for Board Meeting fee to non - executive Directors is Rs. 78,000/= (2022: Rs.30,000).

32.3 In view for bad financial condition of the company directors have decided not to claim their whole remuneration for the year ended June 30, 2023 i.e. Mr. Naseem A. Sattar Rs. 10,500,000. (2022: Mr. Naseem A. Sattar Rs. 10,500,000).

AL-ABID SILK MILLS LIMITED

33 FINANCIAL INSTRUMENTS BY CATEGORY

	2023 Rupees	2022 Rupees
Financial Assets		
- At Amortized Cost		
Long term security deposit	3,311,307	3,311,307
Trade debts	-	1,011,896
Trade deposits	2,060,688	8,144,398
Other receivables	213,214,629	216,756,212
Cash and bank balances	30,098,615	71,633,160
	<u>248,685,239</u>	<u>300,856,973</u>
Financial Liabilities		
- At Amortized Cost		
Loan from director - unsecured	561,018,754	521,018,754
Trade and other payables	765,176,397	763,396,791
Unclaimed dividend	108,310	108,310
Advance from I.B.L	-	366,063,944
Short term finance	1,301,787,787	1,397,310,685
Accrued markup	60,622,829	60,622,829
	<u>2,688,714,077</u>	<u>3,108,521,312</u>

34 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: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in 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: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at 30 June, 2023, 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.

35 FINANCIAL RISK MANAGEMENT

The Company finances its operations through short term borrowing, long term financing and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

The company has exposure to the following risks from its use of financial instruments:

- Market Risk
- Credir Risk
- Liquidity Risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies. . The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. No changes were made in the objectives, policies or processes and assumptions during the year ended 30 June 2023, which are summarized below:

36.1 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rate, interest rate and equity prices will affect the company's income or value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The company has short term as well as long term rupee based loans at variable rates. Rates on short term finances are disclosed in relevant notes.

AL-ABID SILK MILLS LIMITED

a) Foreign 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, 2023, the company is not exposed to currency risk.

b) Yield / mark - up rate exposure

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		
Saving account	<u>28,869,989</u>	<u>592,756</u>
	<u>28,869,989</u>	<u>592,756</u>
Variable rate instruments - Financial Liabilities		
Short term finances	<u>1,301,787,787</u>	<u>1,397,310,685</u>
	<u>1,301,787,787</u>	<u>1,397,310,685</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>13,017,878</u>	<u>13,973,107</u>
-----------------------------	-------------------	-------------------

36.2 Credit risk

Credit risk represents the risk of loss that would be recognized at the reporting date if counter parties failed to perform as contracted. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is:

	2023 Rupees	2022 Rupees
At Amortized Cost		
Long term security deposit	3,311,307	3,311,307
Trade debts	-	1,011,896
Trade deposits	2,060,688	8,144,398
Other receivables	213,214,629	216,756,212
Bank balances	<u>29,667,954</u>	<u>46,412,343</u>
	<u>248,254,578</u>	<u>275,636,156</u>

36.2.1 The maximum exposure to credit risk for trade debts on geographic basis as at the reporting date is as follows:

	2023 Rupees	2022 Rupees
Pakistan	<u>-</u>	<u>1,011,896</u>
The ageing of trade debts at the reporting date is as follows:		
Not past due	-	-
Past due 0-60 days	-	-
Past due 61 and above	<u>-</u>	<u>1,011,896</u>
	<u>-</u>	<u>1,011,896</u>

Based on past experience, the Company believes that no impairment is necessary against amounts past due by 61 days and above.

36.2.2 Some of the company's banks balances with reference to the credit ratings of the banks have not been presented as the Company is in litigation with such banks. The credit quality of rest of the Company's bank balances that are operational, can be assessed with reference to external credit ratings as:

AL-ABID SILK MILLS LIMITED

Bank	Rating agency	Short-term Rating	2023	2022
----- (Rupees) -----				
Dubai Islamic Bank Limited	JCR-VIS	A-1+	3,132,053	42,742,468
Bank Islami Pakistan Limited	PACRA	A-1	35,416	35,416
Askari Bank Limited	PACRA	A-1+	92,791	266,587
Summit Bank Limited	JCR-VIS	A-3	21,372	1,928,789
Bank Al Habib Limited	JCR-VIS	A-1+	25,750,361	-
			<u>29,031,993</u>	<u>44,973,260</u>

Due from customers other than related parties

Others	-	1,011,896
	<u>-</u>	<u>1,011,896</u>

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

Trade deposits	2,060,688	8,144,398
Other receivables	213,214,629	216,756,212
	<u>215,275,317</u>	<u>224,900,610</u>

36.3 Liquidity risk

Liquidity risk is the risk the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk 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. Following are the carrying amount and maturities of the Company's financial liabilities.

Financial Liabilities At Amortized Cost	2023			
	Carrying Amount	Contractual Cash Flows	Less Than 01 Year	More Than 01 Year
	-----Rupees-----			
Loan from director - unsecured	561,018,754	561,018,754	561,018,754	-
Trade and other payables	765,176,397	765,176,397	765,176,397	-
Unclaimed dividend	108,310	108,310	108,310	-
Short term finance	1,301,787,787	1,301,787,787	1,301,787,787	-
Accrued markup	60,622,829	60,622,829	60,622,829	-
	<u>2,688,714,077</u>	<u>2,688,714,077</u>	<u>2,688,714,077</u>	<u>-</u>

Financial Liabilities At Amortized Cost	2022			
	Carrying Amount	Contractual Cash Flows	Less Than 01 Year	More Than 01 Year
	-----Rupees-----			
Loan from director - unsecured	521,018,754	521,018,754	521,018,754	-
Trade and other payables	763,396,791	763,396,791	763,396,791	-
Unclaimed dividend	108,310	108,310	108,310	-
Advance from I.B.L	366,063,944	366,063,944	366,063,944	-
Short term finance	1,397,310,685	1,397,310,685	1,397,310,685	-
Accrued markup	60,622,829	60,622,829	60,622,829	-
	<u>3,108,521,313</u>	<u>3,108,521,313</u>	<u>3,108,521,313</u>	<u>-</u>

37 CAPITAL RISK MANAGEMENT

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

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company did not pay the amount of dividend to shareholders.

AL-ABID SILK MILLS LIMITED

The gearing ratio as at June 30, 2023 and June 30, 2022 is as follows:

	2023	2022
Short term running finance	1,301,787,787	1,397,310,685
Certificate capital	134,095,500	134,095,500
Unappropriated loss	(2,533,346,372)	(2,812,486,378)
Surplus on revaluation of property, plant and equipment	2,048,543,523	2,239,643,487
Total certificate holders' equity	(350,707,349)	(438,747,391)
Total certificate holders' equity including total debt	951,080,438	958,563,294
Gearing ratio (debt / (debt + equity))	1.37	1.46

38 RELATED PARTY TRANSACTIONS

			2023	2022
Name of Related Party	Relationship with the company	Nature of Transactions	Rupees	Rupees
TRANSACTIONS DURING THE YEAR				
Naseem A. Sattar	Chairman		40,000,000	-
Azim Ahmed	Chief Executive Officer		-	-
Balance				
Naseem A. Sattar	Chairman	Payable	500,912,887	460,912,887
Azim Ahmed	Chief Executive Officer	Payable	60,105,867	60,105,867

39 NUMBER OF EMPLOYEES

Number of employees at the end of the year	5	8
Number of average employees during the year	5	8

40 PLANT CAPACITY AND 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.

41 CORRESPONDING FIGURES

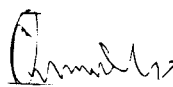
Corresponding figures have been reclassified or arranged, wherever necessary, for better and fair presentation. However, no major reclassifications were made during the year.

42 DATE OF AUTHORISATION FOR ISSUE


These financial statements were approved and authorized for issue in the Board of Directors' meeting held on October 03, 2023



Chief Executive Officer



Director



Chief Financial Officer

AL-ABID SILK MILLS LIMITED

Key Operating and Financial Data

Statement of Profit or Loss	2023	2022	2021	2020	2019	2018
-----Rupees in million-----						
Sales and manufacturing	-	-	-	-	-	-
Gross Loss	(144)	(116)	(86)	(103)	(131)	(214)
Profit/Loss from operations	125	(139)	607	2,491	(126)	(32)
Profit/Loss before taxation	88	(139)	605	2,491	(126)	(32)
Profit/Loss after taxation	88	(139)	605	2,491	(126)	(12)
Statement of Financial Position						
Property, plant and equipment	2,387	2,658	978	1,206	1,769	1,942
Long term security deposit	3	3	3	3	4	2
Net current assets	(2,360)	(2,719)	(2,697)	(3,530)	(6,592)	(6,638)
Total assets employed	31	(58)	(1,715)	(2,320)	(4,819)	(4,694)
Represented by:						
Share Capital	134	134	134	134	134	134
Reserves	(112)	(200)	(1,858)	(2,463)	(4,954)	(4,828)
Shareholders' equity	22	(66)	(1,724)	(2,329)	(4,820)	(4,694)
Surplus on revaluation -of fixed assets	2,049	2,240	519	622	1,374	1,441
Long term Financing	-	-	-	-	-	-
Deferred liabilities	-	-	-	-	-	-
Total capital employed	2,071	2,174	(1,205)	(1,707)	(3,446)	(3,253)
Statement of Cash Flow						
Operating activities	(44)	(19)	(161)	(207)	(3)	187
Investing activities	58	-	345	740	52	-
Financing activities	(56)	-	(196)	(578)	(118)	22
Cash & cash equivalents -at beginning of the year	72	90	102	147	218	9
Cash & cash equivalents -at end of the year	30	71	90	102	148	218
Debt-equity ratio	121.94	(47.30)	(1.81)	(1.68)	(1.47)	(1.53)
Debt	2,698	3,118	3,117	3,916	7,067	7,174
Equity	22	(66)	(1,723)	(2,329)	(4,820)	(4,694)

AL-ABID SILK MILLS LIMITED

PATTERN OF SHAREHOLDING AS AT 30-06-2023

NUMBER OF SHAREHOLDERS	SHARE HOLDING		TOTAL NUMBER OF SHARES HELD	
442	1	--	100	12,662
128	101	--	500	32,023
43	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
698				13,409,550

CATEGORIES OF SHARE HOLDERS	NUMBER OF SHARE HOLDERS	SHARE HELD	PERCENTAGE
INDIVIDUALS	680		
HOLDING LESS THAN 10%		1,308,866	9.761%
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	8		
MR. NASEEM A. SATTAR		7,515,162	56.043%
MR. AZIM AHMED		479,818	3.578%
MR. QAMAR MASHKOOR		500	0.004%
MR. MUHAMMAD SAJID HAFEEZ		500	0.004%
MST. ADIA NASEEM		328,322	2.448%
MRS. SADAF NADEEM		132,281	0.986%
MRS. ZARINA NASEEM		1,479,361	11.032%
MRS. REENA AZIM		112,875	0.842%
TOTAL	698	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 Friday, October 27, 2023
and at any adjournment thereof.

As witness my / our hand / seal this _____ day of _____ 2023

Witness No. 1

Name _____

Address _____

CNIC No. _____

Rs. 5/-
Revenue
Stamp

Witness No. 2

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، منگھو پیر روڈ،
کراچی۔

میں/ہم
العابد سِلک ملز لمیٹڈ کے ممبر ہونے کی حیثیت سے _____ عام حصص کے حامل ہیں اور فولیو/سی ڈی سی اکاؤنٹ نمبر _____ کے
یا اس کی عدم موجودگی میں فولیو نمبر/سی ڈی سی اکاؤنٹ نمبر _____ کے
کا تقرر کرتا/کرتی ہوں جو کہ العابد سِلک ملز لمیٹڈ کا ممبر بھی _____ کے
ہے بحیثیت میرے/ہمارے پروکسی/میری/ہماری عدم موجودگی میں کمپنی کے عام سالانہ اجلاس بروز جمعہ مورخہ 27 اکتوبر 2023ء کو منعقد ہوگا اور اس
کے التواہ پر میری/ہماری جانب سے شرکت کرے گا اور ووٹ دے گا۔
آج اس دن 2023ء کو دستخط کئے گئے۔

51- روپے کارسیدی ٹکٹ

گواہ نمبر 1

نام:

پتہ:

ممبر کے دستخط

(دستخط کمپنی کے ساتھ رجسٹر شدہ نمونے کے دستخط کے مطابق ہونے
چاہئیں)

شناختی کارڈ نمبر

گواہ نمبر 2

نام:

پتہ:

فولیو نمبر

شرکت کنندہ کا آئی ڈی نمبر

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 بچھل سی این آئی سی/ ایس این آئی سی یا اور بچھل 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 اسٹیٹ پر دستخط اسی انداز میں کریں جیسا کہ کمپنی میں رجسٹرڈ ہے۔
 - (c) ان کے فولیو نمبر/سی ڈی سی اکاؤنٹ نمبر تحریر کرے۔
- 6- یہ پروکسی فارم، جو کہ 5 روپے کے ریونیو اسٹیٹ 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۔