

AL-ABID

SILK MILLS LIMITED

52nd ANNUAL REPORT
2020

52nd ANNUAL REPORT

FOR THE YEAR ENDED JUNE 30, 2020

CONTENTS	PAGE NO.
Company Information	2
Notice of Annual General Meeting	3
Review Report by the Chairman	6
Director Report to the Shareholders (English)	7
Director Report to the Shareholders (Urdu)	10
Statement of Compliance with the Code of Corporate Governance	13
Review Report to the Members on Statement of Compliance Contained in Listed Companies (Code of Corporate Governance) Regulations, 2019	16
Auditors' Report to the Members	17
Statement of Financial Position	21
Statement of Profit or Loss Account	23
Statement of Other Comprehensive Income	24
Statement of Cash Flow	25
Statement of Changes in Equity	26
Notes to the Financial Statements	27
Key Operating and Financial Data	55
Pattern of Shareholding	56
Proxy Form (English)	
Proxy Form (Urdu)	

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	Mr. 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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 52ND Annual General meeting of the Shareholders of the Company will be held at the Embassy Inn 100-B, SMCHS.Nursery Main Shahrah-e-Faisal Karachi, on Tuesday, October 27, 2020 at 05:25 p.m. to transact the following business:

1. To confirm the Minutes of the Annual General Meeting of the Company held on November 23, 2019.
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, 2020.
3. To appoint statutory Auditors for the year 2020-2021 and fix their remuneration. The present auditors M/s. Muniff Ziauddin & Company, Chartered Accountants, have offered themselves for re-appointment as Auditors of the Company.
4. To consider any other business with the permission of the Chair.

BY ORDER OF THE BOARD

NASIM AHMED

Company Secretary

Karachi: October 01, 2020

NOTES:

1. The Share Transfer Books of the Company will remain closed from October 20, 2020 to October 27, 2020 (both days inclusive).
2. Members whose names appearing in the Registered of Members as of October 20, 2020, 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.

AL-ABID SILK MILLS LIMITED

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.
6. Members are requested to submit a copy of their Computerized National Identity Card (CNIC/SNIC), if not already provided, and notify immediately changes, if any, in their registered address to our Share Registrar, JWAFFS Registrar Services (Pvt) Limited.
7. Pursuant to SECP Circular No.10 of 2014 dated May 21, 2014, if the Company received consent from members holding in aggregate 10% or more shareholding residing in a geographical location to participate in the meeting through video conference at least 7 days prior to the date of Annual General Meeting, the company will arrange video conference facility in that city subject to availability of such facility in that city. To avail this facility please provide the following information to the company registered office PABX Nos.(+9221) 32560040 and email mail@alabid.com.
8. I/We of being an member of Al-Abid Silk Mills Limited holder of Ordinary Share(s) as per Register Folio No. _____ hereby opt for video conference facility at (Please insert name of the city) _____.

Signature of member

9. Members can exercise their right to demand a poll subject to meeting requirements of Section 143-145 of Companies Act, 2017 and applicable clauses of Companies (Postal Ballot) Regulations 2018.
10. **CDC Account Holders will further have to follow the under mentioned guidelines as laid down in circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan and being mentioned in the Notice of Meeting Circulated to the Members.**
 - A. **For Attending the Meeting:**
 - i) In case of individuals, the account holder or sub-account holder and/or the persons whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his identity by showing his original Computerized National Identity Card (CNIC) or, original passport at the time of attending the meeting.

AL-ABID SILK MILLS LIMITED

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

AL-ABID SILK MILLS LIMITED

REVIEW REPORT BY THE CHAIRMAN

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

For the financial year ended June 30, 2020, the Board's overall performance and effectiveness has been assessed as Satisfactory. Improvement is an ongoing process leading to action plans. The overall assessment as Satisfactory is based on an evaluation of integral components, including vision, mission and values; engagement in strategic planning; formulation of policies; monitoring the organization's business activities; monitor financial resource management; effective fiscal oversight; equitable treatment of all employees and efficiency in carrying out the Board's business.

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



S. M. JAWED AZAM
CHAIRMAN

Karachi: October 01, 2020

AL-ABID SILK MILLS LIMITED

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Board of Directors is presenting the 52nd annual report and the annual financial statement of the company for the year ended June 30, 2020.

Unfortunately, the corona virus pandemic and subsequent unprecedented heavy rain fall in Karachi have been quite disturbing for smooth working but our relentless efforts have continued and made substantial headways which we will discuss in the following future outlook.

Future Outlook:

As reported in our earlier financial statements that our priority have been settling the banks which we've continued and successfully achieved substantial milestones. In the meantime, we've reached full and final settlement with the following banks and financial institutes:

Habib Bank Ltd

Habib Metropolitan Bank Ltd

United Bank Ltd

Allied Bank Ltd

Meezan Bank Ltd

Summit Bank Ltd

Pak Oman Investment Company Ltd

Pak Kuwait Investment Company Pvt Ltd

Orix Leasing Pakistan Ltd

Standard Chartered Bank (Pakistan) Ltd

In addition to above, in the current financial year, full and final settlement has also been reached with Faysal Bank Ltd and also settlement amount has been agreed with Bank of Punjab, with whom we are completing formalities whatever are required.

Now, our remaining bank is National Bank of Pakistan, with whom we are discussing rehabilitation.

With J.S. Bank, we are closely following up and we expect very soon, we will reach the settlement agreement with them as well as with Pak Iran.

With the above information, you will note that by large all banks practically have been settled and we are confident that remaining will also be resolved.

We want to get into production as soon as possible. However, vacating A-39 from where our large number of plants are being shifted to Al-Abid's other property situated at A-34/A and A-29/B, due to corona virus pandemic and heavy rainfall has largely hampered, but work is progressing and we hope to get into production as soon as possible. Presently, there is a huge demand of products for which Al-Abid Silk Mills has always been known to be, if not the largest, but one of the largest producers and exporters of the country.

AL-ABID SILK MILLS LIMITED

From our financial statement, you will note that liability after settlement with large number of banks has reduced considerably.

Now, our main efforts are to get into production and make all efforts to get our market share and create large number of employment which was in thousands earlier and earned huge amount of foreign exchange for the country in the past.

DIVIDEND

Considering the current state of affairs, the cash flow of the Company does not allow any dividend payout. Therefore, the Board of Directors does not recommend dividend for the year ended June 30, 2020.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Directors declare that:

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

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

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

Name of Director	Meeting Attended
Mr. S.M. Jawed Azam	07
Mr. Naseem A. Sattar	07
Mr. Azim Ahmed	07
Mr. Qamar Mashkooor	--
Mr. Muhammad Sajid Hafeez	--
Syed Raza Abbas Jafferri	07
Mst. Adia Naseem	--
Mrs. Sadaf Nadeem	--

AL-ABID SILK MILLS LIMITED

AUDIT COMMITTEE:

Size and Composition:

For the financial year ended June 30, 2020, the audit committee comprised the following three directors, all are Non-Executive Directors:

1.	Mr. Qamar Mashkooor	Chairman
2.	Mr. S.M.Jawed Azam	Member
3.	Mr. Muhammad Sajid Hafeez	Member

INTERNAL AUDIT FUNCTION:

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

AUDITORS:

M/s. Muniff Ziauddin & Co., Chartered Accountants have retired and being eligible offered themselves for reappointment. The board of Directors has recommended the appointment of the M/s. Muniff Ziauddin & Co., Chartered Accountants for the year ending June 30, 2021.

PATTERN OF SHAREHOLDING:


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

ACKNOWLEDGMENT

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

Thanks to all of you.

For and on behalf of the Board of Directors


(NASEEM A. SATTAR)
Chief Executive Officer

Karachi: October 01, 2020

العا بد سلک ملز لمیٹڈ

حصص داران کیلئے ڈائریکٹرز کی رپورٹ

بورڈ آف ڈائریکٹرز 30 جون 2020ء کو ختم ہونے والے سال کیلئے کمپنی کی باون ویں سالانہ رپورٹ اور سالانہ مالیاتی حسابات پیش کر رہے ہیں۔

بد قسمتی سے، کورونا وائرس کی وبا اور اس کے بعد کراچی میں غیر معمولی موسلا دھار بارش کے باعث کاروباری سرگرمیوں میں کافی مشکلات کا سامنا رہا لیکن ہماری انتھک کوششیں جاری رہیں اور ہم خاطر خواہ ترقی کی منازل طے کرتے چلے گئے جس پر ہم آئندہ کے مستقبل کے نظریہ میں تبادلہ خیال کریں گے۔

مستقبل کا نظریہ:

جیسا کہ ہمارے پچھلے مالی حسابات میں بتایا گیا ہے کہ ہماری ترجیح بینکوں کے ساتھ تصفیہ کرنا ہے جسے ہم نے کامیابی کے ساتھ جاری رکھا اور اہم سنگ میل حاصل کر لئے ہیں۔ اس دوران ہم مندرجہ ذیل بینکوں اور مالیاتی اداروں کے ساتھ مکمل اور حتمی تصفیہ پر پہنچ گئے ہیں:

حبیب بینک لمیٹڈ
حبیب میٹروپولیٹن بینک لمیٹڈ
یونائیٹڈ بینک لمیٹڈ
الائیڈ بینک لمیٹڈ
میزان بینک لمیٹڈ
سمٹ بینک لمیٹڈ
پاک عمان انویسٹمنٹ کمپنی لمیٹڈ
پاک کویت انویسٹمنٹ کمپنی پرائیویٹ لمیٹڈ
اوریکس لیزنگ پاکستان لمیٹڈ
اسٹینڈرڈ چارٹرڈ بینک (پاکستان) لمیٹڈ

مذکورہ بالا کے علاوہ، رواں مالی سال میں فیصل بینک لمیٹڈ کے ساتھ بھی مکمل اور حتمی تصفیہ طے پایا ہے اور بینک آف پنجاب کے ساتھ بھی تصفیہ کی رقم پر اتفاق کیا گیا ہے، جس کے ساتھ ہم ضرورت کے مطابق رسمی مراحل طے کر رہے ہیں۔

اب ہمارا باقی رہ جانے والا بینک نیشنل بینک آف پاکستان ہے جس کے ساتھ بحالی پر تبادلہ خیال کر رہے ہیں۔
جے ایس بینک کے ساتھ ہم بہت قریب سے پیروی کر رہے ہیں اور ہم توقع کرتے ہیں کہ جے ایس بینک کے ساتھ ساتھ پاک ایران کے ساتھ بھی بہت جلد تصفیہ کے معاہدے طے کر لیں گے۔

مندرجہ بالا معلومات کے ساتھ آپ نوٹ کریں گے کہ تمام بینکوں کا عملی طور پر بڑے پیمانے پر تصفیہ ہو چکا ہے اور ہمیں یقین ہے کہ باقی بھی حل ہو جائیں گے۔

العابد سلک ملز لمیٹڈ

ہم جتنی جلدی ممکن ہو پیداواری عمل میں جانا چاہتے ہیں۔ تاہم A-39 سے جہاں ہماری بڑی تعداد میں مشینیں ہیں جن کو العابد کی دوسری جگہ بمقام A-34/A اور A-29/B پر منتقل کیا جانا ہے۔ کورونا وائرس کی وباء اور شدید بارشوں کی وجہ سے یہ عمل بہت زیادہ متاثر ہوا ہے۔ تاہم یہ کام جاری ہے۔ اور ہم امید کرتے ہیں کہ ہم بہت جلد پیداواری عمل میں آجائیں گے۔ اس وقت مصنوعات کی بہت بڑی مانگ ہے جس کیلئے العابد سلک ملز ہمیشہ سے جانا پہچانا جاتا ہے جو کہ سب سے بڑا نہ ہی مگر ملک کے بڑے پروفیسر اور برآمد کنندہ گان میں سے ایک ہے۔

ہمارے مالیاتی حسابات میں سے آپ نوٹ کریں گے کہ بڑی تعداد میں بینکوں کے ساتھ تصفیہ کے بعد ہمارے قرضہ جات میں کافی حد تک کمی واقع ہوئی ہے۔

اب ہماری اہم کوششوں میں پیداوار میں شامل ہونا اور اپنا مارکیٹ شیئر حاصل کرنا اور بڑی تعداد میں روزگار پیدا کرنا ہے جو کہ پہلے ہزاروں میں تھا اور ماضی میں اس ملک کے لئے غیر ملکی زرمبادلہ کی کثیر آمدنی کماتا تھا۔

ڈویڈنڈ:

موجودہ معاملات کے حوالے سے کمپنی کا کیش فلو ہمیں کسی بھی ڈویڈنڈ کی اجازت نہیں دیتا۔ لہذا بورڈ آف ڈائریکٹرز 30 جون 2020ء کو ختم ہونے والے سال کیلئے ڈویڈنڈ کی سفارش نہیں کرتے ہیں۔

کارپوریٹ اور مالیاتی رپورٹنگ کا فریم ورک:

ڈائریکٹرز نے یہ اقرار کیا ہے کہ:

- ☆ العابد سلک ملز لمیٹڈ کی انتظامیہ نے مالیاتی حسابات مرتب کئے ہیں جو کہ موجودہ معاملات کیلئے بالکل صحیح ہیں، جو کہ آپریشن، کیش فلو اور ایکوٹی میں تبدیلی کا نتیجہ ہے۔
- ☆ العابد سلک ملز لمیٹڈ کے کھاتے مناسب طور پر مرتب کئے گئے ہیں۔
- ☆ مالیاتی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں پر عملدرآمد کیا گیا ہے اور اکاؤنٹنگ کا تخمینہ مناسب اور صحیح فیصلے کی بنیاد پر ہے۔
- ☆ انٹرنیشنل فنانسنگ رپورٹنگ اسٹینڈرڈز جس کا اطلاق پاکستان میں کیا گیا ہے، ہم نے مالیاتی حسابات کی تیاری میں اس پر عملدرآمد کیا ہے۔
- ☆ بورڈ کمپنی کے داخلی کنٹرول کے سسٹم کا ذمہ دار ہے، بورڈ نے یہ 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۔
- ☆ گزشتہ چھ سالوں کا مالیاتی ڈیٹا اور آپریشننگ 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 سات میٹنگز منعقد ہوئیں، بورڈ کی ان میٹنگز میں حاضر ہونے والے ڈائریکٹرز کی تفصیلات درج ذیل ہیں:

ڈائریکٹر کا نام	میٹنگ میں حاضری کی تعداد
جناب ایس ایم جاوید اعظم	07
جناب نسیم اے ستار	07

العا بد سلک ملز لمیٹڈ

07	جناب عظیم احمد
--	جناب قمر مشکور
--	جناب محمد ساجد حفیظ
07	سید رضا عباس جعفری
--	مسما ت عاد یر نسیم
--	مسما ت صدف ندیم

آڈٹ کمیٹی:

30 جون 2020ء کو ختم ہونے والے مالیاتی سال کیلئے آڈٹ کمیٹی درج ذیل تین ڈائریکٹرز پر مشتمل ہے، یہ تمام غیر ایگزیکٹو ڈائریکٹرز ہیں:

- ۱۔ جناب قمر مشکور
چیئر مین
- ۲۔ جناب ایس ایم جاوید اعظم
ممبر
- ۳۔ جناب محمد ساجد حفیظ
ممبر

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 2021ء کو ختم ہونے والے سال کیلئے میسرز منیف ضیاء الدین اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹ کی تقرری کی سفارش کی ہے۔

شیئر ہولڈنگ کا پیٹرن:

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

اظہار تشکر:

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

بورڈ آف ڈائریکٹرز کی جانب سے



نسیم اے ستار

چیف ایگزیکٹو آفیسر

کراچی: مورخہ یکم اکتوبر 2020ء

AL-ABID SILK MILLS LIMITED

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

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are 8 (Eight) as per the following:

- a. Male: 6
- b. Female: 2

2. The composition of the Board is as follows:

Independent Directors	Mr. Qamar Mashkoo
	Mr. Muhammad Sajid Hafeez
Executive Director	Mr. Azim Ahmed
	Mr. Naseem A. Sattar
Non-Executive Directors	Mst. Adia Naseem
	Mrs. Sadaf Naseem
	Syed Raza Abbas Jaffari
	S.M. Jawed Azam
Female Director	Mst. Adia Naseem
	Mrs. Sadaf Naseem

- 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;

AL-ABID SILK MILLS LIMITED

9. The Board has approved appointment of chief financial officer, company secretary including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
10. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board;
11. The Board has formed committees comprising of members given below:
- a) Audit Committee**
- | | |
|---------------------------|----------|
| Mr. Qamar Mashkooor | Chairman |
| Mr. Muhammad Sajid Hafeez | Member |
| Mr. S.M. Jawed Azam | Member |
- b) HR and Remuneration Committee**
- | | |
|---------------------------|----------|
| Mr. Muhammad Sajid Hafeez | Chairman |
| Mr. Naseem A. Sattar | Member |
| Mr. Qamar Mashkooor | Member |
12. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
13. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;
14. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
15. We confirm that all requirements of regulations 3, 6, 7, 8, 32, 33 and 36 of the Regulations have been complied with except 27.

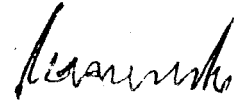
Regulation	Explanation
27(2)(i)	As per the regulation, the audit committee of a company shall meet at least once every quarter of the financial year. However, the Audit committee did not hold any meeting in the financial year.

AL-ABID SILK MILLS LIMITED

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

Regulation	Explanation
19(1)	All non-compliant directors are encouraged to obtain Directors' Training certification
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
28(3)	As per the regulation, The Human Resource and Remuneration Committee shall meet at least once in a financial year. However, the committee did not hold any meeting in the financial year.

For and on behalf of the Board of Directors



(NASEEM A. SATTAR)

Chief Executive Officer

Karachi: October 01, 2020

AL-ABID SILK MILLS LIMITED

REVIEW REPORT TO THE MEMBERS 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, 2020 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.

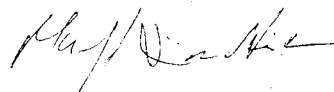
The Regulations requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent 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 requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2020.

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

Regulation	Explanation
27(2)(i)	As per the regulation, the audit committee of a company shall meet at least once every quarter of the financial year. However, the Audit committee did not hold any meeting in the financial year.
19(1)	During the year, no Directors' training certification was undertaken by non-compliant Directors.
31(1)	As per the regulation, there shall be an internal audit function in every company. However, there is no internal audit function in the company
28(3)	As per the regulation, The Human Resource and Remuneration Committee shall meet at least once in a financial year. However, the committee did not hold any meeting in the financial year.

Karachi: October 01, 2020


MUNIFF ZIAUDDIN & CO.
CHARTERED ACCOUNTANTS
MUHAMMAD MOIN KHAN

AL-ABID SILK MILLS LIMITED

AUDITORS' REPORT TO THE MEMBERS

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 2020**, and the statement of profit or loss and statement of other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state 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, 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, 2020, 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 1.1, the accumulated loss of the company has been reached at Rs. 4.13 billion which has eroded its equity to an adverse balance of Rs. 2.33 billion after surplus on revaluation of fixed assets, as of that date Company's current liabilities exceeded its current assets by Rs. 3.54 billion and further during the year no production and sales were made by the company. These events indicate a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and therefore the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. These financial statements have been prepared on a going concern basis however; the business revival plan is not disclosed in the financial statements.
- (ii) We have not received direct bank confirmations from the banks and financial institutions for short term loans amounting to Rs. 2.15 billion and for bank balances of Rs. 0.005 billion as mentioned in the financial statements. The Company has not recorded mark-up on these finances which amounts to Rs. 0.235 billion on the plea of restructuring negotiation/litigation with the respective banks. Moreover, we have also not received direct confirmations from trade and other creditors amounting to Rs. 0.477 billion.
- (iii) As disclosed in note 13.1 to the financial statements, the Company has not complied with the requirements of IAS 19 - Employee Benefits as the related liabilities were not revalued during the year.
- (iv) The Company has not complied with the requirements of IAS 36 - Impairment in relation to the plant, machinery and equipment and capital work in progress as the company did not conduct impairment testing on such assets during the year and these are not written down to their recoverable amount or value in use.
- (v) The company has not complied with the requirements of IAS 2 - Inventories in relation to Stores & Spares and Stock in trade held by the company as these are not written down to their net realizable value.

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

AL-ABID SILK MILLS LIMITED

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.

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 20 to the financial statements.</p> <p>During the year, the company has reached settlements with certain banks namely Habib Bank Limited, United Bank Limited, Allied Bank Limited, Habib Metropolitan Bank, Meezan bank and Summit Bank Limited totalling to Rs. 2,968,293,786 and has paid the agreed amounts to the same as full and final settlement.</p>	<p>In response to this matter, our audit procedures included:</p> <p>Discussing legal cases with the legal department to understand the management's view point and obtaining and reviewing the litigation documents in order to assess the facts and circumstances.</p> <p>Obtaining independent opinion of legal advisors dealing with such cases in the form confirmations.</p> <p>We also evaluated the legal cases in line with the requirements of IAS 37: Provisions, contingent liabilities and contingent assets.</p> <p>The disclosures of legal exposures and provisions were assessed for completeness and accuracy.</p> <p>We reviewed the Master Settlement Agreements (MSA) with related banks and verified the amount paid to such banks as full and final settlement from source documents.</p>

AL-ABID SILK MILLS LIMITED

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.

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.

AL-ABID SILK MILLS LIMITED

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with the mall relationships and othe rmatters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

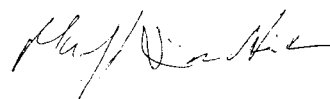
From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes 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 01, 2020

AL-ABID SILK MILLS LIMITED

STATEMENT OF FINANCIAL POSITION

		June 2020	June 2019	June 2018
Note		----- (Rupees) -----		
EQUITY & LIABILITIES				
SHARE CAPITAL AND RESERVES				
Authorized capital				
20,000,000 Ordinary Shares of Rs. 10/- each	7	200,000,000	200,000,000	200,000,000
issued, subscribed and paid-up capital		134,095,500	134,095,500	134,095,500
Capital reserves				
Other reserves		372,834,000	372,834,000	372,834,000
Revaluation Surplus on Property Plant & Equipment	8	1,297,497,056	1,373,792,567	1,441,258,732
Revenue reserves				
Accumulated loss		(4,131,831,283)	(6,700,917,272)	(6,642,427,149)
Total equity		(2,327,404,727)	(4,820,195,205)	(4,694,238,916)
LIABILITIES				
NON- CURRENT LIABILITIES				
Long term loan from banks	9	-	-	-
Liabilities against assets subject to finance lease	10	-	-	-
Deferred Taxation	11	-	-	-
CURRENT LIABILITIES				
Loan from director - unsecured	12	521,018,754	521,018,754	518,518,754
Retirement benefits	13	6,991,602	6,991,602	7,008,935
Security deposit	14	16,400,000	30,000,000	-
Trade and other payables	15	763,265,695	927,612,869	936,569,591
Unclaimed dividend		108,310	108,310	108,310
Advance from I.B.L	16	366,063,944	366,063,944	366,063,944
Accrued markup	17	96,809,130	238,514,564	240,815,938
Current maturity of long term loans and lease liability		-	-	67,118,820
Short term finances	19	2,144,455,606	4,976,112,476	5,034,787,523
Provision for taxation		390,459	360,334	2,659,885
		3,915,503,500	7,066,782,853	7,173,651,700
CONTINGENCIES AND COMMITMENTS				
20				
		1,588,098,774	2,246,587,649	2,479,412,783

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



Chief Executive Officer

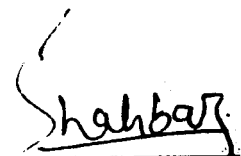


Director

AL-ABID SILK MILLS LIMITED

AS AT JUNE 30, 2020

		June 2020	June 2019	June 2018
Note		(Rupees)		
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	21	1,206,193,888	1,768,825,427	1,942,148,701
Long term security deposit		3,290,949	3,601,049	1,886,645
CURRENT ASSETS				
Stores and spares	22	37,835,793	45,402,952	52,970,111
Stock in trade	23	9,094,981	10,913,978	12,732,975
Trade debts	24	1,389,977	1,579,018	1,768,059
Loans and advances	25	9,050,619	5,023,594	5,017,778
Trade deposits and prepayments	26	8,144,398	7,994,098	6,311,810
Other receivables	27	150,495,162	195,358,075	164,541,974
Tax refunds due from government	28	60,250,342	60,684,101	74,402,044
Cash and bank balances	29	102,352,665	147,205,357	217,632,686
		378,613,937	474,161,173	535,377,437
		1,588,098,774	2,246,587,649	2,479,412,783



Chief Financial Officer

AL-ABID SILK MILLS LIMITED

STATEMENT OF PROFIT OR LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2020

	Note	JUNE 2020 Rupees	JUNE 2019 Rupees
Sales and manufacturing	30	-	-
Cost of sales	31	103,495,483	131,047,617
Gross loss		(103,495,483)	(131,047,617)
Operating expenses			
Administrative expenses	32	81,515,920 (185,011,403)	38,174,653 (169,222,270)
Other income	33	2,677,838,068	43,638,325
Profit/(Loss) from operations		2,492,826,665	(125,583,945)
Finance cost	34	6,062	12,009
Profit / (Loss) before taxation		2,492,820,603	(125,595,954)
Taxation-net	35	(30,125)	(360,334)
Profit / (Loss) after taxation		2,492,790,478	(125,956,288)
Earning / (Loss) per share - basic and diluted	36	185.90	(9.39)

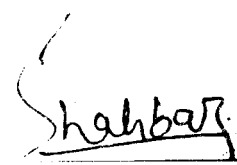
The annexed notes form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

AL-ABID SILK MILLS LIMITED

STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2020

	June 2020 Rupees	June 2019 Rupees
Profit/(Loss) after taxation	2,492,790,478	(125,956,288)
Other comprehensive income	-	-
Total comprehensive income/(loss) for the year	<u>2,492,790,478</u>	<u>(125,956,288)</u>

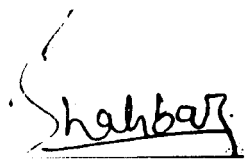
The annexed notes form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer


AL-ABID SILK MILLS LIMITED

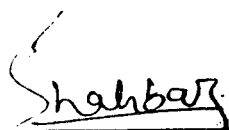
STATEMENT OF CASH FLOW FOR THE YEAR ENDED JUNE 30, 2020

	June 2020 Rupees	June 2019 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	2,492,820,603	(125,595,954)
Adjustments for:		
Depreciation	94,753,730	118,293,970
Gain/Loss on disposal of property, plant and equipment	(269,984,692)	1,787,635
Provision for slow moving obsolete stores and spares	7,567,159	7,567,159
Forfeited security deposit	(14,000,000)	-
Provision for obsolete stock	1,818,996	1,818,997
Impairment of trade debts	189,040	189,041
Gain on reversal of financial liability	(2,383,167,506)	(8,537,965)
CASH FLOW FROM OPERATING ACTIVITIES - BEFORE WORKING CAPITAL CHANGES	(2,562,823,273)	121,118,837
WORKING CAPITAL CHANGES		
Decrease / (Increase) in current assets:		
Loan and advances	(4,027,025)	(5,818)
Trade deposits and prepayments	(150,300)	(1,682,288)
Other receivables	44,862,913	(30,816,101)
Tax refunds due from government	433,759	11,885,458
	41,119,347	(20,618,749)
(Decrease) / Increase in current liabilities:		
Trade and other payable	(164,347,174)	(4,730,610)
Security deposit	(13,600,000)	30,000,000
Accrued mark-up	-	(2,301,374)
	(177,947,174)	22,968,016
Cash used on operations	(206,830,497)	(2,127,850)
Taxes paid	(360,334)	(827,397)
Staff gratuity paid	-	(17,333)
Net cash used on operating activities	(207,190,831)	(2,972,580)
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from disposal of fixed assets	737,862,500	53,241,669
Proceeds from sale of scrap	2,008,333	-
Long term security deposit	310,100	(1,714,404)
Net cash generated from investing activities	740,180,933	51,527,265
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of short term finance	(577,842,795)	(121,482,014)
Loan from director	-	2,500,000
Net cash generated from financing activities	(577,842,795)	(118,982,014)
Net decrease in cash and cash equivalents	(44,852,691)	(70,427,329)
Cash and cash equivalents at the beginning of the year	147,205,357	217,632,686
Cash and cash equivalents at the end of the year	102,352,665	147,205,357

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


Chief Executive Officer


Director

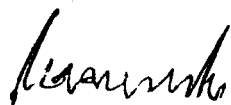

Chief Financial Officer

AL-ABID SILK MILLS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2020

	Share Capital	Capital Reserve		Revenue Reserve	
	Issued, subscribed and paid-up capital	Other reserve	Revaluation Surplus on Property Plant & Equipment	Accumulated Loss	Total
	Rupees				
Balance as at July 01, 2018	134,095,500	372,834,000	1,441,258,732	(6,642,427,149)	(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	1,478,785,730	(6,679,954,147)	(4,694,238,916)
Comprehensive loss for the year					
Loss after tax for the year ended June 30, 2019	-	-	-	(125,956,288)	(125,956,288)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(125,956,288)	(125,956,288)
-Transfer from surplus on revaluation of fixed assets on account of incremental depreciation	-	-	(99,835,750)	99,835,750	-
Effect of change in tax rate	-	-	(5,157,413)	5,157,413	-
Balance as at June 30, 2019 (restated)	134,095,500	372,834,000	1,373,792,567	(6,700,917,273)	(4,820,195,205)
Balance as at July 01, 2019	134,095,500	372,834,000	1,336,265,569	(6,663,390,274)	(4,820,195,205)
Correction of error	-	-	37,526,998	(37,526,998)	-
Balance as at June 30, 2019 (restated)	134,095,500	372,834,000	1,373,792,567	(6,700,917,272)	(4,820,195,205)
Comprehensive income for the year					
Profit after tax for the year ended June 30, 2020	-	-	-	2,492,790,478	2,492,790,478
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	2,492,790,478	2,492,790,478
-Transfer from surplus on revaluation of fixed assets on account of incremental depreciation	-	-	(76,295,511)	76,295,511	-
Balance as at June 30, 2020	134,095,500	372,834,000	1,297,497,056	(4,131,831,283)	(2,327,404,727)

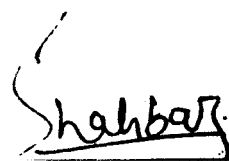
The annexed notes form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

AL-ABID SILK MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

1. LEGAL STATUS AND OPERATIONS

Al-Abid Silk Mills Limited (the Company) was incorporated as a private limited company in the year 1968, under the repealed Companies Act, 1913; later on, it was converted into public limited company as on December 24, 1987 under the 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.
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, the accumulated loss of the company has reached to Rs. 4.13billion and Company's equity is in negative by Rs. 2.33billion while the reported current liabilities (since partly under litigation) have exceeded to current assets of the company by Rs. 3.54billion. These conditions indicate the existence of a material uncertainty that may cast significant doubt on Company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business. However, the management of the company believes that the company will remain a going concern in the foreseeable future.

The banks and DFI filed civil recovery suits in Honorable High Court and Banking Court for recovery of their lent fund. The Company filed leave to defend in the court against all such legal suits. Furthermore, the company did not accrue the markup of Rs. 235 million as matter was under litigation. However, during the year the negotiation with the banks were going on and finally, the company reached an amicable settlement whereof some surplus machinery and land & building has been sold to settle off major part of liabilities of the bank under litigation. During the year, the company has vide this settlement with certain banks namely Habib Bank Limited, United Bank Limited, Allied Bank Limited, Habib Metropolitan Bank, Meezan bank and Summit bank. The company has paid the agreed amount to these banks as full and final. 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.

During the year ended June 30, 2016, International Brand Limited (IBL) submitted proposal to the bank for restructuring and acquire share holding 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.

AL-ABID SILK MILLS LIMITED

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

2. IMPACT OF COVID-19 ON FINANCIAL STATEMENTS

A novel strain of coronavirus later named as SARS-COV-2 (COVID-19) that first surfaced in China in December, 2019 was classified as a pandemic by the World Health Organization (W.H.O.) on March 11, 2020. The pandemic rapidly spread all across the world has not only endangered human lives but has also adversely effected the local and international businesses and world economy. On March 21, 2020, the Government of the Sindh (GoS) announced a temporary lock down as a measure to reduce the spread of the COVID-19. After implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Company continued to carry out its minimum operations and has taken all necessary steps to ensure smooth and adequate continuation of its business.

According to management's assessment, as of the release date of these financial statements, there has been no specifically material quantifiable impact of Covid-19 on the Company's financial condition or results of operations. Consequently, there is no financial impact of COVID-19 on the carrying amount of assets and liabilities and item of income and expenses.

However, COVID affected our production plans due to delays in shifting and installation of plants and machinery from various factories which were to be vacated on account of consequently of settlement with banks have been consecutively delayed.

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;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards and IFAS, 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 Rupee (Rs/Rupees), which is the functional currency of the Company. All the financial information presented in the financial statements have been rounded off to the nearest of Rs./Rupees, unless otherwise stated.

AL-ABID SILK MILLS LIMITED

3.4 Key judgements and estimates

The preparation of financial statements in confirmation with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgement in the process of applying the company's accounting policies. The area involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are documented in the following accounting policies and notes and related primarily to:

- Useful lives, residual value and depreciation method of property, plant and equipment (refer note 6.2 and 21)
- Provision for impairment of stock in trade (refer note 6.4 and 23)
- Provision for expected credit losses (refer note 6.11)
- Impairment loss of non-financial assets other than stock in trade (refer note 6.11)
- Estimation of provisions (refer note 6.9)
- Estimation of contingent liabilities (refer note 6.12&20)
- current income tax expense, provision for current tax recognition of deferred tax (refer note 6.18)

4 CORRECTION OF ERROR

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) Restated	June 30, 2019 (Restated)
Balance sheet(Extract)			
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>

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

There are new and amended standards and interpretations that are mandatory for accounting periods beginning 1 July 2019 other than those disclosed in note 5.1, are considered not to be relevant or do not have any significant effect on the Company's financial statements and are therefore not stated in these financial statements.

5.1 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 1 July 2020:

Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallize. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Company

Amendments to IFRS-16- IASB has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally

AL-ABID SILK MILLS LIMITED

involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

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

Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarify what comprise the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

5.2 Annual Improvements to IFRS standards 2018-2020:

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022.

IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

AL-ABID SILK MILLS LIMITED

IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

6.1 Changes in significant accounting policies IFRS 16 'Leases'

The Company has adopted IFRS 16 'Leases' from 01 July 2019 which is effective from annual periods beginning on or after 01 January 2019 and the key changes to the Company's accounting policies resulting from adoption of IFRS 16 are summarized below:

IFRS 16 has introduced a single, on-balance sheet accounting model for lessees. As a result, the entity, as a lessee has recognized right-of-use asset representing its rights to use the underlined assets and lease liabilities representing its obligation to make lease payments.

The Company has applied IFRS 16 using the modified retrospective approach. Under this approach the Accordingly, the comparative information presented for 2019 has not been restated - i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below.

A contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The entity mainly leases properties for its operations. The entity recognizes a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses if any, and adjusted for certain remeasurements of the lease liability. The right-of-use asset is depreciated using the straight line method over the shorter of the lease term and the asset's useful life. The estimated useful lives of assets are determined on the same basis as that for owned assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the entity's incremental borrowing rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in assessment of whether extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Company did not have any property leases arrangement therefore, adoption of IFRS 16 at 1 July 2019 did not have an effect on the financial statements of the Company.

6.2 Property, plant and equipment

- a. Items of property, plant and equipment other than leasehold land, building, plant and machinery and capital work in progress are measured at cost less accumulated depreciation and impairment loss (if any). Leasehold land, building and plant and machinery are measured at the revalued amount less accumulated depreciation and impairment loss (if any).
- b. Any revaluation increase arising on the revaluation of leasehold land, building and plant and machinery 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 leasehold land, building and plant and machinery 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 surplus on revaluation buildings and leasehold improvements to the extent of incremental depreciation charged (net of deferred tax) is transferred to unappropriated profit.

- c. Depreciation is charged to income on the reducing balance basis. Depreciation is charged at rates stated in note 21.1.
- d. Depreciation on additions is charged from the month the assets are available for use while in the case of disposals, depreciation is charged one month prior up to the month in which the assets are disposed off.
- e. Normal repairs and maintenance are charged to expenses as and when incurred. Major renewals and replacements are capitalized and are depreciated over the remaining useful life of the related assets.
- f. 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 amounts of the asset and is recognised in as other income in the statement of profit or loss. In case of the derecognition of a revalued property, the attributable revaluation surplus remaining in the surplus on revaluation is transferred directly to the unappropriated profit.
- g. Capital work in progress is stated at cost less impairment loss (if any).
- h. The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any changes in estimate is accounted for on a prospective basis.
- i. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

6.3 Store and Spare Parts

Stores and spares excluding items in transit are valued at lower of average cost or net realizable value.

Provision is made for slow moving and obsolete items. Net realizable value signifies the estimated selling price in the ordinary course of businesses less estimated cost of completion and estimated cost necessary to make the sale.

Item in transit are valued at cost comprising invoice values plus other charges incurred thereon accumulation to the balance sheet date.

6.4 Stock-in-trade

- (i) These are valued at lower of cost and net realizable value.
- (ii) 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.
- (iii) 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.

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.

6.5 Trade and other receivables

Trade debts and other receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing component in which case such are recognized at fair value.

The company holds the trade debts with the objective of collecting the contractual cashflows and therefore measures the trade debts subsequently at amortised cost using the effective interest rate method. The impairment of trade and other receivables is described in note 6.11.

6.6 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand. For the purpose of statement of cashflows, cash and cash equivalents consist of cash and bank deposits, as defined above.

6.7 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.

- (i) Revenue from sale is recognised when significant risk and rewards of ownership are transferred to the buyer.
- (ii) Profit on bank balances are recognized on a time proportion basis, on the principal outstanding and at the applicable rate.
- (iii) Income from processing services is recorded when earned.

6.8 Borrowing Cost

Borrowing costs are recognized as an expense in 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.

6.9 Provision

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

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 as asset.

6.10 Dividend distribution

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

6.11 Financial instruments

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.

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.

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.

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.

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 amortized 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 amortized cost using the effective yield method.

A financial liability is derecognized 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.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

6.12Contingent liability

Contingent liability is disclosed when:

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

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.

6.13Contingent assets

Contingent assets are disclosed when there is a possible asset 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. Contingent assets are not recognized until their realization becomes virtually certain.

6.14Interest / Mark-up bearing loans and borrowings

Interest / mark-up bearing loans and borrowings are recorded at the proceeds received. Finance charges are accounted for on accrual basis.

6.15 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.

6.16 Earnings per share

The Company presents basic and diluted earnings per share (EPS) for its ordinary shares. 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 of the Company and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

6.17 Retirement benefits

Defined benefit plan provide an amount of gratuity that an employee will receive on or after retirement, usually depend on one or more factors such as age, years of service and compensation. The liability recognised in the statement of financial position in respect to defined benefit plan is the present value of the defined benefit obligations at the end of the reporting period less the fair value of plan assets. The defined benefit obligations are calculated annually by an independent actuary using the Project Unit credit method. When the calculation result in a potential assets for a company, the recognised assets is limited to the present value of economic benefits available in the form of any future refunds from plan or reductions in future contributions to the plan.

The present value of defined benefit obligations are determined by discounting estimated future cash outflows using interest rates of high quality corporate bonds or the market rates on government bonds. These are denominated in the currency in which the benefit will be paid.

Remeasurement gain/losses are recognised in other comprehensive income.

In determining the liability for long service payments management must make an estimate of salary increase and discount rate in the present value calculation and number of employees expected to leave before they receive the benefits.

6.18 Taxation

The income tax expense or credit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes on deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(i) Current tax

Provision for current year's taxation is based on taxable income for the year at the current rates of taxation after taking into account tax credits and tax rebates available, if any, and taxes paid under the presumptive tax regime in respect of imports & export and minimum tax.

(ii) Deferred tax

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 realized 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 utilize those temporary differences and unused tax losses and credits.

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

(iii) Judgements and estimates

Significant judgment is required on determining the income tax expenses and provision for tax. There are many transactions and calculations for which the ultimate tax determination is uncertain as these matters are being contested at various forums. The Company recognizes liabilities are the anticipated tax issues based on estimates on whether additional taxes will be due. Where the final tax outcome of these matters is different from the amount that are initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made. Further, the carrying amount of the deferred tax asset is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profit. If required, carrying amount of the deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profit to allow the benefit of part of all that recognized deferred tax assets to be utilized. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

(iv) 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.

6.19 Borrowings

These are recognized initially at fair value, net of transaction costs and are subsequently measured at amortized cost using the effective interest method. Difference between the proceeds (net of transaction costs) and the redemption value is recognized in the profit and loss account over the period of the borrowings. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months subsequent to the balance sheet date.

6.20 Foreign currency translations and transactions

Transactions in foreign currencies are translated into Pak rupee using the exchange rate prevailing at the dates of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Pak rupee at the exchange rate prevailing at the reporting date. All arising exchange gains and losses are recognized in the profit and loss account.

6.21 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.

AL-ABID SILK MILLS LIMITED

7 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

June 2020 (Number of shares)	June 2019 (Number of shares)	Authorized Capital	June 2020 Rupees	June 2019 Rupees
20,000,000	20,000,000	Ordinary shares of Rs. 10 each	200,000,000	200,000,000
8,713,900	8,713,900	Issued, subscribed and paid up capital		
		Ordinary shares of Rs. 10 each fully paid-up in cash	87,139,000	87,139,000
4,695,650	4,695,650	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	46,956,500	46,956,500
13,409,550	13,409,550		134,095,500	134,095,500

Shares held by the related parties of the Company

Directors, CEO, & their spouse and minor children	2020 Number of shares	2020 Percentage holding	2019 Number of shares	2019 Percentage holding
Mr. Naseem A. Sattar	7,515,162	56.043	7,515,162	56.043
Mr. Azim Ahmed	479,818	3.578	479,818	3.578
Mst. Adia Naseem	328,322	2.448	328,322	2.448
Mrs. Sadaf Naseem	132,281	0.986	132,281	0.986
S.M. Jawed Azam	500	0.004	500	0.004
Mr. Qamar Mashkoo	500	0.004	500	0.004
Mr. Muhammad Sajid Hafeez	500	0.004	500	0.004
NIT and SSCP				
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1,113,687	8.305	1,113,687	8.305
STATE LIFE INSURANCE CORPORATION OF PAKISTAN	236,994	1.767	236,994	1.767

8 Revaluation Surplus on Property Plant & Equipment

Balance at beginning of the year - net	1,373,792,567	1,441,258,732
Adjustment due to correction of error	-	37,526,998
Balance at beginning of the year - net (restated)	1,373,792,567	1,478,785,730
Less: Transferred to unappropriated profit on account of Incremental depreciation for the year - net of tax	(76,295,511)	(99,835,750)
Adjustment due to change in tax rate	-	(5,157,413)
Balance at end of the year - net	1,297,497,056	1,373,792,567

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

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

	2020			2019		
	Cost	Accumulated depreciation	Book value	Cost	Accumulated depreciation	Book value
Leasehold land	44,848,411	-	44,848,411	45,500,514	-	45,500,514
Building on leasehold land	399,754,593	322,229,641	77,524,952	503,045,438	404,530,404	98,515,034
Plant, Machinery & equipments	2,189,322,652	1,777,979,835	411,342,816	2,284,906,070	1,798,437,571	486,468,499
Furniture & Fixture	65,241,588	52,840,139	12,401,448	108,701,398	86,418,596	22,282,802
Office equipment	7,498,775	6,188,064	1,310,711	38,344,665	31,561,951	6,782,714
Electric, gas & Other Installations	94,161,839	76,719,930	17,441,909	144,289,125	115,131,226	29,157,899
	2,800,827,858	2,235,957,609	564,870,247	3,124,787,210	2,436,079,748	688,707,462

AL-ABID SILK MILLS LIMITED

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

Effective Date of Revaluation	Name of Independent Valuer	Class of Property, Plant And Equipment Revalued	Surplus / (Deficit) Arising Due To Revaluation	Forced sale value
August 31, 2007	M/s. Anjum Adil & Associates	Leasehold land, Building on Leasehold land, Plant, Machinery & equipments, Furniture & Fixture, Office equipment, Electric, gas & Other Installation and Leased Plant, Machinery & equipments.	Rs: 554.72 million	-
August 31, 2010	M/s. Anjum Adil & Associates	Leasehold land, Building on Leasehold land, Plant, Machinery & equipments, Furniture & Fixture, Office equipment, Electric, gas & Other Installation and Leased Plant, Machinery & equipments.	(Rs: 42.03 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: 3,907.35 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)	Rs. 1,674.05 million

8.4 Restriction on distribution

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

9 LONG TERM LOAN FROM BANKS - SECURED (NON-PARTICIPATORY)

LONG TERM DEBT FROM BANKS - SECURED (NON-ARTISANATORY)						June 2020 Rupees	June 2019 Rupees
Name of Banks	Sale price	Purchase price	Number of installments and date of commencement		Rate of mark-up per annum		
Pak Oman Investment Company I	86,871,864	107,417,218	22 equal quarterly 'September 4, 2006 Grace	7.0% Per Annum	7.0% Per Annum	-	(31,424,077)
Pak Oman Investment Company II	1,091,413	1,638,507	22 equal quarterly 'September 4, 2006 Grace	2.0% over 6 months KIBOR	2.0% over 6 months KIBOR	-	477,496
						-	-
						-	(30,946,581)
Less: Transfer to Current maturity						-	(30,946,581)
						-	-

10 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Present value of minimum lease payments	-	30,946,581
Current maturity shown under current liabilities	-	(30,946,581)
Minimum lease payments		
Not later than one year	-	30,946,581
Later than one year and not later than 5 years	-	-
Finance charges not yet due	-	30,946,581
Present value of finance lease liabilities	-	30,946,581
Present value of finance lease liabilities		
Not later than one year	-	30,946,581
Later than one year and not later than 5 years	-	-
	-	30,946,581

AL-ABID SILK MILLS LIMITED

		June 2020 Rupees	June 2019 Rupees
11	DEFERRED TAXATION		
	Debit / (Credit) balances arising from:		
	Accelerated tax depreciation allowance	47,133,728	218,923,370
	Provision for slow moving and obsolete stores and spares	(10,972,381)	(8,777,904)
	Provision for slow moving and obsolete stock	(2,637,546)	(2,110,037)
	Impairment of trade debts	(274,109)	(219,288)
	Liabilities against assets subject to finance lease	-	(11,492,787)
	Provision for retirement benefits	-	2,027,565
	Tax credit of unused tax losses	(362,021,434)	(344,790,518)
		<u>(328,771,742)</u>	<u>(146,439,599)</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.		
12	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	-	-
		<u>521,018,754</u>	<u>521,018,754</u>
	The above is interest free loan from director(s) of the company, which is payable on demand.		
13	RETIREMENT BENEFITS	<u>6,991,602</u>	<u>6,991,602</u>
13.1	Movement in net liability recognized in the Balance Sheet		
	Liability at beginning of the year	6,991,602	7,008,935
	Charge for the year	-	-
	Remeasurement on obligation	-	-
	Benefits paid during the year	-	(17,333)
	Liability at end of the year	<u>6,991,602</u>	<u>6,991,602</u>
14	SECURITY DEPOSIT	<u>16,400,000</u>	<u>30,000,000</u>
14.1	This comprises of security deposited by the fixed assets buyer under agreement.		
14.2	Bifurcation of security deposit		
	Utilizeable security deposit	<u>16,400,000</u>	<u>30,000,000</u>
	These represents amount paid by scrap dealer for disposing of plant and machinery.		
15	TRADE AND OTHER PAYABLES		
	Trade creditors	477,679,677	686,110,672
	Other creditors	210,953,962	215,021,316
	GIDC payable	47,874,699	-
	Accrued liabilities	6,762,230	6,917,817
	Workers' profit participation fund	16,695,060	16,695,060
	Advance from customers	785,717	785,717
	Other liabilities	2,514,350	2,082,287
		<u>763,265,695</u>	<u>927,612,869</u>
16	ADVANCE FROM IBL	<u>366,063,944</u>	<u>366,063,944</u>
	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.		
17	ACCRUED MARKUP		
	Export refinance loan	68,563,720	120,721,875
	Liabilities against assets subject to finance lease	3,437,436	3,437,436
	Short term loan	24,807,974	114,355,253
		<u>96,809,130</u>	<u>238,514,564</u>
18	CURRENT MATURITY OF LONG-TERM LOANS AND LEASE LIABILITY		
	Long term Loans - Pak Oman Investment Company I & II	-	27,488,521
	Liabilities against assets subject to finance lease	-	39,630,299
	Less: Settlement during the year	-	(67,118,820)
		<u>-</u>	<u>-</u>
19	SHORT TERM FINANCES		
	From banks and financial institutions - Secured	4,976,112,476	4,976,112,476
	Less: Settlement during the year	19.1 (2,826,588,352)	-
	Adjustment against DLT	19.2 (5,068,518)	-
		<u>2,144,455,606</u>	<u>4,976,112,476</u>
19.1	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-29/B and D-14/C-1 with building and machinery installed thereon and charge on book debts and receivables of the company. As fully disclosed in note No. 20 various banks have filed suit for the recovery of these loans. During the year, the company has settled off most of the banks as mentioned in note 1.1 & 20.1. The management is amicably pursuing rest of the banks and D.F.I for rescheduling or settlement as disclosed in note 1.1 & 20.1.		
19.2	This represents an adjustment against the financial facilities of Bank of Punjab being amount of DLT received by them.		

AL-ABID SILK MILLS LIMITED

20 CONTINGENCIES AND COMMITMENTS
20.1 Contingencies
Bank guarantee

June 2020
Rupees
June 2019
Rupees
1,512,000 31,088,000

The bank guarantees have been issued in favor of Sui Southern Gas Company Limited and others.

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. 3.44 million for the year 1992-93. No provision for this amount has been made in these accounts as the management of the Company is of the view that the decision of the Learned Appellate Tribunal Customs and Sales Tax given in favor of the Company will be successfully defended in the Honorable High Court.	Pending
2	Application No. 95 & 96 of 2016	Sindh High Court	The Spl. Sales Tax Reference Application No. 95 & 96 of 2016 filed by the company against order passed by the Sindh Revenue Board Appellate Tribunal order related to period ending June 30, 2014 and June 30, 2015 are pending before Honorable High Court of Sindh at Karachi. Further, The Sindh Revenue Board has also filed Spl. Sales Tax Reference Application No. 119 of 2016 against order passed by the Sindh Revenue Board Appellate Tribunal order related to period ending June 30, 2014 and June 30, 2015 is pending before Honorable High Court of Sindh at Karachi.	Pending
3	Suit No.B-42/2013	Sindh High Court	Al-Abid Silk Mills Limited (company) has filed the suit for damages against the JS Bank Limited and JS Bank Limited has filed suit # B-76/2013 against the company for recovery of outstanding loan amounting to Rs. 335,105,083/-.	Pending
4	Suit No. B-80 of 2013	Sindh High Court	Faysal Bank Ltd has filed the suit against the company for recovery of outstanding loan amounting to Rs. 763,724,270/-. In this regard, a settlement agreement has been reached at Rs.232,000,000/-. Subsequent to the financial year end June 30 2020, the liability has been settled off with the financial institution and paid full and final.	Subsequently settled
5	Suit No. B-95 of 2013	Sindh High Court	Bank of Punjab has filed suit against the Company for recovery of outstanding loan amounting to Rs. 434,399,948/-.	Pending
6	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
7	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
8	Suit No. 1586/2013	Sindh High Court	The company has filed suit interalia for cancellation of cheques; and damages against Jawaid Arshad Textile.	Pending
9	Suit No. 540/2014	Sindh High Court	Javed Arshad has filed the suit against the company for recovery of Rs. 21.32 million.	Pending
10	Suit No. 1200/2014	Sindh High Court	Ranyal Textile has filed the suit against the company for recovery of Rs. 40.94 million.	Pending
11	Suit No. 1245/2015	Sindh High Court	Shah Taj Textile has filed the suit against the company for recovery of Rs. 112.64 million.	Pending
12	Suit No. 1833/2015	Sindh High Court	Makson Textile has filed the suit against the company for recovery of Rs. 56.38 million.	Pending

AL-ABID SILK MILLS LIMITED

S.NO.	WRIT PETITION	FORUM	ISSUE INVOLVED	STATUS
13	Suit No. 358/2015	Sindh High Court	BASF has filed the suit against the company for recovery of Rs. 33.68 million.	Pending
14	Suit No. 2442/2016	Sindh High Court	ICI Pakistan has filed the suit against the company for recovery of Rs. 26.57 million.	Pending
15	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
16	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
17	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
18	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
19	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
20	JCM No. 35/2014	Sindh High Court	JS Bank Limited had filed a winding up petition at High Court of Sindh at Karachi, on the grounds that Al-Abid owes to the JS Bank Limited Rs. 370,930,165/-. The management is vigorously contesting the case.	Pending

The amount mentioned on above cases 3-13 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 cases 3-13 except settled banks cannot be predicted and the management is vigorously contesting the case, however major amount has already been provided in financial statements.

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.

20.2 Commitments:

There are no commitments as at year end. (June 2019: Nil).

21 PROPERTY, PLANT AND EQUIPMENT

Operating Fixed Assets
Capital Work in Progress - DDPC Boiler

Note	June 2020 Rupees	June 2019 Rupees
21.1	1,189,393,888	1,752,025,427
	16,800,000	16,800,000
	<u>1,206,193,888</u>	<u>1,768,825,427</u>

21.1 Operating Fixed Assets

Particulars	2020							
	Lease hold Land	Building on Lease hold land	Plant, Machinery & equipments	Furniture & Fixture	Office equipment	Electric, gas & Other Installations	Vehicles	Total
Rate		10%	10%	10%	10%	10%	20%	
Owned Assets								
Opening net book value	725,395,000	445,235,524	567,374,285	3,854,357	691,676	6,108,246	3,366,339	1,752,025,427
Addition during the year	-	-	-	-	-	-	-	-
Deletion during the year	(310,640,000)	(137,378,122)	(54,117,058)	(730,454)	(433,742)	(962,666)	-	(504,262,042)
Charge for the year	-	(38,650,639)	(54,432,927)	(367,326)	(59,898)	(569,673)	(673,268)	(94,753,731)
Surplus/(Impairment)/ during the year	-	25,792,744	10,169,480	150,562	90,707	180,741	-	36,384,234
Closing net book value	414,755,000	294,999,507	468,993,780	2,907,139	288,743	4,756,648	2,693,071	1,189,393,888

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

Asset	Forced sale value
Lease hold land	343,580,000
Building	308,281,312
Plant, Machinery and Equipment	463,610,000
Total	1,115,471,312

21.3 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.

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

	Location	Usage of Immovable Property	Total Area (Square feet)	* Covered Area (Square feet)
Lease hold Land & Building	Plot No. A-34/A, S.I.T.E., Karachi.	Head Office and Manufacturing facility	65,340.00	80,983.00
	Plot No. A-29/B, S.I.T.E., Karachi.	Factory and Manufacturing facility	124,146.00	269,835.00
	Plot No. D-14/C-1, S.I.T.E., Karachi.	Factory and Stitching facility	40,075.20	112,245.00
* The covered area includes multi storey buildings.				

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

21.6 Allocation of Depreciation

Manufacturing overheads
Administrative expenses

	June 2020 Rupees	June 2019 Rupees
	94,109,327	117,510,086
	<u>644,403</u>	<u>783,884</u>
	<u>94,753,730</u>	<u>118,293,970</u>

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

DESCRIPTION	COST	ACCUMULATED DEPRECIATION	BOOK VALUE	SALE AMOUNT	GAIN/(LOSS)	MODE OF DISPOSAL	PARTICULARS OF BUYERS	RELATIONSHIP
STEAM BOILER	525,000	76,125	448,875	437,500	(11,375)	Negotiation	RAEES	Scrap buyers
BLEACHING MACHINE	14,000,000	2,229,500	11,770,500	11,666,667	(103,833)	Negotiation	ABDUL RAZZAK	Scrap buyers
COMPRESSIVE SHRINKING MACHINE UNEOYAMA	2,800,000	465,850	2,334,150	2,800,000	465,850	Negotiation	FAISAL SAEED SPINNING MILLS	Scrap buyers
PAD STEAM DYEING RANGE	17,000,000	3,191,750	13,808,250	8,750,000	(5,058,250)	Negotiation	PIR AMANULLAH	Scrap buyers
STENTER MACHINE	3,500,000	707,000	2,793,000	4,200,000	1,407,000	Negotiation	UNITY PROCESSING	Scrap buyers
LAND & BUILDING A-39	334,128,470	20,496,384	313,632,086	500,000,000	186,367,914	Negotiation	LIBERTY MILLS LIMITED	Scrap buyers
LAND & BUILDING A-51/B	115,041,171	5,512,563	109,528,608	200,000,000	90,471,392	Negotiation	LIBERTY MILLS LIMITED	Scrap buyers
MULTINEEDLE QUILTING MACHINE	1,505,000	304,010	1,200,990	916,667	(284,323)	Negotiation	SHAKIL	Scrap buyers
TENSIONLESS ARIOLI MACHINE	2,800,000	605,500	2,194,500	1,600,000	(594,500)	Negotiation	ALPHA TEXTILE DYEING & PROCESSING	
SUDING MACHINE	1,400,000	302,750	1,097,250	700,000	(397,250)	Negotiation	ALPHA TEXTILE DYEING & PROCESSING	
STENTER MACHINE	10,500,000	2,270,625	229,375	6,000,000	(2,229,375)	Negotiation	EVOLUTION TEXTILE	
AIR CONDITIONS	223,593	46,758	176,825	166,667	(10,158)	Negotiation	ABDUL RASHEED	Scrap buyers
FURNITURE & FIXTURES	409,715	85,683	324,032	333,333	9,301	Negotiation	ABDUL RASHEED	Scrap buyers
COMPUTERS	429,103	89,736	339,367	291,667	(47,700)	Negotiation	ABDUL RASHEED	Scrap buyers
	504,262,042	36,384,234	467,877,808	737,862,501	269,984,693			

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

21.9

Particulars	2019							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								
Opening net book value	725,395,000	494,706,139	689,201,878	4,282,289	768,531	6,786,941	4,207,923	1,925,348,701
Addition during the year	-	-	-	-	-	-	-	-
Deletion during the year	-	-	(61,880,000)	-	-	-	-	(61,880,000)
Charge for the year	-	(49,470,615)	(66,798,289)	(427,932)	(76,855)	(678,695)	(841,584)	(118,293,970)
Surplus/(impairment) during the year	-	-	6,850,696	-	-	-	-	6,850,696
Closing net book value	725,395,000	445,235,524	567,374,285	3,854,357	691,676	6,108,246	3,366,339	1,752,025,427

AL-ABID SILK MILLS LIMITED

	Note	June 2020 Rupees	June 2019 Rupees
22 STORES AND SPARES			
Stores		1,092,718	1,092,718
Spares		74,578,870	74,578,870
		75,671,588	75,671,588
Provision for slow moving and obsolete stores and spares		(37,835,795)	(30,268,636)
		37,835,793	45,402,952
Stores and spares do not include any major spare parts which may be categorized under the Property, Plant and Equipment.			
22.1 Provision for slow moving and obsolete stores and spares:			
Balance as at July 01,		30,268,636	22,701,477
Provision for the year		7,567,157	7,567,159
Balance as at June 30		37,835,793	30,268,636
The written down value is included in cost of sales.			
23 STOCK IN TRADE			
Raw materials			
in hand		18,189,966	18,189,966
Provision for slow moving and obsolete stock		(9,094,985)	(7,275,988)
		9,094,981	10,913,978
23.1 Provision for slow moving and obsolete stock:			
Balance as at July 01,		7,275,988	5,456,991
Provision for the year		1,818,997	1,818,997
Balance as at June 30		9,094,985	7,275,988
24 TRADE DEBTS			
Unsecured			
Secured			
-Considered good		444,776	444,776
-Considered doubtful		1,890,406	1,890,406
		2,335,182	2,335,182
Allowance for expected credit losses		(945,205)	(756,164)
		1,389,977	1,579,018
Provision for slow moving and obsolete stock:			
Balance as at July 01,		756,164	567,123
Impairment charge for the year		189,041	189,041
Balance as at June 30		945,205	756,164
25 LOANS AND ADVANCES			
Advances-considered good			
Advances to suppliers, contractors and others - unsecured		9,050,619	5,023,594
		9,050,619	5,023,594
26 TRADE DEPOSITS AND PREPAYMENTS			
Trade deposits - unsecured and considered good		8,144,398	7,994,098
27 OTHER RECEIVABLES			
Duty drawback		93,683,626	160,216,810
Receivable from banks	27.1	52,486,372	-
Research and development support		4,325,164	4,325,164
Receivable against sales of assets		-	30,816,101
		150,495,162	195,358,075
27.1 This represents the amount of DLT received by certain banks on the company's behalf in the accounts held by these banks namely United Bank Limited, Meezan Bank Limited, Standard Chartered Bank Limited, Allied Bank Limited, Habib Bank Limited, Faysal Bank Limited, National Bank of Pakistan and Summit Bank Limited and the same is receivable from the respective banks. One of the banks namely United Bank Limited has refused to pay amount despite of the fact that full and final settlement was amicably reached and clearance certificate as per the honorable Sindh High Court's consent degree was obtained. During the year, the company has filed the suit against the bank for the recovery of this amount.			
28 TAX REFUNDS DUE FROM GOVERNMENT			
Sales tax		50,708,620	52,547,887
Income tax		9,541,722	8,136,214
		60,250,342	60,684,101
29 CASH AND BANK BALANCES			
Cash on hand		27,089,590	2,107,919
Cash at Banks			
- Current account		5,587,060	6,780,375
- Saving account		69,676,016	134,188,365
- Term deposit		-	4,128,698
		75,263,076	145,097,438
		102,352,666	147,205,357
29.1 This represents deposit in saving account in Dubai Islamic Bank carrying mark-up range 8.5% to 10%.			

AL-ABID SILK MILLS LIMITED

		June 2020 Rupees	June 2019 Rupees
30 SALES AND MANUFACTURING			
Sales			
Export sales		-	-
Local sales		-	-
Manufacturing			
Printing and dyeing		-	-
31 COST OF SALES			
Cost of materials consumed		-	-
Salaries and wages		-	-
Manufacturing overhead		103,495,483	131,047,617
		103,495,483	131,047,617
Work - in- process			
Opening stock		-	-
Closing stock		-	-
31.1 Cost of goods manufactured		103,495,483	131,047,617
Finished goods			
Opening stock		-	-
Closing stock		-	-
		103,495,483	131,047,617
31.2 Manufacturing Overhead			
Water consumption charges			4,151,375
Provision for slow moving and obsolete stores and spares		7,567,159	7,567,159
Depreciation	21.1	94,109,327	117,510,086
Provision for obsolete stock		1,818,997	1,818,997
		103,495,483	131,047,617
32 ADMINISTRATIVE EXPENSES			
Salaries and benefits		11,746,400	11,393,070
Repairs and maintenance		3,362,085	652,862
Rent, rates and taxes		1,103,797	1,516,484
GIDC expenses		47,874,699	-
Staff welfare		15,000	12,500
Heat, light and power		3,632,805	2,820,914
Car maintenance		815,169	467,939
Conveyance		69,711	66,113
Entertainment		302,976	535,558
Printing and stationery		217,158	332,369
Communication		63,395	145,414
Legal and professional		5,464,480	16,570,666
Auditors' remuneration	32.1	811,000	711,000
Advertisement		82,580	266,275
Subscription and fees		1,494,706	540,815
Service contracts		190,617	234,750
Repairs and maintenance		22,500	935,000
Brokerage and commission		3,413,400	-
Depreciation	21.1	644,403	783,884
Impairment of trade debts		189,040	189,041
		81,515,920	38,174,653
32.1 Auditors' remuneration			
Audit services:			
Annual audit fees		600,000	600,000
Fee for half yearly review		81,000	81,000
Out of pocket expenses		30,000	30,000
Non-audit services:			
Tax advisory services		100,000	-
		811,000	711,000

AL-ABID SILK MILLS LIMITED

	June 2020 Rupees	June 2019 Rupees
33 OTHER INCOME		
Income from non-financial assets / liabilities		
Forfeited security deposit	14,000,000	-
Gain arising on settlement of loan (secured)	2,213,218,088	4,311,853
Gain arising on settlement of loan (unsecured)	169,949,418	4,226,112
Sale of scrap	2,008,333	28,826,691
Gain/(Loss) on disposal of property, plant and equipment	269,984,692	(1,787,635)
Income from financial assets / liabilities		
Profit on PLS deposit account	8,677,537	8,061,304
	2,677,838,068	43,638,325
34 FINANCE COST		
Bank charges, mark-up and commission	6,062	12,009
35 TAXATION - NET		
Current	(30,125)	(360,334)
Deferred	(30,125)	(360,334)

No tax reconciliation is required as tax provision sufficiency disclosure is computed at minimum tax on scrap sales under section 113 (2)(C) of the Income Tax Ordinance, 2001. The tax expense under revaluation surplus directly routed through equity amounts at Rs. 31.1 million (2019: Rs. 40.8 million).

36 EARNING / (LOSS) PER SHARE - BASIC AND DILUTED

36.1 EARNING / (LOSS) PER SHARE - BASIC

Profit / (Loss) after taxation	Rupees	2,492,790,478	(125,956,288)
Weighted average number of shares	Number	13,409,550	13,409,550
Earning / (loss) per share - basic	Rupees	185.90	(9.39)

36.2 Diluted earnings per share

There is no dilution effect on the basic earning / (loss) per share of the company.

37 REMUNERATION OF DIRECTORS & EXECUTIVES

	CHIEF EXECUTIVE		DIRECTOR		EXECUTIVES	
	2020	2019	2020	2019	2020	2019
	Rupees					
Basic	-	-	-	-	2,327,273	3,151,515
House rent	-	-	-	-	1,047,273	1,418,182
Other allowances and perquisites	-	-	-	-	465,455	630,303
	-	-	-	-	3,840,000	5,200,000
Number of persons	1	1	1	1	3	4

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

37.1 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.

37.2 Aggregate amount charged in the accounts for Board Meeting fee to non - executive Directors is Rs. 28,000 (2019: Rs.62,000).

37.3 In view for bad financial condition of the company directors have decided not to claim their whole remuneration for the year ended June 30, 2020 i.e. Mr. Naseem A. Sattar Rs. 10,500,000 and Mr. Azim Ahmed Rs. 5,400,000. (2019: Mr. Naseem A. Sattar Rs. 10,500,000) and (Mr. Azim Ahmed Rs. 5,400,000).

37.4 Outstanding salaries payable to Chief Executive and Director was Rs. Nil and 1,800,000 (2019: Rs. Nil and 1,800,000) respectively at the end of the year.

AL-ABID SILK MILLS LIMITED

38 FINANCIAL INSTRUMENTS BY CATEGORY

Financial Assets

- At Amortized Cost

	June 2020 Rupees	June 2019 Rupees
Long term security deposit	3,290,949	3,601,049
Trade debts	1,389,977	1,579,018
Trade deposits	8,144,398	7,994,098
Other receivables	150,495,162	195,358,075
Cash and bank balances	102,352,665	147,205,357
	<u>265,673,151</u>	<u>355,737,597</u>

Financial Liabilities

- At Amortized Cost

Loan from director - unsecured	521,018,754	521,018,754
Retirement benefits	6,991,602	6,991,602
Security deposit	16,400,000	30,000,000
Trade and other payables	698,695,936	910,917,809
Unclaimed dividend	108,310	108,310
Advance from I.B.L	366,063,944	366,063,944
Short term finance	2,144,455,606	4,976,112,476
Accrued markup	96,809,130	238,514,564
	<u>3,850,543,282</u>	<u>7,049,727,459</u>

39 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, 2020, 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.

40 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
- Credit 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 2020, which are summarized below:

AL-ABID SILK MILLS LIMITED

40.1 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.

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, 2020, 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

Term Deposit Receipts	-	4,128,698
Saving account	69,676,016	134,188,365
	<u>69,676,016</u>	<u>138,317,063</u>

Variable rate instruments - Financial Liabilities

Short term finances	2,144,455,606	4,976,112,476
	<u>2,144,455,606</u>	<u>4,976,112,476</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>21,444,556</u>	<u>49,761,125</u>
-----------------------------	-------------------	-------------------

AL-ABID SILK MILLS LIMITED

40.2 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:

	June 2020 Rupees	June 2019 Rupees
At Amortized Cost		
Long term security deposit	3,290,949	3,601,049
Trade debts	1,389,977	1,579,018
Trade deposits	8,144,398	7,994,098
Other receivables	150,495,162	195,358,075
Tax refunds due from government	60,250,342	60,684,101
Term deposits	-	4,128,698
Bank balances	75,263,076	140,968,740
	298,833,904	414,313,779

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

	June 2020 Rupees	June 2019 Rupees
Pakistan	1,389,977	1,579,018
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	1,389,977	1,579,018
	1,389,977	1,579,018

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

40.2.2 Some of the company's bank 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:

Bank	Rating agency	Short-term Rating	2020	2019
			----- (Rupees) -----	
Bank Islami Pakistan Limited	PACRA	A-1	35,416	35,416
Dubai Islamic Bank Pakistan Limited	VIS	A-1+	70,017,970	137,226,952
Askari Bank Limited	PACRA	A-1+	49,075	5,076
			70,102,461	137,267,444

Due from customers other than related parties

Others

	June 2020 Rupees	June 2019 Rupees
Others	1,389,977	1,579,018
	1,389,977	1,579,018

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

	June 2020 Rupees	June 2019 Rupees
Trade deposits	8,144,398	7,994,098
Other receivables	150,495,162	195,358,075
	158,639,560	203,352,173

AL-ABID SILK MILLS LIMITED

40.3 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	2020			
	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	-
Retirement benefits	6,991,602	6,991,602	6,991,602	-
Security deposit	16,400,000	16,400,000	16,400,000	-
Trade and other payables	698,695,936	698,695,936	698,695,936	-
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	2,144,455,606	2,144,455,606	2,144,455,606	-
Accrued markup	96,809,130	96,809,130	96,809,130	-
	3,850,543,282	3,850,543,282	3,850,543,282	-

Financial Liabilities At Amortized Cost	2019			
	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	-
Retirement benefits	6,991,602	6,991,602	6,991,602	-
Security deposit	30,000,000	30,000,000	30,000,000	-
Trade and other payables	910,917,809	910,917,809	910,917,809	-
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	4,976,112,476	4,976,112,476	4,976,112,476	-
Accrued markup	238,514,564	238,514,564	238,514,564	-
	7,049,727,459	7,049,727,459	7,049,727,459	-

41 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

42	RELATED PARTY TRANSACTIONS	June 2020 Rupees	June 2019 Rupees
	TRANSACTIONS DURING THE PERIOD		
	Transaction		
	Relationship with the company		
	Loan received from director - Naseem A. Sattar	Chief Executive	-
	Loan received from director - Azim Ahmed	Director	2,500,000
	Balance		
	Loan received from director - Azim Ahmed	Director	60,105,867
	Loan received from director - Naseem A. Sattar	Chief Executive	460,912,887
43	NUMBER OF EMPLOYEES		
	Number of employees at the end of the year	8	10
	Number of average employees during the year	8	9

44 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.

45 CORRESPONDING FIGURES

The preparation and presentation of these financial statements for the year ended June 30, 2020 is in accordance with requirements in Companies Act, 2017. The fifth schedule to the Companies Act, 2017 has introduced certain presentation and classification requirements for the elements of financial statements. Accordingly, the corresponding figures have been rearranged and reclassified, wherever considered necessary, to comply with the requirements of Companies Act, 2017. Following major reclassifications have been made during the year:

Description	Reclassified from	Reclassification	2019 (Rupees)
Repairs and maintenance	Manufacturing Overhead	Administrative expenses	652,862
Rent, rates and taxes	Manufacturing Overhead	Administrative expenses	1,516,484
Provision for slow moving and obsolete stores and spares	Administrative expenses	Manufacturing Overhead	117,510,086

46 DATE OF AUTHORISATION FOR ISSUE

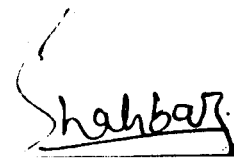
These financial statements were approved and authorized for issue in the Board of Directors' meeting held on October 01, 2020



Chief Executive Officer



Director



Chief Financial Officer

AL-ABID SILK MILLS LIMITED

AL-ABID SILK MILLS LIMITED

Key Operating and Financial Data

Statement of Profit or Loss	2020	2019	2018	2017	2016	2015
-----Rupees in million-----						
Sales and manufacturing	-	-	-	-	-	247
Gross Loss	(103)	(131)	(214)	(332)	(714)	(473)
Loss from operations	2,493	(126)	(32)	(325)	(685)	(532)
Loss before taxation	2,493	(126)	(32)	(325)	(685)	(532)
Loss after taxation	2,493	(126)	(12)	(342)	(684)	(537)
Statement of Financial Position						
Property, plant and equipment	1,206	1,769	1,942	3,659	3,997	4,375
Long term security deposit	3	4	2	2	2	2
Net current assets	(3,537)	(6,592)	(6,638)	(6,836)	(6,831)	(6,044)
Total assets employed	(2,327)	(4,819)	(4,694)	(3,176)	(2,833)	(1,668)
Represented by:						
Share Capital	134	134	134	134	134	134
Reserves	(2,462)	(4,954)	(4,828)	(3,776)	(3,444)	(5,785)
Shareholders' equity	(2,327)	(4,820)	(4,694)	(3,642)	(3,310)	(5,651)
Surplus on revaluation -of fixed assets	1,297	1,374	1,441	2,596	2,809	3,099
Long term Financing	-	-	-	-	-	466
Deferred liabilities	-	-	-	484	477	419
Total capital employed	(1,030)	(3,446)	(3,253)	(562)	(24)	(1,668)
Statement of Cash Flow						
Operating activities	(207)	(3)	187	(17)	(19)	(30)
Investing activities	740	52	-	0	4	18
Financing activities	(578)	(118)	22	17	14	14
Cash & cash equivalents -at beginning of the year	147	218	9	9	10	8
Cash & cash equivalents -at end of the year	102	148	218	9	9	10
Dividend (%age)	-	-	-	-	-	-
Debt-equity ratio	(1.68)	(1.47)	(1.53)	(2.10)	(2.31)	(2.86)
Debt	3,916	7,067	7,174	7,640	7,658	7,288
Equity	(2,327)	(4,820)	(4,694)	(3,642)	(3,310)	(2,552)

AL-ABID SILK MILLS LIMITED

PATTERN OF SHAREHOLDING AS AT 30-06-2020

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

CATEGORIES OF SHARE HOLDERS	NUMBER OF SHARE HOLDERS	SHARE HELD	PERCENTAGE
INDIVIDUALS	707		
HOLDING MORE THAN 10%		1,479,361	11.032%
HOLDING LESS THAN 10%		1,421,241	10.599%
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	7		
MR. NASEEM A. SATTAR		7,515,162	56.043%
MR. AZIM AHMED		479,818	3.578%
MST. ADIA NASEEM		328,322	2.448%
MRS. SADAF NADEEM		132,281	0.986%
S.M. JAWED AZAM		500	0.004%
MR. QAMAR MASHKOOR		500	0.004%
MR. MUHAMMAD SAJID HAFEEZ		500	0.004%
TOTAL	724	13,409,550	100.000%

AL-ABID SILK MILLS LIMITED

PROXY FORM

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

I/We _____

_____ being member(s) of Al-Abid Silk Mills Limited holding

_____ ordinary shares hereby appoint _____

of _____ Folio / CDC Account No. _____ or failing him / her

_____ Folio / CDC Account No. _____

of who is / are also members(s) of Al-Abid Silk Mills Limited as my / our proxy in my / our absence to attend and vote
for me / us and on my behalf at the Annual General Meeting of the Company to be held on Tuesday 27, October 2020
and at any adjournment thereof.

As witness my / our hand / seal this _____ day of _____ 2020

Witness No. 1

Name: _____

Address: _____

CNIC No. _____

Witness No. 2

Name: _____

Address: _____

CNIC No. _____

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

**Rs. 5/-
Revenue
Stamp**

Folio No. _____

Participant ID No. _____

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.

العابد سلک ملز لمیٹڈ

پروکسی فارم

کمپنی سیکریٹری
العابد سلک ملز لمیٹڈ
A-34/A ایس۔ آئی۔ ٹی۔ ای، منٹھو پیر روڈ

_____ کا میں / ہم
_____ العابد سلک ملز لمیٹڈ کے ممبر ہونے کی حیثیت سے _____ آرڈینیری شیئرز رکھتے ہیں۔ یہاں _____ کے _____ کا تقرر کرتا ہوں۔ فوئیو نمبر _____ یا اس کی عدم موجودگی میں _____ فوئیو نمبر _____ جو العابد سلک ملز لمیٹڈ کا ممبر بھی ہے بحیثیت میرے / ہمارے پروکسی میری / ہماری عدم موجودگی میں کمپنی کے عام سالانہ اجلاس بروز منگل 27، اکتوبر 2020 کو منعقد ہوگا اور اس کے کسی التوا پر میری / ہماری جانب سے شرکت کرے گا اور ووٹ دے گا۔
آج اس دن _____ 2020 کو دستخط کئے گئے۔

5/- روپے کا
رسیدی ٹکٹ

گواہ نمبر 1

نام _____

پتہ _____

ممبر کے دستخط

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

سی این آئی سی نمبر _____

گواہ نمبر 2

نام _____

پتہ _____

فوئیو نمبر _____

شرکت کرنے کرنے والے کا آئی ڈی نمبر _____

سی این آئی سی نمبر _____

اہم

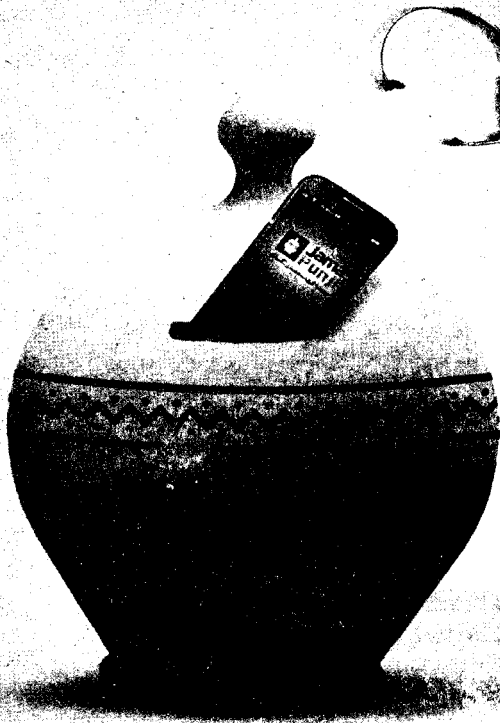
- 1- سی ڈی سی اکاؤنٹ ہولڈرز سے استدعا ہے کہ اجلاس کے نوٹس میں بیان کردہ گائیڈ لائنیز پر سختی سے عمل پیرا ہوں۔
- 2- پروکسی فارم کے ساتھ سی این آئی سی / ایس این آئی سی یا بینفیشل اونرز اور پروکسی کی تصدیق شدہ کاپیاں پیش کی جائیں گی۔
- 3- پروکسی اجلاس کے وقت اپنا اور بینجیل سی این آئی سی / ایس این آئی سی یا اور بینجیل پاسپورٹ پیش کرے گا
- 4- ممبر سالانہ عام اجلاس میں شرکت کا مستحق ہوگا ساتھ ہی وہ اپنے بجائے پروکسی کے تقرر کا مستحق ہوگا کہ اس کے بجائے شرکت کرے اور ووٹ دے۔
- 5- ممبر سے استدعا ہے کہ

(a) اوپر دکھائی گئی جگہ پر 5 روپے کا رسیدی ٹکٹ لگائیں۔

www.jamapunji.pk



سرمایہ کاری سمجھداری کے ساتھ



**Be aware, Be alert,
Be safe**

**Learn about investing at
www.jamapunji.pk**

Key features:

- 📋 Licensed Entities Verification
- 🕒 Scam meter*
- 🎮 Jamapunji games*
- 📊 Tax credit calculator*
- 🏢 Company Verification
- 📋 Insurance & Investment Checklist
- ?? FAQs Answered

- 📈 Stock trading simulator
(based on live feed from KSE)
- 📖 Knowledge center
- 📊 Risk profiler*
- 📊 Financial calculator
- 📱 Subscription to Alerts (event
notifications, corporate and
regulatory actions)
- 📱 Jamapunji application for
mobile device
- 📖 Online Quizzes



Jama Punji is an Investor
Education Initiative of
Securities and Exchange
Commission of Pakistan

jamapunji.pk

@jamapunji_pk

*Mobile apps are also available for download for android and ios devices