

**AL-ABID**  
SILK MILLS LIMITED

**53<sup>rd</sup> ANNUAL REPORT**  
**2021**

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**AL-ABID SILK MILLS LIMITED**

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**53<sup>rd</sup> ANNUAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2021**

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# AL-ABID SILK MILLS LIMITED

## COMPANY INFORMATION

<b>BOARD OF DIRECTORS</b>	Mr. Naseem A. Sattar Mr. Qamar Mashkooor Mr. Muhammad Sajid Hafeez Mst. Adia Naseem Mrs. Sadaf Nadeem Syed Raza Abbas Jaffari	Chief Executive Officer Independent Non-Executive Director Independent Non-Executive Director Non-Executive Director Non-Executive Director Nominee Director (N.I.T.)
<b>CHIEF FINANCIAL OFFICER</b>	Mr. Haroon Rasheed	
<b>SECRETARY</b>	Mr. Nasim Ahmed	
<b>AUDIT COMMITTEE</b>	Mr. Qamar Mashkooor Mr. Muhammad Sajid Hafeez	Chairman Member
<b>HUMAN RESOURCE AND REMUNERATION COMMITTEE</b>	Mr. Muhammad Sajid Hafeez Mr. Naseem A. Sattar Mr. Qamar Mashkooor	Chairman Member Member
<b>AUDITORS</b>	Muniff Ziauddin & Co., Chartered Accountants	
<b>REGISTRARS</b>	Jwaffs Registrar Services (Pvt) Ltd. Room # 407-408, 4th Floor, Al-Ameera Centre, Shahrah-e-Iraq, Saddar, Karachi	
<b>BANKERS</b>	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	
<b>REGISTERED OFFICE</b>	A-34 / A, S.I.T.E., Manghopir Road, Karachi.	
<b>MILLS</b>	A-34 / A, A-29 / B, S.I.T.E., Karachi.	
<b>E-MAIL</b>	mail@alabid.com	

# AL-ABID SILK MILLS LIMITED

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 53rd Annual General meeting of the Shareholders of the Company will be held at the Hotel Galaxy, 164, B.C.H.S. Shahrah-e-Faisal Karachi, on Wednesday, October 27, 2021 at 04:45 p.m. to transact the following business:

1. To confirm the Minutes of the Annual General Meeting of the Company held on October 27, 2020.
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, 2021.
3. To appoint statutory Auditors for the year 2021-2022 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, 2021

### NOTES:

1. The Share Transfer Books of the Company will remain closed from October 20, 2021 to October 27, 2021 (both days inclusive).
2. Members whose names appearing in the Registered of Members as of October 20, 2021, 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](http://www.alabid.com).
4. An instrument of proxy and the power of attorney or other authority (if any) under which is signed, or a notarially certified copy of such power or authority, must be valid, be deposited at the Registered Office of the Company not less than 48 hours before the time of the Meeting.
5. In accordance with the provisions of Section 242 of the Companies Act, 2017 and Circular No.18/2017, a listed company, is required to pay cash dividend to the shareholders only through electronic mode directly into the bank account designated by the entitled shareholder. In compliance with the said law, in order to receive 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.

## AL-ABID SILK MILLS 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.
- 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, 2021, 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.

Karachi: October 01, 2021



Chairman / Director

# AL-ABID SILK MILLS LIMITED

## DIRECTOR'S REPORT TO THE SHAREHOLDERS

The Board of Directors is presenting 53rd Annual report and Annual financial statement for the year ended June 30, 2021.

We hope all our shareholders and concerned persons are safe from corona pandemic which has created unprecedented circumstances not only in the country but also in the entire world. Keeping in view these circumstances, we are presenting our shareholders and all concerned "future outlook" of the company.

### Future Outlook:

Al-Abid Silk Mills Ltd has been not only a leading but also a pioneer of value added textile manufacturer and exporter of the country - well acknowledged in the international market, and had a work force attached with the employment, accommodating 7600 employees under roofs of various factories of Al-Abid Silk Mills Ltd., situated in SITE. Just before getting into financial difficulties in the year 2010 – 2011, we still had export of US\$:126 Millions in the year 2010 and US\$:118 Millions in the year 2011 respectively.

The sponsors have settled ten banks and financial institutions, so their liabilities are NIL today (reported already last year). During the period under report, we have settled in addition to the banks as mentioned above, one more bank i.e. Faysal Bank Ltd settling their liability as well.

Settlement with JS Bank has also reached, however, it is in the State Bank of Pakistan for approval. As reported to you earlier, settlement amount has also been deposited as per requirements. The remaining banks are only now Bank of Punjab, National Bank of Pakistan and PAK Iran Investment Company. With National Bank of Pakistan, we are discussing settlement/rehab, who are giving us helping hand in keeping with their SOPs to pursue these positively.

We want to assure our shareholders and concerned authorities that the management will leave no stone unturned in its efforts to revive the company and regain the position it enjoyed in the past.

After settlement with the large number of banks as mentioned above, we had to vacate our various premises, which contained the major plants, which had to be dismantled and transferred to another premises of Al-Abid at plot No. A-34/A and A-29/B, where it was possible to accommodate those space-wise and infrastructure-wise.

Under the circumstances, it is practically like putting up a new plant which under these difficult circumstances including corona pandemic has been a tall task. The installation started in 2020 immediately to settlement with large number of banks after all encumbrances were removed.

Now, we are striving towards the commissioning of the plant and discussing with some investors to fill the gap of minimum required finances as plants are all practically installed and with finishing touches, running of the plants can be started.

In the above, we've tried to give our shareholders and all concerned a detailed and complete picture as it is.

### Comments on adverse opinion of auditor's report

- i) With regard to first qualification of the auditors we would like to state that the liability has been further reduced and we are going for valuation of the assets. The business plan is under preparation.
- ii) With regard to bank confirmations qualification of the auditor we would like to mention the fact that the company is in litigation with these financial institutions and they normally do not reply to such inquiries when there is litigation.
- iii) Regarding IAS 36 - impairment qualification - valuation of assets will address the qualification.

# AL-ABID SILK MILLS LIMITED

## **Election of Directors:**

We are aware that election of directors has to take place as it is quite some time back that we held the election. Unfortunately, our chairman Mr. Jawed Azam expired due to corona and Mr. Azim Ahmed, who has been the executive director, resigned.

Under present circumstances when transactions are closed in Stock Exchange and company is not in production due to reasons mentioned above that main production plants shifted from one premises to another premises and their installation, being very time consuming, but the management intentions are positive to straighten all matters and to start again the production as it is an asset of the country and the employment creating positions for the un-employed and earning foreign exchange for the country.

We hope you will find the balance sheet healthier than last year and InshAllah in the coming month it will be still better and soon we will be getting into production.

## **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, 2021.

## **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.



## AL-ABID SILK MILLS LIMITED

### 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 (Expired on 16.12.2020)	05
Mr. Naseem A. Sattar	07
Mr. Azim Ahmed (Regisned on 22.02.2021)	03
Mr. Qamar Mashkoor	--
Mr. Muhammad Sajid Hafeez	--
Syed Raza Abbas Jafferri	07
Mst. Adia Naseem	04
Mrs. Sadaf Nadeem	02

### AUDIT COMMITTEE:

#### Size and Composition:

For the financial year ended June 30, 2021, the audit committee comprised the following two directors, all are Non-Executive Directors:

1	Mr. Qamar Mashkoor	Chairman
2	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, 2022.

### PATTERN OF SHAREHOLDING:

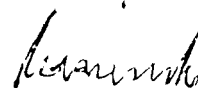
The Pattern of Shareholding and additional information regarding pattern of shareholding is attached to the financial statements included in this report.

### 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, 2021

## AL-ABID SILK MILLS LIMITED

### العابدسلك ملولمليئذ حصص داران كيلئے ڈائريكيئرذكي رپورٹ

بورڈ آف ڈائريكيئرذ 30 جون 2021ء كو ختم ہونے والے سال كيلئے كمپني كي ترين وين سالانہ رپورٹ اور سالانہ مالياتي حسابات پيش كر رہے ہيں۔

ہم اميد كرتے ہيں كہ ہمارے تمام حصص داران اور متعلقہ افراد كو رونا و باء سے محفوظ ہيں جس نے نہ صرف ملك ميں بلکہ دنيا بھر ميں بے مثال حالات پيدا كر ديئے ہيں۔

ان حالات كو مدنظر ركھتے ہوئے، ہم اپنے حصص داران اور تمام متعلقہ افراد كيلئے كمپني كا ”مستقبل كا نظريہ“ پيش كر رہے ہيں۔  
مستقبل كا نظريہ:

العابدسلك ملولمليئذ نہ صرف ايک ليڈنگ كمپني ہے بلکہ ويلووايڈ ڈيكيئسائل كا مينوفيكچرر اور ملك كا بے مثال برآمدكنندہ بھی ہے جو عالمي ماركيٹ ميں تسليم شدہ ہے اور روزگار سے وابستہ ايک ورك فورس تھی جہاں 7600 ملازمين كام كرتے ہيں۔ العابدسلك ملولمليئذ كي مختلف فيكٹرياں ساٹھ ميں واقع ہيں۔ سال 2010-11 ميں مالي مشكلات سے پہلے ہمارے پاس سال 2010 ميں 126 ملين ڈالر اور سال 2011 ميں 118 ملين ڈالر كي برآمدات موجود تھيں۔

اسپانسرز نے دس بيكوں اور مالياتي اداروں كے ساتھ تصفيه كيا ہے، لہذا آج كے دن ان كے قرضہ جات صفر ہيں (گذشتہ سال پہلے ہی مطلع كر ديا گیا ہے)۔ دوران مدت رپورٹ كے تحت ہم نے اوپر بيان كيے گئے بيكوں كے علاوہ ايک اور بيك يعنى فيصل بيك لميئذ كے ساتھ بھی ان كے قرضہ جات كے سلسلے ميں تصفيه كر ليا ہے۔

جے ايس بيك كے ساتھ تصفيه طے پاچكا ہے تاہم یہ منظوري كے ليے اسٹیٹ بيك آف پاكستان ميں ہے۔ جيسا كہ آپ كو پہلے بتايا گیا ہے كہ ضروريات كے مطابق تصفيه كي رقم بھی جمع كر وادي گئی ہے۔ باقی بيك صرف بيك آف پنجاب، نيشنل بيك آف پاكستان اور پاك ايران انويسٹمنٹ كمپني ہيں۔ نيشنل بيك آف پاكستان كے ساتھ، تصفيه كے بارے ميں ہماری بات چيت جاري ہے، جو ہمیں ان كے ايس اوپيز كو مدنظر ركھتے ہوئے اسے مثبت انداز ميں آگے بڑھانے ميں مدد دے رہے ہيں۔

ہم اپنے حصص داران اور متعلقہ حكام كو يقين دلانا چاہتے ہيں كہ انتظاميہ كمپني كو دوبارہ فعال كرنے اور ماضی ميں اسے جو مقام حاصل تھا وہ واپس دلوانے كي كوششوں ميں كوئی كسر نہيں چھوڑے گی۔

جيسا كہ اوپر بيان كيا گیا ہے بيكوں كي بڑي تعداد كے ساتھ تصفيه كرنے كے بعد، ہمیں اپني مختلف جگہوں خالي كرنا پڑيں، جن ميں بڑے پلانٹ تھے، جنہيں تكال كر پلانٹ نمبر A-34/A اور A-29/B پر العابد كي دوسري جگہوں ميں منتقل كرنا تھا، جہاں ان كو جگہوں اور انفراسٹرڪچر كے لحاظ سے ان كو ايڈجسٹ كرنا ممكن تھا۔

ان حالات ميں، یہ عملی طور پر ايک نيا پلانٹ لگانے كے مترادف ہے جو ان مشكل حالات بشمول كو رونا و باء ميں ايک طويل كام ہے۔ بيكوں كے ساتھ تصفيه كرنے كے بعد 2020ء ميں بڑي تعداد ميں تنصیب فوري طور پر شروع ہوئی۔

اب، ہم پلانٹ كي كمشننگ كي طرف كوشاں ہيں اور كچھ سرمايہ كاران كے ساتھ بات چيت كر رہے ہيں تاكہ كم از كم مطلوبہ فنانس كا خلا پُر كيا جاسكے كيونكہ سب پلانٹس عملی طور پر لگائے جاچكے ہيں اور فائننگ ٹچر كے ساتھ پلانٹس كو چلانے كا كام شروع كيا جاسكتا ہے۔

مذكوہ بالا كے تحت، ہم نے اپنے حصص داران اور تمام متعلقہ افراد كو ايک تفصيلی اور كممل شپہد دييے كي كوشش كي ہے۔

## AL-ABID SILK MILLS LIMITED

آڈیٹر کی منہی رائے پر تبصرہ:

- ۱- آڈیٹر کی پہلی رپورٹ کے حوالے سے ہم یہ بتانا چاہیں گے کہ liability مزید کم کر دی گئی ہے اور ہم اثاثوں کی تشخیص کیلئے جارہے ہیں اور کاروباری منصوبہ تیاری کے مراحل میں ہے۔
- ۲- آڈیٹر کی رپورٹ کے بارے میں بینک کی تصدیق کے حوالے سے ہم اس حقیقت کا ذکر کرنا چاہیں گے کہ کمپنی ان مالیاتی اداروں کے ساتھ قانونی چارہ جوئی کے مراحل میں ہے اور وہ عام طور پر اس طرح کی انکوائریوں کا جواب نہیں دیتے جب قانونی چارہ جوئی ہو رہی ہو۔
- ۳- IAS 36 کے سلسلے میں، اثاثہ جات کی ویلوییشن اہلیت کو واضح کرے گی۔

ڈائریکٹرز کے انتخابات:

ہم جانتے ہیں کہ ڈائریکٹرز کے انتخابات ہونے چاہئیں جیسا کہ کچھ عرصہ قبل ہم نے انتخابات کروائے تھے۔ بد قسمتی سے ہمارے چیئرمین جناب جاوید اعظم کورونادہ کے باعث انتقال کر گئے، اور جناب عظیم احمد نے ایگزیکٹو ڈائریکٹر کے عہدے سے استعفیٰ دے دیا۔

موجودہ حالات میں جب اسٹاک ایکسچینج میں ٹرانزیکشنز بند ہیں اور مذکورہ وجوہات کے باعث کمپنی پیداواری عمل میں نہیں ہے، مین پروڈکشن پلانٹس ایک احاطے سے دوسرے احاطے میں منتقل ہو گئے ہیں اور ان کی تنصیب کافی وقت طلب ہے، لیکن انتظامیہ کے ارادے تمام معاملات کو سنبھالنے اور دوبارہ پیداوار شروع کرنے کے لیے مثبت ہیں کیونکہ یہ ملک کا اثاثہ ہے اور بے روزگاروں کے لیے روزگار کے مواقع پیدا کرتا ہے اور ملک کے لیے زرمبادلہ کماتا ہے۔

ہم امید کرتے ہیں کہ آپ بیلنس شیٹ کو گذشتہ سال کی نسبت سے بہتر پائیں گے اور انشاء اللہ آنے والے مہینے میں یہ مزید بہتر ہوگی اور جلد ہی ہم پیداواری عمل شروع کر دیں گے۔

ڈویڈنڈ:

موجودہ معاملات کے حوالے سے کمپنی کا کیش فلو ہمیں کسی بھی ڈویڈنڈ کی اجازت نہیں دیتا۔ لہذا بورڈ آف ڈائریکٹرز 30 جون 2021ء 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 سٹاک ملز لمیٹڈ کی انتظامیہ نے مالیاتی حسابات مرتب کئے ہیں جو کہ موجودہ معاملات کے لئے بالکل صحیح ہیں، جو کہ آپریشن، کیش فلو اور ایکویٹی میں تبدیلی کا نتیجہ ہے۔
- ☆ العابد سٹاک 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 فنانشنگ 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 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 رسالہ رپورٹ کے ساتھ منسلک ہے۔

## AL-ABID SILK MILLS LIMITED

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 (2020-12-16 کو انتقال کر گئے)	05
جناب نسیم اے ستار	07
جناب عظیم احمد (2021-02-22 کو مستعفی ہو گئے)	03
جناب قمر منگور	--
جناب محمد ساجد حفیظ	--
سید رضا عباس جعفری	07
مسماں عادیہ نسیم	04
مسماں صدق ندیم	02

آڈٹ کمیٹی:  
30 جون 2021 کو ختم ہونے والے مالیاتی سال کیلئے آڈٹ کمیٹی درج ذیل دو ڈائریکٹرز پر مشتمل ہے، یہ تمام غیر ایگزیکٹو ڈائریکٹرز ہیں:

1-	جناب قمر منگور	چیئر مین
2-	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 2022 کو ختم ہونے والے سال کیلئے میسز منیف ضیاء الدین اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹ کی تقرری کی سفارش کی ہے۔

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

اظہار تشکر:  
ہم اپنے شیر 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  
چیئر ایگزیکٹو آفیسر

کراچی: مورخہ یکم اکتوبر 2021ء

# AL-ABID SILK MILLS LIMITED

## Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019 Year ended June 30, 2021

The Company has complied with the requirements of Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) in the following manner:

1. The total number of directors are 6 (six) as per the following:

- a. Male:4
- b. Female:2

2. The composition of the Board is as follows:

<b>Independent Directors</b>	Mr. Qamar Mashkoo
	Mr. Muhammad Sajid Hafeez
<b>Executive Director</b>	Mr. Naseem A. Sattar
<b>Non-Executive Directors</b>	Mst. Adia Naseem
	Mrs. Sadaf Nadeem
	Syed Raza Abbas Jaffari
<b>Female Director</b>	Mst. Adia Naseem
	Mrs. Sadaf Nadeem

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;

4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;

9. 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;



# AL-ABID SILK MILLS LIMITED

## REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Al-Abid Silk Mills Limited (the Company) for the year ended June 30, 2021 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.

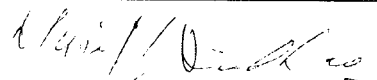
Following instance of non-compliance with the requirement of the Regulations was observed which is not stated in the Statement of Compliance:

The number of directors has declined less than the seven directors as prescribed under section 154 (1) (b) of the Companies Act, 2017. The casual vacancy of director has not been filled till date. Furthermore, the Company has not held election of directors which is past due.

Based on our review, except for the above instance of non-compliance, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the Regulations as applicable to the Company for the year ended June 30, 2021.

Further, we highlight below instances of non-compliance with the requirements of the Code as reflected in the note 15 and 16 in the Statement of Compliance:

Regulation	Explanation
27	As per the regulation, the audit committee of a company shall comprise of at least three member and they shall meet at least once every quarter of the financial year. However, the Audit committee has only two members and did not hold any meeting in the financial year since the company is not operational since a long time.
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 since the company is not operational since a long time.
15	Since no audit committee meetings were held during the year, consequently the related party transactions were not first placed there, rather they were directly approved by the Board.
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.

  
**MUNIFF ZIAUDDIN & CO.**  
**CHARTERED ACCOUNTANTS**  
**MUHAMMAD MOIN KHAN**

Karachi: October 01, 2021

# AL-ABID SILK MILLS LIMITED

## REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

### Adverse Opinion

We have audited the annexed financial statements of Al-Abid Silk Mills Limited (the Company), which comprise the statement to financial position as at 30 June 2021, 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 as 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, 2021, and financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

### Basis for Adverse Opinion

- (i) As explained on note 2, the accumulated loss of the company has been reached at Rs. 3.476 billion which has eroded its equity to an adverse balance of Rs. 1.723 billion after surplus on revaluation of fixed assets, as of that date Company's current liabilities exceeded its current assets by Rs. 2.696 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. 1.397 billion and for bank balances of Rs. 0.0008 billion as mentioned in the financial statements. The Company has not recorded mark-up on these finances which amounts to Rs. 0.122 billion on the plea of restructuring negotiation/litigation with the respective banks. Moreover, were not arranged direct confirmations from trade and other creditors amounting to Rs. 0.689 billion.
- (iii) 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.

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



## AL-ABID SILK MILLS LIMITED

In addition to the matter described on the basis for Adverse opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report:

Key Audit Matters	How our audit addressed the Key Audit Matters
<p><b>1. Contingencies</b></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 17 to the financial statements.</p> <p>During the year, the Company has reached settlement with Faysal bank amounted to Rs. 783,331,222 and has paid the agreed amount 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 bank and verified the amount paid to such banks as full and final settlement from source documents.</p>

### Information other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include in the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud and error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

# AL-ABID SILK MILLS LIMITED

## Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with the mall relationships and other matters that may reasonably be thought to be an honour independence, and where applicable, related safeguards.

## AL-ABID SILK MILLS LIMITED

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless a 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 be expected to outweigh the public interest benefits of such communication.

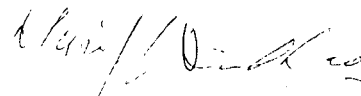
### Report on Other Legal and Regulatory Requirements

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.

Karachi: October 01, 2021



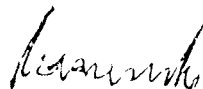
Chartered Accountants  
**Muhammad Moin Khan**

# AL-ABID SILK MILLS LIMITED

## STATEMENT OF FINANCIAL POSITION

		2021	2020 Restated
Note	-----	(Rupees)	-----
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized capital			
		200,000,000	200,000,000
		20,000,000 Ordinary Shares of Rs. 10/- each	
		Issued, subscribed and paid-up capital	
7		134,095,500	134,095,500
<b>Capital reserves</b>			
Other reserves			
		372,831,844	372,834,000
		Revaluation Surplus on Property Plant & Equipment	
8		1,246,542,660	1,297,497,056
<b>Revenue reserves</b>			
Accumulated loss			
		(3,476,966,961)	(4,133,178,918)
		Total equity	(1,723,496,957)
			(2,328,752,362)
<b>NON- CURRENT LIABILITIES</b>			
Deferred Taxation			
9		-	-
Staff retirement benefits			
10		8,425,182	8,339,236
		8,425,182	8,339,236
<b>CURRENT LIABILITIES</b>			
Loan from directors and family member's - unsecured			
11		521,018,754	521,018,754
Security deposit			
12		-	16,400,000
Trade and other payables			
13		762,843,112	763,265,695
Unclaimed dividend			
		108,310	108,310
Advance from I.B.L			
14		366,063,944	366,063,944
Accrued markup			
15		60,622,829	96,809,130
Short term finances			
16		1,397,310,685	2,144,455,606
Provision for taxation			
		573,441	390,459
		3,108,541,074	3,908,511,899
<b>CONTINGENCIES AND COMMITMENTS</b>			
17			
		1,393,469,299	1,588,098,774

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



Chief Executive Officer



Director

# AL-ABID SILK MILLS LIMITED

AS AT JUNE 30, 2021

	2021	2020 Restated
Note	(Rupees)	
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	18      978,405,190	1,206,193,888
Long term security deposit	3,311,307	3,290,949
 <b>CURRENT ASSETS</b>		
Stores and spares	19      24,909,000	37,835,793
Stock in trade	20      -	9,094,981
Trade debts	21      1,200,936	1,389,977
Loans and advances	22      5,048,594	9,050,619
Trade deposits	23      8,144,398	8,144,398
Other receivables	24      219,841,188	150,495,162
Tax refunds due from government	25      62,265,684	60,250,342
Cash and bank balances	26      90,343,002	102,352,665
	411,752,802	378,613,937
	<u>1,393,469,299</u>	<u>1,588,098,774</u>

  
Chief Financial Officer

# AL-ABID SILK MILLS LIMITED

## STATEMENT OF PROFIT OR LOSS ACCOUNT AS AT JUNE 30, 2021

		2021	Restated 2020
	Note	Rupees	Rupees
Sales and manufacturing	27	-	-
Cost of sales	28	(86,131,390)	(103,495,483)
<b>Gross loss</b>		<u>(86,131,390)</u>	<u>(103,495,483)</u>
Administrative expenses	29	(55,675,568)	(82,863,555)
Other income	30	748,733,583	2,677,838,068
<b>Profit from operations</b>		<u>606,926,625</u>	<u>2,491,479,030</u>
Finance cost	31	(1,486,083)	6,062
<b>Profit before taxation</b>		<u>605,440,542</u>	<u>2,491,472,968</u>
Taxation-net	32	(182,981)	(30,125)
<b>Profit after taxation</b>		<u><u>605,257,561</u></u>	<u><u>2,491,442,843</u></u>
<b>Earning per share - basic and diluted</b>	33	<u><u>45.14</u></u>	<u><u>185.80</u></u>

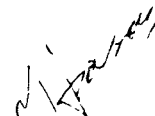
The annexed notes form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

# AL-ABID SILK MILLS LIMITED

## STATEMENT OF COMPREHENSIVE INCOME AS AT JUNE 30, 2021

	2021	Restated 2020
	<u>Rupees</u>	<u>Rupees</u>
Profit after taxation	605,257,561	2,491,442,843
Other comprehensive income	-	-
<i>Items that will not be reclassified subsequently to statement of profit or loss (net of tax)</i>		
(Loss)/Gain on remeasurement of defined benefit liability-net of tax	(2,156)	-
<b>Total comprehensive income for the year</b>	<b><u>605,255,405</u></b>	<b><u>2,491,442,843</u></b>

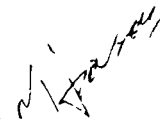
The annexed notes form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

