

**AL-ABID**  
**SILK MILLS LIMITED**

**55<sup>th</sup> ANNUAL REPORT**  
**2023**

---

**AL-ABID SILK MILLS LIMITED**

---

**55<sup>th</sup> ANNUAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2023**

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

# AL-ABID SILK MILLS LIMITED

## COMPANY INFORMATION

<b>BOARD OF DIRECTORS</b>	Mr. Naseem A. Sattar Mr. Azim Ahmed Mr. Qamar Mashkooor Mr. Muhammad Sajid Hafeez Mst. Adia Naseem Mrs. Sadaf Nadeem Syed Raza Abbas Jaffari	Chairman Chief Executive Officer Independent Non-Executive Director Independent Non-Executive Director Non-Executive Director Non-Executive Director Nominee Director of (N.I.T.)
<b>AUDIT COMMITTEE</b>	Mr. Qamar Mashkooor Mr. Muhammad Sajid Hafeez Mr. Naseem A. Sattar	Chairman Member Member
<b>HUMAN RESOURCE AND REMUNERATION COMMITTEE</b>	Mr. Muhammad Sajid Hafeez Mr. Naseem A. Sattar Mst. Adia Naseem	Chairman Member Member
<b>CHIEF FINANCIAL OFFICER</b>	Mr. Haroon Rasheed	
<b>SECRETARY</b>	Mr. Nasim Ahmed	
<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 55th Annual General meeting of the Shareholders of the Company will be held at the Institute of Chartered Accountants of Pakistan, G-31/8 Kehkashan, Clifton Karachi, on Friday, October 27, 2023 at 03:00 p.m. to transact the following business:

1. To confirm the Minutes of the Extra Ordinary General Meeting of the Company held on May 16, 2023.
2. To receive, consider and adopt the annual audited accounts of the Company together with the Directors' and Auditors' Report thereon for the year ended June 30, 2023.
3. To appoint statutory Auditors for the year 2023-2024 and fix their remuneration. The present auditors M/s. Muniff Ziauddin & Company, Chartered Accountants, have offered themselves for re-appointment as Auditors of the Company.
4. To consider any other business with the permission of the Chair.

BY ORDER OF THE BOARD

NASIM AHMED  
Company Secretary

Karachi: October 03, 2023

### NOTES:

1. The Share Transfer Books of the Company will remain closed from October 21, 2023 to October 27, 2023 (both days inclusive).
2. Members whose names appearing in the Registered of Members as of October 20, 2023, are entitled to attend and vote at the meeting. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend, speak and vote for him/her. A proxy must be a member of the Company.
3. An instrument of proxy applicable for the Meeting may be obtained from the Registered Office of the Company during normal office hours. Proxy form may also be downloaded from the Company's website: [www.alabid.com](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 received your future dividends directly in your Bank Account, you are required to provide the information mentioned on the form placed on the Company's website and send the same to your brokers/ the Central Depository Company Ltd, if the share are held in electronic form or to the Company's shares Registrar If the shares are held in paper certificate form.

## AL-ABID SILK MILLS LIMITED

6. Members are requested to submit a copy of their Computerized National Identity Card (CNIC/SNIC), if not already provided, and notify immediately changes, if any, in their registered address to our Share Registrar, JWAFS Registrar Services (Pvt) Limited.
7. Pursuant to SECP Circular No.10 of 2014 dated May 21, 2014, if the Company received consent from members holding in aggregate 10% or more shareholding residing in a geographical location to participate in the meeting through video conference at least 7 days prior to the date of Annual General Meeting, the company will arrange video conference facility in that city subject to availability of such facility in that city. To avail this facility please provide the following information to the company registered office PABX Nos. (+9221) 32560040 and/or email mail@alabid.com.

I/We of being a member of Al-Abid Silk Mills Limited holder of Ordinary Share(s) as per Register Folio No. \_\_\_\_\_ hereby opt for video conference facility at (Please insert name of the city) \_\_\_\_\_.

\_\_\_\_\_  
Signature of member

8. Members can exercise their right to demand a poll subject to meeting requirements of Section 143-145 of Companies Act, 2017 and applicable clauses of Companies (Postal Ballot) Regulations 2018.
9. **CDC Account Holders will further have to follow the under mentioned guidelines as laid down in circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan. and being mentioned in the Notice of Meeting Circulated to the Members.**

### **A. For Attending the Meeting:**

- i) In case of individuals, the account holder or sub-account holder and/or the persons whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his identity by showing his original Computerized National Identity Card (CNIC) or, original passport at the time of attending the meeting.
- ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

### **B. For Appointing Proxies**

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

# AL-ABID SILK MILLS LIMITED

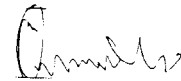
## REVIEW REPORT BY THE CHAIRPERSON

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

For the financial year ended June 30, 2023, the Board's overall performance and effectiveness has been assessed as Satisfactory. Improvement is an ongoing process leading to action plans. This is based on an evaluation of integral components, including vision, mission and values; engagement in strategic planning; formulation of policies; monitoring the organization's business activities; monitor financial resource management; effective fiscal oversight; equitable treatment of all employees and efficiency in carrying out the Board's business.

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

Karachi: October 03, 2023



Chairperson

# AL-ABID SILK MILLS LIMITED

## DIRECTOR'S REPORT TO THE SHAREHOLDERS

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

### Future Outlook:

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

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

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

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

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

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

### DIVIDEND

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

### CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Directors declare that:

- The financial statements prepared by the management of Al-Abid Silk Mills Limited present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of Al-Abid Silk Mills Limited have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of Financial Statements.
- The Board is responsible for the Company's system of internal control and reviewing its effectiveness.

## AL-ABID SILK MILLS LIMITED

- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- Key operating and financial data for last six years in summarized form is also enclosed in the annual report.

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

During the year nine (09) meetings of the Board of Directors were held. The attendance of the Directors at board meetings were as follows:

Name of Director	Meeting Attended
Mr.Naseem A.Sattar	07
Mr.Azim Ahmed	06
Mr.Qamar Mashkoo	06
Mr.Muhammad Sajid Hafeez	06
Mst.Adia Naseem	09
Mrs.Sadaf Nadeem	09
Syed Raza Abbas Jaffari	09

### INTERNAL AUDIT FUNCTION:

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

### AUDITORS:

M/s. Muniff Ziauddin & Co., Chartered Accountants have retired and being eligible offered themselves for reappointment. The board of Directors has recommended the appointment of the M/s. Muniff Ziauddin & Co., Chartered Accountants for the year ending June 30, 2024.

### PATTERN OF SHAREHOLDING:

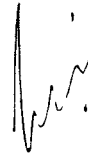
The Pattern of Shareholding and additional information regarding pattern of shareholding is attached to the financial statements included in this report.

### ACKNOWLEDGMENT

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

Thanks to all of you.

For and on behalf of the Board of Directors



(AZIM AHMED)  
Chief Executive Officer

Karachi: October 03, 2023



### حصص داران کیلئے ڈائریکٹرز کی رپورٹ

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

### مستقبل کا نظریہ:

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

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

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

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

### آڈیٹرز رپورٹ کی منفی رائے پر تبصرہ:

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

## AL-ABID SILK MILLS LIMITED

ڈویڈنڈ:

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

کارپوریٹ اور مالیاتی رپورٹنگ کا فریم ورک:

ڈائریکٹرز نے یہ اقرار کیا ہے کہ:

- ☆ العابدسک ملز لمیٹڈ کی انتظامیہ نے مالیاتی حسابات مرتب کئے ہیں جو کہ موجودہ معاملات کیلئے بالکل صحیح ہیں، جو کہ آپریشن، کیش فلو اور ایکویٹی میں تبدیلی کا نتیجہ ہے۔
- ☆ العابدسک ملز لمیٹڈ کے کھاتے مناسب طور پر مرتب کئے گئے ہیں۔
- ☆ مالیاتی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں پر عملدرآمد کیا گیا ہے اور اکاؤنٹنگ کا تخمینہ مناسب اور صحیح فیصلے کی بنیاد پر ہے۔
- ☆ انٹرنیشنل فنانسنگ رپورٹنگ اسٹینڈرڈز جس کا اطلاق پاکستان میں کیا گیا ہے، ہم نے مالیاتی حسابات کی تیاری میں اس پر عملدرآمد کیا ہے۔
- ☆ بورڈ کمپنی کے داخلی کنٹرول کے سسٹم کا ذمہ دار ہے، بورڈ نے یہ طے کیا ہے کہ داخلی کنٹرول کا سسٹم مضبوط اور موثر ہونا چاہئے تاکہ صحیح معنوں میں عملدرآمد کیا جاسکے۔
- ☆ کمپنی کی مہارت پر کسی قسم کے کوئی شکوک و شبہات نہیں ہیں۔
- ☆ کارپوریٹ گورننس کی بہترین پریکٹس سے کسی بھی مواد کو ضائع نہیں کیا گیا ہے جس کی تفصیل فہرست میں موجود ہے۔
- ☆ گذشتہ چھ سالوں کا مالیاتی ڈیٹا اور آپریٹنگ کا طریقہ کار سالانہ رپورٹ کے ساتھ منسلک ہے۔

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

اس سال بورڈ آف ڈائریکٹرز کی 9 میٹنگز منعقد ہوئیں، بورڈ کی ان میٹنگز میں حاضر ہونے والے ڈائریکٹرز کی تفصیلات درج ذیل ہیں:

ڈائریکٹر کا نام	میٹنگ میں حاضری کی تعداد
جناب نسیم اے ستار	07
جناب عظیم احمد	06
جناب قمر مشکور	06
جناب محمد ساجد حفیظ	06
محترمہ عادیہ نسیم	09
محترمہ صدف ندیم	09
سید رضا عباس جعفری	09

## AL-ABID SILK MILLS LIMITED

انٹرنل آڈٹ فنکشن:

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

آڈیٹرز:

میسرز منیف ضیاء الدین اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹ ریٹائر ہو چکے ہیں اور انہوں نے اپنی تقرری کیلئے دوبارہ پیشکش کی ہے۔ بورڈ آف ڈائریکٹرز نے 30 جون 2024ء کو ختم ہونے والے سال کیلئے میسرز منیف ضیاء الدین اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹ کی تقرری کی سفارش کی ہے۔

شیئر ہولڈنگ کا پیٹرن:

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

اظہار تشکر:

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

کراچی: مورخہ 03 اکتوبر 2023ء

بورڈ آف ڈائریکٹرز کی جانب سے



چیف ایگزیکٹو آفیسر

# AL-ABID SILK MILLS LIMITED

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

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

1. The total number of directors are 7 (Seven) as per the following:

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

2. The composition of the Board is as follows:

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

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

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

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

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

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

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

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

10. The Board has approved appointment of chief financial officer, company secretary including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

## AL-ABID SILK MILLS LIMITED

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

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

### Audit Committee

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

### HR and Remuneration Committee

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

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

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

Audit Committee 02 Quarterly meetings

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

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


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

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

19. Explanation for non-compliance with the requirements,

Regulation	Explanation
31(1)	As per the regulation, there shall be an internal audit function in every company. However, there is no internal audit function in the company since the company is not operational since a long time.

Karachi: October 03, 2023



Chairperson

# AL-ABID SILK MILLS LIMITED

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Al-Abid Silk Mills Limited (the Company) for the year ended June 30, 2023 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Director's statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

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

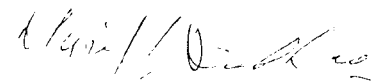
Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the Regulations as applicable to the Company for the year ended June 30, 2023.

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

Regulation	Explanation
31(1)	As per the regulation, there shall be an internal audit function in every company however, there is no internal audit function in the company, Since the company is not operational since a long time.

Karachi: October 03, 2023

UDIN: CR202310153KW8hafq1Q

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

# AL-ABID SILK MILLS LIMITED

## REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

### Adverse Opinion

We have audited the annexed financial statements of Al-Abid Silk Mills Limited (the Company), which comprise the statement of financial position as at 30 June 2023, and the statement of profit or loss, statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state except for the matter as disclosed in paragraph (ii) of the basis of Adverse opinion that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the accompanying financial statements do not give a true and fair view of the financial position of the company as at June 30, 2023, and financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

### Basis for Adverse Opinion

- (i) As explained on note 2, the accumulated loss of the company has been reached at Rs. 2.533 billion, and as of that date Company's current liabilities exceeded its current assets by Rs. 2.360 billion. Furthermore, during the year no production and sales were made by the company. These events indicate a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and therefore the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. These financial statements have been prepared on a going concern basis however; the business revival plan as disclosed in the financial statements has not yet been implemented.
- (ii) We have not received direct bank confirmations from the banks and financial institutions for short term loans amounting to Rs. 1.301 billion and for bank balances of Rs. 654,144 as mentioned in the financial statements. The Company has not recorded mark-up on these finances which amounts to Rs. 247.91 million on the plea of restructuring negotiation/litigation with the respective banks. Moreover, we were not arranged direct confirmations from trade & other creditors amounting to Rs. 0.689 billion.

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

### Key Audit Matters

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

# AL-ABID SILK MILLS LIMITED

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

Key Audit Matters	How our audit addressed the Key Audit Matters
<p><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 16 to the financial statements.</p>	<p>In response to this matter, our audit procedures included:</p> <p>Discussing legal cases with the legal department to understand the management's view point and obtaining and reviewing the litigation documents in order to assess the facts and circumstances.</p> <p>Obtaining independent opinion of legal advisors dealing with such cases in the form confirmations.</p> <p>We also evaluated the legal cases in line with the requirements of IAS 37: Provisions, contingent liabilities and contingent assets.</p> <p>The disclosures of legal exposures and provisions were assessed for completeness and accuracy.</p>

Information other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

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

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

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

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



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

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

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

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

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

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

## AL-ABID SILK MILLS LIMITED

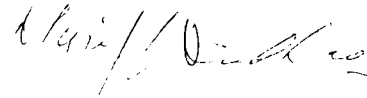
From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) except the matters specified in basis for adverse opinion, the statement of financial position, the statement of profit or loss, and statement of other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditors' report is Muhammad Moin Khan.



Chartered Accountants  
**Muhammad Moin Khan**

Karachi: October 03, 2023

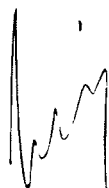
UDIN: AR202310153km1RsheWE

# AL-ABID SILK MILLS LIMITED

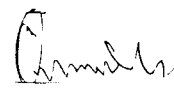
## STATEMENT OF FINANCIAL POSITION

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

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



Chief Executive Officer




Director

# AL-ABID SILK MILLS LIMITED

AS AT JUNE 30, 2023

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

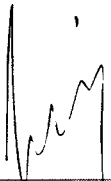

  
Chief Financial Officer

# AL-ABID SILK MILLS LIMITED

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

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

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

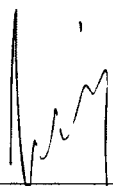
  
\_\_\_\_\_  
Chief Executive Officer  
\_\_\_\_\_  
Director  
\_\_\_\_\_  
Chief Financial Officer

# AL-ABID SILK MILLS LIMITED

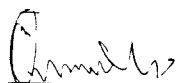
## STATEMENT OF OTHER COMPREHENSIVE INCOME For the year ended June 30, 2023

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


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



Chief Executive Officer



Director



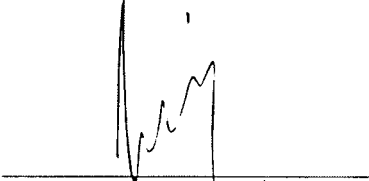
Chief Financial Officer

# AL-ABID SILK MILLS LIMITED

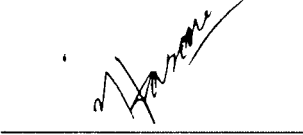
## STATEMENT OF CASH FLOWS For the year ended June 30, 2023

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

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

  
Chief Executive Officer

  
Director

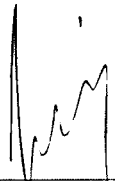
  
Chief Financial Officer

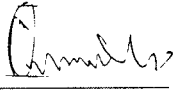
# AL-ABID SILK MILLS LIMITED

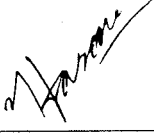
## STATEMENT OF CHANGES IN EQUITY For the year ended June 30, 2023

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

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

  
\_\_\_\_\_  
Chief Executive Officer

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Chief Financial Officer



