

# Al-Abid Silk Mills Ltd.

PHONES : (92-21) 32560040  
FAX No. : (92-21) 32564718  
E-MAIL : mail@alabid.com  
URL : www.alabid.com  
A/34/A, S.I.T.E, MANGOPIR ROAD, KARACHI  
P.O. BOX: 3677 S.I.T.E., KARACHI.

Pakistan Stock Exchange Ltd  
Stock Exchange Building,  
Stock Exchange Road  
Karachi

Date: 08-October-2020

Att: Mr. Hafiz Maqsood Munshi,  
Manager Companies & Securities Compliance - RAD

Subject: Annual Report for the year ended June 30, 2020

Dear Sir,

We are in receipt of your letter No. PSX/Gen-1972 dated 7-Oct-2020 as well as your letter Ref:PSX/Gen-1948 dated Oct 6, 2020.

We would like to reply as following:

⇒ Adverse opinion is in the eyes of auditor. However, in the following, we will explain that all efforts are being made by us to start production soonest possible and all our actions will indicate that our interest is genuine and the sponsor's stake is very much there which has been explained to you in various letters that the sponsoring family ( Managing Director ) has approximately 80% stake in the company. Not only because of this fact, but we are also concerned about our shareholders and 7500 employees who were engaged when Al-Abid Silk Mills Ltd was in normal operation.

⇒ The company came into financial difficulties and reasons have been explained in various correspondence with you in the past. Financial difficulties have also been indicated by us in our balance sheet and the balance sheet of June 30, 2020 shows how many creditors have been settled. To keep you uptodate, we enumerate the "settled creditors" in the following:

- 1 Habib Bank Ltd - Settled
- 2 Habib Metropolitan Bank Ltd - Settled
- 3 United Bank Ltd - Settled
- 4 Allied Bank Ltd - Settled
- 5 Meezan Bank Ltd - Settled
- 6 Summit Bank Ltd - Settled
- 7 Standard Chartered Bank Ltd - Settled

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--02--

- |    |   |
|----|---|
| 8  | Pak Oman Investment Co. - Settled                             |
| 9  | Pak Kuwait Investment Co - Settled                            |
| 10 | Orix Leasing Co - Settled                                     |
| 11 | Faysal Bank Ltd: settled during the current year              |
| 12 | Bank of Punjab - Settled and formalities are being completed. |

However, following are the remaining banks with whom we are very closely following the settlement:-

1. JS Bank Ltd - we are pursuing the matter very closely.
2. Pak Iran Investment Company - negotiations are going on and hope for a settlement soon.
3. With National Bank of Pakistan, we are discussing restructuring and financing.

Regarding rectification of default clause 5.11.1.(b), we are making all efforts to get back into the production which you will see from our recent reply to SECP. We are replying to every notice and providing all information to SECP regularly and complying all requirements of SECP.

Clause (l): Information are being provided regularly to SECP as you will also note from the enclosed letter to SECP dated 10-Sept-2020.

Clause (m) is not applicable.

Clause 5.11.2(a) & (b): unfortunately these steps under "a" & "b" have already been taken by Pakistan Stock Exchange.

We are enclosing herewith a letter dated 10-Sept-2020 which we have replied in response to a letter of 4-Sept-2020 received by us from SECP. This explains also the measures being taken by us for revival of production. Plants are being re-erected, infrastructure is also being taken care of.

We hope our above letter and the enclosures will give you the needed information required by you:

- We are spending huge amount on shifting and erection of plants.
- We are relentlessly settling the creditors
- We are complying with requirements of SECP quarterly, half-yearly and annual balance sheet.
- AGM(s) are being held regularly
- Board meetings are also held regularly whenever required

We hope the details mentioned above and provided in our letter to SECP as well as the enclosed evidence of our efforts should satisfy the queries of both the letters ref. PSX/Gen-1948 dated 6-Oct-2020 and letter ref. PSX/Gen-1972 dated 7-Oct-2020 of Pakistan Stock Exchange.

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--03--

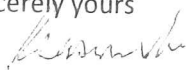
Should there be any further inquiry, we will attend to it promptly.

In the end, we would like to re-assure you that we want to get back into production as soon as possible. However, handicaps are there and have been there. Our erection work stopped completely for substantial time due to corona virus, but we hope with your kind support, we should be able to achieve our revival target as soon as possible although due to the size of industry and its huge plants, shifting and erection at the same time settling creditors, it is a time consuming process.

We have been a blue chip company and if not the largest but among the first three largest home textile exporters of the country having reputation nationally and internationally for quality products, supplier to the leading names in the international market is a national asset and requires positivity from all corners.

Thanking you and assuring you of our fullest cooperation.

Sincerely yours



Naseem A. Sattar  
Chief Executive

**Copy to :**

The Director (CSD) – SECP  
The Additional Director (AD-SMD) – SECP  
The Acting Chief Regulatory Officer – PSX  
M/s Muniff Ziauddin & Co.  
M/s JWAFR Registrar Services (Pvt) Ltd

**Enclosures:**

Our reply dated 10-Sept-2020 to SECP

Ms. Zohra Sarwar Khan  
Joint Director,  
Adjudication Department-I,  
Adjudication Division,  
Securities and Exchange Commission of Pakistan  
2<sup>nd</sup> Floor, NIC Building 63 Jinnah Avenue, Islamabad

September 10, 2020

**Subject: Show Cause notice under Section 309 read with Section 305 of the Companies Ordinance, 1984 dated April 14, 2017**

Dear Madam,

Reference to the above subject matter and your letter dated 4<sup>th</sup> September 2020 (received on 9<sup>th</sup> September, 2020), on behalf of our client, Al-Abid Silk Mills Limited, [hereinafter 'AASML'] and its Directors, a reply to the subject letter is as follows:

1. That our client had earlier replied to your show-cause notice by our letters dated 10<sup>th</sup> May 2017, 22<sup>nd</sup> May 2017, 19<sup>th</sup> July 2017, 24<sup>th</sup> Jul 2017, 16<sup>th</sup> August 2018, 10<sup>th</sup> January 2019, 11<sup>th</sup> July 2019 and 13.4.2020 and attended previous hearings and meetings held at the Karachi office of SECP wherein we explained the efforts being undertaken by the Directors of the AASML to restructure and revive the business of AASML. We would request you to treat the contents therein as a part of reply to this notice.
2. You would appreciate that a detail explanation of all the steps being undertaken by our client's directors have been enumerated in the previous correspondence and in all the hearings held, the directors of AASML have minutely outlined every step taken so far so as to revive their business and we are pleased to inform you that there has been a substantial progress in regard to its revival. For your assistance we would like to outline the steps taken so far as follows.
3. As you are aware that our client entered into a Master Settlement Agreement with banks to settle their outstanding liability so as to revive their company. In our client's letter

dated 13-04-2020, we apprised your office that the settlement with Summit Bank Limited was not completed due to the delay on their part in obtaining the consent decree, nevertheless, we, after our efforts, have obtained the consent decree and they have obtained their pay-order from the lead bank i.e. Habib Bank Limited; therefore the Summit Bank liability is now fully settled. As of now, following banks and Financial Institutions are fully settled:-

1. Habib Bank Ltd, 2. Habib Metropolitan Bank Ltd, 3. United Bank Ltd, 4. Allied Bank Ltd, 5. Meezan Bank Ltd, 6. Summit Bank Ltd, 7. Standard Chartered Bank Ltd, 8. Pak Oman Investment Co. Ltd, 9. Pak Kuwait Investment Company Pvt. Limited, 10. Orix Leasing Co. Limited; and

11. Faysal Bank Ltd: Please note that the consent decree has been passed in this and the process of settlement will hopefully be completed within few days as there were certain hurdles in negotiation with the buyer of the mortgage asset.

4. The remaining banks with whom the negotiations are under way are, Bank of Punjab Limited, National Bank of Pakistan and JS Bank Limited. Please note that our client has principally reached a settlement with Bank of Punjab and as per their requirements, our client is mortgaging one of their premises/factories to Bank of Punjab. We are expecting this transaction to be completed within this month and our bank loan will be rescheduled. The discussions are also in process with National Bank of Pakistan and J.S. Bank for restructuring our client's finances.
5. As to our production, please note that we have procured services of certain contractors to move our plant and machinery to the facilities/factories that are still owned and possessed by our client. As you are aware, to settle our creditor banks, our client had to sell two plots of our client's factories i.e. A-39 and A-51/B, SITE, Karachi which contained major production plants and machinery. These plants and machineries are to be shifted to AASML other already existing locations A-34/A and A-29/B. The work is under process and soon our client will be able to shift the entire machineries and plants

to start our productions. You will appreciate that due to COVID-19, the work of shifting got stalled and then was slowed due to government restrictions regarding SOPs but we expect to finish the same soon. Our recent efforts were also disrupted due to unprecedented rainfall in Karachi, however, we are committed to complete the shifting within couple of months. We are enclosing herewith copies of contracts of the companies which are presently involved in this shifting and installation of whole plants from A-39 and A-51/B, SITE, Karachi to A-34/A and A-29/B, SITE, Karachi. Copies of shifting updating the plants are enclosed herewith on which continuous work is going on. Kindly note that A-29/B and A-34/A is the ideal location for our client, as this contains 10-Million gallons Affluent Treatment Plant without which according to law, no wet-processing can be done as water is to be treated and drained.

6. Please note that the plants and machineries have not been in operation for quite some time due to financial institutions' litigation and therefore needs total revamping which is being done. Our client is one of the largest exporters of home textile and also has one of the largest plants in the country for home textile which after revival will be fully functional.
7. As far as our client's corporate responsibilities are concerned, our client is ensuring its compliance with the requirements in as much as that quarterly balance sheet is provided to all concerned departments, annual and regular board meetings are held along with Annual General Meeting including all other formalities, as are required by SECP.
8. You will appreciate that the process of settling with the banks is a time consuming factor due to their internal approvals, however, after a conscious hard work of our client, they have achieved an almost impossible milestones and right now our client has settled with 12 financial institutions and therefore in the present time it needs support of the regulator so as to revive the business and generate exports for our country.

MUNEER A. MALIK  
Senior Advocate Supreme Court

SALAHUDDIN AHMED  
Bar-at-Law, Advocate Supreme Court

CHAUDHRY ATIF RAFIQ  
Bar-at-Law, Advocate Supreme Court

9. Our client is mindful of the eagerness of SECP for revival of our client's company being a public limited company and our client share the same sentiment so as to rise again to be one of the highest earning export companies of the country as it was in its prime days. However, you would also appreciate that 80% of the shareholding in the company is of our client's managing director's family and it is in as much as in their best interest to ensure that AASML is a running and thriving textile industry.
10. We appreciate the help and support given by SECP to AASML in these crisis and we assure you that the company business will be revived before the end of next financial year. We will therefore request you to allow our client further 12 months so that the above stated efforts can be materialise. We will keep SECP informed about further steps taken by AASML from time to time. In case you have any further query please feel free to contact the Board of Directors of the company. Please note that the Managing Director of the company is not well and will therefore be unable to attend the meeting on 14<sup>th</sup> September 2020 and therefore you are requested to postpone the meeting for another two weeks.

Yours sincerely,

  
**Chaudhry Atif Rafiq**  
Barrister/Advocate Supreme Court

Cc: Mr. Ali Azeem Ikram, Executive Director, Adjudication-I, SECP.



# INNOVATIVE ENGINEERING & INDUSTRIAL SERVICES

SEND TO:

**AL-ABID SILK MILLS LTD.**

S.I.T.E, Karachi.

## QUOTATION

Date:	16-January-2020
Quo. No	IEAIS/Q-01-160120
Your Ref.	Whatsapp Inquiry
Our NTN.	1150580-0
Our GST.	12-23-9999-632-37

**SUBJECT: Quotation for Shifting of Textile Processing Machines.**

With reference to above mentioned subject, we are submitting our Quotation as follow:

Item	Article-no. Description	Quantity	Unit Price (PKR)	Amount (PKR)
	Quotation for dismantling, shifting, civil & mechanical foundation, structure, erection commissioning and trial run of the following machines:			
01	Rggiani rotary machine-2	01		5,000,000.00
02	Rotary printing machine-4 (20 colors)	01		3,500,000.00
03	Steam ager Arioly	01		2,50,0000.00
04	Stenter Bruckner	01		3,500,000.00
05	Monforts shrinking range	01		500,000.00
06	Nipko-L calander	01		800,000.00
07	Monforts continuous dyeing range	01		3,500,000.00
08	Scanner Plotter CSB	01		200,000.00
09	R.O Plant	01		800,000.00
10	Kuster dyeing range	01		10,500,000.00
11	Engraving equipments	01		1,000,000.00
12	IR System	01		200,000.00
13	Dyvac dyeing system	01		200,000.00
			<b>Amount Net (PKR)</b>	<b>29,700,000.00</b>

less Discount 5000000

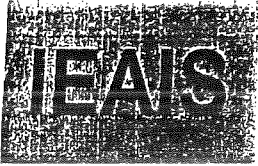
*Z. Khan*  
24700000

Karachi Office: D-67/Q, Phase 1, S.I.T.E II Super Highway Karachi, Pakistan..

Tel: 0092 21 36880050, Fax: 0092 21 36880051

E-mail: abbas@ieais.com, URL: www.ieais.com

*Abbas*  
*2020/1/16*



Terms & Conditions:

Payment condition:

- 1- 5% advance payment on contract sign and layout finalization.
- 2- 10% start of civil work foundation of the machine.
- 3- 20% on dismantling cable /panel and machines structure and machines
- 4- 25% on start of erection of machine fitting leveling pouring of foundations.
- 5- 25% on completion of piping work utilities work and cable work.
- 6- 15% on completion of commissioning and trail run of machine.

Our offer is excluded from all taxes pls add if any Government taxes are applicable.

Validity: 30 Days from date of Quotation.

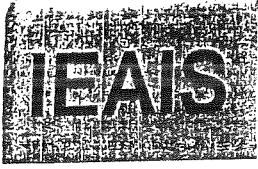
Job Completion: 6 months

INNOVATIVE RESPONSIBILITIES SCOPE OF WORK:

- 1- Our scope of work is limited to supply of our services with engineers and labor up to completion of the all machine dismantling shifting and erection work *and safety training Trial Run*
- 2- Engineering team of 30 people as per attached list will be on site for the execution of the complete project.
- 3- Provision of dismantling team with crane and lifter for the complete job dismantling shifting and erection .
- 4- Provision of engineering and labor for the structure dismantling and Re erection.
- 5- Provision of Plumbing team for the piping of the machine , steam / air and gas.
- 6- Provision of Electrical team for the cabling / of machine and panel installation and commission of the complete machine up to trail run.

AL -Abid Mills Responsibilities:

- 1- Provision of all consumable material required for the erection. Like welding material Nut Bolts / pipe and fittings.
- 2- Electrical Power 50Kw on each side Mill 01 and 2 for dismantling of machine use in lighting and welding cutting. From 9Am to 6PM.
- 3- Electrical Power 50Kw on Mill 3 and 4 for the erection of machine for lighting and welding and testing . from 9Am to 6PM.
- 4- Office facility for our Project manager and site office for our site Engineers in Mill 04.
- 5- Cement / Sand Crush and Steel Tour bar for the foundation work.
- 6- Cable and cable tray and fitting material if any required.
- 7- We try our best all used piping / structure and cabling to ful fill requirement but if needed due to location and length need extra need to purchase by Al -abid.
- 8- 250KW power /water / and 6PSI Gas needed for the trail run of each machine will be provided by Al abid on train run of the machine.
- 9- utilities or cable from LT panel to machine or piping network from over head tank and boiler and Gas pipe line to machine is not included in our offer the same if needed provided b Al Abid.



INNOVATIVE ENGINEERING  
& INDUSTRIAL SERVICES

We hope our Quotation meets your requirements and we look forward for a positive Reply.

Thanks & Regards,  
Zafar Iqbal Bhatti  
03008266585

A handwritten signature in black ink, appearing to read 'Zafar Iqbal Bhatti', written over a light-colored background.

Karachi Office: D-67/Q, Phase 1, S.I.T.E II Super Highway Karachi, Pakistan.  
Tel: 0092 21 36880050, Fax: 0092 21 36880051  
E-mail: [abbas@ieais.com](mailto:abbas@ieais.com), URL: [www.ieais.com](http://www.ieais.com)

## Naseem A.Sattar

---

**From:** INNOVATIVE ENGINEERING & INDUSTRIAL SERVICES [INNO@CYBER.NET.PK]  
**Sent:** Saturday, May 16, 2020 5:33 PM  
**To:** Naseem sattar sb  
**Subject:** FW: cost for machine .  
**Attachments:** Alabid Audt Report for over Hauling Marach 2020.xlsx

if need more information about the subject mater please feel free to contact us .

Best Regards

Mr. ZAFAR IQBAL

EXECUTIVE DIRECTOR

INNOVATIVE ENGINEERING & INDUSTRIAL SERVICES

PLOT C 48 PHASE 1 SITE 2 SUPER HIGH WAY - KARACHI - PAKISATN

TEL 0092 21 36880050 FAX 0092 21 36880051 CEL 0092 3008266585



EMAIL : [INNO@CYBER.NET.PK](mailto:INNO@CYBER.NET.PK) WEB : [WWW.IEAIS.COM](http://WWW.IEAIS.COM)

**From:** INNOVATIVE ENGINEERING & INDUSTRIAL SERVICES [mailto:INNO@CYBER.NET.PK]

**Sent:** Saturday, May 16, 2020 5:31 PM

**To:** Naseem Accounts Alabid (naseem.ahmed@alabid.com)

**Subject:** cost for machine .

Dear Naseem sb

Please find the cost of over hauling of machine

if need more information about the subject mater please feel free to contact us .

Best Regards

Mr. ZAFAR IQBAL

EXECUTIVE DIRECTOR

INNOVATIVE ENGINEERING & INDUSTRIAL SERVICES

PLOT C 48 PHASE 1 SITE 2 SUPER HIGH WAY - KARACHI - PAKISATN

TEL 0092 21 36880050 FAX 0092 21 36880051 CEL 0092 3008266585



EMAIL : [INNO@CYBER.NET.PK](mailto:INNO@CYBER.NET.PK) WEB : [WWW.IEAIS.COM](http://WWW.IEAIS.COM)



Virus-free [www.avast.com](http://www.avast.com)

\_\_\_\_\_ ESET NOD32 Antivirus \_\_\_\_\_

This email was scanned, no threats were found.

Alabid Silk Mills Audit report with cost to start up the complete mill Dyeing and Print fabrics operation.

Date : 05/ 03/2020

Sr. No.	Palnt name and Decription	Estimated cost in PKR In Million.	Location	Time Required for Overhauling	Detail decription of work /parts use / man power
	<b>Power House and UtiliTY Area</b>	PKR			
1	Power hou 1MW wakisha gen setover haouling	20	mill 4	5 month	complete upgradation of power hou and 01 set overhauling
2	DDFC Boiler 13 Ton Overhauling	2.5	mill 4	3month	complete inspection and over hauling of boiler
3	Gas and Steam Line net work Over hauling	2.5	mill 3 and 4	3month	complete over hauling
4	RO Plant Over Hauling	1.5	mill 4	1 month	complete over hauling
5	Water Line pump and Tanks Over Hauling	1.5	mill 3 and 4	2 month	complete over hauling
6	Air Line Air compressor over Hauling	1	mill 3 and 4	1 month	complete over hauling
7	Grey Godon and manding area over hauling	2	mil 3	2 month	complete over hauling
8	Folding and finsh Godon area	2	mill 3 and 4	2 month	complete over hauling
9	Main Spare parts store.	10	mil 4	2 month	complete over hauling
10	Lab area and equipment.	2.5	mil 4	3 month	complete over hauling
	<b>Processing Machines:</b>				complete over hauling
1	Singing OSTHF/ Rotating staation	2.5	mil 4	3 month	complete over hauling
2	Bleaching benninger	10	mil 4	3 month	complete over hauling
3	Stenter Monforts	5	mil 4	3 month	complete over hauling
4	Mercerising Benninger	7.5	mil 4	3 month	complete over hauling
5	Stenter China	2.5	mil 4	3 month	complete over hauling
6	Thermosole Dyeing Monforts	7.5	mil 4	3 month	complete over hauling
7	Pad Steam Dyeing Kuster	7.5	mil 4	4 month	complete over hauling
8	Coating and Flocking machine	5	mil 4	3 month	complete over hauling
9	Printing 3.2meter Regiani	5	mil 3	4 month	complete over hauling
10	Arrioli Steam Ager	2.5	mil 3	2 month	complete over hauling
11	Sample Table	0.5	mil 3	2 month	complete over hauling

12	complete Engraving Equipment and screen making.	5	mil 3	4 month	complete over hauling
13	Color Kitechn area equipment	2.5	mil 3	2 month	complete over hauling
14	Design and cad Ssystem.	2.5	mil 3	3 month	complete over hauling
15	Bruckuber Stenter 3.2 meter	5	mil 3	3 month	complete over hauling
16	NIPCo calander	2.5	mil 3	2 month	complete over hauling
17	Sanforizing Monforts	2	mil 3	2 month	complete over hauling
	<b>Maintenanace team man power and Engineering Expence.</b>	30	mill 03	and 09 month	engineering team for 9month with 50 people with head of engineering Manager store purchase and supply team.
	Time Frame fro the complete job exectution is 9 to 12 Month subject to cash flow and parts avalibility.				
	<b>Total cost of complete Palnt Over Hauling in PKR</b>	<b>150.5</b>			