

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

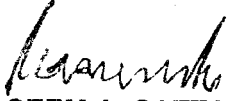
The Pattern of Shareholding and additional information regarding pattern of shareholding is attached to the financial statements included in this report.

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

العابد 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 میٹرو پولیٹن بینک لمیٹڈ

یونائیٹڈ بینک لمیٹڈ

الائیڈ بینک لمیٹڈ

میزان بینک لمیٹڈ

سٹ 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 وبا 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 زر مبادلہ 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 ایکویٹی 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 مدد دار ہے، بورڈ نے یہ طے کیا ہے کہ داخلی کنٹرول کا سسٹم مضبوط اور موثر ہونا چاہئے تاکہ صحیح معنوں میں عملدرآمد کیا جاسکے۔
- ☆ کمپنی کی مہارت پر کسی قسم کے کوئی شکوک و شبہات نہیں ہیں۔
- ☆ کارپوریٹ گورننس کی بہترین پریکٹس سے کسی بھی مواد کو ضائع نہیں کیا گیا ہے جس کی تفصیل فہرست میں موجود ہے۔
- ☆ گذشتہ چھ سالوں کا مالیاتی ڈیٹا اور 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 عادیر 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:

1-	جناب قمر مشکور	چیئر مین
2-	جناب ایس ایم جاوید اعظم	ممبر
3-	جناب محمد ساجد حفیظ	ممبر

انٹرنل آڈٹ فنکشن:

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

آڈیٹرز:

میسرز منیف ضیاء الدین اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹ ریٹائر ہو چکے ہیں اور انہوں نے اپنی تقرری کیلئے دوبارہ پیشکش کی ہے۔ بورڈ آف ڈائریکٹرز نے 30 جون 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

Nasim A. Satar

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.

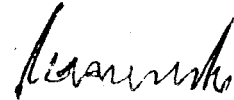
Regulation	Explanation
27(2)(i)	As per the regulation, the audit committee of a company shall meet at least once every quarter of the financial year. However, the Audit committee did not hold any meeting in the financial year.

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.

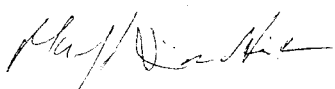
The Regulations requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent 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.

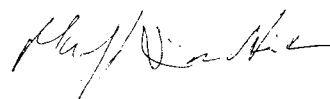
From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes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

