

AL-ABID
SILK MILLS LIMITED

54th ANNUAL REPORT
2022

AL-ABID SILK MILLS LIMITED

54th ANNUAL REPORT FOR THE YEAR ENDED JUNE 30, 2022

CONTENTS	PAGE NO.
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)	9
Statement of Compliance with the Code of Corporate Governance	13
Review Report to the Members on Statement of Compliance Contained in Listed Companies (Code of Corporate Governance) Regulations, 2019	15
Auditor's Report to the Members	16
Statement of Financial Position	20
Statement of Profit or Loss	22
Statement of Comprehensive Income	23
Statement of Cash Flows	24
Statement of Changes in Equity	25
Notes to the Financial Statements	26
Key Operating and Financial Data	48
Pattern of Shareholding	49
Proxy Form (English)	
Proxy Form (Urdu)	

AL-ABID SILK MILLS LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS	Mr. Naseem A. Sattar Mst. Adia Naseem Mrs. Sadaf Nadeem Syed Raza Abbas Jaffari	Chief Executive Officer Non-Executive Director Non-Executive Director Nominee Director (N.I.T.)
CHIEF FINANCIAL OFFICER	Mr. Haroon Rasheed	
SECRETARY	Mr. Nasim Ahmed	
AUDITORS	Muniff Ziauddin & Co., Chartered Accountants	
REGISTRARS	Jwaffs Registrar Services (Pvt) Ltd. Room # 407-408, 4th Floor, Al-Ameera Centre, Shahrah-e-Iraq, Saddar, Karachi	
BANKERS	Allied Bank Limited Faysal Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited JS Bank Limited Meezan Bank Limited National Bank of Pakistan PAIR Investment Company Limited Standard Chartered Bank (Pakistan) Limited Summit Bank Limited The Bank of Punjab United Bank Limited	
REGISTERED OFFICE	A-34 / A, S.I.T.E., Manghopir Road, Karachi.	
MILLS	A-34 / A, A-29 / B, S.I.T.E., Karachi.	
E-MAIL	mail@alabid.com	

AL-ABID SILK MILLS LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 54th 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 Wednesday, October 26, 2022 at 04:00 p.m. to transact the following business:

1. To confirm the Minutes of the Annual General Meeting of the Company held on October 27, 2021.
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, 2022.
3. To appoint statutory Auditors for the year 2022-2023 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: September 29, 2022

NOTES:

1. The Share Transfer Books of the Company will remain closed from October 20, 2022 to October 26, 2022 (both days inclusive).
2. Members whose names appearing in the Registered of Members as of October 19, 2022, are entitled to attend and vote at the meeting. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend, speak and vote for him/her. A proxy must be a member of the Company.
3. An instrument of proxy applicable for the Meeting may be obtained from the Registered Office of the Company during normal office hours. Proxy form may also be downloaded from the Company's website: www.alabid.com.
4. An instrument of proxy and the power of attorney or other authority (if any) under which is signed, or a notarially certified copy of such power or authority, must be valid, be deposited at the Registered Office of the Company not less than 48 hours before the time of the Meeting.
5. In accordance with the provisions of Section 242 of the Companies Act, 2017 and Circular No.18/2017, a listed company, is required to pay cash dividend to the shareholders only through electronic mode directly into the bank account designated by the entitled shareholder. In compliance with the said law, in order to received your future dividends directly in your Bank Account, you are required to provide the information mentioned on the form placed on the Company's website and send the same to your brokers/ the Central Depository Company Ltd, if the share are held in electronic form or to the Company's shares Registrar If the shares are held in paper certificate form.
6. Members are requested to submit a copy of their Computerized National Identity Card (CNIC/SNIC), if not already provided, and notify immediately changes, if any, in their registered address to our Share Registrar, JWAFFS Registrar Services (Pvt) Limited.

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, 2022, 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 meetings. The board meets frequently enough to adequately discharge its responsibilities. The non-executive directors are equally involved in important decisions.

Karachi: September 29, 2022



Chairman / Director

AL-ABID SILK MILLS LIMITED

DIRECTOR'S REPORT TO THE SHAREHOLDERS

The Board of Directors is presenting 54th Annual report and Annual financial statement for the year ended June 30, 2022.

We hope all our shareholders are safe and healthy.

Future Outlook:

Some feature of Al-Abid Silk Mills Limited which may be known to our share holders and which we have also explained in our annual report June 30, 2021.

We have reported in same year that most of the banks have been settled, rather all the banks, but legal entanglements are too many which have to be handled through courts.

The courts are over burden with pending cases which have been lying for years.

After settling all the banks, we have settled also JS Bank, the settlement amount deposited with Sindh High Court, yet there are some formalities to go through with the courts for which we are making efforts.

As reported above, JS Bank has been settled, it is only now some legal entanglement according to which numbers of directors left their seats on the board once it is formally settled with a compromise decree from the court, we will be able to co-opt directors complete the board or call for general election. As informed earlier, unfortunately our chairman Mr. Javed Azam expired in between, thus leaving one of the seats vacant, it may be noted presently taking rather long in deciding matters before them due to pendency of large number of cases with the courts.

The Bank of Punjab, we have satisfied them by providing fresh securities as per their requirement. Regarding National Bank of Pakistan, once the matter of J S Bank and Bank of Punjab is resolved, we will make concentrated efforts regarding settlement / rehab with National Bank of Pakistan.

In the foregoing, we have explained our situation viz-a-viz the Banks, however we will not ignore the prevailing conditions politically and economically. Presently these two factors are creating turmoil.

Economic problems are rather huge, the flood have multiplied these problems.

With regards to political issues, presently one political segment passes a law, the opposition party challenges whatever is done by the ruling government.

The business community is suffering with this political turmoil together with economic conditions, as one does not know which way to go. Due to economic conditions everybody has become investment shy. But your management hopes that after every storm there is always calm situation. We are sure, government realizing that for their trade balance, export is essential. In exports textile ranks number one, which give us hope that government will play positive role with the textile industry to maximize exports.

Comments on adverse opinion of auditor's report

1. The equity has been eroded according to report of auditors by Rs. 65.8 million, this erosion is due to no production, but depreciation has been charged. This phenomena happens, when company is not in production, but has a huge plant on which according to accounting depreciation has to be charged.
2. The auditors have written directly to banks for balance confirmation. However as explained in the past, banks when in litigation do not confirm any balance.
3. It is actually the heat exchanger which takes the hot exhaust from generator and converts into hot waters, this plant in our premises not yet erected.

AL-ABID SILK MILLS LIMITED

Regarding business plan, we have been quite close in our discussions with some investors. However as explained in foregoing the circumstances of our politics and economic have made everybody shy to undertake investment. Business plan require some stable financial circumstances. The prices of land and building are continuously increasing.

Machinery prices have increased hugely which is due to the government treasury very tight with dollar consequently no machinery is being imported. Huge automobile plants are lying closed. The floods have put extra burden on the government of required funds to overcome the destruction of floods.

We would like to present a feasible business plan which presently due to circumstances around everyone will not be in keeping with circumstances. In textile industry we expect huge shortage of cotton which again has to be imported, if dollars availability with the government is there to release for L/Cs.

Due to mentioned all above circumstances, it will be more realistic to place a business plan when economic conditions start taking a normal position. Which we expect soon and will enable us to put up a business plan, hopefully very soon.

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, 2022.

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 five 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	05
Syed Raza Abbas Jafferi	05
Mst. Adia Naseem	05
Mrs. Sadaf Nadeem	05

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, 2023.

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

In the end, we thank our shareholders and our employees for their kind understanding.

Thanks to all of you.

For and on behalf of the Board of Directors



(NASEEM A. SATTAR)
Chief Executive Officer

Karachi: September 29, 2022

AL-ABID SILK MILLS LIMITED

العابد سلك ملز لميٹڈ
حصص داران كيلئے ڈائريكلرز كى رپورٹ

بورڈ آف ڈائريكلرز 30 جون 2022ء كو ختم ہونے والے سال كيلئے كىمپنى كے مجموعى مالياتى حسابات پيش كر رہے ہيں۔

ہمیں اميد ہے كہ ہمارے تمام شيئرز ہولڈرز محفوظ اور صحت مند ہونگے۔

مستقبل كا نظريہ:

العابد سلك ملز لميٹڈ كى كچھ خصوصيات جو ہمارے شيئرز ہولڈرز كو معلوم ہو سكتى ہيں اور جن كى وضاحت ہم نے اپنى سالانہ رپورٹ 30 جون 2021 میں بھی كى ہے۔

ہم نے اسی سال آپ كو مطلع كيا ہے كہ زيادہ تر بينكوں كے ساتھ تصفيه ہو چكا ہے، ليكن قانونى پيچيدگياں بہت زيادہ ہيں جنہيں عدالتوں كے ذريعے ہی نمٹانا پڑتا ہے۔

عدالتوں پر برسوں سے زير التوا مقدمات كا كافي بوجھ ہے۔

تمام بينكوں كے ساتھ تصفيه كرنے كے بعد، ہم نے جے ايس بينك كے ساتھ بھی تصفيه كر ليا ہے تصفيه كى رقم سندھ ہائى كورٹ كے پاس جمع كرائى گئی ہے، عدالتوں كے ساتھ كچھ رسمى كارروائياں باقى ہيں جس كے ليے ہم كوششیں كر رہے ہيں۔

جيسا كہ اوپر بتايا گیا ہے، جے ايس بينك كے ساتھ تصفيه طے پا گیا ہے، اور اب صرف كچھ قانونى پيچيدگياں باقى ہيں جس كے مطابق بورڈ میں متعدد ڈائريكلرز نے اپنى نشستیں چھوڑ دی ہيں ایک بار جب عدالت سے سمجھوتہ كا حكم نامہ باضابطہ طور پر طے ہو جائے گا، ہم بورڈ كو كمل كرنے يا عام انتخابات كا مطالبہ كرنے كے ليے كوآپٹ ڈائريكلرز كا انتخاب كر سكيں گے۔ جيسا كہ پہلے بتايا گیا ہے كہ بد قسمتى سے ہمارے چيئرمين جناب جاوید اعظم كا انتقال ہو گیا، اس طرح ایک نشست خالى ہو گئی، يہ بات قابل غور ہے كہ عدالتوں میں بڑى تعداد میں مقدمات زير التوا ہونے كى وجہ سے ان معاملات كا فيصلہ كرنے میں كافي وقت لگ رہا ہے۔

بينك آف پنجاب، ہم نے انہيں ان كى ضرورت كے مطابق تازہ سيكيورٹيز فراہم كر كے مطمئن كيا ہے۔ نيشنل بينك آف پاكستان كے حوالے سے، ایک بار جے ايس بينك اور بينك آف پنجاب كا معاملہ حل ہو جانے كے بعد، ہم نيشنل بينك آف پاكستان كے ساتھ تصفيه/بجالى كے حوالے سے بھرپور كوششیں كر يں گے۔

مذکورہ بالا میں، ہم نے اپنی صورت حال یعنی بینکوں کی وضاحت کی ہے، تاہم ہم سیاسی اور اقتصادی طور پر موجودہ حالات کو نظر انداز نہیں کریں گے۔ اس وقت یہ دونوں عوامل انتشار پیدا کر رہے ہیں۔

معاشی مسائل بہت زیادہ ہیں، سیلاب کے باعث ان مسائل میں کئی گنا اضافہ ہو گیا ہے۔

سیاسی مسائل کے حوالے سے، اس وقت ایک سیاسی طبقہ قانون پاس کرتا ہے، حکمران حکومت کی جانب سے کئے جانے والے ہر اقدامات کو اپوزیشن جماعت کی طرف سے چیلنج کیا جاتا ہے۔

کاروباری طبقہ معاشی حالات کے ساتھ ساتھ اس سیاسی بحران کا شکار ہے، کیوں کہ کوئی نہیں جانتا کہ کون سا راستہ اختیار کرنا ہے۔ معاشی حالات کی وجہ سے ہر کوئی سرمایہ کاری کرنے سے گھبراتا ہے۔ لیکن آپ کی انتظامیہ کو امید ہے کہ ہر طوفان کے بعد ہمیشہ پرسکون صورتحال ہوتی ہے۔ ہمیں یقین ہے کہ حکومت یہ سمجھ رہی ہے کہ ان کے تجارتی توازن کے لیے برآمدات ضروری ہے۔ برآمدات میں ٹیکسٹائل پہلے نمبر پر ہے، جس سے ہمیں امید ہے کہ حکومت ٹیکسٹائل انڈسٹری کے ساتھ برآمدات کو بڑھانے کے لیے مثبت کردار ادا کرے گی۔

آڈیٹرز رپورٹ کی منفی رائے پر تبصرہ:

- ۱۔ آڈیٹرز کی رپورٹ کے مطابق ایکویٹی میں 65.8 ملین روپے کی کمی ہوئی ہے، یہ کمی پیداوار نہ ہونے کی وجہ سے ہے، لیکن فرسودگی چارج لگایا گیا ہے۔ یہ بظاہر اس وقت ہوتا ہے، جب کمپنی پروڈکشن میں نہیں ہوتی، لیکن اس کے پاس ایک بہت بڑا پلانٹ ہوتا ہے جس پر اکاؤنٹنگ فرسودگی کے مطابق چارج کرنا پڑتا ہے۔
- ۲۔ آڈیٹرز نے بیلنس کی تصدیق کے لیے براہ راست بینکوں کو تحریر کیا ہے۔ تاہم جیسا کہ ماضی میں بیان کیا گیا ہے بینک قانونی چارہ جوئی میں کسی بیلنس کی تصدیق نہیں کرتے۔
- ۳۔ یہ دراصل ہیٹ اسٹینڈنگ ہے جو جنریٹر سے گرم اخراج لے کر گرم پانی میں تبدیل ہو جاتا ہے، ہمارے احاطے میں یہ پلانٹ ابھی تک نہیں لگایا گیا ہے۔

کاروباری منصوبے کے بارے میں، ہم کچھ سرمایہ کاروں کے ساتھ اپنی بات چیت میں کافی قریب رہے ہیں۔ تاہم جیسا کہ پہلے بیان کیا گیا ہے کہ ہماری سیاست اور معاشی صورتحال کے باعث ہر شخص سرمایہ کاری کرنے گھبرار رہا ہے۔ کاروباری منصوبے کے لیے کچھ مستحکم مالی حالات درکار ہوتے ہیں۔ زمینوں اور عمارتوں کی قیمتوں میں مسلسل اضافہ ہو رہا ہے۔

مشینری کی قیمتوں میں بے تحاشہ اضافہ ہو گیا ہے جس کی وجہ یہ ہے کہ حکومتی خزانہ ڈالر کے ساتھ بہت تنگ ہے جس کی وجہ سے کوئی مشینری درآمد نہیں ہو رہی۔ بڑے بڑے آٹوموبائل پلانٹ بند پڑے ہیں۔ سیلاب نے حکومت پر سیلاب کی تباہ کاریوں پر قابو پانے کے لیے مطلوبہ فنڈز کا

اضافی بوجھ ڈال دیا ہے۔

ہم ایک قابل عمل کاروباری منصوبہ پیش کرنا چاہتے ہیں جو فی الحال ہر ایک کیلئے ارد گرد کے حالات کی وجہ سے مطابق نہیں ہوگا۔ اگر حکومت کے پاس ڈالر کی دستیابی L/Cs کے لیے جاری کی جائے تو ٹیکسٹائل انڈسٹری میں ہمیں کپاس کی بہت زیادہ کمی کی توقع ہے جسے درآمد کرنا پڑے گا۔

مذکورہ بالا تمام حالات کی وجہ سے، جب معاشی حالات معمول پر آنے لگیں تو کاروباری منصوبہ بندی کرنا زیادہ حقیقت پسندانہ ہوگا۔ جس کی ہم جلد ہی توقع کرتے ہیں اور امید ہے کہ بہت جلد ہمیں ایک کاروباری منصوبہ پیش کرنے کے قابل بنائے گا۔

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 30 جون 2022 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:

- ☆ العابد سلک ملز لمیٹڈ کی انتظامیہ نے مالیاتی حسابات مرتب کئے ہیں جو کہ موجودہ معاملات کیلئے بالکل صحیح ہیں، جو کہ آپریشن، کیش فلو اور ایکویٹی میں تبدیلی کا نتیجہ ہے۔
- ☆ العابد سلک ملز لمیٹڈ کے کھاتے مناسب طور پر مرتب کئے گئے ہیں۔
- ☆ مالیاتی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں پر عملدرآمد کیا گیا ہے اور اکاؤنٹنگ کا تخمینہ مناسب اور صحیح فیصلے کی بنیاد پر ہے۔
- ☆ انٹرنیشنل فنانشنگ رپورٹنگ اسٹینڈرڈ 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۔

AL-ABID SILK MILLS LIMITED

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

اس سال بورڈ آف ڈائریکٹرز کی پانچ 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	5
سید رضا عباس جعفری	5
محترمہ عادیہ نسیم	5
محترمہ صدف ندیم	5

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 2023ء کو ختم ہونے والے سال کیلئے میسرز منیف ضیاء الدین اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹ کی تقرری کی سفارش کی ہے۔

شیئر ہولڈنگ کا پیٹرن:

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

اظہار تشکر:

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

کراچی: مورخہ 29 ستمبر 2022ء

بورڈ آف ڈائریکٹرز کی جانب سے

نسیم اے ستار

چیف ایگزیکٹو آفیسر

AL-ABID SILK MILLS LIMITED

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019 Year ended June 30, 2022

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 4 (four) as per the following:

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

2. The composition of the Board is as follows:

Executive Director	Mr.Naseem A.Sattar
Non-Executive Directors	Mst. Adia Naseem
	Mrs. Sadaf Nadeem
	Syed Raza Abbas Jaffari
Female Director	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. All the directors on their Boards have acquired the prescribed certification under director training program offered by institutions.

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 no committees during the year.

13. Since there is no committee as mentioned above the terms of reference of the aforesaid committees have been not been formed.

14. Since there is no committee during the year, no meetings could be held.

15. The board does not have internal audit function.

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 3, 7, 8, 32, 33 and 36 of the Regulations have been complied with except 6, 27.

Regulation	Explanation
6	As per the regulation, the Company shall have at least two or one third members of the Board, whichever is higher, as independent directors. However, there are no independent director(s).
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 no member(s) and did not hold any meeting in the financial year.

19. Explanation for non-compliance with the requirements other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

Regulation	Explanation
28	As per the regulation, there shall be a human resource and remuneration committee. However, there is no human resource and remuneration committee since the company is not operational since a long time.
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.

Karachi: September 29, 2022


Chairman

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, 2022 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.

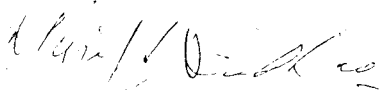
Following instance of non-compliance with the requirement of the Regulations was observed which is not stated in the Statement of Compliance:

1. The number of directors is 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, 2022.

Further, we highlight below instances of non-compliance with the requirements of the Code as reflected in the note 18 and 19 in the Statement of Compliance:

Regulation	Explanation
6	As per the regulation, the Company shall have at least two or one third members of the Board, whichever is higher, as independent directors. However, there are no independent director(s).
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, there is no Audit committee and consequently did not hold any meeting in the financial year since the company is not operational since a long time.
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	As per the regulation, There shall be a human resource and remuneration committee. However, there is no human resource and remuneration committee since the company is not operational since a long time.


MUNIFF ZIAUDDIN & CO.
CHARTERED ACCOUNTANTS
MUHAMMAD MOIN KHAN

Karachi: September 29, 2022
UDIN: CR2022101538eD1oinhY
Annual Report 2022

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 2022, 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, 2022, 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. 2.812 billion which has eroded its equity to an adverse balance of Rs. 65.9 million after surplus on revaluation of fixed assets, as of that date Company's current liabilities exceeded its current assets by Rs. 2.719 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. 2.998 million as mentioned in the financial statements. The Company has not recorded mark-up on these finances which amounts to Rs. 233.35 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.
- (iii) The company has not complied with the requirement of IAS 36 – Impairment in relation to the 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>1. Contingencies</p> <p>The Company is subject to material litigations involving different courts pertaining to Long-term loans, taxation and other matters, which requires management to make assessment and judgements with respect to likelihood and impact of such litigations. Management have engaged independent legal counsel on these matters.</p> <p>The accounting for, and disclosure of, contingencies is complex and is a matter of most significance in our audit because of the judgements required to determine the level of certainty on these matters.</p> <p>The details of contingencies along with management's assessment and the related provisions are disclosed in note 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

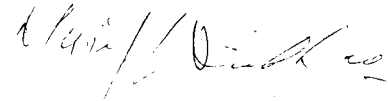
From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes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



Karachi: September 29, 2022

UDIN: AR202210153dMwhuRxSf

Chartered Accountants
Muhammad Moin Khan

AL-ABID SILK MILLS LIMITED

STATEMENT OF FINANCIAL POSITION

			Restated		Restated as at
		2022	2021		July 01, 2021
	Note	(Rupees)			2020
EQUITY & LIABILITIES					
SHARE CAPITAL AND RESERVES					
Authorized capital					
20,000,000 ordinary shares of Rs. 10/- each		200,000,000	200,000,000		200,000,000
Issued, subscribed and paid-up capital	7	134,095,500	134,095,500		134,095,500
Capital reserves					
Other reserves		372,834,000	372,834,000		372,834,000
Revaluation Surplus on Property, Plant & Equipment	8	2,239,643,487	518,892,129		621,830,570
Revenue reserves					
Accumulated loss		(2,812,486,378)	(2,749,318,586)		(3,457,512,432)
Total equity		(65,913,391)	(1,723,496,957)		(2,328,752,362)
LIABILITIES					
NON- CURRENT LIABILITIES					
Deferred tax	9	-	-		-
Staff retirement benefits	10	8,373,879	8,425,182		8,339,236
		8,373,879	8,425,182		8,339,236
CURRENT LIABILITIES					
Loan from directors and family member's- unsecured	11	521,018,754	521,018,754		521,018,754
Security deposit		-	-		16,400,000
Trade and other payables	12	763,396,791	762,843,112		763,265,695
Unclaimed dividend		108,310	108,310		108,310
Advance from I.B.L	13	366,063,944	366,063,944		366,063,944
Accrued markup	14	60,622,829	60,622,829		96,809,130
Short term finances	15	1,397,310,685	1,397,310,685		2,144,455,606
Provision for taxation		617,708	573,441		390,459
		3,109,139,020	3,108,541,074		3,908,511,900
CONTINGENCIES AND COMMITMENTS	16				
		3,051,599,509	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, 2022

2022 2021 2020
----- (Rupees) -----

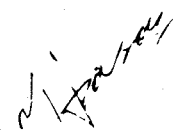
ASSETS

NON-CURRENT ASSETS

Property, plant and equipment	17	2,658,036,109	978,405,190	1,206,193,888
Long term security deposit		3,311,307	3,311,307	3,290,949

CURRENT ASSETS

Stores and spares	18	24,909,000	24,909,000	37,835,793
Stock in trade	19	-	-	9,094,981
Trade debts	20	1,011,896	1,200,936	1,389,977
Loans and advances	21	5,142,502	5,048,594	9,050,619
Trade deposits and prepayments	22	8,144,398	8,144,398	8,144,398
Other receivables	23	216,756,212	219,841,188	150,495,162
Tax refunds due from government	24	62,654,925	62,265,684	60,250,342
Cash and bank balances	25	71,633,160	90,343,002	102,352,665
		390,252,093	411,752,802	378,613,937
		<u>3,051,599,509</u>	<u>1,393,469,299</u>	<u>1,588,098,774</u>



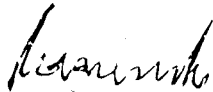
Chief Financial Officer

AL-ABID SILK MILLS LIMITED

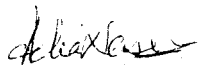
STATEMENT OF PROFIT OR LOSS ACCOUNT For the year ended June 30, 2022

	Note	2022 Rupees	Restated 2021 Rupees
Sales and manufacturing	26	-	-
Cost of sales	27	(116,478,329)	(86,131,390)
Gross loss		<u>(116,478,329)</u>	<u>(86,131,390)</u>
Operating expenses			
Administrative expenses	28	(27,172,331)	(55,786,504)
Other income	29	4,914,053	748,733,583
(Loss)/ profit from operations		<u>(138,736,607)</u>	<u>606,815,689</u>
Finance cost	30	(325,142)	(1,486,083)
(Loss) / profit before taxation		<u>(139,061,749)</u>	<u>605,329,606</u>
Taxation-net	31	(44,267)	(182,981)
(Loss) / profit after taxation		<u>(139,106,016)</u>	<u>605,146,625</u>
(Loss) / Earning per share - basic and diluted	32	<u>(10.37)</u>	<u>45.13</u>


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



Chief Executive Officer



Director



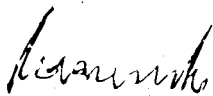
Chief Financial Officer

AL-ABID SILK MILLS LIMITED

STATEMENT OF COMPREHENSIVE INCOME For the year ended June 30, 2022

	2022 Rupees	Restated 2021 Rupees
(Loss) / profit after taxation	(139,106,016)	605,146,625
Other comprehensive income		
<i>Items that will not be reclassified to profit or loss</i>		
Revaluation of property, plant and equipments	1,796,468,522	-
Remeasurements of defined benefit liability	221,060	108,780
	1,796,689,582	108,780
<i>Items that are or may be reclassified subsequently to profit or loss</i>		
Other comprehensive income for the year	1,796,689,582	108,780
Total comprehensive income for the year	1,657,583,566	605,255,405

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, 2022

	Note	2022 Rupees	Restated 2021 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
(Loss) / profit before taxation		(139,061,749)	605,329,606
Adjustments for:			
Depreciation	17.6	116,837,600	69,412,616
Gain on disposal of property, plant and equipment		-	(186,572,006)
Provision for slow moving obsolete stores and spares		-	6,949,565
Provision for staff retirement benefits	10.2	169,757	194,726
Obsolete Stock Writeoff		-	10,187,700
Impairment of trade debts	20	189,040	189,041
Gain on reversal of financial liability		-	(551,331,222)
		117,196,397	(650,969,580)
WORKING CAPITAL CHANGES			
Decrease / (Increase) in current assets:			
Store and spares		-	4,884,510
Loan and advances		(93,908)	4,002,025
Other receivables		3,084,976	(69,346,026)
Tax refunds due from government		(389,241)	(2,015,342)
		2,601,827	(62,474,833)
(Decrease) / Increase in current liabilities:			
Trade and other payable		553,683	(422,583)
Security deposit		-	(16,400,000)
Accrued mark-up		-	(36,186,301)
		553,683	(53,008,884)
Cash used on operations		(18,709,842)	(161,123,691)
Taxes paid		-	-
Net cash used in operating activities		(18,709,842)	(161,123,691)
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from disposal of fixed assets		-	344,948,086
Long term security deposit		-	(20,358)
Net cash generated from investing activities		-	344,927,728
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of short term finance		-	(195,813,699)
Net cash used in financing activities		-	(195,813,699)
Net decrease in cash and cash equivalents		(18,709,842)	(12,009,663)
Cash and cash equivalents at the beginning of the year		90,343,002	102,352,665
Cash and cash equivalents at the end of the year	25	71,633,160	90,343,002

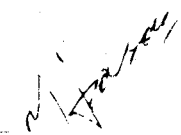
The annexed notes form an integral part of these financial statements.



Chief Executive Officer



Director



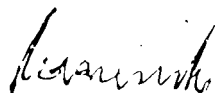
Chief Financial Officer

AL-ABID SILK MILLS LIMITED

STATEMENT OF CHANGES IN EQUITY For the year ended June 30, 2022

	Share Capital	Capital Reserve		Revenue Reserve	Total
	Issued, subscribed and paid-up capital	Other reserve	Revaluation Surplus on	Accumulated Loss	
Rupees					
Balance as at July 01, 2020 - previously stated	134,095,500	372,834,000	1,297,497,056	(4,133,178,918)	(2,328,752,362)
Correction of error - Note 8.3	-	-	(675,666,486)	675,666,486	-
Balance as at July 01, 2020 - restated	134,095,500	372,834,000	621,830,570	(3,457,512,432)	(2,328,752,362)
Comprehensive income for the year					
Profit after tax for the year ended June 30, 2021 - restated	-	-	-	605,146,625	605,146,625
Other comprehensive income - restated	-	-	-	108,780	108,780
Total comprehensive income for the year ended June 30, 2021 - restated	-	-	-	605,255,405	605,255,405
-Transfer on account of disposal	-	-	(51,984,045)	51,984,045	-
-Transfer on account of incremental-depreciation	-	-	(50,954,396)	50,954,396	-
Balance as at June 30, 2021 - Restated	134,095,500	372,834,000	518,892,129	(2,749,318,586)	(1,723,496,957)
Comprehensive income for the year					
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 from surplus on revaluation of fixed assets on account of incremental depreciation	-	-	(75,717,164)	75,717,164	-
Balance as at June 30, 2022	134,095,500	372,834,000	2,239,643,487	(2,812,486,378)	(65,913,391)

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



Chief Executive Officer



Director



Chief Financial Officer

AL-ABID SILK MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

1. LEGAL STATUS AND OPERATIONS

- 1.1 Al-Abid Silk Mills Limited (the Company) was incorporated as a private limited company in the year 1968, later on it was converted into public limited company as on December 24, 1987 under repealed Companies Ordinance, 1984 (repealed by the enactment of Companies act, 2017). The shares of the Company are listed on Pakistan Stock Exchange Limited. The registered office is located at A-34/A, S.I.T.E., Manghopir Road, Karachi. The Company is principally engaged in manufacturing and processing of various kinds of fabrics and export of printed and dyed cloth, bed sets and other textile made-ups. The manufacturing facilities of the Company are located at Karachi.

Geographical location and addresses of major business units including mills / plants of the Company are as under:

KARACHI

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

A-29/B, S.I.T.E., Manghopir Road, Karachi.

PURPOSE

The registered office with manufacturing facilities

The factory premises with manufacturing facilities

2. GOING CONCERN ASSUMPTIONS

The Company has curtailed off the manufacturing activities for quite some time. As a result of constant losses, the accumulated loss of the company has reached to Rs. 2.812 billion and total equity to negative Rs. 65.91 million, while the reported current liabilities (since partly under litigation) have exceeded to current assets of the company by Rs. 2.718 billion. These conditions indicate the existence of a material uncertainty that may cast significant doubt on Company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business. However, the management of the company believes that the company will remain a going concern in the foreseeable future.

The banks and DFI filed civil recovery suits in Honorable High Court and Banking Court for recovery of their lent fund. The Company filed leave to defend in the court against all such legal suits. Furthermore, the company did not accrue the markup of Rs. 233.35 million as matter was under litigation. Settlement with JS Bank is under process according to Supreme Court Order/Direction, in this regard the company has deposited the settlement amount to Nazir Sindh High Court Karachi against recovery suit No.B-76/2013. The management has already requested rest of the banks and DFI collectively and individually to reschedule their credit facilities for a longer period coupled with fresh additional working capital facility in order to resume the operation of the company, and the discussion with the banks/DFI are continuing.

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

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

3. Basis of Preparation

3.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

AL-ABID SILK MILLS LIMITED

3.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for certain items as disclosed in the relevant accounting policies below.

3.3 Functional and presentation currency

These financial statements are presented in Pak Rupees (Rs/Rupees), which is the functional currency of the Company. Amounts presented in the financial statements have been rounded off to the nearest of Rs./Rupees, unless otherwise stated.

4 Key judgements and estimates

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

- Useful lives, residual values and depreciation method of Property, plant and equipment (note 6.1 & 17)
- Impairment loss of non financial assets other than stock in trade (note 6.6)
- Provision for impairment of stock in trade (note 6.3 & 19)
- Provision for expected credit loss (note 6.7)
- Obligation of defined benefit obligation (note 6.13 & 10)
- Estimation of provisions (note 6.19)
- Estimation of contingent liabilities (note 6.17 and 16)
- Current income tax expense, provision for current tax recognition of deferred tax (refer note 6.12 & 30)

5 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

5.1 Standards, amendments to published standards and interpretations that are effective in the current year

There were certain amendments to accounting and reporting standards which became effective for the Company for the current year. However, these are considered not to be relevant or to have any significant impact on the Company's financial reporting and, therefore, have not been disclosed in these financial statements.

5.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

There is a standard and certain other amendments to accounting and reporting standards that are not yet effective and are considered either not to be relevant or to have any significant impact on the Company's financial statements and operations and, therefore, have not been disclosed in these financial statements.

AL-ABID SILK MILLS LIMITED

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

6.1 Property, plant and equipment

- a) Items of property, plant and equipment, other than freehold land, buildings on freehold land and capital work-in-progress, are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at revalued amount whereas buildings on freehold land, are stated at revalued amounts less accumulated depreciation and any identified impairment loss. Borrowing costs are also capitalized for the period up to the date of commencement of commercial production of the respective plant & machinery, acquired out of the proceeds of such borrowings.

Any revaluation increase arising on the revaluation of land, buildings is recognised in other comprehensive income and presented as a separate component of equity as "Revaluation surplus on property, plant and equipment", except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of land, buildings is charged to profit or loss to the extent that it exceeds the balance, if any, held in the revaluation surplus on property, plant and equipment relating to a previous revaluation of that asset. The revaluation reserve is not available for distribution to the Company's shareholders. The surplus on revaluation of land and buildings to the extent of incremental depreciation charged (net of deferred tax) is transferred to unappropriated profit.

- b) Depreciation is charged (other than land and capital work in progress) over their estimated useful lives, using diminishing balance method at the rates specified in note 17.
- c) Depreciation is charged on assets from the month of purchase or from the month of commercial production for additions in respect of additions made during the year while proportionate depreciation is charged on assets disposed off during the year till the month of disposal.
- d) Major renewals and replacement are capitalized.
- e) An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on derecognition of an item of property plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the assets and as recognised on as other income in the statement of profit or loss. In the case of derecognition of a revalued property, the attributable revaluation surplus remaining on the surplus on revaluation is transferred directly to the unappropriated profit.

Judgements and estimates

The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any changes in estimates is accounted for on a prospective basis.

Impairment

An asset's carrying amount is writtendown immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount.

Capital work-in-progress

Capital work-in-progress is stated at cost less impairment loss (if any).

6.2 Stores, spares and loose tools

Stores, spares and loose tools are stated at the lower of cost and net realizable value. The cost of inventory is based on moving average cost. Items in transit are stated at cost accumulated up to the statement of financial position date. The Company reviews the carrying amount of stores, spares and loose tools on a regular basis and provision is made for identified obsolete and slow moving items.

6.3 Stock-in-trade

- 1 These are valued at lower of cost and net realizable value.
- 2 Cost in relation to raw materials in hand, packing materials and other components has been calculated on a weighted average basis and represents invoice values plus other charges paid thereon.
- 3 Cost in relation to work in process and finished goods represents direct cost of materials, wages and appropriate manufacturing overheads.
 - i. Raw materials held in custom bonded warehouse and stock-in-transit are valued at cost comprising of invoice value plus other charges accumulated up to the balance sheet date.
 - ii. Net realizable value represents the estimated selling price in the ordinary course of business less all estimated costs necessary to completion and to be incurred in marketing, selling and distribution.

Judgements and estimates

Stock in trade write down is made based on the current market conditions, historical experience and selling goods of similar nature. It could change significantly as a result of changes in market condition. A review is made on each reporting date on stock for excess, obsolescence and decline in net realizable value and an allowance is recorded against the stock balances for any such decline.

6.4 Trade and other receivables

Trade debts and other receivables are recorded initially at transaction price and subsequently measured at amortized cost less loss allowance, if any. The loss allowance is recognized on "expected credit loss method" based on management's expectation of losses without regard to whether an impairment trigger happened or not.

6.5 Cash and cash equivalent

Cash and cash equivalents on the statement of financial position comprises cash at banks and on hand. For the purpose of cash flow statement, cash and cash equivalents comprise cash on hand and deposit held with banks.

6.6 Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non financial assets (other than stock in trade and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The increase in the carrying amounts shall be treated as reversals of impairment losses for individual assets and recognized in profit or loss unless the asset is measured at revalued amount. Any reversal of impairment loss of a revalued asset shall be treated as a revaluation increase.

6.7 Financial instruments

6.7.1 Financial assets

The Company classifies its financial assets at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

6.7.1.1 Financial assets at amortised cost

Financial assets at amortised cost are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on de-recognition are recognised directly in profit or loss.

6.7.1.2 Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

6.7.1.3 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are those financial assets which are either designated in this category or not classified in any of the other categories. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss in the period in which it arises.

Financial assets are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently premeasured to fair value, amortized cost or cost as the case may be. Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the profit or loss for the period in which it arises.

Equity instrument financial assets / mutual funds are measured at fair value at and subsequent to initial recognition. Changes in fair value of these financial assets are normally recognised in profit or loss. Dividends from such investments continue to be recognised in profit or loss when the Company's right to receive payment is established. Where an election is made to present fair value gains and losses on equity instruments in other comprehensive income there is no subsequent reclassification of fair value gains and losses to profit or loss following the de-recognition of the investment.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company.

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade debtors, the Company applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company recognises in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

6.7.2 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised costs are initially measured at fair value minus transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit or loss.

6.8 Off setting of financial assets and liabilities

Financial assets and liabilities are off-set and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognised amounts and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

6.9 Trade and other payables

Liabilities for trade and other payables are recognized initially at their fair value and subsequently measured at amortized cost using effective interest method.

6.10 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred and are subsequently measured at amortized cost using the effective interest rate method. Borrowings are classified as current liabilities unless the Company has an unconditional / contractual right to defer settlement of the liability for at least twelve months after the statement of financial position date.

6.11 Share capital

Share capital is classified as equity and recognized at the face value. Incremental costs net of tax and directly attributable to the issue of new shares are shown as a deduction in equity

6.12 Taxation

Current

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses and credits only if it is probable that future taxable amounts will be available to utilise those temporary differences and unused tax losses and credits.

Judgements and estimate

Significant judgment is required on determining the income tax expenses and provision for tax. There are many transactions and calculations for which the ultimate tax determination is uncertain as these matters are being contested at various forums. The Company recognizes liabilities for the anticipated tax issues based on estimates on whether additional taxes will be due. Where the final tax outcome of these matters is different from the amount that are initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

Further, the carrying amount of the deferred tax asset is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profit.

Off-setting

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

6.13 Staff retirement benefits

Defined benefit plan

The Company operates an unfunded gratuity scheme covering all eligible employees. A defined benefit plan is a plan that is not a defined contribution plan. The liability recognized in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligations at the end of the reporting period. The defined benefit obligations are calculated annually by independent actuary using the projected unit credit method.

The present value of the defined benefit obligations are determined by discounting the estimated future cash outflows. These are denominated in the currency in which the benefits will be paid. Remeasurement gain/losses are recognised in other comprehensive income

Judgements and estimates

In determining the liability for long-service payments management must make an estimate of salary increases over the following years, discount rate to use in the present value calculation and the number of employees expected to leave before they receive the benefits

AL-ABID SILK MILLS LIMITED

6.14 Revenue recognition

Revenue from contracts with customers is recognised at the point in time when performance obligation is satisfied i.e. control of the goods is transferred to the customers at an amount that reflects the consideration to which the Company expects to be entitled to on exchange of those goods.

Return on deposits is recognized on a time proportionate basis using the effective rate of return.

Dividend income is recognized in profit or loss as other income when:

- 1 The Company's right to receive payment have been established.
- 2 Probable that economic benefit will flow to the Company.
- 3 The amount of dividend can be measured reliably.

6.15 Foreign exchange translation

Transactions in foreign currencies are accounted for in Pakistani Rupees at the foreign exchange rates prevailing on the date of transactions. Monetary assets and liabilities in foreign currencies, except for those covered under forward foreign exchange contracts, if any, are retranslated into Pak Rupees at the foreign exchange rates approximately those prevailing at the reporting date. Forward foreign exchange contracts, if any, are translated at contracted rates exchange differences, if any, are charged on statement of profit or loss.

6.16 Borrowing cost

Borrowing costs are recognized as an expense on the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing cost, if any, are capitalized as part of the cost of the asset.

6.17 Contingent liabilities

Contingent liability is disclosed when:

- 6.17.1 There is possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company' or
- 6.17.2 There is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

6.18 Dividend distribution

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

6.19 Provisions

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

Judgements and estimate

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amount of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognized provision is recognized in the statement of profit or loss unless the provision was originally recognized as part of the cost of an asset.

6.20 Basic and diluted earnings per share

The company presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

AL-ABID SILK MILLS LIMITED

7 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL			Note	June 2022 Rupees	June 2021 Rupees
June 2022 (Number of Shares)	June 2021	Authorized Capital			
20,000,000	20,000,000	Ordinary shares of Rs. 10 each		200,000,000	200,000,000
8,713,900	8,713,900	Issued, subscribed and paid up capital Ordinary shares of Rs. 10 each fully paid-up in cash		87,139,000	87,139,000
4,695,650	4,695,650	Ordinary shares of Rs. 10 each issued as fully paid bonus shares		46,956,500	46,956,500
13,409,550	13,409,550			134,095,500	134,095,500

Shares held by the related parties of the Company

Directors, CEO, & their spouse and minor children	Jun-22	Jun-22	Jun-21	Jun-21
	Number of Shares	Percentage holding	Number of Shares	Percentage Holding
Mr. Naseem A. Sattar	7,515,162	56.043	7,515,162	56.043
Mrs. Zarina Naseem	1,479,361	11.030	1,479,361	11.030
Mst. Adia Naseem	328,322	2.448	328,322	2.448
Mrs. Sadaf Nadeem	132,281	0.986	132,281	0.986
NIT and SICP				
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1,113,687	8.305	1,113,687	8.305
STATE LIFE INSURANCE CORPORATION OF PAKISTAN	236,994	1.767	236,994	1.767

7.1 All ordinary shares rank equally with regard to the Company's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

8 Revaluation Surplus on Property Plant & Equipment		Note	June 2022 Rupees	June 2021 Rupees
				Restated
Balance at beginning of the period / year - restated	8.3		518,892,129	621,830,570
Less: Transferred to unappropriated profit on account of incremental depreciation for the year.			(75,717,164)	(50,954,396)
Less: Transferred to unappropriated profit on account of disposal for the year.				(51,984,045)
Surplus on revaluation arisen during the year			1,796,468,522	
Balance at end of the year - net			2,239,643,487	518,892,129

8.1 The Company has revalued its Leasehold land, Building on Leasehold land, Plant, Machinery & equipments, Furniture & Fixture, Office equipment, Electric, gas & Other Installation. The valuation has been determined by the independent qualified valuer M/s. Sadruddin Associates (Pvt) Ltd on November 30, 2021. The assessed values of the fixed assets as determined by the valuer amounts to Rs. 2,730,786,761, however, the forced sales value is Rs. 2,321,168,747 have been taken to account for the fixed assets.

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

	Jun-22			Jun-21		
	Cost	Accumulated depreciation	Book value	Cost	Accumulated depreciation	Book value
Leasehold land	29,376,842		29,376,842	29,376,842		29,376,842
Building on leasehold land	289,870,773	246,184,300	43,686,473	289,870,773	241,330,247	48,540,526
Plant, Machinery & equipments	2,001,525,719	1,694,636,355	306,889,363	2,001,525,719	1,660,537,540	340,988,178
Furniture & Fixture	42,571,147	35,226,114	7,345,032	42,571,147	34,410,000	8,161,146
Office equipment	4,533,716	3,732,946	800,770	4,533,716	3,643,972	889,744
Electric, gas & Other Installations	71,081,709	59,719,378	11,362,331	71,081,709	58,456,899	12,624,810
	2,438,959,906	2,039,499,093	399,460,811	2,438,959,906	1,998,378,658	440,581,246

AL-ABID SILK MILLS LIMITED

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

Effective Date of Revaluation	Name of Independent Valuer	Class of Property, Plant And Equipment Revalued	Surplus / (Deficit) Arising Due To Revaluation	Forced sale value
August 31, 2007	M/s. Anjum Adil & Associates	Leasehold land, Building on Leasehold land, Plant, Machinery & equipments, Furniture & Fixture, Office equipment, Electric, gas & Other Installation and Leased Plant, Machinery & equipments.	Rs: 554.72 million	
August 31, 2010	M/s. Anjum Adil & Associates	Leasehold land, Building on Leasehold land, Plant, Machinery & equipments, Furniture & Fixture, Office equipment, Electric, gas & Other Installation and Leased Plant; Machinery & equipments.	(Rs: 40.03 million)	
June 30, 2012	M/s. Anjum Adil & Associates	Leasehold land, Building on Leasehold land, Plant, Machinery & equipments, Furniture & Fixture, Office equipment, Electric, gas & Other Installation and Leased Plant, Machinery & equipments.	Rs: 3,807.35 million	
January 08, 2018	M/s Sipra & Company (Private) Limited	Leasehold land, Building on Leasehold land, Plant, Machinery & equipments, Furniture & Fixture, Office equipment, Electric, gas & Other Installation and Leased Plant, Machinery & equipments.	(Rs: 1,470.14 million)	Rs 1,674.05 million
November 30, 2021	M/s Sadruddin Associates (Pvt) Ltd	Leasehold land, building on lease hold land, plant, machinery and equipments, furniture and fixtures, office equipments, electric gas and other installations	Rs 1,796 million	Rs. 2,321 million

8.3 The Company had not transferred the amount on account of disposal of the assets from revaluation surplus on property, plant and equipment to the accumulated losses. The error is corrected as follows:

	1/Jul/2020		
	As previously reported	Restatement	As restated
Revaluation Surplus on Property, Plant & Equipment	1,297,497,056	(675,666,486)	621,830,570
Accumulated loss	(4,133,178,918)	675,666,486	(3,457,512,432)
	1/Jul/2021		
	As previously reported	Restatement	As restated
Revaluation Surplus on Property, Plant & Equipment	1,246,542,660	(727,650,531)	518,892,129
Accumulated loss	(3,476,966,961)	727,650,531	(2,749,316,430)
		June 2022	June 2021
	Note	Rupees	Rupees

9 DEFERRED TAX

Debit / (Credit) balances arising from:

Property, plant and equipments	387,454,018	128,785,417
Provision for slow moving and obsolete stores and spares	-	(12,987,754)
Provision for slow moving and obsolete stock	-	(5,275,090)
Impairment of trade debts	(383,753)	(328,931)
Provision for retirement benefits	(2,428,425)	(2,443,303)
Tax credit of unused tax losses	(416,821,208)	(293,096,225)
	(32,179,368)	(185,345,886)

Deferred tax asset has not been recognized as management is of the view that future earnings to the extent of such asset may not be available.

AL-ABID SILK MILLS LIMITED

	Note	2022 Rupees	2021 Rupees
10 STAFF RETIREMENT BENEFITS		8,373,879	8,425,182
10.1 Changes in present value of defined benefit obligation			
Present value at the beginning of the year		8,425,182	8,339,236
Current service cost		51,399	80,177
Interest cost on defined benefit obligation		118,358	114,549
Loss / (Gain) on remeasurement of defined benefit obligation		3,300	3,037
Benefits paid during the year		(224,360)	(111,817)
Experience adjustments		8,373,879	8,425,182
Present value at the end of the year	10.10	8,373,879	8,425,182
10.2 The following amounts have been charged to statement of profit or loss during the year			
Current service cost		51,399	80,177
Interest cost on defined benefit obligation		118,358	114,549
		169,757	194,726
10.3 Charge for the year has been allocated as under:			
Administrative expenses		169,757	194,726
10.4 Total remeasurements chargeable in other comprehensive Income			
Actuarial loss from changes in financial assumptions		(221,060)	(108,780)

10.5 Principal actuarial assumptions

The latest actuarial valuation for gratuity fund was carried out as at June 30, 2022 using the Projected Unit Credit Method (PUCM). The following significant assumptions used for the actuarial valuation:

	June 30, 2022	June 30, 2021
Discount rate	13.25%	8.5%
Expected rate of increase in salary	12.25%	10%
Average retirement age of an employee	60	60
Mortality rates	SLIC 2001 - 2005 Setback 1 Year	SLIC 2001 - 2005 Setback 1 Year

10.6 Sensitivity analysis

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected rate of salary increase. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

<i>Impact on defined benefit obligation</i>			
	Changes in assumption %	Increase in assumption	Decrease in assumption
		←----- Rupees -----→	
Discount rate	plus (+) 100 bps	840,707	
	minus (-) 100 bps	-	926,423
Salary increase	plus (+) 100 bps	927,057	
	minus (-) 100 bps		839,378

10.7 The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the staff retirement gratuity recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous method.

Historical information	2021	2020	2019	2018	2017
Present value of defined benefit obligation	8,425,182	8,339,236	6,991,602	7,008,935	7,118,935
Experience adjustment on obligation					

AL-ABID SILK MILLS LIMITED

10.8 Maturity profile

Years	Rupees
2023	26,521
2024	30,950
2025	36,077
2026	42,038
2027	48,924
2028	301,431
2029	1,790,204
2030	-
2031	-
2032	-
2033 & Onwards	5 years

10.9 The estimated charge to P & L in respect of defined benefit plan for the year ended June 30, 2023 is estimated to be Rs. 173,355/=

10.10 The amount includes Rs. 7,491,602 (2021: Rs. 6,991,602) in respect of gratuity payable to ex-employees of the Company.

	Note	2022 Rupees	2021 Rupees
11 LOAN FROM DIRECTORS AND FAMILY MEMBERS - UNSECURED			
Balance at beginning of the year		521,018,754	521,018,754
Received during the year		-	-
Repaid during the year		-	-
		<u>521,018,754</u>	<u>521,018,754</u>
The above is interest free loan from director(s) of the company, which is payable on demand.			
12 TRADE AND OTHER PAYABLES			
Trade creditors		477,669,677	477,669,677
Other creditors		211,843,262	211,385,378
GIDC payable		47,874,699	47,874,699
Accrued liabilities		6,412,209	6,324,065
Workers' profit participation fund		16,695,060	16,695,060
Advance from customers		785,717	785,717
Other liabilities		2,116,167	2,108,516
		<u>763,396,791</u>	<u>762,843,112</u>
13 ADVANCE FROM IBL - UNSECURED	13.1	<u>366,063,944</u>	<u>366,063,944</u>
13.1 The comprises of initial mobilizing expenses by International Brands Limited as disclosed on note 1.1 for repair and maintenance to have the plant in full running condition.			
14 ACCRUED MARKUP			
Export refinance loan		32,377,419	32,377,419
Liabilities against assets subject to finance lease		3,437,436	3,437,436
Short term loan		24,807,974	24,807,974
		<u>60,622,829</u>	<u>60,622,829</u>
15 SHORT TERM FINANCES			
From banks and financial institutions - Secured	15.1	1,397,310,685	2,144,455,606
Less: Settlement during the year		-	(747,144,921)
		<u>1,397,310,685</u>	<u>1,397,310,685</u>
15.1 The facilities consist of various types of short term finances from different banks and non-banking financial institutions. The facilities are secured against hypothecation charge on stocks, mortgage on factory property of Plot No. A-34/A and A-29/B with Land, building and machinery installed thereon and charge on book debts and receivables of the company. As fully disclosed in note No. 16 various banks have filed suit for the recovery of these loans. Previously the company has settled off most of the banks. The management is amicably pursuing rest of the banks and D.F.I for rescheduling or settlement as disclosed in note 2 & 16.			
16 CONTINGENCIES AND COMMITMENTS			
16.1 Contingencies			
Bank guarantee		1,512,000	1,512,000
The bank guarantees have been issued in favor of Excise, Sales tax and others.			

AL-ABID SILK MILLS LIMITED

16.2

S.NO.	WRIT/PETITION	FORUM	ISSUE INVOLVED	STATUS
1		Sindh High Court	The Sales Tax department has filed an appeal in the Honorable High Court of Sindh on 23rd August, 2000 against the Order of the learned Appellate Tribunal Customs and Sales Tax for recovery of Additional Tax and Surcharge amounting to Rs. 3,449 million for the year 1992-93. No provision for this amount has been made in these accounts as the management of the Company is of the view that the decision of the Learned Appellate Tribunal Customs and Sales Tax given in favor of the Company will be successfully defended in the Honorable High Court.	Pending
2	Application No. 95 & 96 of 2016	Sindh High Court	The Spl. Sales Tax Reference Application No. 95 & 96 of 2016 filed by the company against order passed by the Sindh Revenue Board Appellate Tribunal order related to period ending June 30, 2014 and June 30, 2015 are pending before Honorable High Court of Sindh at Karachi. Further, The Sindh Revenue Board has also filed Spl. Sales Tax Reference Application No. 119 of 2016 against order passed by the Sindh Revenue Board Appellate Tribunal order related to period ending June 30, 2014 and June 30, 2015 is pending before Honorable High Court of Sindh at Karachi.	Pending
3	Suit No. B-42/2013	Sindh High Court	Al-Abid Silk Mills Limited (company) has filed the suit for damages against the JS Bank Limited and JS Bank Limited has filed suit # B-76/2013 against the company for recovery of outstanding loan amounting to Rs. 335,105,083/-. Settlement with JS Bank Ltd is under process according to Supreme Court of Pakistan Direction, the company deposited the settlement amount to Nazir Sindh High Court in the Suit.	Pending
4	Suit No. B-95 of 2013	Sindh High Court	Bank of Punjab has filed suit against the Company for recovery of outstanding loan amounting to Rs. 434,399,948/-.	Pending
5	Suit No. B-111 of 2013	Sindh High Court	PAIR Investment Co. Ltd. has filed the suit against the Company for recovery of outstanding loan amounting to Rs. 171,460,949/-.	Pending
6	Suit No. B-26 of 2017	Sindh High Court	National Bank of Pakistan has filed the suit against the Company for recovery of outstanding loan amounting to Rs. 948,140,145/-.	Pending
7	Suit No. 1586/2013	Sindh High Court	The company has filed suit inter alia for cancellation of cheques, and damages against Iqbal Arshad Textile.	Pending
8	Suit No. 540/2014	Sindh High Court	Javed Arshad has filed the suit against the company for recovery of Rs. 21.32 million.	Pending
9	Suit No. 1200/2014	Sindh High Court	Ranyal Textile has filed the suit against the company for recovery of Rs. 40.94 million.	Pending
10	Suit No. 1245/2015	Sindh High Court	Shahaj Textile has filed the suit against the company for recovery of Rs. 112.64 million.	Pending
11	Suit No. 1833/2015	Sindh High Court	Maksom Textile has filed the suit against the company for recovery of Rs. 56.38 million.	Pending
12	Suit No. 358/2015	Sindh High Court	BASF has filed the suit against the company for recovery of Rs. 33.08 million.	Pending
13	Suit No. 2442/2016	Sindh High Court	ICI Pakistan has filed the suit against the company for recovery of Rs. 26.57 million.	Pending
14	H.C.A 519/2018	Sindh High Court	The company has filed an High Court Appeal against Shahaj Textile limited, an ad interim injunctive order of the Learned Single Judge wherein the company was refrained from creating any third party interest on their properties.	Pending
15	JCM No. 34/2014	Sindh High Court	One of the supplier of the company has filed a winding up petition, on the ground that the company owes a sum of Rs. 40.94 million to Ranyal Textile. Such claim is denied by the company.	Pending
16	JCM No. 25/2015	Sindh High Court	PAIR Investment Company Limited has filed a winding up petition, on the ground that the company owes a sum of Rs. 201.925 million to Pair Investment. Such claim is denied by the company.	Pending
17	Suit No. 604/2018	Sindh High Court	ACME (supplier) has filed suit for recovery of Rs. 48,822,642/-, before the High Court of Sindh at Karachi. An application for rejection of plaint has been filed in the matter on the grounds that the claim of this supplier is time barred. Besides this, issues have yet to be framed in the case therefore it is premature to comment on the outcome. The management is vigorously contesting the case.	Pending
18	JCM No. 10/2015	Sindh High Court	Achroma Textile Chemicals Pakistan (creditor) has filed a winding up petition at High Court of Sindh at Karachi. The winding up petition has been filed on the grounds that Al-Abid owes Achroma Textile Chemical Pakistan (formerly BASF Pakistan) a sum of Rs. 33,683,561/-. Such claim is denied by Al-Abid. The petition is yet to be heard. Therefore, it is premature to comment on the outcome. The management is vigorously contesting the case.	Pending
19	JCM No. 35/2014	Sindh High Court	JS Bank Limited had filed a winding up petition at High Court of Sindh at Karachi, on the grounds that Al-Abid owes to the JS Bank Limited Rs. 370,930,165/-. The management is vigorously contesting the case. Settlement with JS Bank Ltd is under process according to Supreme Court of Pakistan Direction, the company deposited the settlement amount to Nazir Sindh High Court in the suit.	Pending
20			During the year 2022, the Additional Commissioner of Inland Revenue, Range A, Audit-I, Corporate Tax Office, Karachi (ADCIR) passed an order dated January 27, 2022 u/s 122(5A) of the Income Tax Ordinance, 2001 for the Tax Year 2020 whereof a demand of Rs. 739,071,338 was raised. The company has filed an Income Tax Appeal before the Commissioner Inland Revenue (Appeals III), Karachi [CIR(A)] on 10-02-2022 against the said order passed by the ADCIR. The case has been concluded on April 20, 2022 by the Commissioner of IR VII Karachi, against which the company has filed second appeal before Appellate Tribunal IR, which is pending and in the opinion of the Company and an independent legal counsel of the Company there is no anticipation of any unfavorable outcome of the said appeal and hence no provision is required to be made in the Financial Statements.	Pending

The amount mentioned on above cases 3 to 6 are claimed amounts by the Banks and DFI, actual amounts to be determined by the Banking Court.

The outcome of above cases as referred in cases 3-20 cannot be predicted and the management is vigorously contesting the cases.

There are various ex-workers filed suits pending for payment of their legal dues before the Authority under the Payment of Wages Act, West Division, Karachi. The company believes that there may not be any financial implications.

	2022	2021
	Rupees	Rupees
Note		
17.1	2,641,236,109	961,605,190
	16,800,000	16,800,000
	<u>2,658,036,109</u>	<u>978,405,190</u>

17 Operating Fixed Assets
Capital Work in Progress - DDFC Boiler

17.1 Operating Fixed Assets

Particulars	June 2022						Total
	Lease hold Land	Building on Lease hold land	Plant, Machinery & equipments	Furniture & Fixture	Office equipment	Electric, gas & Other Installations	
Rate	10%	10%	10%	10%	10%	10%	20%
Owned Assets							
Rupees							
Opening net book value	355,875,000	207,318,848	391,595,371	1,578,276	114,378	2,989,075	2,134,242
Addition during the year	-	-	-	-	-	-	-
Deletion during the year	-	(42,357,096)	(72,816,450)	(359,463)	(36,033)	(862,462)	(406,099)
Charge for the year	-	-	-	-	-	-	-
Surplus during the year	810,081,000	379,366,198	593,292,104	3,527,362	426,388	9,785,470	1,796,468,522
Closing net book value	1,165,956,000	544,317,950	912,071,025	4,746,175	504,733	11,912,083	1,728,143
							2,641,236,109

17.2 Forced sale value as per the last revaluation report as of November 30, 2021

Asset	Forced sale value
Lease hold Land	991,062,600
Building	490,518,647
Plant, Machinery and Equipment	839,587,500
Total	2,321,168,747

17.3 The valuation was conducted by an independent valuer and they have appropriate qualifications and experience in the fair value measurement of properties in the relevant locations. Leasehold land was valued on the basis of fair market value. Valuations for building and Plant & machinery were based on the estimated gross replacement cost, depreciated to reflect the residual service potential of the assets taking account of the age, condition and obsolescence. The fair value of assets subject to revaluation model fall under level 2 of the fair value hierarchy i.e significant observable inputs.

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

Location	Usage of Immovable Property	Total Area (Square feet)	* Covered Area (Square feet)
Lease hold Land & Building	Head Office and Manufacturing facility	65,340.00	80,983.50
Plot No. A-34/A, S.I.T.E., Karachi.	Factory and Manufacturing facility	124,146.00	269,835.00
Plot No. A-29/B, S.I.T.E., Karachi.			
* The covered area includes multi storey buildings.			

	Note	June 2022 Rupees	June 2021 Rupees
17.6 Allocation of Depreciation			
Manufacturing overheads	26.2	116,478,329	68,994,126
Administrative expenses	27	359,271	418,490
		<u>116,837,600</u>	<u>69,412,616</u>

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

17.7

Particulars	June 2021							Total
	Lease hold Land	Building on Lease hold	Plant, Machinery & equipments	Furniture & Fixture	Office equipment	Electric, gas & Other	Vehicles	
Rate	10%	10%	10%	10%	10%	10%	20%	
Owned Assets								
Opening net book value	414,755,000	294,999,507	468,993,780	2,907,139	288,743	4,756,648	2,693,071	1,189,393,888
Addition during the year							64,398	64,398
Deletion during the year	(58,880,000)	(84,009,397)	(44,038,745)	(1,499,460)	(210,083)	(1,865,440)	(5,000,000)	(195,503,125)
Charge for the year		(24,112,849)	(44,198,835)	(194,259)	(15,402)	(356,042)	(535,229)	(69,412,616)
Surplus during the year		20,441,587	10,839,171	364,856	51,120	453,909	4,912,002	37,062,645
Closing net book value	355,875,000	207,318,848	391,595,371	1,578,276	114,378	2,989,075	2,134,242	961,605,190

AL-ABID SILK MILLS LIMITED

	Note	2022 Rupees	2021 Rupees
18 STORES AND SPARES			
Spares Opening Balance		24,909,000	74,578,870
Disposal during the year		-	(4,884,510)
		<u>24,909,000</u>	<u>69,694,360</u>
Provision for slow moving and obsolete stores and spares		-	(44,785,360)
		<u>24,909,000</u>	<u>24,909,000</u>
Stores and spares do not include any major spare parts which may be categorized under the Property, Plant and Equipment.			
19 STOCK IN TRADE			
Raw materials		-	18,189,966
In hand		-	(9,094,985)
Provision made during the year		-	9,094,981
		-	(9,094,981)
Written off during the year		-	-
20 TRADE DEBTS			
Unsecured			
Secured			
-Considered good		444,776	444,776
-Considered doubtful		1,890,406	1,890,406
		<u>2,335,182</u>	<u>2,335,182</u>
Allowance for expected credit losses		(1,323,286)	(1,134,246)
		<u>1,011,896</u>	<u>1,200,936</u>
Provision for doubtful debts			
Balance as at July 01, 2021		1,134,246	945,205
charge for the year		189,040	189,041
Balance as at June 2022		<u>1,323,286</u>	<u>1,134,246</u>
21 LOANS AND ADVANCES			
Advances-considered good			
Loans to staff and workers		125,000	25,000
Advances to suppliers, contractors and others - unsecured		5,017,502	5,023,594
		<u>5,142,502</u>	<u>5,048,594</u>
22 TRADE DEPOSITS AND PREPAYMENTS			
Trade deposits - unsecured and considered good		<u>8,144,398</u>	<u>8,144,398</u>
23 OTHER RECEIVABLES			
Duty drawback		92,555,928	93,683,626
Receivable from banks	23.1	30,375,120	32,332,398
Research and development support		4,325,164	4,325,164
Deposited with Nazir Sindh High Court against loan settlement	23.2	89,500,000	89,500,000
		<u>216,756,212</u>	<u>219,841,188</u>
23.1	This represents the amount of DLT received by certain banks on the company's behalf in the accounts held by these banks namely United Bank Limited, Allied Bank Limited, Faysal Bank Limited, National Bank of Pakistan and Summit Bank Limited and the same is receivable from the respective banks. One of the banks namely United Bank Limited has refused to pay amount despite of the fact that full and final settlement was amicably reached and clearance certificate as per the honorable Sindh High Court's consent degree was obtained. During the year, the company has filed the suit # 862/2020 against the bank for the recovery of Rs. 13,871,000/-.		
23.2	This represents settlement amount deposited with Nazir Sindh High Court Karachi for Settlement under process with JS Bank Ltd according to Supreme Court's order/direction.		
24 TAX REFUNDS DUE FROM GOVERNMENT			
Sales tax		52,215,875	52,032,544
Income tax		10,439,050	10,233,140
		<u>62,654,925</u>	<u>62,265,684</u>
25 CASH AND BANK BALANCES			
Cash on hand		25,220,817	28,227,893
Cash at Banks			
- Current account		45,819,587	3,810,836
- Saving account		592,756	58,304,273
		<u>46,412,343</u>	<u>62,115,109</u>
		<u>71,633,160</u>	<u>90,343,002</u>
25.1	This represents deposit in saving account in Dubai Islamic Bank carrying mark-up range 4.5% to 7%.(2021: 4% to 5%)		

AL-ABID SILK MILLS LIMITED

	Note	2022 Rupees	2021 Rupees
26 SALES AND MANUFACTURING			
Sales			
27 COST OF SALES			
Manufacturing overhead		116,478,329	86,131,390
		<u>116,478,329</u>	<u>86,131,390</u>
27.2 Manufacturing Overhead			
Provision for slow moving and obsolete stores and spares		-	6,949,565
Depreciation	17.6	116,478,329	68,994,126
Stock in trade written off		-	9,094,981
Store and spare written off		-	1,092,718
		<u>116,478,329</u>	<u>86,131,390</u>
28 ADMINISTRATIVE EXPENSES			Restated
Salaries and benefits		12,255,376	11,530,647
Repairs and maintenance		1,387,060	21,265,212
Rent, rates and taxes		435,067	734,446
Staff Welfare		127,156	9,760
Heat, light and power		3,154,792	5,817,231
Car maintenance		565,353	674,521
Conveyance		16,152	17,900
Entertainment		126,738	157,854
Printing and stationery		260,934	228,160
Communication		60,870	66,990
Legal and professional		4,850,000	2,369,000
Auditors' remuneration	28.1	665,000	616,000
Advertisement		40,000	62,300
Subscription and fees		2,532,103	1,037,396
Insurance Premium		102,419	102,420
Service contracts		45,000	45,000
Brokerage and commission		-	10,444,137
Depreciation	17.6	359,271	418,490
Impairment of trade debts		189,040	189,041
		<u>27,172,331</u>	<u>55,786,504</u>
28.1 Auditors' remuneration			
Annual audit fees		500,000	400,000
Fee for half yearly review		81,000	80,000
Out of pocket expenses		30,000	36,000
Non-audit services:			
Tax advisory services		54,000	100,000
		<u>665,000</u>	<u>616,000</u>
	Note	2022 Rupees	2021 Rupees
29 OTHER INCOME			
Income from non-financial assets			
Sale of scrap		3,541,322	12,198,744
Gain on disposal of property, plant and equipment		-	186,572,006
Loss on sale of stock		-	(4,217,843)
Income from financial assets / liabilities			
Gain arising on settlement of loan (secured)		-	551,331,222
Profit on PLS deposit account		1,372,731	2,849,454
		<u>4,914,053</u>	<u>748,733,583</u>
30 FINANCE COST			
Bank Charges		325,142	1,486,083
31 TAXATION - NET			
Current		(44,267)	182,981
Deferred		-	-
		<u>(44,267)</u>	<u>182,981</u>

No tax reconciliation is required as tax provision sufficiency disclosure is computed at minimum tax on scrap sales under section 113 (2)(C) of the Income Tax Ordinance, 2001.

AL-ABID SILK MILLS LIMITED

		2022 Rupees	2021 Rupees Restated
32	(LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED		
32.1	(LOSS) / EARNINGS PER SHARE - BASIC		
	(Loss)/profit after taxation	Rupees <u>(139,106,016)</u>	<u>605,146,625</u>
	Weighted average number of shares	Number <u>13,409,550</u>	<u>13,409,550</u>
	(Loss)/earning per share-Basic	Rupees <u>(10.37)</u>	<u>45.13</u>
32.2	(LOSS) / EARNINGS PER SHARE - DILUTED		
	There is no dilution effect on the basic earning per shares of the Company (2021: Nil).		

AL-ABID SILK MILLS LIMITED

33 REMUNERATION OF DIRECTORS & EXECUTIVES

	CHIEF EXECUTIVE		DIRECTOR		EXECUTIVES	
	2022	2021	2022	2021	2022	2021
	----- Rupees -----					
Basic	-	-	-	-	4,253,333	2,569,697
House rent	-	-	-	-	1,914,000	1,156,364
Other allowances and perquisites	-	-	-	-	850,667	513,939
	-	-	-	-	7,018,000	4,240,000
Number of persons	1	1	-	1	3	3

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

- 33.1 The Chief Executive and Directors have been provided with free use of the company maintained cars, residential telephones for business and personal use and foreign air traveling for self and dependents once in a year. Certain executives have also been provided with free use of Company maintained car.
- 33.2 Aggregate amount charged in the accounts for Board Meeting fee to non - executive Directors is Rs. 30,000/= (2021: Rs.36,000).
- 33.3 In view for bad financial condition of the company directors have decided not to claim their whole remuneration for the year ended June 30, 2022 i.e. Mr. Naseem A. Sattar Rs. 10,500,000. (2021: Mr. Naseem A. Sattar Rs. 10,500,000).

34 FINANCIAL INSTRUMENTS BY CATEGORY

	2022 Rupees	2021 Rupees
Financial Assets		
- At Amortized Cost		
Long term security deposit	3,311,307	3,311,307
Trade debts	1,011,896	1,200,936
Trade deposits	8,144,398	8,144,398
Other receivables	216,756,212	219,841,188
Cash and bank balances	71,633,160	90,343,002
	300,856,973	322,840,831
Financial Liabilities		
- At Amortized Cost		
Loan from director - unsecured	521,018,754	521,018,754
Trade and other payables	745,916,014	745,362,335
Unclaimed dividend	108,310	108,310
Advance from I.B.L	366,063,944	366,063,944
Short term finance	1,397,310,685	1,397,310,685
Accrued markup	60,622,829	60,622,829
	3,091,040,536	3,090,486,856

AL-ABID SILK MILLS LIMITED

35 FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value of all the financial instruments reflected in the financial statements approximates to their fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values.

Fair Value Hierarchy;

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at 30 June, 2022, the company has no financial instruments that falls into any of the above category. There were no transfer between level 1, 2 and 3 in the year.

36 FINANCIAL RISK MANAGEMENT

The Company finances its operations through short term borrowing, long term financing and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

The company has exposure to the following risks from its use of financial instruments:

- Market Risk
- Credir Risk
- Liquidity Risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. No changes were made in the objectives, policies or processes and assumptions during the year ended 30 June 2022, which are summarized below:

36.1 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rate, interest rate and equity prices will affect the company's income or value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The company has short term as well as long term rupee based loans at variable rates. Rates on short term finances are disclosed in relevant notes.

a) Foreign currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly where receivables and payables exist due to transactions entered in foreign currencies. As at June 30, 2022, the company is not exposed to currency risk.

b) Yield / mark - up rate exposure

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest rate risk arises from long-term and short-term borrowings. Borrowings issued at variable interest rates expose the Company to cash flow interest rate risk and borrowings issued at fixed interest rates gives rise to fair value interest rate risk. Significant interest rate risk exposures are primarily managed by a suitable mix of borrowings at fixed and variable interest rates.

At the reporting date the interest rate profile of the Company's interest bearing financial instruments is as follows:

Variable rate instruments - Financial Assets		
Saving account	592,756	58,304,273
	<u>592,756</u>	<u>58,304,273</u>
Variable rate instruments - Financial Liabilities		
Short term finances	1,397,310,685	1,397,310,685
	<u>1,397,310,685</u>	<u>1,397,310,685</u>

AL-ABID SILK MILLS LIMITED

Sensitivity analysis

A change of 1% in interest rates at the reporting date would have increased/ decreased profit before tax for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Effect on Profit before tax	13,973,107	13,973,107
-----------------------------	------------	------------

36.2 Credit risk

Credit risk represents the risk of loss that would be recognized at the reporting date if counter parties failed to perform as contracted. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is:

	2022 Rupees	2021 Rupees
At Amortized Cost		
Long term security deposit	3,311,307	3,311,307
Trade debts	1,011,896	1,200,936
Trade deposits	8,144,398	8,144,398
Other receivables	216,756,212	219,841,188
Bank balances	46,412,343	62,115,109
	275,636,156	294,612,938

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

	2022 Rupees	2021 Rupees
Pakistan	1,011,896	1,200,936

The ageing of trade debts at the reporting date is as follows:

Not past due	-	-
Past due 0-60 days	-	-
Past due 61 and above	1,011,896	1,200,936
	1,011,896	1,200,936

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

36.2.2 Some of the company's banks balances with reference to the credit ratings of the banks have not been presented as the Company is in litigation with such banks. The credit quality of rest of the Company's bank balances that are operational, can be assessed with reference to external credit ratings as:

Bank	Rating agency	Short-term Rating		2022	2021
			(Rupees)		
Dubai Islamic Bank Limited	JCR-VIS	A-1+		42,742,468	58,343,226
Bank Islami Pakistan Limited	PACRA	A-1		35,416	33,416
Askari Bank Limited	PACRA	A-1+		266,587	49,075
Summit Bank Limited	JCR-VIS	A-3		1,928,789	1,928,789
United Bank Limited	JCR-VIS	A-1+		-	12,433
				44,973,260	60,366,939

Due from customers other than related parties

Others	1,011,896	1,200,936
	1,011,896	1,200,936

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

Trade deposits	8,144,398	8,144,398
Other receivables	216,756,212	219,841,188
	224,900,610	227,985,586

AL-ABID SILK MILLS LIMITED

36.3 Liquidity risk

Liquidity risk is the risk the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Following are the carrying amount and maturities of the Company's financial liabilities.

Financial Liabilities At Amortized Cost	2022			
	Carrying Amount	Contractual Cash Flows	Less Than 01 Year	More Than 01 Year
	-----Rupees-----			
Loan from director - unsecured	521,018,754	521,018,754	521,018,754	-
Trade and other payables	745,916,014	745,916,014	745,916,014	-
Unclaimed dividend	108,310	108,310	108,310	-
Advance from I.B.L	366,063,944	366,063,944	366,063,944	-
Short term finance	1,397,310,685	1,397,310,685	1,397,310,685	-
Accrued markup	60,622,829	60,622,829	60,622,829	-
	3,091,040,536	3,091,040,536	3,091,040,536	-

Financial Liabilities At Amortized Cost	2021			
	Carrying Amount	Contractual Cash Flows	Less Than 01 Year	More Than 01 Year
	-----Rupees-----			
Loan from director - unsecured	521,018,754	521,018,754	521,018,754	-
Trade and other payables	745,362,335	745,362,335	745,362,335	-
Unclaimed dividend	108,310	108,310	108,310	-
Advance from I.B.L	366,063,944	366,063,944	366,063,944	-
Short term finance	1,397,310,685	1,397,310,685	1,397,310,685	-
Accrued markup	60,622,829	60,622,829	60,622,829	-
	3,090,486,856	3,090,486,856	3,090,486,856	-

37 CAPITAL RISK MANAGEMENT

The objective of the Company when managing capital, i.e., its shareholders' equity is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company did not pay the amount of dividend to shareholders.

The gearing ratio as at June 30, 2022 and June 30, 2021 is as follows:-

	2022	2021
Short term running finance	<u>1,397,310,685</u>	<u>1,397,310,685</u>
Certificate capital	134,095,500	134,095,500
Unappropriated loss	(2,812,495,231)	(2,749,318,586)
Surplus on revaluation of property, plant and equipment	2,239,643,487	518,892,129
Total certificate holders' equity	(438,756,244)	(2,096,330,957)
Total certificate holders' equity including total debt	958,554,441	699,020,272
Gearing ratio (debt / (debt + equity))	1.46	(2.00)

AL-ABID SILK MILLS LIMITED

38 RELATED PARTY TRANSACTIONS			2022 Rupees	2021 Rupees
Name of Related Party	Relationship with the company	Nature of Transactions		
TRANSACTIONS DURING THE YEAR				
Naseem A. Sattar	Chief Executive Officer		-	-
Azim Ahmed	Family Member of a director		-	-
Balance				
Naseem A. Sattar	Chief Executive Officer	Payable	460,912,887	460,912,887
Azim Ahmed	Family Member of a director	Payable	60,105,867	60,105,867
39 NUMBER OF EMPLOYEES				
Number of employees at the end of the year			5	8
Number of average employees during the year			5	8

40 PLANT CAPACITY AND PRODUCTION

The production capacity of the plant can not be determined as it depends upon the process, the quality of the cloth used for printing and dyeing, which may compose of different kinds of fabrics and texture having different construction and weights.

41 CORRESPONDING FIGURES

Corresponding figures have been reclassified or arranged, wherever necessary, for better and fair presentation. However, no major reclassifications were made during the year.

42 DATE OF AUTHORISATION FOR ISSUE

These financial statements were approved and authorized for issue in the Board of Directors' meeting held on September 29, 2022.



Chief Executive Officer



Director



Chief Financial Officer

AL-ABID SILK MILLS LIMITED

Key Operating and Financial Data

Statement of Profit or Loss	2022	2021	2020	2019	2018	2017
-----Rupees in million-----						
Sales and manufacturing	-	-	-	-	-	-
Gross Loss	(116)	(86)	(103)	(131)	(214)	(332)
Loss/ Profit from operations	(139)	607	2,491	(126)	(32)	(325)
Loss/ Profit before taxation	(139)	605	2,491	(126)	(32)	(325)
Loss/ Profit after taxation	(139)	605	2,491	(126)	(12)	(342)
Statement of Financial Position						
Property, plant and equipment	2,658	978	1,206	1,769	1,942	3,659
Long term security deposit	3	3	3	4	2	2
Net current assets	(2,719)	(2,697)	(3,530)	(6,592)	(6,638)	(6,836)
Total assets employed	(58)	(1,715)	(2,320)	(4,819)	(4,694)	(3,176)
Represented by:						
Share Capital	134	134	134	134	134	134
Reserves	(200)	(1,858)	(2,463)	(4,954)	(4,828)	(3,776)
Shareholders' equity	(66)	(1,723)	(2,329)	(4,820)	(4,694)	(3,642)
Surplus on revaluation -of fixed assets	2,240	519	622	1,374	1,441	2,596
Long term Financing	-	-	-	-	-	-
Deferred liabilities	-	-	-	-	-	484
Total capital employed	2,174	(1,205)	(1,707)	(3,446)	(3,253)	(562)
Statement of Cash Flow						
Operating activities	(19)	(161)	(207)	(3)	187	(17)
Investing activities	-	345	740	52	-	0
Financing activities	-	(196)	(578)	(118)	22	17
Cash & cash equivalents -at beginning of the year	90	102	147	218	9	9
Cash & cash equivalents -at end of the year	72	90	102	148	218	9
Dividend (%age)	-	-	-	-	-	-
Debt-equity ratio	(47.30)	(1.81)	(1.68)	(1.47)	(1.53)	(2.10)
Debt	3,118	3,117	3,916	7,067	7,174	7,640
Equity	(66)	(1,723)	(2,329)	(4,820)	(4,694)	(3,642)

AL-ABID SILK MILLS LIMITED

PATTERN OF SHAREHOLDING AS AT 30-06-2022

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

CATEGORIES OF SHARE HOLDERS	NUMBER OF SHARE HOLDERS	SHARE HELD	PERCENTAGE
INDIVIDUALS	710		
HOLDING LESS THAN 10%		1,902,559	14.188%
FINANCIAL INSTITUTIONS	7		
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST		1,113,687	8.305%
NATIONAL BANK OF PAKISTAN		583,570	4.352%
NATIONAL BANK OF PAKISTAN		643	0.005%
NATIONAL BANK OF PAKISTAN		100	0.001%
THE BANK OF PUNJAB, TREASURY DIVISION		8,000	0.060%
TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST		3,674	0.027%
TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND		104,696	0.781%
INSURANCE COMPANY	1		
STATE LIFE INSURANCE CORPORATION OF PAKISTAN		236,994	1.767%
JOINT STOCK COMPANIES	2		
EXCEL SECURITIES (PRIVATE) LIMITED		500	0.004%
MAPLE LEAF CAPITAL LIMITED		1	0.000%
DIRECTORS, CEO & THEIR SPOUSE AND MINOR CHILDREN	4		
MR. NASEEM A. SATTAR		7,515,162	56.043%
MRS. ZARINA NASEEM		1,479,361	11.032%
MST. ADIA NASEEM		328,322	2.448%
MRS. SADAF NADEEM		132,281	0.986%
TOTAL	724	13,409,550	100.000%

AL-ABID SILK MILLS LIMITED

PROXY FORM

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

I/We _____
_____ being member(s) of Al-Abid Silk Mills Limited holding
_____ ordinary shares hereby appoint _____
of _____ Folio/CDC Account No. _____ or failing him / her
_____ Folio / CDC Account No. _____
of who is / are also members(s) of Al-Abid Silk Mills Limited as my / our proxy in my / our absence to attend and vote
for me / us and on my behalf at the Annual General Meeting of the Company to be held on Wednesday 26, October 2022
and at any adjournment thereof.

As witness my / our hand / seal this _____ day of _____ 2022

Witness No. 1

Name _____

Address _____

CNIC No. _____

Rs. 5/-
Revenue
Stamp

Witness No. 1

Name _____

Address _____

CNIC No. _____

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

Important:

1. CDC Account Holders are requested to strictly follow the guidelines mentioned in the Notice of Meeting.
2. Attested copies of CNIC / SNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form
3. The proxy shall produce his / her original CNIC / SNIC or original passport at the time of the meeting.
4. A Member entitled to attend an Annual General Meeting is entitled to appoint a proxy to attend and vote instead of him/her.
5. Members are requested:
 - (a) To affix Revenue Stamp of Rs. 5/- at the place indicated above.
 - (b) To sign across the Revenue Stamp in the same style of signature as is registered with the Company.
 - (c) To write down their Folio Numbers / CDC Account Numbers.
6. This form of proxy, duly completed and signed across a Rs. 5/- revenue stamp, must be deposited at the Company's Registered Office not less than 48 hours before the time for holding the meeting.

AL-ABID SILK MILLS LIMITED

پروکسی فارم

کمپنی بیکری
العابد سلیک ملز لمیٹڈ
A-34/A، ایس۔ آئی۔ ٹی۔ ای، منجھو پیر روڈ،
کراچی۔

میں/ہم

العابد سلیک ملز لمیٹڈ کے ممبر ہونے کی حیثیت سے _____ عام حصص کے حامل ہیں اور فولیو/سی ڈی سی اکاؤنٹ نمبر _____ کے _____ یا اس کی عدم موجودگی میں فولیو نمبر/سی ڈی سی اکاؤنٹ نمبر _____ کے _____ کے _____ ملز لمیٹڈ کا ممبر بھی ہے بحیثیت میرے/ہمارے پروکسی میری/ہماری عدم موجودگی میں کمپنی کے عام سالانہ اجلاس بروز بدھ مورخہ 26 اکتوبر 2022ء کو منعقد ہوگا اور اس کے التواہ پر میری/ہماری جانب سے شرکت کرے گا اور ووٹ دے گا۔
آج اس دن 2022 کو دستخط کئے گئے۔

5/- روپے کار سیدی ٹکٹ

گواہ نمبر 1

نام _____

پتہ _____

شناختی کارڈ نمبر _____

ممبر کے دستخط
(دستخط کمپنی کے ساتھ رجسٹر شدہ نمونے کے دستخط کے مطابق ہونے چاہئیں)

گواہ نمبر 1

نام _____

پتہ _____

شناختی کارڈ نمبر _____

فولیو نمبر _____
شرکت کنندہ کا آئی ڈی نمبر _____

نوٹ:

- 1- سی ڈی سی اکاؤنٹ ہولڈرز سے استدعا ہے کہ اجلاس کے نوٹس میں بیان کردہ گائیڈ لائنز پر سختی سے عمل پیرا ہوں۔
- 2- پروکسی فارم کے ساتھ سی این آئی سی / ایس این آئی سی یا بینیفیشنل اونرز اور پروکسی کی تصدیق شدہ کاپیاں پیش کی جائیں گی۔
- 3- پروکسی اجلاس کے وقت اپنا اور بینفل سی این آئی سی / ایس این آئی سی یا اور بینفل پاسپورٹ پیش کرے گا۔
- 4- ممبر سالانہ عام اجلاس میں شرکت کا مستحق ہوگا ساتھ ہی وہ اپنے بجائے پروکسی کے تقرر کا مستحق ہوگا کہ وہ اس کی جانب سے شرکت کرے اور ووٹ دے۔
- 5- ممبر سے استدعا ہے کہ:
 - (a) اوپر دکھائی گئی جگہ پر 5 روپے کار سیدی ٹکٹ لگائیں۔
 - (b) ریونیو سٹیٹمپ پر دستخط اسی انداز میں کریں جیسا کہ کمپنی میں رجسٹرڈ ہے۔
 - (c) ان کے فولیو نمبر/سی ڈی سی اکاؤنٹ نمبر پر کرے۔
- 6- یہ پروکسی فارم، جو کہ 5 روپے کے ریونیو سٹیٹمپ پر عمل طور پر دستخط شدہ ہے، اجلاس کے انعقاد کے وقت سے 48 گھنٹے سے کم وقت میں کمپنی کے رجسٹرڈ آفس میں جمع کرانا ضروری ہے۔