

REPORT AND ACCOUNTS
FOR THE NINE MONTHS PERIOD ENDED
MARCH 31, 2020

AL-ABID SILK MILLS LIMITED

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

AL-ABID SILK MILLS LIMITED

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AL-ABID SILK MILLS LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS	Mr. S.M. Jawed Azam Mr. Naseem A. Sattar Mr. Azim Ahmed Mr. Qamar Mashkoor Mr. Muhammad Sajid Hafeez Mst. Adia Naseem Mrs. Sadaf Nadeem Syed Raza Abbas Jaffari	Chairman Chief Executive Officer Executive Director Independent Non-Executive Director Independent Non-Executive Director Non-Executive Director Non-Executive Director Nominee Director (N.I.T.)
CHIEF FINANCIAL OFFICER	Shahbaz Ahmed Khan	
SECRETARY	Mr. Nasim Ahmed	
AUDIT COMMITTEE	Mr. Qamar Mashkoor Mr. Muhammad Sajid Hafeez Mr. S.M. Jawed Azam	Chairman Member Member
HUMAN RESOURCE AND REMUNERATION COMMITTEE	Mr. Muhammad Sajid Hafeez Mr. Naseem A. Sattar Mr. Qamar Mashkoor	Chairman Member Member
AUDITORS	Muniff Ziauddin & Co., Chartered Accountants	
REGISTRARS	Jwaffs Registrar Services (Pvt) Ltd. Room # 407-408, 4th Floor, Al-Ameera Centre, Shahrah-e-Iraq, Saddar, Karachi	
BANKERS	Allied Bank Limited Faysal Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited JS Bank Limited Meezan Bank Limited National Bank of Pakistan PAIR Investment Company Limited Standard Chartered Bank (Pakistan) Limited Summit Bank Limited The Bank of Punjab United Bank Limited	
REGISTERED OFFICE	A-34 / A. S.I.T.E., Manghopir Road, Karachi.	
MILLS	A-34 / A, D-14 / C-1, A-29 / B, S.I.T.E., Karachi.	
E-MAIL	mail@alabid.com	

AL-ABID SILK MILLS LIMITED

DIRECTORS' REPORT TO THE SHAREHOLDERS

We are pleased to present condensed Interim financial statements of the company for the nine months ended March 31, 2020.

Due to corona virus pandemic circumstances, we have been late to report. The necessary permission was taken from SECP.

Future Outlook:

As reported earlier, in balance sheet of December 31, 2019, the settlement has reached with the following banks in accordance with Master Settlement Agreement:

Habib Bank Ltd
United Bank Ltd
Meezan Bank Ltd
Allied Bank Ltd
Habib Metropolitan Bank Ltd

Summit Bank Ltd: Payment as per Master Settlement Agreement is available with Habib Bank Ltd and Habib Bank Ltd as a custodian is holding the payment for Summit Bank Ltd. As per requirement of Habib Bank Ltd, which is a lead bank, the compromise decree is being awaited by Habib Bank Ltd to handover the payment but as far as your company is concerned, we have paid the liability as per master settlement agreement of which Summit Bank is signatory.

After sale of A-39 and A-51/B, we are moving presently plant and machinery to our large premises of A-29/B and A-34/A which are well equipped with all infrastructure required, i.e. Effluent Treatment Plant, own power generation and ample space.

Due to corona virus circumstance, the shifting has been delayed. Yet, we are trying, depending on the working condition, to shift soonest the plant and machinery. At the same time, we are making efforts to have restructured with remaining banks namely National Bank of Pakistan, The Bank of Punjab, PAIR Investment Company Ltd and JS Bank Ltd.

Faysal Bank Ltd settlement has also been made, consent decree has been obtained but due to corona virus circumstances, relevant offices are not opening as yet, so it is being awaited for normalization of situation to complete the formalities for the buyers and for us.

From the quarterly report, you will note that balance sheet is getting healthier after the settlement with number of banks as deficit of equity has substantially reduced by 2.517 billion.

We hope that with the cooperation of the banks, we would be able to put in operation our plant as all necessary machinery is very much available with the company to produce all articles which have been strength of the company in the past. However as all of us are aware, the procedure with banks and also restart is time consuming but we do hope that as soon as our restructuring arrangements are finalized, we will go into production as normal with thousands of employees as in the past.

In the end, we express our gratitude to our shareholders, our bankers and the staff for minimizing the difficult time.

Thanks to all of you.

May 28, 2020

For and on behalf of the
Board of Directors



(NASEEM A. SATTAR)
Chairman & Chief Executive

العابد سلک ملز لمیٹڈ

ڈائریکٹرز کی رپورٹ برائے شیئر ہولڈرز

ہم 31 مارچ 2020 کو ختم شدہ مالی مدت کیلئے کمپنی کے مختصر مالیاتی گوشوارے سے مسرت پیش کر رہے ہیں۔
کو روٹا وائرس کی وبا کے سبب ہمیں رپورٹ پیش کرنے میں تاخیر ہوئی جس کیلئے ایس ای ای پی سے ضروری اجازت لی گئی تھی۔

تقریباً

جیہا کہ 31 دسمبر 2019 کی بیلنس شیٹ میں پہلے ذکر کیا گیا ہے کہ ماسٹر سٹاکٹ معاہدے کے مطابق مندرجہ ذیل شیئروں کے ساتھ سٹاکٹ ہولڈنگ ہے:

حبیب بینک لمیٹڈ

یو این بی بینک لمیٹڈ

میزان بینک لمیٹڈ

ال انڈین بینک لمیٹڈ

حبیب میٹرو پولیٹن بینک لمیٹڈ

سمٹ بینک لمیٹڈ، ماسٹر سٹاکٹ معاہدے کے مطابق رقم حبیب بینک لمیٹڈ کے پاس موجود ہے اور حبیب بینک سمٹ بینک کیلئے ادائیگی کا گمراہ ہے۔ حبیب بینک کی ضرورت کے مطابق جو کہ ایک سرٹیفکیٹ بینک ہے، حبیب بینک کی جانب سے ادائیگی کی حوالگی کیلئے ذمہ داری کا اظہار ہے لیکن جہاں تک آپ کی کمپنی کا تعلق ہے ہم نے ماسٹر سٹاکٹ معاہدے کے مطابق ذمہ داری ادا کر دی ہے جس میں سمٹ بینک دخیل ہے۔

A-51/B اور A-39 کی فروخت کے بعد ہم اس وقت اپنے پلانٹ اور مشینری کو اپنے A-29/B اور A-34/A کی ذمہ داریوں میں منتقل کر رہے ہیں جو کہ تمام مطلوبہ انفراسٹرکچر جیسا کہ اظہار شدہ ٹرنڈسٹ پلانٹ اور ذاتی پاور جنریشن وغیرہ سے لیس ہیں۔

کو روٹا وائرس کے حالات کے سبب منتقلی میں تاخیر ہوئی۔ اس کے باوجود ہم حالات پر اکتفا کرتے ہوئے کوشش کر رہے ہیں کہ جلد ہی پلانٹ اور مشینری کو منتقل کیا جائے۔ اس کے ساتھ ہی ہم کوشش کر رہے ہیں کہ باقی شیئروں یعنی بینک آف پاکستان، بینک آف پنجاب، پاک ایران اور JS بینک لمیٹڈ کے ساتھ تنظیم نو کی جائے۔

فیصل بینک لمیٹڈ کا تصفیہ ہو گا ہے اور رہنمائی حاصل کیا ہے لیکن کو روٹا وائرس کے حالات کے سبب متعلقہ دفاتر ابھی تک نہیں کھل رہے ہیں، لہذا فریڈاروں اور ہمارے لئے باضابطہ تقاضوں کو مکمل کرنے کیلئے ضرورتاً کے معمول پر آنے کا انتظار ہے۔

سہ ماہی رپورٹ کے مطابق آپ نوٹ کریں کہ شیئروں سے تصفیہ کے بعد بیلنس شیٹ بہتر ہوئی ہے اور ایکویٹی کے خسارے میں 2.517 ملین کی کمی ہوئی ہے۔ ہم امید کرتے ہیں کہ شیئروں کے تعاون سے ہم اپنے پلانٹ کو چلانے میں کامیاب ہو جائیں گے کیونکہ کمپنی کے پاس تمام ضروریات کی تیاری کیلئے اس وقت بھی وہ تمام ضروری مشینری دستیاب ہے جو ہمیں کمپنی کی طاقت دیتی ہے۔ تاہم جیسا کہ ہم سب واقف ہیں کہ شیئروں کے ساتھ تنظیم نو اور دوبارہ معاملات وقت طلب ہے لیکن ہم امید کرتے ہیں کہ جیسے ہی ہماری تنظیم نو کے انتظامات کو عملی شکل مل جائے گی ہم رہنمائی کی طرح ہزاروں ملازمین کے ساتھ معمول کے مطابق پیداواری عمل شروع کریں گے۔

آخر میں ہم مشکل وقت میں اپنے شیئر ہولڈرز، اپنے منکرز اور ملے کے تعاون پر ان سے اظہار تشکر کرتے ہیں۔

آپ تمام حضرات کا شکر ہے

بورڈ آف ڈائریکٹرز کی جانب سے

مورخہ 28 مئی 2020ء

Shamir Malik

(نیم اے۔ ستار)

چیف ایگزیکٹو آفیسر


AL-ABID SILK


CONDENSED INTERIM STATEMENT OF AS AT

	March 2020 (Unaudited)	June 2019 (Audited) Restated
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 Issued, subscribed and paid-up capital	134,095,500	134,095,500
Reserves		
Capital reserve	372,834,000	372,834,000
Revaluation Surplus on Property Plant & Equipment	1,319,212,935	1,373,792,567
Accumulated loss	(4,129,637,749)	(6,700,917,272)
	<u>(2,437,590,814)</u>	<u>(4,954,290,705)</u>
Total equity	(2,303,495,314)	(4,820,195,205)
LIABILITIES		
NON- CURRENT LIABILITIES		
Deferred Taxation		
CURRENT LIABILITIES AND PROVISIONS		
Loan from director - unsecured	521,018,754	521,018,754
Retirement benefits	6,991,602	6,991,602
Security deposit	20,564,090	30,000,000
Trade and other payables	770,348,303	927,612,869
Unclaimed dividend	108,310	108,310
Advance from I.B.L	366,063,944	366,063,944
Accrued markup	96,809,130	238,514,564
Short term finances	2,149,524,124	4,976,112,476
Provision for taxation	390,459	360,334
	<u>3,931,818,716</u>	<u>7,066,782,853</u>
CONTINGENCIES AND COMMITMENTS		
	<u>1,628,323,403</u>	<u>2,246,587,649</u>

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


Chief Executive Officer


Director


Chief Financial Officer


MILLS LIMITED

FINANCIAL POSITION MARCH 31, 2020

	March 2020 (Unaudited)	June 2019 (Audited)
	Note	(Rupees)
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	9	1,240,275,104
Long term security deposit		3,290,949
		1,768,825,427
CURRENT ASSETS		
Stores and spares		39,727,583
Stock in trade		9,549,730
Trade debts		1,437,237
Loans and advances		5,023,854
Trade deposits and prepayments		8,144,398
Other receivables		164,541,974
Tax refunds due from government		61,238,442
Cash and bank balances		95,094,132
		384,757,350
		474,161,173
		<u>1,628,323,403</u>
		<u>2,246,587,649</u>


Chief Executive Officer


Director


Chief Financial Officer

AL-ABID SILK MILLS LIMITED


CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS ACCOUNT (Unaudited) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2020

	NINE MONTHS PERIOD ENDED		THREE MONTHS PERIOD ENDED		
	Jul-Mar-2020	Jul-Mar-2019	Jan-Mar-2020	Jan-Mar-2019	
	Note	Rupees	Rupees	Rupees	
Sales and manufacturing					
Cost of sales		81,924,605	96,637,471	29,505,004	30,585,660
Gross loss		(81,924,605)	(96,637,471)	(29,505,004)	(30,585,660)
Operating expenses					
Administrative expenses		29,268,849	34,767,706	14,413,471	12,678,504
		(111,193,454)	(131,405,177)	(43,918,475)	(43,264,164)
Other income	10	2,627,929,362	41,142,949	2,618,045,405	4,968,292
Profit/(Loss) from operations		2,516,735,908	(90,262,228)	2,574,126,930	(38,295,872)
Finance cost	11	5,892	10,399	3,051	2,650
Profit / (Loss) before taxation		2,516,730,016	(90,272,627)	2,574,123,879	(38,298,522)
Taxation-net		(30,125)	-	-	-
Profit / (Loss) after taxation		2,516,699,891	(90,272,627)	2,574,123,879	(38,298,522)
Profit / (Loss) per share - basic and diluted	12	187.68	(6.73)	191.96	(2.86)

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


Chief Executive Officer


Director


Chief Financial Officer

AL-ABID SILK MILLS LIMITED


CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (Unaudited) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2020

	NINE MONTHS PERIOD ENDED		THREE MONTHS PERIOD ENDED	
	Jul-Mar-2020	Jul-Mar-2019	Jan-Mar-2020	Jan-Mar-2019
	Rupees	Rupees	Rupees	Rupees
Profit / (Loss) after taxation	2,516,699,891	(90,272,627)	2,574,123,879	(38,298,522)
Other comprehensive income	-	-	-	-
Total comprehensive Profit / (loss) for the period	<u>2,516,699,891</u>	<u>(90,272,627)</u>	<u>2,574,123,879</u>	<u>(38,298,522)</u>

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


Chief Executive Officer



Director


Chief Financial Officer


AL-ABID SILK MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOW (Unaudited)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2020

	Jul-Mar-2020 Rupees	Jul-Mar-2019 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	2,516,730,016	(90,272,627)
Adjustments for:		
Depreciation	73,037,852	89,576,741
Gain on disposal of property, plant and equipment	(272,341,696)	328,864
Provision for obsolete items	5,675,369	5,675,369
Provision for obsolete stock	1,364,248	1,364,248
Provision for doubtful debts	141,781	141,781
Gain on reversal of financial liability	-	(8,537,965)
	(192,122,446)	88,549,038
Decrease / (Increase) in current assets:		
Trade debtors	-	785,717
Loan and advances	(260)	(2,457)
Trade deposits and prepayments	(150,300)	(1,682,288)
Other receivables	30,816,101	-
Tax refunds due from government	(554,341)	6,613,039
	30,111,200	5,714,011
(Decrease) / Increase in current liabilities:		
Trade and other payable	(157,264,566)	1,291,224
Security deposit	(9,435,910)	-
Accrued mark-up	(141,705,434)	(2,301,374)
Repayment of short term finance	(2,826,588,352)	(121,482,014)
	(3,134,994,262)	(122,492,164)
Cash used in from operations	(780,275,492)	(118,501,742)
Taxes paid	-	(616,568)
Staff gratuity paid	-	(17,333)
Net cash outflow from operations	(780,275,492)	(119,135,643)
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from disposal of fixed assets	727,654,167	24,950,001
Long term security deposit	310,100	(400,000)
Net cash inflow from investing activities	728,164,267	24,550,001
CASH FLOW FROM FINANCING ACTIVITIES		
Loan from director	-	2,500,000
Net cash inflow from financing activities	-	2,500,000
Net decrease in cash and cash equivalents	(52,111,225)	(92,085,642)
Cash and cash equivalents at the beginning of the period	147,205,357	217,632,686
Cash and cash equivalents at the end of the period	95,094,132	125,547,044

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


 Chief Executive Officer


 Director


 Chief Financial Officer

AL-ABID SILK MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Unaudited) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2020

	Share Capital	Capital Reserve	Accumulated Loss	Revaluation Surplus on Property Plant & Equipment	Total
	Rupees				
Balance as at July 01, 2018	134,095,500	372,834,000	(6,542,427,140)	1,441,258,732	(4,694,238,916)
Correction of error	-	-	(37,526,998)	37,526,998	-
Balance as at July 01, 2018 (restated)	134,095,500	372,834,000	(6,579,954,147)	1,478,785,730	(4,694,238,916)
Loss after tax for the half year ended December 31, 2018	-	-	(90,272,627)	-	(90,272,627)
-Transfer from surplus on revaluation of fixed assets on account of incremental depreciation	-	-	71,118,521	(71,118,521)	-
Balance as at March 31, 2019	134,095,500	372,834,000	(6,699,108,253)	1,407,667,209	(4,784,511,543)
Balance as at July 01, 2019	134,095,500	372,834,000	(6,663,390,274)	1,336,265,569	(4,820,195,205)
Correction of error	-	-	(37,526,998)	37,526,998	-
Balance as at July 01, 2019 (restated)	134,095,500	372,834,000	(6,700,917,272)	1,373,792,567	(4,820,195,205)
Profit/(Loss) after tax for the nine months period ended March 31, 2020	-	-	2,516,698,891	-	2,516,698,891
-Transfer from surplus on revaluation of fixed assets on account of incremental depreciation	-	-	(54,579,632)	(54,579,632)	-
Balance as at March 31, 2020	134,095,500	372,834,000	(4,129,637,749)	1,319,212,935	(2,303,495,314)

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



Chief Executive Officer



Director



Chief Financial Officer

AL-ABID SILK MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT (Unaudited) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2020

1. THE COMPANY AND ITS OPERATIONS

Al-Abid Silk Mills Limited (the Company) was incorporated as a private limited company in the year 1968, later on it was converted into public limited company as on December 24, 1987 under repealed Companies Ordinance, 1984 (now Companies Act, 2017). Currently, 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 was 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.
D-14/C-1, S.I.T.E., Karachi.

PURPOSE

The registered office with manufacturing facilities
The factory premises with manufacturing facilities
The factory premises with stitching facilities

1.1 GOING CONCERN ASSUMPTIONS

The Company has curtailed off the manufacturing activities for quite some time, as a result of constant losses and the accumulated loss of the company has reached to Rs. 4.129 billion and Company's equity is in negative by Rs. 2.303 billion while the reported current liabilities (since partly under litigation) have exceeded to current assets of the company by Rs. 3.547 billion. These conditions indicate the existence of a material uncertainty that may cast significant doubt on Company's ability to continue as going concern. However, the management of the company believes that the company will remain a going concern in the foreseeable future.

The banks and DFI filed civil recovery suits in Honorable High Court and Banking Court for recovery of their lent fund. The Company filed leave to defend in the court against all such legal suits. Furthermore, the company did not accrue the markup of Rs. 171.53 million as matter was under litigation. In addition to the settlements with the financial institutions as disclosed in the financial statements for the year ended June 30, 2019, other surplus land and buildings were sold during the period in pursuant to the resolution of EOGM dated August 10, 2018 and the sale proceeds from the same were used to settle the liabilities, in full and final, of certain banks namely Habib Bank Limited, United Bank Ltd, Meezan Bank Ltd, Allied Bank Ltd and Habib Metropolitan Bank Ltd, as per master settlement agreement. However, Summit Bank has not yet provided consent decree to Habib Bank Ltd (the leading bank) to collect the settlement amount as of the balance sheet date. The management has already requested rest of the banks and DFI collectively and individually, to reschedule their credit facilities for a longer period coupled with fresh additional working capital facility in order to resume the operation of the company, and the discussion with the bank/DFI are continuing.

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

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

AL-ABID SILK MILLS LIMITED

2. BASIS OF PREPARATION

- 2.1 These interim Financial Statements of the Company for the nine months ended March 31, 2020 has been prepared in accordance with requirements of the International Accounting Standard 34 – Interim Financial Reporting and provisions of and directives issued under the Company Act, 2017. In case where requirements differ, the provisions of or directives issued under the Company Act, 2017 have been followed. The interim financial statements do not include all the information required for the full financial statements and therefore should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2019.
- 2.2 These interim financial statements are presented in Pak Rupees which is also the Company's functional currency and figures presented in these interim financial statements has been rounded off to the nearest rupees.
- 2.3 These interim financial statements are un-audited and all relevant compliance with Companies Act, 2017 has been made accordingly. The comparative interim statement of financial position presented has been extracted from annual financial statements for the year ended June 30, 2019; the comparative interim statement of profit or loss, interim statement of other comprehensive income, interim statement of cash flows and interim statement of changes in equity of the Company have been extracted from the interim financial statements for the nine months ended March 31, 2020.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these interim financial statements and the significant judgements made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied in the preparation of the financial statements as at and for the year ended June 30, 2019. Certain new IFRSs and amendments to existing IFRSs are effective for the periods beginning on or after July, 01 2019, which do not have any impact on the Company's financial reporting and therefore have not been detailed in these interim financial statements.

In 2018, the company routed a reversal of surplus on revaluation of Rs. 1,470 million (gross of tax) through statement of other comprehensive income directly in equity. This included reversal against various class of assets beyond their book values, had there been no revaluation, in contravention to the requirements of para 40 of IAS 16. The error has been corrected by restating each of the affected financial statement line items for the prior periods as follows:

	June 30, 2019	Increase/(Decrease)	June 30, 2019
Balance sheet(Extract)		Restated	(Restated)
Revaluation surplus on Property, plant and equipment	1,336,265,569	37,526,998	1,373,792,567
Accumulated loss	(6,663,390,274)	(37,526,998)	(6,700,917,272)

	Book value as at 30 June 2018	Book value as at 30 June 2018	
	As there had been no revaluation	As there had been revaluation	Difference
	Amount Rs.		
Furniture and fixture	24,758,669	4,282,289	20,476,380
office equipment	7,536,351	768,531	6,767,820
Electric Gas and other installations	32,397,668	6,786,941	25,610,727
	<u>64,692,688</u>	<u>11,837,761</u>	<u>52,854,927</u>

4. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objective and policies are consistent with that disclosed in the represented financial statements as at and for the year ended June 30, 2019.

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	Jul-Mar 2020 Rupees	June 30, 2019 Rupees
5 Revaluation Surplus on Property Plant & Equipment		
Balance at beginning of the period / year - net	1,373,792,567	1,441,258,732
Adjustment due to correction of error	-	37,526,998
Balance at beginning of the period / year - net (restated)	1,373,792,567	1,478,785,730
Less: Transferred to unappropriated profit on account of Incremental depreciation for the period / year - net of tax	(54,579,632)	(99,835,750)
Adjustment due to change in tax rate	-	(5,157,413)
Reversal of surplus on revaluation during the period / year - net of tax	-	-
Balance at end of the period / year - net	1,319,212,935	1,373,792,567
5.1	<p>During the year ended June 30, 2018 the Company has revalued its Leasehold land, Building on Leasehold land, Plant, Machinery & equipments, Furniture & Fixture, Office equipment, Electric, gas & Other Installation and Leased Plant, Machinery & equipments. The valuation has been determined by the independent valuer M/s. SIPRA & Company (Pvt) Limited. The assessed values of the fixed assets as determined by the valuer amounts to Rs. 2,232,252,450 as at January 08, 2018, however, the forced sales value of Rs. 1,674,048,087 have been taken to account for the fixed assets for the reason as mentioned in note 1.1. The earlier valuations were carried out by M/s. Anjum Adil and Associates independent valuer on June 30, 2012, August 31, 2010 and August 31, 2007 on the basis of prevailing market rates at that time.</p>	
6 LOAN FROM DIRECTOR - UNSECURED		
Balance at beginning of the year	521,018,754	518,518,754
Received during the year	-	2,500,000
Repaid during the year	-	-
	521,018,754	521,018,754
	The above is interest free loan from director(s) of the company, which is payable on demand.	
7 ADVANCE FROM IBL		
Balance at beginning	366,063,944	366,063,944
During the year	-	-
	366,063,944	366,063,944
	The comprises of initial mobilizing expenses by International Brands Limited as disclosed on note 1.1 for repair and maintenance to have the plant in full running condition.	
8 CONTINGENCIES AND COMMITMENTS		
8.1 Contingencies		
Bank guarantee	1,512,000	31,088,000
8.1.1	The bank guarantees have been issued in favor of Excise, Sales tax and others.	
8.1.2	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.	
8.1.3	The Spl. Sales Tax Reference Application No. 95 & 96 of 2016 filed by the company against order passed by the Sindh Revenue Board Appellate Tribunal order related to period ending June 30, 2014 and June 30, 2015 are pending before Honorable High Court of Sindh at Karachi. Further, The Sindh Revenue Board has also filed Spl. Sales Tax Reference Application No. 119 of 2016 against order passed by the Sindh Revenue Board Appellate Tribunal order related to period ending June 30, 2014 and June 30, 2015 is pending before Honorable High Court of Sindh at Karachi.	
8.1.4	Al-Abid Silk Mills Limited (Company) has filed suit No.B-42/2013 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/-.	
8.1.5	United Bank Ltd has filed suit No. B-93 of 2012 against the company for recovery of outstanding loan amounting to Rs. 606,855,202/- . A settlement agreement has been reached at Rs.138,387,750/- and during the period, the liability has been settled off with the financial institution and paid full and final.	
8.1.6	Habib Bank Limited has filed suit No. B-96 of 2012 against the company for recovery of outstanding loan amounting to Rs. 812,482,558/- . A settlement agreement has been reached at Rs.275,006,750/- and during the period, the liability has been settled off with the financial institution and paid full and final.	
8.1.7	Meezan Bank Ltd. Suit No. B-58 of 2013 against the company for recovery of outstanding loan amounting to Rs. 546,667,987/- . To settle this, a master settlement agreement has been entered into and during the period, the liability has been settled off with the financial institution and paid full and final.	

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- 8.1.8 Faysal Bank Ltd has filed suit no. B-80 of 2013 against the company for recovery of outstanding loan amounting to Rs. 763,724,270/-. A settlement agreement has been reached at Rs.232,000,000/-.
- 8.1.9 Summit Bank Ltd. has agreed settlement as per master settlement agreement, and that company has paid settlement amount to the lead bank, however, the payment by lead bank has not been made to Summit Bank Ltd, pending submission of consent decree, as per master settlement agreement. Consequently Summit Bank Ltd will also withdraw suit No B-84 of 2013.
- 8.1.10 Bank of Punjab has filed suit No. B-95 of 2013 against the Company for recovery of outstanding loan amounting to Rs. 434,399,948/-.
- 8.1.11 PAR Investment Co. Ltd has filed suit No. B-111 of 2013 against the Company for recovery of outstanding loan amounting to Rs. 171,460,949/-.
- 8.1.12 Allied Bank Ltd. has filed suit No. 26 of 2017 against the Company for recovery of outstanding loan amounting to Rs. 77,676,831/-. To settle this, a master settlement agreement has been entered into and during the period, the liability has been settled off with the financial institution and paid full and final.
- 8.1.13 National Bank of Pakistan has filed suit No. B-26 of 2017 against the Company for recovery of outstanding loan amounting to Rs.948,140,145/-.
- 8.1.14 Habib Metropolitan Bank Limited has filed suit no B-38/2015 against the Company for recovery of outstanding loan amounting to Rs. 773,496,075/-. A settlement agreement has been reached at Rs.195.729 million and during the period, the liability has been settled off with the financial institution and paid full and final.
- The amount mentioned on above note 8.1.4 to 8.1.14 except settled Banks, are claimed amounts by the Banks, actual amounts to be determined by the Banking Court.
- The outcome of above cases as referred in note 8.1.4 to 8.1.14 cannot be predicted and the management is vigorously contesting the case, however major amount has already been provided in financial statements.
- 8.1.15 Various suppliers and other financial institutions have filed the suits against the company and the outcome of the cases cannot be predicted but management is vigorously contesting the case.
- 8.1.16 Various ex-workers filed suits 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.
- 8.2 Commitments:
There are no commitments as at period end. (June 2019: Nil).

	Note	Jul-Mar 2020 Rupees	June 30, 2019 Rupees
9			
PROPERTY, PLANT AND EQUIPMENT			
Operating Fixed Assets	9.1	1,223,475,104	1,757,025,427
Capital Work in Progress- DDFC Boiler		16,800,000	16,800,000
		<u>1,240,275,104</u>	<u>1,768,825,427</u>
9.1 Operating Fixed Assets			
Opening written down value		1,752,025,427	1,925,348,701
Additions		-	-
Deletions		(488,494,641)	(61,880,000)
Surplus/(impairment) during the period/year		32,982,170	6,890,696
Depreciation		<u>(73,037,852)</u>	<u>(118,293,970)</u>
		<u>1,223,475,104</u>	<u>1,752,025,427</u>
		Jul-Mar-2020	Jul-Mar-2019
		Rupees	Rupees
10			
OTHER INCOME			
Income from non-financial assets / liabilities			
Forfeited security deposit		14,000,000	-
Gain arising on settlement of loan (secured)		2,217,346,786	4,311,853
Gain arising on settlement of loan (unsecured)		114,592,819	4,226,112
Sale of scrap		2,008,333	76,980,857
Gain on disposal of property, plant and equipment		272,341,696	(328,864)
Income from financial assets / liabilities			
Profit on PLS deposit Account		7,639,728	5,952,991
		<u>2,627,979,362</u>	<u>41,142,949</u>

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				Jul-Mar-2020 Rupees	Jul-Mar-2019 Rupees
11	FINANCE COST				
	Bank charges, mark-up and commission			<u>5,892</u>	<u>10,399</u>
12	LOSS PER SHARE - BASIC AND DILUTED				
		Jul-Mar 2020 Rupees (Un-Audited)	Jul-Mar 2019 Rupees (Un-Audited)	Jan-Mar 2020 Rupees (Un-Audited)	Jan-Mar 2019 Rupees (Un-Audited)
12.1	LOSS PER SHARE				
	Loss after taxation	Rupees	<u>2,516,699,891</u>	<u>(90,272,627)</u>	<u>2,574,123,879</u>
	Weighted average number of	Number	<u>13,409,550</u>	<u>13,409,550</u>	<u>13,409,550</u>
	Basic loss per share	Rupees	<u>187.68</u>	<u>(6.73)</u>	<u>191.96</u>
12.2	Diluted earnings per share				
	There is no dilution effect on the basic loss per share of the company.				
13	RELATED PARTY TRANSACTIONS				
	The related parties comprise associated undertakings and key management personnel. The transactions between the Company and the related parties are carried out at arms length. Amounts due from and to related parties and key management personnel, if any, are shown under receivables and payables. No other significant transactions were made with related parties during the year.				
14	KEY MANAGEMENT PERSONNEL - REMUNERATION & BENEFITS				
	In view of bad financial condition of the company directors have decided not to claim their whole remuneration for the nine months period ended March 31, 2020 i.e. Mr. Naseem A. Sattar Rs. 7,875,000 and Mr. Azim Ahmed Rs. 4,050,000. (2019: Mr. Naseem A. Sattar Rs. 7,8750,000) and (Mr. Azim Ahmed Rs. 4,050,000).				
15	DATE OF AUTHORISATION FOR ISSUE				
	These interim financial statements were approved and authorized for issue in the Board of Directors' meeting held on May 28, 2020.				



Chief Executive Officer



Director



Chief Financial Officer