

ANNUAL REPORT 2019



ICC Textiles Limited

ICC Textiles Limited

Company Information

Board of Directors

- Mr. Javaid S. Siddiqi Chief Executive
- Mr. Pervaiz S. Siddiqi Chairman
- Mrs. Fauzia Javaid
- Mr. Salman Javaid Siddiqi
- Mr. Asim Pervaiz Siddiqi
- Mr. Adnan Javaid Siddiqi
- Mr. Arsalan Javaid Siddiqi

Audit Committee

- Mr. Salman Javaid Siddiqi Chairman
- Mr. Pervaiz S. Siddiqi Member
- Mrs. Fauzia Javaid Member
-

HR&R Committee

- Mr. Pervaiz S. Siddiqi Chairman
- Mr. Javaid S. Siddiqi Member
- Mr. Asim Pervaiz Siddiqi Member

Company Secretary

- Mr. Shahid Ali Ahmad

Chief Financial Officer

- Mr. Javed Rashid

Auditors

- Grant Thornton Anjum Rahman
Chartered Accountants
01-Inter Floor, Eden Centre
Jail Road, Lahore.

Bankers

- MCB Bank Limited
- Faysal Bank Limited
- Bank AL Habib Limited
- United Bank Limited
- Allied Bank Limited
- Habib Metropolitan Bank Limited

Legal Advisor

- Imtiaz Siddiqi Associates
179/180-A, Scotch Corner, Upper Mall Scheme,
Lahore-Pakistan. Tel: 042-35758573-35758574
Fax: 042-35758572

Shares Registrar

- Corplink (Pvt.) Ltd.
Wings Arcade, 1-K Commercial Model Town, Lahore.
Ph: 042-35916714, 35916719
Fax : 042-35869037

Registered Office

242-A, Anand Road,
Upper Mall, Lahore.
Ph: 042-35751765-67
Fax : 042-35789206
Web site : www.icctextiles.com

Factory

32-K.M. Lahore-Multan Road,
Sunder, Distt. Lahore.
Ph: 042-35975426-27
Fax : 042-35975428

ICC Textiles Limited

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 31st Annual General Meeting of the Company will be held at the registered office of the Company, 242-A, Anand Road, Upper Mall, Lahore on Monday January 27, 2020 at 11:00 AM to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of 30th Annual General Meeting held on November 27, 2018.
2. To receive consider and adopt the audited financial statements of the Company for the year ended 30th June 2019 together with the Directors and Auditors Report thereon.
3. To appoint statutory auditors for the year ending 30th June 2020 and to fix their remuneration.

SPECIAL BUSINESS

4. To consider and if deemed fit, to pass the following resolution(s) as special resolution(s), with or without any modification, in terms of section 183(3)(a) of the Companies Act, 2017.
 - I. Resolved that "Principal line of business of the Company shall be to provide facilities for storage on proprietary as well as rental basis and to undertake real estate development including investment, construction, purchase, sale, lease and disposal of real estate assets."

Further Resolved that "object clauses No. 1 to 4 be substituted by new clauses as shown in annexure to the notice and all subsequent clauses be deleted."
 - II. Resolved that "the Company may change its name and adopt new name as "ICC Industries Limited" subject to the approval of SECP."
 - III. Resolved that "new Articles of Association of the Company as provided in the Companies Act, 2017, be and are hereby adopted to replace the existing Articles of Association so as to comply with Companies Act, 2017, SECP Regulations and PSX Regulations."
 - IV. Further Resolved that "Mr. Javaid S. Siddiqi, Chief Executive, Mr. Salman Javaid Siddiqi, director and Mr. Javed Rashid, Chief financial Officer of the company be and are hereby authorized severally and jointly empowered for the purpose, to take or cause to be taken any and all actions necessary and make necessary filings and complete legal formalities as may be required to implement these resolutions".
5. To transact any other business with the permission of the Chair.

Statement of Material Facts under Section 134(3) of the Companies Act, 2017 is being dispatched to the shareholders along with the notice.

Lahore
Date: 06 January, 2020

By Order of the Board

Company Secretary

NOTES:

1. The members register will remain closed from 21 January 2020 to 27 January 2020 (both days inclusive). Transfers received at Share Registrar Office, Corplink (Private) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore by the close of business on 20 January 2020 will be entertained.
2. A member eligible to attend and vote at this meeting may appoint another member as proxy to attend and vote in the meeting. Proxies in order to be effective must be received by the company at the registered office not later than 48 hours before the time for holding meeting.
3. Any individual Beneficial Owner of CDC, entitled to attend and vote at this meeting, must bring his/her original CNIC or Passport, Account and participant's I.D numbers, to prove his/her identity, and in case of proxy must enclose and attested copy of his/her CNIC or Passport. Representatives of corporate members should bring the usual documents required for such purpose. The account/sub account holders of CDC will further have to follow the guidelines as laid down in Circular No.1 of 2000 dated January 26, 2000 issued by Securities & Exchange Commission of Pakistan
4. Pursuant to Section 132(2) of the Companies Act 2017, if the Company receives consent from members holding in aggregate 10% or more shareholding residing at geographical location, to participate in the meeting through video conference at least 7 days prior

to the date of meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city.

5. In accordance with the provisions of section 223 and 237 of the Companies Act, 2017, the audited financial statements of the Company for the year ended on June 30, 2019 are available on the Company's website (www.icctextiles.com.pk).
6. Shareholders are requested to immediately notify the change in address, if any to the Company's Share Registrar M/s Corplink (Pvt.) Limited Wings Arcade, 1-K, Commercial, Model Town, Lahore.
7. All shareholders who had not yet submitted the valid copies of CNIC, NTN certificate(s) and IBAN are requested to send the same to the Share Registrar. Shareholders of the Company who holds shares in scrip-less form on Central Depository Company of Pakistan Ltd. (CDC) are requested to update their IBAN details directly to their CDC participant (brokers)/CDC Investor Account Services.
8. Proxy Form attached with Notice dispatched to the members.

STATEMENT OF MATERIAL FACTS UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

Change of Principal Line of Business along with name of the Company and Adoption of Memorandum and Articles of Association as prescribed in the Companies Act, 2017.

The textile industry had passed through severe financial crises during the past many years and ICC Textiles had to suspend its production process in 2016 as running the mills was causing heavy financial losses due to non availability of industrial gas connection for setting up a captive power project which was essential for continuous & cheaper power supply and difficult market conditions for textile business. Thus, directors had approved a plan to consolidate the company's resources by repaying the banks borrowings through sponsor's loans and sale of inefficient looms and allied equipment, which were no more financially viable and were causing losses. It was also decided to focus on renting out precious vacant factory buildings and open land to generate revenue. The plan has been almost fully implemented i.e. bank borrowings have been fully paid and company has rented out substantial portion of its mills premises to generate revenue. We are cautiously maintaining a close watch on the Textile business environment. While the present government regime has taken positive steps to revive this important sector, it has not yet achieved a stable consistent viability status. Hence, we do not consider resuming our existing principal line of business for the time being.

Moreover, Real Estate Development is one of the priorities of the government and accordingly it is facilitating the same. CPEC project is also acting as a catalyst for this sector and it seems to have better future prospects. The Company has huge covered area and land situated at Sundar, Lahore already earning rental income which is expected to grow due to the available surplus covered area. Hence, the Board of Directors of the Company in their meeting held on January 6, 2020, after due consideration have recommended that:

1. The Company shall adopt a new line of business which should be considered as the principal line of business so as to provide facilities for storage on proprietary as well as rental basis and to undertake real estate development including investment, construction, purchase, sale, lease and disposal of real estate assets.
2. To reflect the new line of business the Board has further proposed that name of the Company be changed to "ICC Industries Limited" subject to the approval of SECP.
3. In order to comply with the provisions of the Companies Act, 2017, SECP Regulations and PSX Regulations, existing Articles of Association of the Company need comprehensive changes. Therefore, it has been proposed to adopt new Articles of Association as provided in the Companies Act, 2017 to meet various requirements.

It is proposed to place the following special resolutions as mentioned at Agenda No. I, II, III & IV of Special Business above for approval of members in the AGM.

- (I) Resolved that "Principal line of business of the Company shall be to provide facilities for storage on proprietary as well as rental basis and to undertake real estate development including investment, construction, purchase, sale, lease and disposal of real estate assets."

Further Resolved that "object clauses No. 1 to 4 be substituted by new clauses as shown in annexure to the notice and all subsequent clauses be deleted."
- (II) Resolved that "the Company may change its name and adopt new name as ICC Industries Limited" subject to the approval of SECP.
- (III) Resolved that "new Articles of Association of the Company as provided in the Companies Act, 2017, be and are hereby adopted to replace the existing Articles of Association so as to comply with Companies Act, 2017, SECP Regulations and PSX Regulations."
- (IV) Further Resolved that "Mr. Javaid S. Siddiqi, Chief Executive, Mr. Salman Javaid Siddiqi, Director and Mr. Javed Rashid, Chief financial Officer of the company be and are hereby authorized severally and jointly empowered for the purpose, to take or cause to be taken any and all actions necessary and make necessary filings and complete legal formalities as may be required to implement these resolutions".

Existing and amended copies of the Memorandum of Association and Articles of Association have been kept at the registered office of the company which can be inspected on any working day during usual business hours till the date of meeting. These documents will also be available for inspection at the meeting.

The directors, sponsors, majority shareholders and their relatives are not interested directly or indirectly, in the above business except to the extent of shares that are held by them in the Company.

Company Secretary
ANNEXURE

SUBSTITUTION OF OBJECT CLAUSES

S.NO.	PRESENT CLAUSE	NEW CLAUSE
I	The name of the Company is ICC Textiles Limited	The name of the Company is “ICC Industries Limited”
III (1).	To carry on the business of spinners, weavers, knitters, manufacturers, ginnerers, packers and balers of cotton, jute, hemp, silk, wool and any other fibrous material synthetic or natural and cultivation thereof and the business of weaving, finishing, knitting or otherwise manufacturing, bleaching, printing and selling yarn, cloth, linen, hosiery and other goods or merchandise made thereof, and generally to carry on the business of cotton spinners and doublers, linen manufacturers, cotton flax, hemp, jute, silk, artificial silk, wool, yarn and cloth merchants, bleachers and dyers, makers of vitriol, bleaching and dyeing materials and to transact all manufacturing or curing and preparing process and mercantile business that may be necessary or expedient and to purchase and vend raw materials and manufactured articles.	The principal line of business of the Company shall be to provide facilities for storage on proprietary as well as rental basis and to undertake real estate development including investment, construction, purchase, sale, lease and disposal of real estate assets.
III (1A)	To carry on the business of food processing, cold storage, power generation & systems, real estate, investment in shares and stocks and renting out vacant buildings and / or open area of the company’s premises.	
III (2).	To erect, maintain, alter, extend and purchase plant and machinery for the purpose of the company.	Except for the businesses mentioned in sub-clause (iii) hereunder, the company may engage in all the lawful businesses and shall be authorized to take all necessary steps and actions in connection therewith and ancillary thereto.
III (3).	To sell or dispose off machinery materials and all articles and things belonging to the company and also all the products thereof either for cash or on credit and either for immediate or future delivery and to send the same for sale to any place that may be deemed expedient.	Notwithstanding anything contained in the foregoing sub-clauses of this clause nothing contained herein shall be construed as empowering the Company to undertake or indulge, directly or indirectly in the business of a Banking Company, Non-banking Finance Company (Mutual Fund, Leasing, Investment Company, Investment Advisor, Real Estate Investment Trust management company, Housing Finance Company, Venture Capital Company, Discounting Services, Microfinance or Microcredit business), Insurance Business, <i>Modaraba</i> management company, Stock Brokerage business, forex, managing agency, business of providing the services of security guards or any other business restricted under any law for the time being in force or as may be specified by the Commission.
III (4).	To borrow or raise funds by means of loans or secure the payment of money from shareholders, directors, commercial banks and government approved agencies in such manner as the company shall think fit for its manufacturing, trading and allied business and in particular by the issue of debentures, or debenture-stock, perpetual or otherwise charged upon all or any of the company’s property and other assets both present and future and to purchase, redeem, or pay off any such securities, but not to act as an investment, finance or a banking company.	It is hereby undertaken that the company shall not: (a) engage in any of the business mentioned in sub-clause (iii) above or any unlawful operation; (b) launch multi-level marketing (MLM), Pyramid and Ponzi Schemes, or other related activities/businesses or any lottery business; (c) engage in any of the permissible business unless the requisite approval, permission, consent or licence is obtained from competent authority as may be required under any law for the time being in force.

NOTE: Object clauses No. III (5) to III (23) shall stand deleted.

ICC Textiles Limited

Chairperson's Review Report On Board Performance

ICC Textiles Limited ("the Company") has a seven member Board of Directors ("the Board") comprised of members with vast experience and diversified knowledge required for an effective decision making process.

The board together with its committees was fully involved in the policy and decision making process.

As required under the code of corporate governance, an annual evaluation of the Board of Directors was carried out. The purpose was to ensure that Board's overall performance and effectiveness is measured and bench marked against expectations in the contest of the objective set forth by the company. For the year ended June 30, 2019 the Board's overall performance and effectiveness has been found satisfactory and both executive and non executive directors have been fully involved in important decision making. However, improvement is an on going process leading to excellence.

The board continued to play vital role by ensuring effective oversight, appropriateness of financial reporting, and proper functioning of internal control system. The Board has reviewed the implementation of the plan to consolidate company's resources.

LAHORE:
January 06, 2020

PERVAIZ S. SIDDIQI
Chairman

ICC Textiles Limited

Directors' report to the members

On behalf of the board of directors, we take pleasure in presenting the audited financial statements of the company pertaining to the financial year ended on June 30, 2019.

Financial Highlights

The company earned an after tax profit of Rs. 4.393 million and registered a revenue of Rs. 23.462 million as against an after tax profit of Rs. 16.034 million and revenue of Rs. 15.363 million in the preceding period from continuing business.

	Rupees
• Revenue	23,462,023
• Gross profit	12,114,772
• Operating loss	17,821,731
• Finance Cost	66,692,532
• Change in fair value of investment property	100,328,340
• Profit after tax from continuing operations	11,227,026
• Loss after tax from discontinued operations	6,833,792
• Total profit after tax	4,393,234
• Accumulated losses	730,220,157
• Earning per share	0.15

Period under Review

Reason for enhanced revenue is renting out additional covered area of mills premises as substantial quantity of the textile machinery has been disposed off. This is as per our plan to consolidate company's position by repaying bank borrowings through sale of inefficient / obsolete machinery and sponsors funds injection, and to rent out vacant premises to generate revenue.

The following transactions / factors influenced the company's financial position and performance during this period:

- Company's rental revenue amounts to Rs. 23.462 million (2018: Rs. 15.363 million)
- Change in fair value of the investment property amounted to Rs. 100.328 million (2018: Rs. 90.251 million) has been accounted for as income during the year.
- The company has obtained loan from directors amounting to Rs.6.052 million.
- The company has disposed off assets from property, plant and equipment and non-current assets held for sale having written down value of Rs. 6.974 million.

Future Strategy and Prospects

The textile industry had passed through severe financial crisis during the past many years. The company had to suspend its production process in 2016 as running the mills was causing a huge financial loss due to non availability of gas connection for setting up a captive power project which was essential for continuous & cheaper power supply. Moreover, the market conditions became unfavorable to operate a viable textile business. Thus, the directors had approved a plan to consolidate the company's resources by repaying the bank borrowings through sponsors' loans and sale of inefficient looms and allied equipment, which were no more financially viable and were causing losses. It was also decided to focus on renting out precious vacant factory buildings and open land to generate revenue. The plan has been almost fully implemented i.e. bank borrowings have been fully paid and company has rented out substantial portion of its mills premises to generate revenue. We are cautiously maintaining a close watch on the Textile business environment. While the present government regime has taken positive steps to revive this important sector, it has not yet achieved a stable consistent viability status. Hence, we do not consider resuming our existing principal line of business for the time being.

Real Estate Development is one of the priorities of the government and accordingly it is facilitating the same. CPEC project is also acting as a catalyst for this sector and it seems to have better future prospects. The Company has huge covered area and land situated at Sundar, Lahore already earning rental income which is expected to grow due to the available surplus covered area. Hence, the Board of Directors of the Company in their meeting held on January 6, 2020, after due consideration have recommended that:

- The Company will adopt a new line of business which should be considered as the principal line of business so as to provide facilities for storage on proprietary as well as rental basis and to undertake real estate development including investment, construction, purchase, sale, lease and disposal of real estate assets;
- To reflect new line of the business, the Board has further proposed that name of the Company be changed to "ICC Industries Limited" subject to the approval of SECP; and
- In order to comply with the new provisions of the Companies Act, 2017, SECP Regulations and PSX Regulations, existing Articles of Association of the Company need comprehensive changes. Therefore, it has been proposed to adopt new Articles of Association as provided in the Companies Act, 2017 to meet various requirements.

Contingencies and commitments

No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year to which the statement of financial position relates and the date of Directors' Report, except as disclosed in the financial statements.

Outstanding Statutory Dues

There are no outstanding statutory payments on account of taxes, duties, levies and charges which are outstanding as on June 30, 2019 except for those disclosed in the financial statements.

Corporate Social Responsibility

Your company is a responsible corporate citizen and fully recognizes its responsibility towards community, employees and environment.

Corporate and Financial Reporting Framework

In order to follow the SECP code of corporate governance, the following statements are given:

Presentation of Financial Statements

The financial statements, prepared by the management of the Company, fairly present its state of affairs, the result of its operations, cash flows and changes in equity.

Books of Accounts

Proper books of accounts have been maintained by the Company.

Accounting Policies

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 (IFRS)

International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements.

Internal Control System

The system of internal control is sound in design and has been effectively implemented and monitored.

Going Concern

Without qualifying their opinion, Company's auditors, in their report, have drawn your attention to note 1.2 to the financial statements, which describes that the Company's current liabilities exceeded its current assets by Rs. 178.335 million, and its accumulated losses stood at Rs. 730.220 million. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern.

These financial statements have, however, been prepared on going concern basis on the grounds that the company will be able to achieve satisfactory levels of profitability in the future based on plan drawn up by the management for this purpose and bringing its liabilities to serviceable levels and availability of the adequate working capital from its lenders and sponsors.

To substantiate its going concern assumption the directors had approved a plan to consolidate the company's resources by repaying the banks' borrowings through sponsors' loans and sale of inefficient looms & allied equipment, which were no more financially viable and were causing losses due to uncertainty in securing industrial gas connection which is

essential for cheaper and continuous gas based electricity. It was further decided to focus on renting out precious vacant factory buildings and open land to generate revenue. Accordingly, the company has taken steps mentioned in note 1.2 (i – viii) to the financial statements. The plan has been almost fully implemented i.e bank borrowings have been fully repaid and the company has rented out substantial portion of its factory premises to generate revenue. Considering existing rental income and availability of more area of the mills premises for renting, the company has decided to change its principal line of business and name of the company as mentioned under future strategy.

Corporate Governance

The Company's auditors, in their review report to the members have mentioned regarding non appointment of independent director(s) as required by the Code of Corporate Governance. The company is continuing its effort to resolve the issue shortly. There has been no other material departure from the best practices of corporate governance, as detailed in the listing regulations of stock exchanges.

Operating and Financial Data

Key operating and financial data of last six years is as under:

SIX YEARS AT A GLANCE

	2014	2015	2016	2017	(Rs. in million)	
					2018	2019
Revenue :						
- Textiles (Rs.)	1,234.768	540.948	443.604	21.974	0.191	0.933
- Rental (Rs.)	-	-	-	9.910	15.363	23.462
Net profit/(loss) after tax (Rs.)	(73.401)	(63.965)	(211.063)	4.739	16.034	4.393
Fixed assets (Rs.)	933.611	928.706	675.842	242.183	13.454	12.296
Investment property (Rs.)	-	-	-	620.350	844.020	944.348
Retained earnings (Rs.)	(592.182)	(625.212)	(816.970)	(787.600)	(741.671)	(730.220)
Net profit rate	(5.9%)	(11.8%)	(47.6%)	14.86%	103.08%	18.01%
Current ratio	0.28:1	0.34:1	0.21:1	0.28:1	0.35:1	0.22:1
Share breakup value (Rs.)	6.45	8.25	0.22	3.87	4.44	4.74
Earning per share (Rs.)	(2.45)	(2.13)	(7.04)	0.16	0.53	0.15
Dividend	Nil	Nil	Nil	Nil	Nil	Nil

Staff Retirement Benefits

Value of unfunded gratuity scheme, based on actuarial valuation, at the period end was Rs. 32.776 million (2018: Rs. 40.073 million).

Board and Committees Meetings

During the year, seven meetings of the Board of Directors, Eight meetings of audit committee and One meeting of HR & R committee were held. Attendances by the Directors were as follows:

Name of Directors	Attendance	Remarks
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Board of Directors

Mr. Javaid S. Siddiqi	6	
Mr. Pervaiz S. Siddiqi	6	
Mrs. Fauzia Javaid Siddiqi	4	
Mr. Salman Javaid Siddiqi	7	
Mr. Asim Pervaiz Siddiqi	7	
Mr. Adnan Javaid Siddiqi	2	
Mr. Arsalan Javaid Siddiqi	6	

Audit Committee

Mr. Salman Javaid Siddiqi	8	
Mr. Pervaiz S. Siddiqi	8	
Mrs. Fauzia Javaid	8	

HR & R Committee

Mr. Pervaiz S. Siddiqi	1	
Mr. Javaid S. Siddiqi	1	
Mr. Asim Pervaiz Siddiqi	1	

Pattern of Shareholding

The Pattern of shareholding as required by the Code of Corporate Governance is attached with this report.

Trading of Company Shares

During the financial year there was no trading in shares of the company by Directors, Company Secretary, CEO, CFO and Executives of the Company (including their spouses and minor children).

Audit Committee

The Audit Committee comprises 3 members, of whom all are non-executive directors.

HR And Remuneration Committee

The HR and Remuneration Committee comprise 3 members, of whom 2 are non-executive directors.

Auditors

M/s Grant Thornton Anjum Rahman, Chartered Accountants will retire at the conclusion of 31st Annual General Meeting. They have expressed their willingness for reappointment. The Audit Committee has recommended their reappointment.

Dividend

Considering the results for the year, the board is not recommending disbursement of any dividend for the period ended June 30, 2019.

Acknowledgement

Directors of the company wish to extend their appreciation and gratitude to all staff members and workers for their continued hard work and quality standards.

For and on behalf of the Board of Directors

LAHORE:
January 06, 2020

JAVOID S. SIDDIQI
Chief Executive

PERVAIZ S. SIDDIQI
Chairman

ICC Textiles Limited

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are seven as per the following:

- a. Male: 6
- b. Female: 1

2. The composition of board is as follows:

Category	Names
Independent Director	-
Executive Director	Mr. Javaid S. Siddiqi
Non-Executive Director	Mr. Pervaiz S. Siddiqi Mrs. Fauzai Javaid Mr. Salman Javaid Siddiqi Mr. Asim Pervais Siddiqi Mr. Adnan Javaid Siddiqi Mr. Arsalan Javaid Siddiqi

- 3. The directors have confirmed that none of them is serving as a director on more than five 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. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
- 6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by 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 the meeting of board.
- 8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
- 9. The Board has arranged directors' training program for one director i.e Mr. Salman S. Siddiqi whereas two directors i.e. Mr. Javaid S. Siddiqi and Mr. Pervaiz S. Siddiqi are exempt from the requirements of directors' training program. The Company will arrange directors' training program for one director in next year.
- 10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the regulations.

11. CFO and CEO duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below:
- a) Audit Committee
- | | | |
|---------------------------|---|-------------------------------------|
| 1. Mr. Salman S. Siddiqi | - | (Non-Executive Director) – Chairman |
| 2. Mr. Pervaiz S. Siddiqi | - | (Non-Executive Director) |
| 3. Mrs. Fauzia Javaid | - | (Non-Executive Director) |
- b) HR & Remuneration Committee
- | | | |
|-----------------------------|---|-------------------------------------|
| 1. Mr. Pervaiz S. Siddiqi | - | (Non-Executive Director) – Chairman |
| 2. Mr. Javaid S. Siddiqi | - | (Executive Director) |
| 3. Mr. Asim Pervaiz Siddiqi | - | (Non-Executive Director) |
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings (quarterly/half yearly/yearly) of the committee were as per following :
- | | | |
|--------------------------------|---|-------------|
| a) Audit Committee | - | 08 meetings |
| b) HR & Remuneration Committee | - | 01 meeting |
15. The board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the company.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
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 other requirements of the Regulations have been complied with.

LAHORE:
January 06, 2020

JAVAID S. SIDDIQI
Chief Executive

PERVAIZ S. SIDDIQI
Chairman

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF ICC TEXTILES LIMITED

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of ICC Textiles Limited (the Company) for the year ended 30 June 2019 in accordance with the requirements of regulation 40 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 the 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 Directors' 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 require 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2019.

Further, we highlight below instances of non-compliances with the requirements of the Code as reflected in following paragraphs where these are stated in the Statement of Compliance:

Paragraph

Reference

Description

2 & 12	The Board, audit committee and human resource and remuneration committee (HR&R) of the Company do not have any independent director as required by the Code.
9	The Company has not arranged the directors training program of remaining one director as required by the Code.

Grant Thornton Anjum Rahman

Chartered Accountants

Lahore.

Dated: January 06, 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ICC TEXTILES LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of *ICC Textiles Limited* (the Company), which comprise the statement of financial position as at June 30, 2019, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, (here-in-after referred to as “the financial statements”) and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2019 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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 *Auditor's 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 (the Code)* as adopted by the Institute of Chartered Accountants of Pakistan (*the institute*) 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 opinion.

Material Uncertainty Related to Going Concern

We draw attention to note 1.2 in the financial statements which describes that as at June 30, 2019, the Company's current liabilities exceeded its current assets by Rs. 178.335 million and its accumulated losses stood at Rs. 730.220 million. These conditions indicate existence of a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern. These financial statements have, however, been prepared on a going concern basis for the reasons, as more fully explained in note 1.2 to the financial statements. Our opinion is not modified in this respect.

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.

Following are the Key audit matters:

Sr. No.	Key Audit Matter	How the matter was addressed in our audit
1	Non-Current Assets Classified as Held for Sale & Discontinuation of Textile Operations:	
	The Company has classified its plant and machinery as held for sale as disclosed in Note 27 to the financial statements. We have focused on this area owing to the significance of this transaction.	With respect to this transaction, we performed the following audit procedures: <ul style="list-style-type: none">• Discussed with the management their active plan to dispose off the assets pertaining to this segment;• Obtained and reviewed the Board of Directors minutes to confirm approval of disposal of assets relevant to the textile division;• Assessed independence, scope of work and findings of management's third party valuation expert engaged for ascertaining the fair value of the assets being disposed off;• Evaluated the presentation and disclosures of Non-Current Assets Classified as Held for Sale and loss from discontinuing operations in the financial statements as required by the applicable reporting framework.

2	Investment Properties	
	<p>The Company owns freehold land and building at 32-Km Multan Road, Sundar, Lahore. As at June 30, 2019, the fair value of investment properties was Rs. 944.348 million, representing 92% of the Company's total assets as at that date.</p> <p>The fair values of the Company's investment properties were assessed by management based on independent valuations prepared by external property valuers.</p> <p>We identified valuation of investment properties as a key audit matter because the determination of the fair values involves significant judgement and estimation, particularly in selecting the appropriate valuation methodology and in determining the underlying assumptions, which increase the risk of error or potential management bias, and because the valuations are sensitive to the key assumptions applied.</p>	<p>Our audit procedures to assess the valuation of investment properties included the following:</p> <ul style="list-style-type: none"> • evaluating the qualifications, experience and competence of the external valuer engaged by management and holding discussions with the external valuer, without the presence of management, to understand their valuation methods and the assumptions applied; • evaluating the valuation methodology used by the external valuer by comparison with the valuation methodologies applied by other valuers for similar property types; • assessing the key assumptions adopted in the valuations, including those relating to sales prices per square feet and the discount rates applied to determine forced sale value, by comparing them with historical rates and available industry data and considering the possibility of error or management bias in the selection of assumptions adopted; and • assessing fair value gain recorded during the year.
3.	Valuation of Gratuity	
	<p>As at June 30, 2019 the Company's obligation in respect of defined benefit plan of its existing employees amounted to Rs. 32.776 million.</p> <p>In determining the obligation in respect of defined benefit plans, the Company engaged an actuarial expert to perform the actuarial valuation of the defined benefit obligation, which involves use of key assumptions including discount rates, expected rate of increase in future salaries and mortality rates. Changes in any of these key assumptions can have a material impact on the calculation of these liabilities.</p> <p>We identified retirement benefit obligation as a key audit matter because of significant</p>	<p>Our audit procedures amongst others, comprised understanding the management valuation process, including the involvement of actuarial expert in performing the actuarial valuation of plan assets and defined benefit obligation:</p> <ul style="list-style-type: none"> • We assessed the competence and objectivity of the qualified actuary engaged by the Company to value the defined benefit obligation under IAS 19 'Employee Benefits'; • we assessed the appropriateness of the methodology and assumptions used to determine the obligation in respect of defined benefit plans by comparison with the valuation methodologies applied by other actuaries; • We tested data provided by the

	<p>management judgment relating to valuation assumptions that are inherently complex and require specialist actuarial input.</p>	<p>Company to actuary for the purpose of valuation;</p> <ul style="list-style-type: none"> • We also reviewed the adequacy of the related disclosures in the financial statements; and • We verified payments made during the year.
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Information Other than the Financial Statements and Auditor’s Report Thereon

The Board of Directors are responsible for the other information. Other information comprises the information included in the annual report for the year ended June 30, 2019, but does not include the financial statements and our auditor's 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 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or 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.

Auditor's 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 auditor's 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 auditor's 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 auditor's 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.

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 auditor's 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;
- b) the statement of financial position, the statement of profit or loss and other comprehensive income or the income and expenditure account, 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 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 auditor's report is Imran Afzal.

Grant Thornton Anjum Rahman

Chartered Accountants

Lahore

Date: January 06, 2020.

ICC TEXTILES LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2019

EQUITY AND LIABILITIES	Note	2019 Rupees	2018 Rupees
SHARE CAPITAL AND RESERVES			
Authorized share capital			
32,000,000 (2018: 32,000,000) ordinary shares of Rs. 10 each		<u>320,000,000</u>	<u>320,000,000</u>
Share capital			
Issued, subscribed and paid-up share capital	5	300,011,200	300,011,200
Capital reserves			
Revaluation surplus	6	572,329,953	574,923,456
Revenue reserves			
Accumulated loss		<u>(730,220,157)</u>	<u>(741,670,613)</u>
Total equity		<u>142,120,996</u>	<u>133,264,043</u>
NON-CURRENT LIABILITIES			
Long term financing from directors	7	573,984,269	551,524,401
Long term financing from commercial banks	8	-	-
Deferred liabilities	9	75,385,391	85,887,967
		<u>649,369,660</u>	<u>637,412,368</u>
CURRENT LIABILITIES			
Trade and other payables	10	106,658,562	91,949,559
Security deposits	11	5,756,363	5,546,163
Accrued interest / mark-up	12	79,650,376	29,833,050
Short-term borrowings	13	35,942,755	35,810,966
Current portion of long term financing	14	-	-
Unclaimed dividend		1,662,656	1,662,656
		<u>229,670,712</u>	<u>164,802,394</u>
TOTAL EQUITY AND LIABILITIES		<u>1,021,161,368</u>	<u>935,478,805</u>
CONTINGENCIES AND COMMITMENTS			
	15		

The annexed notes 1 to 46 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

ICC TEXTILES LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2019

ASSETS	Note	2019 Rupees	2018 Rupees
Restated			
NON-CURRENT ASSETS			
Property, plant and equipment	16	12,295,695	13,453,832
Investment properties	17	944,348,225	844,019,885
Long term loans and advances	18	74,000	58,000
Long term deposits	19	1,469,034	1,629,034
		958,186,954	859,160,751
CURRENT ASSETS			
Stores, spare parts and loose tools	20	11,569,336	15,880,663
Stock in trade	21	-	734,477
Trade debts	22	604,318	-
Loans and advances	23	716,610	734,665
Short term prepayments and other receivables	24	1,439,290	1,392,421
Tax refunds due from Government	25	36,032,351	37,645,656
Cash and bank balances	26	973,834	1,362,310
		51,335,739	57,750,192
Non-current assets classified as held for sale	27	11,638,675	18,567,862
TOTAL ASSETS		1,021,161,368	935,478,805

The annexed notes 1 to 46 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

ICC TEXTILES LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
REVENUE	28	23,462,023	15,363,305
DIRECT COST	29	(11,347,251)	(12,157,314)
GROSS PROFIT		12,114,772	3,205,991
OPERATING EXPENSES:			
DISTRIBUTION COST	30	-	(369,201)
ADMINISTRATIVE EXPENSES	31	(29,777,339)	(25,816,437)
OTHER EXPENSES	32	(913,344)	(866,908)
		(30,690,683)	(27,052,546)
		(18,575,911)	(23,846,555)
OTHER INCOME	33	754,180	3,052
OPERATING LOSS		(17,821,731)	(23,843,503)
FINANCE COST	34	(66,692,532)	(49,638,352)
CHANGES IN FAIR VALUE OF INVESTMENT PROPERTIES	17	100,328,340	90,251,125
PROFIT BEFORE TAXATION		15,814,077	16,769,270
TAXATION FOR THE YEAR	35	(4,587,051)	(2,947,826)
PROFIT AFTER TAXATION FOR THE YEAR FROM CONTINUING OPERATIONS		11,227,026	13,821,444
(LOSS) / PROFIT AFTER TAXATION FOR THE YEAR FROM DISCONTINUED OPERATIONS	36	(6,833,792)	2,212,151
PROFIT AFTER TAXATION FOR THE YEAR		4,393,234	16,033,595
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss		-	-
Items that will not be reclassified to profit or loss			
Actuarial loss or gains on employee benefit obligations		2,997,676	2,464,196
Revaluation surplus on property, plant and equipment (net of tax)		-	8,704,028
Revaluation decrease in non-current assets classified as held for sale (net of tax)		-	(11,592,411)
Effect of change in tax rates		1,466,043	1,527,176
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR		4,463,719	1,102,989
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		8,856,953	17,136,584
EARNING/(LOSS) PER SHARE - BASIC AND DILUTED			
- FROM CONTINUING OPERATIONS		0.37	0.46
- FROM DISCONTINUED OPERATIONS		(0.23)	0.07
- TOTAL	37	0.15	0.53

The annexed notes 1 to 46 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

ICC TEXTILES LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in)/generated from operations:			
Cash used in operations	41	(11,181,836)	(18,328,417)
Cash generated from / (used in) discontinued operations	41	16,765,464	(11,639,715)
		5,583,628	(29,968,132)
Finance cost paid		(467,537)	(27,784,609)
Income tax paid		(3,529,328)	(2,520,597)
Gratuity paid		(9,857,742)	(6,596,687)
		(13,854,607)	(36,901,893)
Net cash used in operating activities		(8,270,979)	(66,870,025)
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase) / decrease in long term loans and advances		(16,000)	151,000
Decrease in long term deposits		160,000	-
Proceeds from disposals of property, plant and equipment & non-current assets classified as held for sale		2,635,513	74,359,268
Purchase of plant and equipment		(1,081,000)	(4,600)
Net cash generated from investing activities		1,698,513	74,505,668
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short term borrowings - net		131,790	31,478,987
Proceeds from long term financing obtained from directors		6,052,200	32,008,302
Repayment of long term financing obtained from commercial banks		-	(70,215,829)
Net cash generated from / (used in) financing activities		6,183,990	(6,728,540)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(388,476)	907,103
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		1,362,310	455,207
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	26	973,834	1,362,310

The annexed notes 1 to 46 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

ICC TEXTILES LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2019

Description	Paid-up Capital Rupees	Capital Reserves - Revaluation Surplus Rupees	Revenue Reserves - Accumulated Losses Rupees	Total Shareholders' Equity Rupees
Balance at July 01, 2017	300,011,200	603,715,735	(787,599,476)	116,127,459
Other comprehensive (loss) / income for the year	-	(1,361,207)	2,464,196	1,102,989
Profit for the year	-	-	16,033,595	16,033,595
Total comprehensive (loss) / income for the year	-	(1,361,207)	18,497,791	17,136,584
Transfer to accumulated loss on account of disposal of revalued assets and incremental depreciation (net of tax)	-	(27,431,072)	27,431,072	-
Balance at June 30, 2018	300,011,200	574,923,456	(741,670,613)	133,264,043
Other comprehensive income for the year	-	1,466,043	2,997,676	4,463,719
Profit for the year	-	-	4,393,234	4,393,234
Total comprehensive income for the year	-	1,466,043	7,390,910	8,856,953
Transfer to accumulated loss on account of disposal of revalued assets and incremental depreciation (net of tax)	-	(4,059,546)	4,059,546	-
Balance at June 30, 2019	300,011,200	572,329,953	(730,220,157)	142,120,996

The annexed notes 1 to 46 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

ICC TEXTILES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

1 STATUS AND NATURE OF BUSINESS

1.1 ICC Textiles Limited ("the Company") was incorporated in Pakistan on May 25, 1989 as a public limited company under the repealed Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act, 2017 on May 30, 2017). The shares of the Company are listed on Pakistan Stock Exchange. The principal activity of the Company is manufacturing and sale of greige fabric and renting out vacant buildings and / or open area of the company's premises. The registered office of the Company is situated at 242-A, Anand Road, Upper Mall, Lahore and the Company's plant is located at 32-Km Multan Road, Sundar, Lahore.

1.2 The Company has accumulated losses amounting to Rs. 730.220 million at the year end. While, the Company's current liabilities exceeded its current assets by Rs. 178.335 million at the year end. These conditions indicate existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as going concern and therefore, may be unable to realize its assets and discharge its liabilities in normal course of business. Continuation of the Company as a going concern is dependent on its ability to attain satisfactory levels of profitability and liquidity in the future by bringing its liabilities to serviceable levels and availability of adequate working capital through continued support from:

- (a) the principal lenders of the Company; and
- (b) the sponsors of the Company.

These financial statements have been prepared on going concern basis on the grounds that the Company will be able to achieve satisfactory levels of profitability and liquidity in the future based on the plans drawn up by the management for this purpose, bringing its liabilities to serviceable levels and availability of the adequate working capital from its lenders and sponsors.

To substantiate its going concern assumption:

- i In order to consolidate the Company's resources, due to uncertainty in securing industrial gas connection, which is essential for cheaper and continuous gas based electricity, the Company had disposed off all its looms.
- ii The Company has rented out its partial factory buildings and labour colony to generate cashflows;
- iii Bank borrowings had been fully repaid by April 2018.
- iv During the year 2015, the Company had also repaid long term loan amounting to Rs. 14.896 million and had reduced the running finance facilities from Rs. 480 million to Rs. 330 million, as 37 sulzer looms were disposed off and one director of the Company sold his property to MCB Bank Limited under buy-back arrangement, and advanced such proceeds amounting to Rs. 140 million as long term loan to the Company for partial settlement of the finance facilities. The loan is payable in lump sum by June 30, 2025 .
- v Some directors of the Company have also extended long term interest bearing loans amounting to Rs. 6.052 million (2018: Rs. 32.008 million) during the year to meet working capital requirements of the Company. The sponsors of the Company would continue such support in future;
- vi Few directors of the Company had also invested through long term interest free loans amounting to Rs. 321.531 million during May 2013 to June 2016 to meet working capital requirements of the Company.
- vii During 2013, the Board of Directors of ICC (Private) Limited, an associated undertaking, had decided to write off following outstanding loans advanced to the Company:
 - Long term interest free loans amounting to Rs. 189.150 million with carrying value, in ICC Textiles Limited books, amounting to Rs. 48.801 million; and
 - Short term interest bearing loans amounting to Rs. 30.850 million.
- viii During April 2011, the Company had also increased its paid-up capital by Rs. 200.003 million by converting loans obtained from associated company, directors and their family members by issuing further 20,000,320 ordinary shares of Rs. 10 each at par.

The financial statements consequently do not include any adjustment relating to the realization of the assets and liquidation of its liabilities that might be necessary would the Company be unable to continue as a going concern.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards 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. In case requirements differ, the provisions of and directives issued under the Companies Act, 2017 shall prevail.

2.2 Standards, amendments and interpretations to approved accounting standards that became effective during the year

There are certain new standards, interpretations and amendments to approved accounting standards which are mandatory for the Company's accounting periods beginning on or after July 1, 2018 but are considered not to be relevant or have any significant effect on the Company's financial reporting, except as mentioned below:

-IFRS 9 'Financial Instruments' - This standard replaces guidance in IAS 39 'Financial Instruments: Recognition and Measurement'. It includes requirements on the classification and measurement of financial assets and liabilities derecognition of financial instruments, impairment of financial assets and hedge accounting; it also includes an expected credit losses impairment model that replaces the current incurred loss impairment model.

IFRS 9 'Financial Instruments' in respect of companies holding financial assets due from the Government, the requirements contained in "IFRS 9 (Financial Instruments) with respect to application of Expected Credit Losses are deferred till July 2021 as a result of notification issued by Security and Exchange Commission of Pakistan.

ICC TEXTILES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

- IFRS 15 'Revenue from contracts with customers' - IFRS 15 replaces the previous revenue standards: IAS 18 'Revenue', IAS 11 'Construction Contracts, and the related interpretations on revenue recognition.

IFRS 15 introduces a single five-step model for revenue recognition with a comprehensive framework based on core principle that an entity should recognise revenue representing the transfer of promised goods or services under separate performance obligations under the contract to customer at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those promised goods or services.

Based on the assessment performed by the management, there is no significant impact of the changes laid down by IFRS 9 and IFRS 15 on these financial statements of the Company except for few changes in accounting policies and new disclosures. Consequent to the adoption of above mentioned standards, changes in accounting policies have been reflected in note 4.8 and 4.10.

2.3 Standards, amendments and interpretations to the approved accounting standards that are relevant but not yet effective and not early adopted by the Company

There are certain new standards, amendments and interpretations to the approved accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2019. However, these will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these financial statements.

2.4 Basis of measurement

These financial statements have been prepared under the historical cost convention except for:

- staff retirement benefits which are measured at present value of defined benefit obligations (refer note 4.1);
- free hold land, buildings and plant and machinery which are measured at revalued amounts (refer note 4.2);
- financial assets and liabilities which are measured at fair value (refer note 4.8); and
- non current assets classified as held for sale which are measured at fair value (refer note 4.17).

2.5 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectation of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are discussed below:

Income taxes

In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax law and the decisions of appellate authorities on certain issues in the past.

Trade debts and other receivables

Trade debts and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing component in which case such are recognised at fair value. The Company holds the trade debts with the objective of collecting the contractual cash flows and therefore measures the trade debts subsequently at amortised cost using the effective interest method.

Property, plant and equipment

The Company's management determines the estimated useful lives and related depreciation charge for its property, plant and equipment. The estimates for revalued amounts of different classes of property, plant and equipment are based on valuation performed by external professional valuers and recommendations of technical teams of the Company. The said recommendation also includes estimates with respect to residual values and depreciable lives. Further, the Company reviews its assets for possible impairment on an annual basis. Any change in use of assets in future years might affect carrying amounts of the respective item of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

Investment property and assets classified as held for sale

Valuation is performed by external professional valuers. Further, the Company reviews its assets for possible impairment on an annual basis. Any change use of assets in future years might affect carrying amounts of the respective item with a corresponding effect on the impairment.

Stock in trade and stores, spare parts and loose tools

The Company's management reviews the net realizable value (NRV) and impairment of stock in trade and stores, spare parts and loose tools to assess any diminution in the respecting carrying values and wherever required provision for NRV / impairment is made. The difference in provision, if any, is recognized in statement of profit or loss for the year.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in Note 4.1 to the financial statements for the valuation of present value of defined benefit obligation. Any changes in these assumptions might affect unrecognized gains and losses in those years.

Provision for contingencies

The Company's management uses assumptions and estimates in disclosures and assessment of provision for the contingencies.

3 FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Pak Rupees which is the Company's functional and presentation currency.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Staff retirement benefits

The Company operates an unfunded gratuity scheme (defined benefit plan) covering all eligible directors and employees, payable at the cessation of employment. The liability is provided on the basis of actuarial valuation applying Projected Unit Credit (PUC) Actuarial Method. The Company has a policy of carrying out actuarial valuation on annual basis with the assistance of independent actuarial appraisers to cover the obligations under the scheme.

Principal actuarial assumptions used in the actuarial valuation carried out as at June 30 are as follows:

- Discount rate used for year end obligation	14.25% (2018: 9.00%) per annum
- Expected rate of salary increase in future	13.25% (2018: 8.00%) per annum
- Average duration of the defined benefit obligation	2 years (2018: 3 years)
- Mortality rate assumed were based on the SLIC 2001-2005 mortality table (2018:SLIC 2001-2005 mortality table)	

4.2 Property, plant and equipment

Property, plant and equipment are initially recognized at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Company's management.

Furniture and fittings, vehicles, electrical appliances and office equipment

Subsequently, furniture and fittings, vehicles, electrical appliances and office equipment are measured using cost model i.e. cost less subsequent accumulated depreciation and impairment losses, if any. Depreciation is charged to statement of profit or loss on diminishing balance method at the rates as disclosed in Note 16 so as to write off the depreciable amount of furniture and fittings, vehicles, electrical appliances and office equipment over their estimated useful lives.

Freehold land, building on freehold land and plant and machinery

Free hold land is subsequently measured using revaluation model at the revalued amounts.

Buildings and plant and machinery are subsequently measured using revaluation model at revalued amount less subsequent accumulated depreciation and impairment losses, if any. Any surplus on revaluation of freehold land, building on freehold land, and plant and machinery is credited to the surplus on revaluation of property, plant and equipment account. Revaluation is carried with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. To the extent of incremental depreciation charged on the revalued assets, the related surplus on revaluation of property, plant and equipment (net of deferred tax) is transferred directly to accumulated loss.

Depreciation on buildings and plant and machinery is charged to statement of profit or loss on straight line method at the rates as disclosed in Note 16 so as to write off the depreciable amount of these assets over their estimated useful lives.

Depreciation on additions to property, plant and equipment except freehold land is charged from the date of acquisition / capitalization / start of commercial production of the assets and depreciation on assets disposed off during the year is charged up to the date of disposal.

Gain / loss on disposal of property, plant and equipment is reflected in statement of profit or loss during the period in which they are incurred. Normal repairs and maintenance are charged to income as and when incurred. Major renewals and improvements are capitalized.

The assets' residual values and estimated useful lives are reviewed as required, but at least annually and adjusted if impact on depreciation is significant.

4.3 Investment properties

Properties which are held to earn rentals or for capital appreciation or for both are classified as investment properties. Investment properties are initially recognized at cost, being the fair value of the consideration given. Subsequently these are stated at fair value. The fair value is determined annually by an independent professional valuer based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between knowledgeable willing parties in an arm length transaction. Any gain or loss arising from a change in fair value is charged to the statement of profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS

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When an item of property, plant and equipment is transferred to investment property, following a change in its use, any difference arising at the date of transfer between the carrying amount of the item and its fair value is recognized in revaluation surplus of property, plant and equipment. Upon disposal, the related revaluation surplus is transferred to accumulated loss. Any gain or loss arising in this manner is credited to statement of profit or loss.

When an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its cost for accounting purposes for subsequent recording.

4.4 Finance leases

Assets subject to finance lease, in which the Company bears substantially all risks and rewards of ownership of the assets, are recognized at the inception of lease at the lower of present value of the minimum lease payments under the lease agreements and the fair value of the assets.

The related obligations of leases, net of finance cost, are included in liabilities against assets subject to finance lease.

Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate of financial cost on the balance outstanding. The interest element of the rental is charged to statement of profit or loss over the lease term.

Assets acquired under a finance lease are depreciated over the useful life of the assets on reducing balance method. Depreciation of the leased assets is charged to statement of profit or loss.

Depreciation on additions to leased assets is charged from the date of acquisition of the assets and depreciation on assets disposed off during the year is charged up to the date of disposal.

4.5 Capital work-in-progress

Capital work-in-progress is stated at cost accumulated upto the date of statement of financial position less accumulated impairment losses, if any. Capital work-in-progress is recognized as operating fixed asset when it is made available for intended use.

4.6 Stores, spare parts and loose tools

These are stated at lower of cost & net realizable value. Cost is determined by applying moving average method except goods in transit which are stated at lower of cost.

4.7 Stock in trade

Stock in trade is stated principally at lower of cost and net realizable value.

Cost of major components of stock in trade is determined as follows:-

Raw materials	- At annual average cost
Work in process and finished goods	- At prime cost plus appropriate production overheads using weighted average

Net realizable value means the estimated selling price in the ordinary course of business less costs necessarily to be incurred to make the sale.

4.8 Financial Instruments

4.8.1 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.

Financial assets of the Company are classified as follows:

a) 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 derecognition are recognised directly in profit or loss account.

b) 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.

c) 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 account 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 remeasured 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 statement of profit or loss account for the period in which it arises.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

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 account following the derecognition of the equity instruments.

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 receivables, 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 account, 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.

4.8.2 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 account.

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 derecognition 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 account.

4.8.3 Off-setting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the financial statements if the Company has a legally enforceable right to set-off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

4.8.4 Impact of adoption of IFRS-9

The following table explains the original measurement categories under IAS 39 and new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities as at 1 July 2018:

	Original classification under IAS 39	New classification under IFRS 9
Financial assets		
Long term deposits & advances	Loans and receivables	Financial assets at amortized cost
Trade debts	Loans and receivables	Financial assets at amortized cost
Loans and advances	Loans and receivables	Financial assets at amortized cost
Cash and Bank	Cash and cash equivalents	Financial assets at amortized cost
Financial liabilities		
Short term borrowings	Financial liabilities at amortized cost	Financial liabilities at amortized cost
Long term financing	Financial liabilities at amortized cost	Financial liabilities at amortized cost
Accrued mark up	Financial liabilities at amortized cost	Financial liabilities at amortized cost
Trade and other payables	Financial liabilities at amortized cost	Financial liabilities at amortized cost

4.9 Foreign currencies

Transactions in currencies other than Pak Rupee are recorded at the rates of exchange prevailing on the dates of the transactions. At each date of statement of financial position, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the date of statement of financial position.

Gains and losses arising on retranslation are included in profit or loss for the period.

4.10 Revenue recognition

Revenue is recognised when or as performance obligations are satisfied by transferring control of a promised goods to a customer, and control either transfers over time or at a point in time. Revenue is measured at fair value of the consideration received or receivable, excluding government levies.

Rental income is recognised over time.

Interest income is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be estimated reliably. Interest income is accrued on a time basis, by reference to the principal balance outstanding and at the interest rate applicable.

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4.11 Taxation

Current

The charge for current taxation is based on taxable income at the current rates of taxation after taking into account applicable tax credits, rebates and exemption available, if any, and tax paid on presumptive basis.

Deferred

Deferred income tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profits will be available against which such temporary differences and tax losses can be utilized. Deferred tax liabilities are recognized for all major taxable temporary differences.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the date of statement of financial position. Deferred tax is charged or credited to the statement of profit or loss, except in the case of items credited or charged to equity or OCI in which case it is included in equity or statement of comprehensive income.

4.12 Impairment non-financial assets

The carrying amounts of non-financial assets are assessed at each date of statement of financial position to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognized as an expense in the profit or loss. The recoverable amount is the higher of an asset's fair value less cost of disposal and value-in-use. Value-in-use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. 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 amortization, if no impairment loss had been recognized.

4.13 Provisions

A provision is recognized in the financial statements when the Company has legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made to the amount of obligation.

4.14 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and bank balances and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

4.15 Contingent liability

Contingent liability is disclosed when:

- There is possible obligation that arises from past events 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
- 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.

4.16 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions. The management has determined that the Company has two reportable segments as the Board of Directors views the Company's operations as two reportable segments.

4.17 Non current assets held for sale

Non-current assets classified as assets held for sale are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recoverable principally through a sale transaction rather than through a continuing use.

4.18 Trade and other payables

Liabilities for trade and other amounts payable are measured at cost which is the fair value of the consideration to be paid in future for goods and services received. These are recognized at amortized cost.

4.19 Borrowings

Borrowings are initially recorded at the proceeds received. In subsequent periods, borrowings are stated at amortized cost using the effective yield method. Finance costs are accounted for on an accrual basis and are included in current liabilities to the extent of the amount remaining unpaid.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
5 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL			
30,001,120 (2018 : 30,001,120) ordinary shares of Rs. 10 each fully paid in cash		<u>300,011,200</u>	<u>300,011,200</u>
6 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OF TAX			
Surplus arising on revaluation	6.1	614,939,385	620,738,736
Less: Deferred tax arising on surplus on revaluation	6.2	<u>42,609,432</u>	<u>45,815,280</u>
		<u>572,329,953</u>	<u>574,923,456</u>
6.1 Opening balance of surplus on revaluation		620,738,736	668,375,265
Add: Surplus arising during the year - net	6.1.1	-	8,919,244
Less: Incremental depreciation:			
Buildings		-	1,199,100
Plant & machinery		<u>1,492,993</u>	<u>4,652,608</u>
		<u>1,492,993</u>	<u>5,851,708</u>
Less: Revaluation relating to plant & machinery disposed off		<u>4,306,358</u>	<u>33,903,469</u>
Less: Revaluation decrease in non-current assets classified as held for sale	27	-	16,800,596
		<u>614,939,385</u>	<u>620,738,736</u>
6.1.1 The revaluation of free - hold land and buildings on free - hold land was carried out by Arch-e-decon (Evaluators, Surveyors, Architects and Engineers) as at Dec 31, 2017. The revaluations resulted in followings:			
			Rupees
Increase in carrying value of free - hold land			8,225,000
Increase in carrying value of buildings on free - hold land			<u>694,244</u>
			<u>8,919,244</u>
6.1.2 Incremental depreciation represents the difference between actual depreciation on revalued property, plant and equipment and equivalent depreciation based on historical cost of property, plant and equipment.			
6.2 Related deferred tax liability on July 01		45,815,280	64,659,530
Deferred tax liability arising on revaluation		-	215,216
Tax effect on incremental depreciation & disposal of assets during the year		<u>(1,739,805)</u>	<u>(12,324,105)</u>
Tax effect on revaluation decrease in non-current assets classified as held for sale		-	(5,208,185)
Effect of change in tax rate		<u>(1,466,043)</u>	<u>(1,527,176)</u>
		<u>42,609,432</u>	<u>45,815,280</u>
Deferred tax asset amounting to Rs. 226.227 million (2018: Rs. 226.262 million) arising on account of temporary differences mainly for property, plant and equipment, gratuity, unused tax losses and unused tax credits has not been accounted for due to uncertainty regarding its recoverability in the foreseeable future.			
7 LONG TERM FINANCING FROM DIRECTORS - Unsecured			
Interest free loans - 1	7.1	181,669,802	165,262,134
Interest bearing loan - 2	7.2	182,314,467	166,262,267
Interest bearing loan - 3	7.3	70,000,000	80,000,000
Interest bearing loan - 4	7.4	<u>140,000,000</u>	<u>140,000,000</u>
		<u>573,984,269</u>	<u>551,524,401</u>
7.1 Original Loan amounts	7.1.1	321,531,223	321,531,223
Less: Present Value Adjustment	7.1.2	<u>206,132,600</u>	<u>206,132,600</u>
		<u>115,398,623</u>	<u>115,398,623</u>
Add: Interest charged to statement of profit or loss (Unwinding of discount)		<u>66,271,179</u>	<u>49,863,511</u>
		<u>181,669,802</u>	<u>165,262,134</u>
7.1.1 These interest free loans are repayable in lump sum on June 30, 2025 (2018: June 30, 2025). The names of directors to whom such loans are payable, are Mr. Javaid S. Siddiqi, Mr. Pervaiz S. Siddiqi, Mr. Asim Pervaiz Siddiqi and Miss Fouzia Javaid Siddiqi.			
7.1.2 These long term interest free loans have been measured at amortized cost by applying weighted average interest rate ranging from 8.06% to 11.64% (2018: 8.06% to 11.64%).			
7.2 These loans carry mark-up @ one month KIBOR plus 2% (2018: 8.26% to 8.92%) and are repayable in lump sum on December 31, 2020. These loans are payable to Mr. Javaid S. Siddiqi, Mr. Pervaiz S. Siddiqi and Miss Fouzia Javaid Siddiqi.			
7.3 This loan carries mark-up @ one month KIBOR plus 2% (2018: 8.26% to 8.92%) and is repayable to Mr. Pervaiz S. Siddiqi in lump sum on June 30, 2025.			
7.4 The loan carries mark-up @ one month KIBOR plus 2% (2018: Cost of fund of MCB i.e. @ 5.39% - 6.21% up to May 28, 2018 and subsequently @ one month KIBOR plus 2%) and is repayable to Mr. Javaid S. Siddiqi in lump sum on June 30,			

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	Note	2019 Rupees	2018 Rupees
8 LONG TERM FINANCING FROM COMMERCIAL BANKS - Secured			
Faysal Bank Limited	8.1	-	-
		-	-
8.1 Faysal Bank Limited			
Running finance Facility	8.1.1	-	29,976,829
Short term advances		-	56,239,000
		-	86,215,829
Less: Repayments		-	(86,215,829)
		-	-
Less: Present value Adjustment		-	8,604,541
Add: Interest charged to statement of profit or loss		-	8,604,541
		-	-
Less: Current portion		-	-
		-	-

8.1.1 The loan was obtained from Faysal Bank Limited. In accordance with Finance Facilities Settlement Agreement dated Dec 15, 2016, short term financing outstanding as on Dec 15, 2016 was repayable by May 28, 2018.

The facilities were secured against joint pari passu charge by way of hypothecation of stock in trade & current assets, second joint pari passu charge on property, plant and equipment of the Company & security of an associated company and subordination of directors' interest free loans to the extent of Rs.162.712 million. Mark-up for the period from April 01, 2015 to Dec 15, 2016 amounting to Rs. 21.884 million was waived off / (relinquished) and onward no mark-up was to be charged by the Bank, provided the entire principal liability would have been repaid by May 28, 2018. Repayment schedule is as under:

	Rupees
June 30, 2017	16,000,000
May 28, 2018	70,215,829
	<u>86,215,829</u>

Such waiver (relinquishment) by the Bank was recognized as other income in financial statements for the year ended June 30, 2017.

8.1.2 Under this restructuring arrangement, balance mark up payable amounting to Rs. 4.910 million pertaining to the period up to March 31, 2015, was to be paid in equal quarterly instalments within a period of 18 months, after full payment of principal liability within agreed period of two and a half years.

8.1.3 The loan was measured at amortized cost by using weighted average interest rate of Nil. (2018: 8.26%).

8.1.4 During last year, the Company had repaid the entire liability of the Bank ahead of schedule i.e. on April 12, 2018 and the Bank waived off the deferred mark-up amounting to Rs. 4.910 million, which had been accounted for as other income in these financial statements (refer to Note 36.4).

	Note	2019 Rupees	2018 Rupees
9 DEFERRED LIABILITIES			
Deferred tax	6.2	42,609,432	45,815,280
Staff retirement benefits - gratuity	9.2	32,775,959	40,072,687
		<u>75,385,391</u>	<u>85,887,967</u>
9.1 The scheme provides for gratuity benefits for all permanent employees who attain minimum qualifying period of one year. Provision has been made on the basis of latest actuarial valuation made on June 30, 2019 by applying projected unit credit method.			
9.2 Changes in Present Value of Defined Benefit Obligations:			
Opening liability		40,072,687	43,218,235
Charge for the year	9.3	5,558,690	5,915,335
Remeasurement gain recognised in other comprehensive income (experience adjustments)		(2,997,676)	(2,464,196)
Benefits paid during the year		(9,857,742)	(6,596,687)
Closing liability		<u>32,775,959</u>	<u>40,072,687</u>
9.3 Charge for the year in statement of profit or loss			
Current service cost		2,395,747	2,821,543
Interest cost		3,162,943	3,093,792
		<u>5,558,690</u>	<u>5,915,335</u>

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FOR THE YEAR ENDED JUNE 30, 2019

9.4 The present value of defined benefit obligation is as follows:

	2019 Rupees	2018 Rupees	2017 Rupees	2016 Rupees	2015 Rupees
Present value of defined benefit obligation as at June 30	32,775,959	40,072,687	43,218,235	72,777,456	69,013,586

9.5 Charge for the year has been allocated as under:

	Note	2019 Rupees	2018 Rupees
Direct Cost	29.1	1,106,183	1,069,560
Distribution Cost	30.1	-	82,366
Administrative expenses	31.1	4,452,507	4,763,409
		<u>5,558,690</u>	<u>5,915,335</u>

9.6 Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have resulted in present value of defined benefit obligation as stated below:

	2019 Rupees	2018 Rupees
Discount rate + 1%	26,348,919	31,479,716
Discount rate - 1%	27,055,024	32,506,580
Salary increase + 1%	27,061,845	32,516,238
Salary increase - 1%	26,336,849	31,462,035

10 TRADE AND OTHER PAYABLES

Creditors		11,520,692	10,732,180
Due to associated company		106,999	188,227
Accrued liabilities	10.1	28,695,012	16,073,404
Payable to employees		17,885	-
Advances from customers		3,221,322	5,796,726
Income tax deducted at source		8,251,388	8,064,999
Sales tax deducted at source		1,296,144	1,253,438
Final dues payable		26,027,507	22,335,692
Others		27,521,613	27,504,893
		<u>106,658,562</u>	<u>91,949,559</u>

10.1 Accrued liabilities include remuneration payable to Chief Executive Officer amounting to Rs. 18,975,762 (2018: Rs. 10,542,090)

11 SECURITY DEPOSITS

These amounts have been received as security deposits from tenants which have not been kept in a separate bank account due to the fact that these are utilizable as working capital of the company in accordance with written agreements executed with such tenants.

12 ACCRUED MARKUP

	Note	2019 Rupees	2018 Rupees
Accrued mark-up / interest on long term financing - related parties		75,235,013	29,228,005
Accrued mark-up / interest on short term borrowing - related party		4,415,363	605,045
		<u>79,650,376</u>	<u>29,833,050</u>

13 SHORT TERM BORROWINGS

Banking companies - unsecured

Commercial bank- current account (bank overdraft) 13.1 158,552 26,763

Related parties - unsecured

Associated company- unsecured 13.2 35,784,203 35,784,203

35,942,755 35,810,966

13.1 The unfavourable balance has been arisen due to issuance of cheques near balance sheet date. However, concerned bank statement shows favourable balance.

13.2 The short term financing has been obtained to meet working capital requirements of the company and to settle bank's financings (note 8.2.4).

13.3 Mark-up is charged at the same rates which are being charged by the bank to the associated company ICC (Pvt) Limited i.e one month KIBOR plus 2% - 14.80% (2018: 8.26% to 8.92%) per annum.

14 CURRENT PORTION OF LONG TERM FINANCING

Long term financing from commercial banks	8	-	-
		<u>-</u>	<u>-</u>

ICC TEXTILES LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

15 CONTINGENCIES AND COMMITMENTS

15.1 CONTINGENCIES

15.1.1 Withholding Tax Compliance proceedings u/s 161/205 of the Income Tax Ordinance, 2001 for the Tax Year 2009 were initiated by the Deputy Commissioner Inland Revenue (DCIR). The Company duly replied the said notice and the DCIR after considering the said replies, passed Order u/s 161/205 of the Ordinance raising impugned demand of Rs. 1,968,012/- u/s 161 of the Ordinance.

Being aggrieved, the Company preferred appeal before the CIR-A against the Order passed by the DCIR. The CIR-A without considering the arguments put forth, passed Order u/s 129(1A), and confirmed the demand raised by the DCIR.

Being aggrieved the company preferred appeal before Honorable Appellate Tribunal Inland Revenue which is pending for fixation till date.

The Company has also filed a rectification application u/s 221 of the Ordinance against the Order passed by the Learned DCIR. No rectification order has yet been received till date.

However, no provision has been made in these financial statements as the management of the company is confident of favourable outcome.

15.1.2 Withholding Tax Compliance proceedings u/s 161/205(3) of the Income Tax Ordinance, 2001 for the Tax Year 2010 were initiated by the Assistant Commissioner Inland Revenue (ACIR) creating a demand of Rs. 50,349,214/-. Being aggrieved, the Company preferred appeal before the Commissioner Inland Revenue Appeals-II (CIR-A) Lahore. On the basis of this appeal, the CIR-A reduced the demand to Rs.2,044,547/- and remanded back the case in respect of remaining demand. The Company, however, preferred appeal before Income Tax Appellate Tribunal Lahore (TTAT).

At the same time, ACIR finalized the proceedings u/s 124/161/205 and demanded Rs. 4,460,664/- comprising demand u/s 161 and default surcharge u/s 205 amounting to Rs. 2,115,578/- and Rs. 2,345,086/- respectively. The Company preferred an appeal before the CIR-A against the said default surcharge of Rs. 2,345,086/- whereby the CIR-A after considering the arguments remanded back the case to the assessing officer to revisit the issue. The Company also filed a rectification application u/s 221 of the Ordinance which is still pending for adjudication till date. Further, remand back proceedings in respect of imposition of default surcharge were initiated and the Company has duly complied the notice. No correspondence have been received from the department till date.

However, no provision has been made in these financial statements as the management of the company is confident of favourable outcome of such appeals.

15.1.3 During the year 2016, proceedings under section 122(5A) of the Ordinance were initiated by the ACIR in respect of Tax Year 2010. The Company replied the said notice duly responding the objections. The DCIR after considering the submitted reply, passed the Order u/s 122(5A) of the Ordinance, whereby raising impugned demand of Rs. 4,187,861/- in respect of issue of Minimum Tax u/s 113 of the Ordinance.

Being aggrieved, the Company preferred appeal before the CIR-A against the order passed by the DCIR. The CIR-A after considering the arguments put forth, passed the Order in favour of Company and remanded back the proceedings to the department. No further correspondence from the department have been received till date.

However, no provision has been made in these financial statements as the management of the company is confident of favourable outcome.

16 PROPERTY PLANT AND EQUIPMENT

DESCRIPTION	Cost or assessed value as on July 01, 2018	Cost of additions / (deletion)	Surplus/deficit on revaluation of assets	Transferred to non-current assets classified as held for Sale	Transferred to investment property	Gross book value as on June 30, 2019	Rate %	DEPRECIATION				Net book value as on June 30, 2019
								As on July 01, 2018	Revaluation/ Transfer adjustments	For the year/ (adjustments on disposals)	As on June 30, 2019	
Rupees							Rupees					
Land - freehold	-	-	-	-	-	-	-	-	-	-	-	-
Building on freehold land	-	-	-	-	-	-	-	-	-	-	-	-
Plant and machinery	11,020,746	1,081,000	-	-	-	12,101,746	6.2-16.7	1,739,068	-	1,743,044	3,482,112	8,619,634
Furniture and fittings	3,107,005	-	-	-	-	3,107,005	10	2,635,263	-	47,174	2,682,437	424,568
Vehicles	3,483,880	-	-	-	-	2,244,065	20	3,081,117	-	73,911	1,960,456	283,609
		(1,239,815)								(1,194,572)		
Electrical appliances	2,101,539	-	-	-	-	2,101,539	10	1,523,392	-	57,815	1,581,207	520,332
Office equipment	9,625,605	-	-	-	-	9,625,605	10	6,906,103	-	271,950	7,178,053	2,447,552
		-	-	-	-					-		
	29,338,775	1,081,000	-	-	-	29,179,960		15,884,943	-	2,193,894	16,884,265	12,295,695
		(1,239,815)								(1,194,572)		

DESCRIPTION	Cost or assessed value as on July 01, 2017	Cost of additions / (deletion)	Surplus/deficit on revaluation of assets	Transferred to non-current assets classified as held for Sale	Transferred to investment property	Gross book value as on June 30, 2018	Rate %	DEPRECIATION				Net book value as on June 30, 2018
								As on July 01, 2017	Revaluation/ Transfer adjustments	For the year/ (adjustments on disposals)	As on June 30, 2018	
Rupees							Rupees					
Land - freehold	79,900,000	-	8,225,000	-	(88,125,000)	-	-	-	-	-	-	-
Building on freehold land	45,884,800	-	694,244	-	(45,293,990)	-	3.8 - 10	-	(1,285,054)	1,285,054	-	-
			(1,285,054)									
Plant and machinery	111,704,868	-	-	(71,467,850)	-	11,020,746	6.2-16.7	-	(4,265,465)	7,434,939	1,739,068	9,281,678
		(29,216,272)								(1,430,406)		
Furniture and fittings	3,107,005	-	-	-	-	3,107,005	10	2,582,847	-	52,416	2,635,263	471,742
Vehicles	3,543,180	-	-	-	-	3,483,880	20	3,036,918	-	101,252	3,081,117	402,763
		(59,300)								(57,053)		
Electrical appliances	2,101,539	-	-	-	-	2,101,539	10	1,459,153	-	64,239	1,523,392	578,147
Office equipment	9,628,505	4,600	-	-	-	9,625,605	10	6,608,215	-	301,853	6,906,103	2,719,502
		(7,500)								(3,965)		
	255,869,897	4,600	7,634,190	(71,467,850)	(133,418,990)	29,338,775		13,687,133	(5,550,519)	9,239,753	15,884,943	13,453,832
		(29,283,072)								(1,491,424)		

ICC TEXTILES LIMITED
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FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
16.1 Depreciation for the year has been allocated as under :			
Direct cost	29	1,743,044	8,719,993
Administrative expenses	31	450,850	519,760
		<u>2,193,894</u>	<u>9,239,753</u>

16.2 Disposal of fixed assets & assets held for sale

The following are details of disposals during the year:

Particulars	Cost / Revalued amount Rs.	Book value Rs.	Sale proceeds Rs.	Gain/(loss) on disposal Rs.	Mode of disposal	Name and address
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Non-current assets classified as held for sale

Cloth inspection and rolling machine 72" width	117,000	82,381	58,333	(24,048)	By Negotiation	A R Trading 'Chak No, 52/3 R Tehseel Okara, Distt Okara.
Cone Winder - Murata	1,144,000	805,502	181,818	(623,684)	By Negotiation	Pak Denim F- 225 Street No 6 Textile Avenue Site, West Site Town Karachi.
Cloth inspection and rolling machine 130" width	46,800	32,952	41,667	8,715	By Negotiation	A R Trading 'Chak No, 52/3 R Tehseel Okara, Distt Okara
Warping and sizing machine	6,240,000	5,806,358	1,500,000	(4,306,358)	By Negotiation	Rabka Textile, A-20/A, S.I.T.E, Karachi West Site Town, Karachi.
Cloth inspection machine 75"	71,500	50,344	38,461	(11,883)	By Negotiation	Mughees Sheikh 1/2 Km Off Khanewal Road Nothren By Pass Multan
Cloth folding machine 110" width	78,000	54,921	42,734	(12,187)	By Negotiation	Pak Denim F 225 Street No 6 Textile Avenue Site, West Site Town Karachi.
Cloth inspection machine 130" width	132,000	96,728	37,500	(59,228)	By Negotiation	Zafar Jamil Ansari 504-P Block, Johar Town, Lahore

Operating fixed assets

Suzuki Alto (LRF - 5104)	504,520	11,231	225,000	213,769	By Negotiation	Sohail Ashraf - Ex employee
Suzuki Cults (LZN - 2993)	662,995	32,192	500,000	467,808	By Negotiation	M. Yasir Jabbar H#359/A St.#37 Sector F 11/3, Islamabad.
Yamaha Motor cycle (LRF - 9566)	72,300	1,820	10,000	8,180	By Negotiation	Muhammad Rais - Ex employee

2019 Rupees	9,069,115	6,974,429	2,635,513	(4,338,916)		
2018 Rupees	93,806,936	76,315,575	74,359,268	(1,956,307)		

The Company does not have any direct or indirect relation with the buyers.

16.3 At the time of transfer of Land and Building to Investment property on December 31, 2017, Free - hold land and buildings on free - hold land were revalued by an independent valuer, Arch-e-decon (Evaluators, Surveyors, Architects and Engineers), resulting in surplus of Rs. 8.919 million and incorporated in the financial statements for the year ended June 30, 2018. Previously, five revaluations had been carried out by Arch-e-decon, an independent valuer. First revaluation was carried out during 2006, second during 2009, third during 2012, fourth during 2015 and fifth during 30 June, 2017. The basis used for revaluation of property, plant and equipment are as follows:

Free - hold land :	Value of free - hold land ascertained according to the local market value;
Buildings on free - hold land :	Present day construction rates for different types of building structure depreciated to account for the age and condition of the building;
Plant and machinery :	Value has been determined with reference to prevailing prices of similar plants and machinery depreciated to account for the age, usage and physical condition.

16.4 Free - hold land, buildings on free - hold land and plant and machinery represent values subsequent to revaluations. Had there been no revaluation, carrying amount of the revalued fixed assets would have been as follows:

	2019 Rupees	2018 Rupees
Plant and machinery	2,484,032	1,653,082
	<u>2,484,032</u>	<u>1,653,082</u>

16.5 Forced sale value of revalued fixed assets amounts to Rs. 5,659,010 (2018: Rs. 6,961,259).

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17 INVESTMENT PROPERTIES

Fair values as at July 01			
Free hold land		668,000,000	487,900,000
Buildings on freehold land		176,019,885	132,449,770
		844,019,885	620,349,770
Transferred from property, plant and equipment during the year			
Free hold land	16	-	88,125,000
Buildings on freehold land	16	-	45,293,990
		-	133,418,990
Carrying value before revaluation as at June 30			
Free hold land		668,000,000	576,025,000
Buildings on freehold land		176,019,885	177,743,760
		844,019,885	753,768,760
Changes in fair values during the year:			
Free hold land		104,375,000	91,975,000
Buildings on freehold land		(4,046,660)	(1,723,875)
		100,328,340	90,251,125
Fair values as at June 30			
Free hold land		772,375,000	668,000,000
Buildings on freehold land		171,973,225	176,019,885
		944,348,225	844,019,885

17.1 As of reporting date, investment properties comprise of freehold land and buildings on freehold land transferred from property, plant and equipment on January 31, 2017 and December 31, 2017.

17.2 Latest valuation of these properties has been carried out on June 30, 2019 by an independent valuer, M/s Arch-e' Decon.

17.3 The different levels to measure fair value have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities [Level 1],
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (i.e. derived from prices) [Level 2].
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

Recurring fair value measurements

There are no level 1 and level 3 assets or transfers between levels 1, 2 and 3 during 2019.

Valuation techniques used to derive level 2 fair values:

At the end of each financial year, the management updates its assessment of the fair value of the investment properties, taking into account the most recent independent valuation. The management determines the properties' value within a range of reasonable fair value Estimates. Level 2 fair value of investment properties has been derived using a sales comparison approach. Sale prices of comparable land and in close proximity are adjusted for differences in key attributes such as location and size of the property. The most significant input into this valuation approach is price per kanal and square feet.

17.4 Particulars of immovable investment property (i.e. land & building) are as follows:

The investment properties comprise of 167 kanal land and civil structure thereon having 250,720 Sq. feet covered area situated at 32 K.m Multan Road, Sunder, Lahore.

17.5 Forced sale value of such free hold land and buildings on free hold land on June 30, 2019 was Rs. 656,518,750 (2018: Rs. 567,800,000) and Rs. 146,177,241 (2018: Rs.149,616,902) respectively.

18 LONG TERM LOANS AND ADVANCES

Advances - secured and considered good	18.1	74,000	58,000
18.1 Advances to:			
Employees		98,000	80,000
Less: Current portion		(24,000)	(22,000)
		74,000	58,000

18.2 Loans to employees are secured against retirement benefits. Maximum aggregate amount in respect of loan extended to employees is at the discretion of the Board of Directors.

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	Note	2019 Rupees	2018 Rupees
19 LONG TERM DEPOSITS			
Security deposits	19.1	1,469,034	1,629,034
		1,469,034	1,629,034
19.1 Security deposits mainly include security deposits for electricity connection.			
20 STORES, SPARE PARTS AND LOOSE TOOLS			
Stores		1,837,702	5,723,739
Spare parts		8,393,826	8,772,329
Packing materials		17,921	64,708
Loose tools		1,319,887	1,319,887
		11,569,336	15,880,663
21 STOCK IN TRADE			
Raw materials		-	-
Work in process		-	-
Finished goods		-	734,477
Scrap / waste		-	-
		-	734,477
22 TRADE DEBTS			
Local - Unsecured but considered good		604,318	-
		604,318	-
23 LOANS AND ADVANCES			
Advances - unsecured but considered good:			
to executives - against salaries and expenses	23.1	401,589	141,622
to employees - against salaries and expenses		143,524	402,307
to suppliers		171,497	190,736
		716,610	734,665
		716,610	734,665
23.1 The maximum aggregate amount due from executives at the end of any month was Rs.401,589 (2018: Rs. 141,622).			
24 SHORT TERM PREPAYMENTS AND OTHER RECEIVABLES			
Prepayments		870,786	824,090
Export rebate receivable		568,331	568,331
Interest receivable on saving accounts		173	-
		1,439,290	1,392,421
25 TAX REFUNDS DUE FROM GOVERNMENT			
Income tax refundable - net		26,246,564	27,763,852
Sales tax refundable		9,785,787	9,881,804
		36,032,351	37,645,656
26 CASH AND BANK BALANCES			
Cash in hand		165,900	24,357
Cash at banks:			
Current accounts	26.1	807,336	1,335,052
Deposit accounts		598	2,901
		807,934	1,337,953
		973,834	1,362,310
26.1 Deposit accounts carry profit @ ranging 8.0% to 10.25% (2018: 4%) per annum.			
27 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE			
These represent realizable value of following assets pertaining to discontinued operations of textile segment (refer note 42) classified as held for sale. The proceeds will be utilized as working capital and to reduce debt burden in order to reduce finance cost of the company, as per plan approved by Board of Directors. (mentioned in note 1.2):			

ICC TEXTILES LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
Plant and equipment:			
Sulzer looms related equipment, warping and sizing machine	27.1	11,638,675	18,567,862
Air-jet looms with back process and allied equipment	27.2	-	-
		<u>11,638,675</u>	<u>18,567,862</u>
27.1 Sulzer Looms, warping and sizing machine			
Opening balance		18,567,862	6,240,000
Carrying value transferred from property, plant and equipment		-	67,202,385
Carrying amount of assets disposed off during the year	16.2	(6,929,187)	(38,073,927)
Decrease in revaluation surplus		-	(16,800,596)
Closing balance		<u>11,638,675</u>	<u>18,567,862</u>
27.2 Air-jet Looms with back process and allied equipment			
Opening balance		-	10,450,000
Carrying amount of assets disposed off during the year	16.2	-	(10,450,000)
Closing balance		<u>-</u>	<u>-</u>
27.3	The management expects sale of these assets within 12 months of reporting date.		
28 REVENUE			
Rental income		<u>23,462,023</u>	<u>15,363,305</u>
		<u>23,462,023</u>	<u>15,363,305</u>
28.1	Rental income pertains to investment properties (refer note 17).		
29 DIRECT COST			
Salaries and other benefits	29.1	5,838,092	6,501,350
Fuel and power		1,374,416	1,763,475
Insurance		-	116,798
Repairs and maintenance		2,391,699	2,036,623
Depreciation on property, plant and equipment	16.1	1,743,044	1,739,068
		<u>11,347,251</u>	<u>12,157,314</u>
29.1	Salaries, wages and other benefits include post retirement benefits amounting to Rs. 1,106,183 (2018: Rs. 1,069,560).		
30 DISTRIBUTION COST			
Salaries and other benefits	30.1	-	310,675
Vehicles running and maintenance		-	27,898
Communication		-	13,764
Other expenses		-	16,864
		<u>-</u>	<u>369,201</u>
30.1	Salaries and other benefits include post retirement benefits amounting to Rs. Nil (2018: Rs. 82,366).		
31 ADMINISTRATIVE EXPENSES			
Salaries and other benefits	31.1	20,250,494	17,967,170
Travelling and conveyance		43,418	110,989
Rent, rates and taxes		3,466,854	1,249,930
Printing and stationery		284,966	313,996
Communication		560,398	628,878
Vehicles running and maintenance		1,646,012	1,853,250
Entertainment		512,955	650,162
Repairs and maintenance		389,755	236,510
Utility expenses		627,191	529,662
Legal and professional		1,015,000	1,027,300
Subscription		258,356	237,768
Insurance		246,090	310,760
Advertisement		25,000	180,302
Depreciation on property, plant and equipment	16.1	450,850	519,760
		<u>29,777,339</u>	<u>25,816,437</u>
31.1	Salaries and other benefits include post retirement benefits amounting to Rs. 4,452,507 (2018: Rs. 4,763,409).		

ICC TEXTILES LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
32 OTHER EXPENSES			
Auditors' remuneration	32.1	770,091	746,191
Others		143,253	120,717
		<u>913,344</u>	<u>866,908</u>
32.1 Auditors' remuneration			
Audit fee		500,000	500,000
Half yearly review		50,000	50,000
Code of Corporate Governance review		25,000	25,000
Free flot review		30,000	-
CDC certification		10,000	10,000
Tax representation and consultancy fee		141,691	141,691
Out of pocket expenses		13,400	19,500
		<u>770,091</u>	<u>746,191</u>
33 OTHER INCOME			
Income on financial assets			
Interest on saving accounts		2,523	2,752
Income on assets other than financial assets			
Gain on sale of property, plant and equipment		689,757	-
Others		61,900	300
		<u>754,180</u>	<u>3,052</u>
34 FINANCE COST			
Mark-up on:			
- Financing from directors		46,007,008	25,622,318
- Financing from associated company		4,225,261	900,184
Unwinding of discount		16,407,668	22,854,412
Bank charges		52,595	261,438
		<u>66,692,532</u>	<u>49,638,352</u>
35 TAXATION			
Provision for taxation:			
Current tax expense	35.1	5,034,950	3,410,654
Deferred tax income	6.2	(447,899)	(462,828)
		<u>4,587,051</u>	<u>2,947,826</u>
35.1 Provision for rental income has been made at the current rate of corporate tax after taking into account allowable deductions / exemptions available under the Income Tax Ordinance, 2001.			
35.2 The Company's future tax liability is expected to be limited to tax under section 169 of the Income Tax Ordinance, 2001. Accordingly, the temporary differences are not likely to reverse in the foreseeable future. Reconciliation of tax expense and product of accounting profit multiplied by the applicable tax rate is not produced in view of presumptive tax regime.			
36 PROFIT / (LOSS) AFTER TAXATION FROM DISCONTINUED OPERATIONS			
	Note	2019 Rupees	2018 Rupees
Revenue	36.1	933,161	191,412
Direct cost	36.2	(3,782,618)	(12,561,244)
Gross loss		<u>(2,849,457)</u>	<u>(12,369,832)</u>
Expenses:			
- Other expenses	36.3	(5,269,326)	(2,112,972)
		<u>(8,118,783)</u>	<u>(14,482,804)</u>
Other income	36.4	4,750	5,765,120
Loss before taxation		<u>(8,114,033)</u>	<u>(8,717,684)</u>
Taxation:			
- Current tax	36.5	(11,666)	(303,935)
- Prior years tax		-	(627,507)
- Deferred tax income	6.2	1,291,907	11,861,277
		<u>1,280,241</u>	<u>10,929,835</u>
Profit / (loss) after taxation - discontinued operations		<u>(6,833,792)</u>	<u>2,212,151</u>
36.1 Revenue - sale of cloth			
Sale of cloth - Local		933,161	-
Waste		-	191,412
		<u>933,161</u>	<u>191,412</u>
36.1.1 Sales are exclusive of the sales tax amounting to Rs.Nil (2018: Rs. 6,233)			

ICC TEXTILES LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
36.2 Direct cost			
Raw materials consumed	36.2.1	-	-
Salaries, wages and other benefits		1,168,850	4,871,784
Stores and spares consumed		1,879,291	189,147
Repairs and maintenance		-	251,430
Depreciation on property, plant and equipment		-	6,980,925
Others		-	171,000
Adjustment of work-in-process		<u>3,048,141</u>	<u>12,464,286</u>
Opening stock		-	68,500
Closing stock		-	-
Adjustment of finished goods and waste		-	68,500
Opening stock		<u>734,477</u>	<u>762,935</u>
Closing stock		-	(734,477)
		<u>734,477</u>	<u>28,458</u>
		<u>3,782,618</u>	<u>12,561,244</u>
36.2.1 Raw materials consumed			
Opening stock		-	204,332
Purchases		-	-
Freight and octroi		-	-
Sale		-	(204,332)
Closing stock		-	-
		-	-
36.3 Other expenses			
Loss on sale of assets		5,028,673	1,956,307
Others		240,653	63,282
Debtors written off		-	93,383
		<u>5,269,326</u>	<u>2,112,972</u>
36.4 Other income			
Income on assets other than financial assets			
Mark-up waived off	8.1.2	-	4,909,730
Trade creditors written back		4,750	755,390
Others		-	100,000
		<u>4,750</u>	<u>5,765,120</u>
36.5 Taxation			
36.5.1 Provision for income tax has been made in the accounts @1.25% (2018: 1%) one local sales under minimum tax regime u/s 113 of the Income Tax Ordinance, 2001.			
36.5.2 As the Company's taxable income fall under minimum tax regime and there are carry forward business losses, the reconciliation of applicable and effective tax rate is not applicable.			

37 EARNING / (LOSS) PER SHARE - BASIC AND DILUTED

Earning / (Loss) per share is calculated by dividing profit / (loss) after tax for the period by weighted average number of shares outstanding during the year as follows:

	2019	2018
Profit attributable to ordinary shareholders from continued operations (amount in rupees)	11,227,026	13,821,444
(Loss) / Profit attributable to ordinary shareholders from discontinued operations (amount in rupees)	(6,833,792)	2,212,151
Weighted average number of ordinary shares (number of shares)	30,001,120	30,001,120
Earning / (loss) per share - Basic and diluted		
- From Continuing Operations	<u>0.37</u>	<u>0.46</u>
- From Discontinued Operations	<u>(0.23)</u>	<u>0.07</u>
- Total	<u>0.15</u>	<u>0.53</u>

37.1 No figure for diluted earnings per share has been presented as the Company has not issued any instruments carrying options which would have an impact on earnings per share when exercised.

ICC TEXTILES LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

38 FINANCIAL ASSETS AND LIABILITIES

The Company has exposures to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market Risk

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

38.1 Credit risk and concentration of credit risk

Credit risk represents the financial loss that would be recognized at the reporting date if the counter parties fail completely to perform as contracted.

Credit risk arises principally from loans and advances, trade debts, deposits, other receivables and bank balances. Out of total financial assets of Rs. 3.666 million (2018: Rs. 3.593 million), the financial assets that are subject to credit risk amounted to Rs. 3.666 million (2018: Rs. 3.569 million).

The Company monitors the credit quality of the financial assets with reference to the historical performance of such assets and available external credit ratings.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rate. The table below shows the bank balances and investment held with some major counterparties at the date of statement of financial position.

Banks	Rating		Agency	June 2019 (Rupees)	June 2018 (Rupees)
	Short term	Long term			
Allied Bank Limited	A 1+	AAA	PACRA	5,610	1,953
MCB Bank Limited	A 1+	AAA	PACRA	781,691	63,352
Habib Metropolitan Bank Limited	A 1+	AA+	PACRA	4,724	8,359
National Bank of Pakistan	A 1+	AAA	PACRA	1,830	2,922
United Bank Limited	A 1+	AAA	VIS	5,123	728
Faysal Bank Limited	A 1+	AA	PACRA	8,956	7,780
Bank Al Habib Limited	A 1+	AA+	PACRA	-	1,252,859
Total				807,934	1,337,953

The aging of trade receivables at the reporting date is:

	2019 (Rupees)	2018 (Rupees)
Past due 1-30 days	604,318	34,075
Past due 31-150 days	-	9,211
Past due over 150 days	-	84,162
	604,318	127,448

38.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its obligations when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company uses different methods which assists it in monitoring cash flow requirements. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligation, with support from sponsors.

The following are the contractual maturities of financial liabilities as at 30 June 2019:

	Carrying amount (Rupees)	Less than one year (Rupees)	One to five years (Rupees)	More than five years (Rupees)
Long term financing from directors	573,984,269	-	268,722,135	305,262,134
Trade and other payables	106,658,562	106,658,562	-	-
Accrued markup	79,650,376	79,650,376	-	-
Short term borrowings	35,942,755	35,942,755	-	-
Total	796,235,962	222,251,693	268,722,135	305,262,134

The following are the contractual maturities of financial liabilities as at 30 June 2018:

	Carrying amount (Rupees)	Less than one year (Rupees)	One to five years (Rupees)	More than five years (Rupees)
Long term financing from directors	551,524,401	-	246,262,267	305,262,134
Trade and other payables	91,949,559	91,949,559	-	-
Accrued markup	29,833,050	29,833,050	-	-
Short term borrowings	35,810,966	35,810,966	-	-
Total	709,117,976	157,593,575	246,262,267	305,262,134

ICC TEXTILES LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

38.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, markup rates and equity prices will affect the Company's value of its financial instruments.

a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates.

The Company is not materially exposed to any currency risk.

b) Markup rate risk

The markup rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market markup rates.

At the reporting date, the variable markup rate profile of the Company's significant markup bearing financial instruments was as follows:

	2019	2018	June 2019	June 2018
Financial liabilities				
Long term financing from directors	14.80%	8.86%	392,314,467	386,262,267
Short term borrowings	14.80%	8.9%	35,942,755	35,810,966
Total			428,257,222	422,073,233

Financial assets

Cash at bank - deposit accounts	4.5-8.00 %	4.00%	598	2,901
Total			598	2,901

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have decreased / (increased) loss for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2018.

	Profit or loss 100 basis points	
	Increase Rupees	Decrease Rupees
As at 30 June 2019		
Cash flow sensitivity-Variable rate financial liabilities	4,282,572	(4,282,572)
As at 30 June 2018		
Cash flow sensitivity-Variable rate financial liabilities	4,220,732	(4,220,732)

The sensitivity analysis prepared is not necessarily indicative of the effects on loss for the year and assets / liabilities of the Company.

c) Equity price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to equity price risk as the Company does not hold investments whose fair value or future cash flows will fluctuate because of changes in fair value.

38.4 Financial Instruments by categories

	Financial assets at amortised cost	
	June 2019 (Rupees)	June 2018 (Rupees)
Financial assets		
Loans and advances	619,113	601,929
Deposits	1,469,034	1,629,034
Trade debts	604,318	-
Cash and bank balances	973,834	1,362,310
Total	3,666,299	3,593,273

ICC TEXTILES LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

	Financial liabilities at amortised cost	
	June 2019 (Rupees)	June 2018 (Rupees)
Financial liabilities		
Long term financing from directors	573,984,269	551,524,401
Trade and other payables	106,658,562	91,949,559
Accrued markup/interest	79,650,376	29,833,050
Security deposits	5,756,363	5,546,163
Unclaimed dividend	1,662,656	1,662,656
Short term borrowings	35,942,755	35,810,966
Total	803,654,981	716,326,795

38.5 Fair values of financial instruments

The carrying values of financial assets and financial liabilities reflected in financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

38.6 Fair Value

Fair value is the amount that would be received on sale of an asset or paid on transfer of a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and fair value estimates. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

IFRS 13, 'Fair value Measurements' requires the Company to classify fair value measurements using fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

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

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

The following table shows the categories as well as carrying amounts and fair values of financial assets according to their respective category, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets not measured at fair value if the carrying amount is reasonable approximation of fair value:

Particulars	Carrying amount (Rupees)			Fair Value			
	Amortised Cost	FTPL	Total	Level 1	Level 2	Level 3	Total
	Rupees			Rupees			

June 30, 2019

Financial assets not measured at fair value

Non Current Assets

Long term deposits & advances	1,469,034	-	1,469,034	-	-	-	-
Long term loans and advances	74,000	-	74,000	-	-	-	-

Current Assets

Trade debts- unsecured	604,318	-	604,318	-	-	-	-
Loans and advances	545,113	-	545,113	-	-	-	-
Cash & bank balances	973,834	-	973,834	-	-	-	-
Total	3,666,299	-	3,666,299	-	-	-	-

Rupees in thousand	Carrying amount					Fair Value			
	Cash and cash equivalent	Loans and receivables	Available for sale instruments	Fair value through profit or loss	Total	Level 1	Level 2	Level 3	Total
	----- Rupees -----					----- Rupees -----			

June 30, 2018

Financial assets measured at fair value	-	-	-	-	-	-	-	-	-
Financial assets not measured at fair value									
Non-current assets									
Long term deposits	-	1,629,034	-	-	1,629,034	-	-	-	-
Long term loans and advances	-	58,000	-	-	58,000	-	-	-	-
Current assets									
Trade debts-unsecured	-	-	-	-	-	-	-	-	-
Loans and advances	-	543,929	-	-	543,929	-	-	-	-
Cash and bank balances	1,362,310	-	-	-	1,362,310	-	-	-	-
	<u>1,362,310</u>	<u>2,230,963</u>	<u>-</u>	<u>-</u>	<u>3,593,273</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The company does not hold any financial liability at fair value.

	2019 Rupees	2018 Rupees
Financial liabilities at amortised cost		
Trade and other payables	106,658,562	91,949,559
Short term borrowings	35,942,755	35,810,966
Unclaimed dividend	1,662,656	1,662,656
Long term financing from directors	573,984,269	573,984,269
Accrued interest / mark-up	79,650,376	29,833,050
Security deposits	5,756,363	5,546,163
	<u>803,654,981</u>	<u>738,786,663</u>

ICC TEXTILES LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

38.7 Capital risk management

The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide adequate 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 which comprises capital and reserves 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 may adjust the amount of dividend paid to shareholders, appropriation of amounts to capital reserves or/and issue new shares.

Consistent with others in the industry, the Company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectations of the shareholders. Debt is calculated as total borrowings ("long term financing" and "short term borrowings" as shown in the statement of financial position). Total capital comprises shareholders' equity as shown in the balance sheet under "share capital, reserves and surplus on revaluation and net debt".

The salient information relating to capital risk management of the Company at year end were as follows:

	2019 Rupees	2018 Rupees
Total borrowings	609,927,024	587,335,367
Less: Cash and cash equivalents	973,834	1,362,310
Net debt	608,953,190	585,973,057
Total equity (including surplus on revaluation)	142,120,996	133,264,043
Total capital	751,074,186	719,237,100
Gearing ratio	81.08	81.47

39 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise of associated companies, directors and their close family members, executives and major shareholders of the Company. Remuneration and benefits to executives of the Company are in accordance with the terms of their employment. Outstanding balances with related parties at reporting dates are disclosed in relevant notes. Transactions with related parties during the year, other than those disclosed elsewhere in the financial statements, are as follows:

	2019 Rupees	2018 Rupees
Long term borrowing obtained from directors - interest bearing	6,052,200	32,008,302
Short term borrowing obtained from ICC (Private) Limited - interest bearing	-	32,270,000
Interest on loan debited by ICC (Private) Limited	4,225,261	900,184
Reimbursable expenses incurred on behalf of ICC (Private) Limited	11,175,310	13,373,566
Reimbursable expenses incurred by ICC (Private) Limited	21,766	17,117
Unwinding of discount on loans from directors	16,407,668	17,927,481
Interest on loan obtained from directors	46,007,008	25,622,318
Remuneration payable to Chief Executive Officer as on 30th June	18,975,762	10,542,090

39.1 Interest on interest short term borrowing is charged at the same rates which are charged by the banks to the associated company.

39.2 ICC (Private) Limited is associated due to common directorship.

40 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

Description	2019			2018		
	Chief Executive Officer	Directors	Executives	Chief Executive Officer	Directors	Executives
	Rupees					
Managerial remuneration	5,816,328	-	2,791,667	5,816,328	-	-
House rent allowance	2,617,344	-	876,667	2,617,344	-	-
Other allowances	-	-	519,166	-	-	-
	8,433,672	-	4,187,500	8,433,672	-	-
No. of person(s)	1	6	2	1	6	-

40.1 The Chief executive officer is provided with Company maintained car as per rules of the Company.

40.2 No meeting fee was paid to the directors for attending meetings of the Board.

40.3 Other directors of the Company have opted not to take any remuneration from the Company voluntarily.

ICC TEXTILES LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

	June 2019		June 2018	
	Continuing Operations Rupees	Discontinued Operations Rupees	Continuing Operations Rupees	Discontinued Operations Rupees
41 CASH FLOWS FROM OPERATING ACTIVITIES				
Profit / (loss) for the year before taxation	15,814,077	(8,114,033)	16,769,270	(8,717,684)
Adjustments for non cash income and expenses:				
Depreciation on property, plant and equipment	2,193,894	-	2,258,828	6,980,925
(Gain) / Loss on disposal of property, plant and equipment & non-current assets classified as held for sale	(689,757)	5,028,673	-	1,956,307
Unwinding of discount	16,407,668	-	22,854,412	-
Changes in fair value of investment properties	(100,328,340)	-	(90,251,125)	-
Gratuity	5,558,690	-	5,915,335	-
Finance cost	50,284,864	-	26,783,940	-
	(26,572,981)	5,028,673	(32,438,610)	8,937,232
Change in working capital:	(10,758,904)	(3,085,360)	(15,669,340)	219,548
Increase / (decrease) In Current assets:				
Stores, spare parts and loose tools	-	(4,311,327)	-	79,491
Stock in trade	-	(734,477)	-	(301,290)
Trade debts	604,318	-	-	(127,448)
Loans and advances	(18,055)	-	304,758	-
Short term prepayments and other receivables	46,869	-	46,752	-
Sales tax refundable	-	(96,017)	-	(533,671)
	633,132	(5,141,821)	351,510	(882,918)
Increase / (decrease) In Current liabilities:				
Trade and other payables	-	14,709,003	-	(12,742,181)
Security deposits	210,200	-	(2,307,567)	-
	210,200	14,709,003	(2,307,567)	(12,742,181)
Increase / (Decrease) In working capital	(422,932)	19,850,824	(2,659,077)	(11,859,263)
Net cash (used In) / from operations	(11,181,836)	16,765,464	(18,328,417)	(11,639,715)

42 REPORTABLE SEGMENT

The Company has following two strategic divisions, which are reportable segments.

REPORTABLE SEGMENTS NATURE OF OPERATIONS:

1. TEXTILES UNIT Manufacturing and sale of greige fabric

2. REAL ESTATE SEGMENT Renting out of Factory buildings and / or open area properties

The management reviews internal management of each division.

42.1 INFORMATION ABOUT REPORTING SEGMENTS

Information to each reportable segment is given below:

42.1.1: SEGMENT STATEMENT OF PROFIT OR LOSS

	2019			2018		
	Textiles	Real Estate	Total	Textiles	Real Estate	Total
	-----Rupees-----			-----Rupees-----		
Sales	933,161	23,462,023	24,395,184	191,412	15,363,305	15,554,717
Direct cost	(3,782,618)	(11,347,251)	(15,129,869)	(12,561,244)	(12,157,314)	(24,718,558)
Gross loss	(2,849,457)	12,114,772	9,265,315	(12,369,832)	3,205,991	(9,163,841)
Distribution cost	-	-	-	-	(369,201)	(369,201)
Administrative expenses	-	(29,777,339)	(29,777,339)	-	(25,816,437)	(25,816,437)
Other expenses	(5,269,326)	(913,344)	(6,182,670)	(2,112,972)	(866,908)	(2,979,880)
Other income	4,750	754,180	758,930	5,765,120	3,052	5,768,172
Operating loss	(8,114,033)	(17,821,731)	(25,935,764)	(8,717,684)	(23,843,503)	(32,561,187)
Finance cost	-	(66,692,532)	(66,692,532)	-	(49,638,352)	(49,638,352)
Change in fair value of investment property	-	100,328,340	100,328,340	-	90,251,125	90,251,125
Loss before taxation	(8,114,033)	15,814,077	7,700,044	(8,717,684)	16,769,270	8,051,586
Taxation	1,280,241	(4,587,051)	(3,306,810)	10,929,835	(2,947,826)	7,982,009
Profit/ (Loss) after taxation	(6,833,792)	11,227,026	4,393,234	2,212,151	13,821,444	16,033,595

42.1.2: SEGMENT ASSETS AND LIABILITIES

	2019			2018		
	Textiles	Real Estate	Total	Textiles	Real Estate	Total
	-----Rupees-----			-----Rupees-----		
Segment assets for reportable segment	23,812,329	958,186,954	981,999,283	35,183,002	859,160,751	894,343,753
Unallocated corporate assets	-	-	39,162,085	-	-	41,135,052
Total assets as per statement of financial position			1,021,161,368			935,478,805
Segment liabilities for reportable segment	-	8,057,707	8,057,707	-	7,772,911	7,772,911
Unallocated corporate liabilities	-	-	1,013,103,661	-	-	927,705,894
Total liabilities as per statement of financial position			1,021,161,368			935,478,805

ICC TEXTILES LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

43 NUMBER OF EMPLOYEES

Number of employees at the end of the year
Average number of employees during the year

2019	2018
40	49
45	65

44 CAPACITY INSTALLED AND ACTUAL PRODUCTION

No. of looms (including held for sale)
No. of looms worked

2019	2018
-	-
-	-

45 FIGURES

- Figures in these financial statements have been rounded off to the nearest rupee.
- Corresponding figures have been re-arranged and / or reclassified, where ever considered necessary, for the purpose of better presentation of the financial statements. However, no significant reclassification has been made in these financial statements.

46 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been approved by the Board of Directors of the Company and authorized for issue on January 06, 2020.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

FORM 34

**PATTERN OF SHAREHOLDING OF THE SHARES
HELD BY THE SHAREHOLDERS AS ON JUNE 30, 2017**

No. of Shareholders	Shareholding		Total Shares Held
	From	To	
165	1	100	12,429
986	101	500	460,685
116	501	1,000	114,047
138	1,001	5,000	410,529
46	5,001	10,000	372,839
22	10,001	15,000	273,198
10	15,001	20,000	173,073
9	20,001	25,000	201,600
3	25,001	30,000	81,500
4	35,001	40,000	146,000
2	45,001	50,000	100,000
1	90,001	95,000	92,000
1	95,001	100,000	99,500
1	105,001	110,000	110,000
1	115,001	120,000	119,500
1	120,001	125,000	125,000
5	125,001	130,000	633,612
1	130,001	135,000	130,500
1	135,001	140,000	139,900
1	155,001	160,000	158,900
1	165,001	170,000	168,950
2	175,001	180,000	354,720
1	190,001	195,000	194,500
1	195,001	200,000	200,000
1	230,001	235,000	235,000
2	235,001	240,000	473,000
1	270,001	275,000	271,120
1	2,190,001	2,195,000	2,194,788
1	4,455,001	4,460,000	4,457,918
1	7,710,001	7,715,000	7,714,933
1	9,780,001	9,785,000	9,781,379
1,527			30,001,120

**PATTERN OF SHAREHOLDING
FORM-34 AS ON JUNE 30, 2019**

Categories of Shareholders

	<u>Shares held</u>	<u>Percentage</u>
1 Directors, Chief Executive Officer and their spouse and minor children		
1 Mr. Javaid Shafiq	4,457,918	14.859
2 Mr. Javaid Shafiq Siddiqi (CDC)	9,781,379	32.603
3 Mr. Pervaiz Shafiq Siddiqi (CDC)	7,714,933	25.715
4 Mrs. Fauzia Javaid	179,300	0.598
5 Mrs. Fauzia Javaid Siddiqi (CDC)	2,194,788	7.316
6 Mr. Salman Javaid Siddiqi (CDC)	1,000	0.003
7 Mr. Asim Pervaiz Siddiqi (CDC)	1,000	0.003
8 Mr. Adnan Javaid Siddiqi	1,000	0.003
9 Mr. Arslan Javaid Siddiqi	500	0.002
	<u>24,331,818</u>	<u>81.1030</u>
2 Associated Companies, undertakings and related parties	-	-
3 <u>NIT & ICP</u>		
Investment Corp. of Pakistan	1,400	0.00

Public Sector Companies and Corporations

4 Banks Development Financial Institutions and Non Banking Financial Institutions	5,092	0.02
5 Insurance Companies	158,900	0.53
6 Modaraba and Mutual Funds	<u>0</u>	<u>0.00</u>
Total	<u>163,992</u>	<u>0.55</u>
7 General Public		
a. Local	5,476,207	18.25
b. Foreign	-	-
8 Other (to be specified)		
Joint Stock Companies	12,101	0.04
Pension Funds	15,073	0.05
Others	529	0.00
Total	<u>27,703</u>	<u>0.09</u>
Grand Total	<u><u>30,001,120</u></u>	<u><u>100.00</u></u>

9 Shareholders holding 10% or more voting interest		
Mr. Javaid S. Siddiqi	14,239,297	47.46
Mr. Pervaiz S. Siddiqi	7,714,933	25.72
Total	<u>21,954,230</u>	<u>73.18</u>
10 Shareholders holding 5% or more voting interest		
Mr. Javaid S. Siddiqi	14,239,297	47.46
Mr. Pervaiz S. Siddiqi	7,714,933	25.72
Mrs. Fauzia Javaid	2,374,088	7.91
Total	<u>24,328,318</u>	<u>81.09</u>

FORM OF PROXY

The Company Secretary
ICC Textiles Ltd.
242-A, Anand Road
Upper Mall, Lahore

I/We
of being a member of ICC TEXTILES
LIMITED and holder of Ordinary Shares as per share
Register Folio No. and/or CDC Participant ID No. and Sub Account No.

Hereby appoint
of
or failing him
of

as my/our proxy to vote for me/us and my/our behalf at the Annual General Meeting of the Company to be held at its Registered Office 242-A, Anand Road, Upper Mall, Lahore on Monday, the January 27, 2020 at 10:30 a.m. and at every adjournment thereof.

Signed this Day of *January* 2020.

WITNESSES

1. Signature:
Name:
Address:
CNIC or
Passport No.

Signature

2. Signature:
Name:
Address:
CNIC or
Passport No.

Note : Proxies, in order to be effective must be received by the Company not less than 48 hours before the meeting, duly completed in all respects

CDC shareholders and their Proxies are requested to attach an attested photocopy of their National Identity Card or Passport with the proxy form before submission to the Company.

پراکسی فارم

سیکرٹری

آئی سی سی ٹیکسٹائلز لمیٹڈ

242-A آندر روڈ، اپر مال، لاہور

میں رہم _____ ساکن _____
ضلع _____ بحیثیت ممبر آئی سی سی ٹیکسٹائلز لمیٹڈ (سی ڈی سی فولیو نمبر _____)
بذریعہ ہذا محترم محترمہ _____ ساکن _____ کو بطور مختار (پراکسی) مقرر کرتا
ہوں، تاکہ وہ میری جگہ اور میری طرف سے کمپنی کے 31 ویں سالانہ عام اجلاس جو بتاریخ 27 جنوری 2020 بروز پیر 11:00 بجے کمپنی کے رجسٹرڈ
آفس آئی سی سی ٹیکسٹائلز لمیٹڈ، 242-A، آندر روڈ، اپر مال، لاہور میں منعقدہ ہو رہا ہے میں یا اس کے کسی متولی ہونے والے عام اجلاس میں ووٹ ڈالے۔

یہ پراکسی فارم آج مورخہ _____ کو درج ذیل گواہان کی موجودگی میں دستخط ہوا۔

دستخط شہیر ہولڈر:

برائے مہربانی • اروپے مالیت کی

ریونیوسٹمپ چسپاں کریں۔

گواہان

_____	-1	_____	-2
_____	دستخط	_____	دستخط
_____	نام	_____	نام
_____	پتہ	_____	پتہ

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر _____ کمپیوٹرائزڈ قومی شناختی کارڈ نمبر _____

یا

پاسپورٹ نمبر _____ پاسپورٹ نمبر _____

نوٹ:

- 1- پراکسی (نمائندے) کو فعال بنانے کے لیے نامزدگی کا فارم (پراکسی) میٹنگ سے کم از کم 48 گھنٹے قبل کمپنی کو وصول ہو جانا چاہیے، کوئی بھی شخص پراکسی (نمائندہ) مقرر نہیں کیا جاسکتا اور نہ ووٹ دینے کا اہل ہو سکتا ہے جو کمپنی کا ممبر نہ ہو، ماسوائے کہ کمپنی کا پوریشن ایسے شخص کو عام اجلاس میں شرکت اور ووٹ دینے کے لئے نامزد کر سکتی ہے جو ممبر نہ ہو۔
- 2- سی ڈی سی اکاؤنٹ ہولڈر اور ان کے نمائندوں سے درخواست ہے کہ وہ پراکسی فارم کے ہمراہ شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول جمع کروائیں۔

آئی سی سی ٹیکسٹائلز لمیٹڈ

ڈائریکٹرز رپورٹ

یورڈ آف ڈائریکٹرز کی جانب سے، ہم 30 جون 2019 کو ختم ہونے والے مالی سال کی 31 ویں سالانہ آڈٹ شدہ رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

مالیاتی کارکردگی

ادارے کی مجموعی فروخت 23.462 ملین روپے رہی اور بعد از ٹیکس منافع 4.393 ملین روپے رہا جبکہ گزشتہ سال مجموعی فروخت 15.363 ملین روپے اور بعد از ٹیکس منافع 16.034 ملین روپے تھا۔

مجموعی فروخت	23,462,023 روپے
مجموعی فائدہ	12,114,772 روپے
عملی خسارہ	17,821,731 روپے
مالیاتی لاگت	66,692,532 روپے
انوشنٹ پر اپرٹی کی فیکٹری ویلیو میں تبدیلی	100,328,340 روپے
منافع بعد از ٹیکس - جاری کاروبار	11,227,026 روپے
منافع بعد از ٹیکس - معطل کاروبار	6,833,792 روپے
منافع بعد از ٹیکس	4,393,234 روپے
موجودہ مجموعی خسارہ	730,220,157 روپے
منافع فی حصہ شیئر	0.15 روپے

زیر جائزہ مدت

مجموعی فروخت میں اضافے کی وجہ سے کمپنی کے وسائل کو جمع کرنے کا ہمارا منصوبہ، یعنی پرانی اور فرسودہ مشینری کو فروخت کر کے قرضے ادا کیے جائیں اور اپنے اخراجات اور بقایا جات کو کم سے کم سطح پر لایا جائے، اور یہ بھی فیصلہ کیا گیا کہ اپنی توجہ خالی عمارت کو کرایہ پر دینے پر مرکوز رکھی جائے۔

اس مالی سال کے دوران ادارے کی کارکردگی پر مندرجہ ذیل عوامل اثر انداز ہوئے:

- کمپنی کی کرایہ داری کی مدتیں 23.462 ملین روپے رہی جو کہ 2018 میں 15.363 ملین روپے تھی۔
- جائیداد کی مالیت میں اس سال 100.328 ملین روپے کا اضافہ ہوا ہے جو کہ 2018 میں 90.251 ملین روپے تھا۔
- سال کے دوران کمپنی کے ڈائریکٹران نے 6.052 ملین مزید قرض دیا ہے۔
- کمپنی نے 6.974 ملین مالیت کی مشینری فروخت کی ہے۔

مستقبل کی حکمت عملی اور امکانات

اپنی توجہ عمارت کے مزید حصے کو کرایہ پر دینے پر مرکوز رکھتے ہوئے ہم ٹیکسٹائل کی صنعت کو مجموعی حالات پر نظر رکھے ہوئے ہیں۔ Real Estate Development کا کاروبار حکومت کی ترجیح میں شامل ہے اور اسے سہولیات مہیا کی جارہی ہیں۔ کمپنی کے پاس بڑی عمارت کرائے پر دینے کے لئے موجود ہیں اور کچھ عمارت کرائے پر دی جا چکی ہیں اس لئے کمپنی نے فیصلہ کیا ہے کہ گوداموں کو کرایہ پر دینا اور Real Estate Development کو بنیادی کاروبار کے طور پر اختیار کیا جائے اور کمپنی کے میوریٹنڈم اور آرڈینری آف ایسوسی ایشن کو برعلاقہ تبدیل کیا جائے۔ جس کی منظوری سالانہ اجلاس میں لی جائے گی۔

امکانات اور یقین دہانی

مالی سال کے اختتام اور ڈائریکٹرز رپورٹ کی تاریخ کے درمیان کمپنی کے مالی حالات پر اثر انداز ہونے والی کوئی بڑی مادی تبدیلیاں اور وعدے وقوع پر نہیں ہوئے جو اس بیلنس شیٹ سے متعلق ہوں۔ سوائے جن کا ذکر مالی حسابات میں کیا گیا ہے۔

ہٹایا قانونی واجبات

کوئی ٹیکسسز، ڈیوٹیز، لیویز اور چارجز کی مدتیں قانونی ادائیگیاں نہیں ہیں جو 30 جون 2019 کو بقایا ہوں سوائے جن کا ذکر مالی حسابات میں کیا گیا ہے۔

تنظیمی سماجی ذمہ داری

آپکا ادارہ معاشرے، ملازم اور ماحول کے بارے میں اپنی تنظیمی ذمہ داری سے مکمل طور پر آگاہ ہے۔

کارپوریٹ اور مالی رپورٹنگ

کوڈ آف کارپوریٹ گورننس کی تعمیل کے بارے میں مندرجہ ذیل بیانات دیئے جا رہے ہیں۔

مالی حسابات کی اشاعت

ادارے کی انتظامیہ کی طرف سے تیار کردہ، مالیاتی حسابات، اس کے امور، آپریشنز کے نتائج، نقدی بہاؤ اور ایکویٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کیا گیا ہے۔

کھاتہ جات

ادارے کے کھاتہ جات مناسب طور پر بنائے گئے ہیں۔

کھاتہ جات کی حکمت عملی

مالی حسابات کی تیاری میں مناسب حکمت عملی کو تسلسل کے ساتھ لاگو کیا گیا ہے اور کھاتوں کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔

بین الاقوامی مالی رپورٹنگ معیار (IFRS)

مالی حسابات پاکستان میں لاگو بین الاقوامی مالی رپورٹنگ کے معیار کے مطابق بنائے گئے ہیں۔

داخلی کنٹرول کا نظام

داخلی کنٹرول کا نظام ڈیزائن میں مستحکم ہے اور اسے موثر طریقے سے لاگو کیا گیا ہے۔

ادارے کا کاروباری تسلسل

ادارے کے آڈیٹرز نے اپنی رپورٹ میں، اپنی رائے کو شروٹ کئے بغیر، آپکی توجہ سالانہ مالی حسابات کی رپورٹ کے 1.2 نوٹ کی طرف مبذول کرائی ہے جس کے مطابق کمپنی کے موجودہ واجبات اس کے موجودہ اثاثوں سے 178.335 ملین روپے زیادہ ہیں اور ادارے کا موجودہ مجموعی خسارہ 730.220 ملین روپے ہے۔ یہ غیر یقینی حالات ادارے کے جاری رہنے کی صلاحیت کے بارے میں قابل ذکر شکوک و شبہات کی جانب اشارہ کرتے ہیں۔

یہ مالی رپورٹ ایک جاری رہنے والے کاروباری ادارے کی بنیاد پر تیار کی گئی ہے کیونکہ ادارہ مستقبل میں تسلی بخش منافع کمانے کی صلاحیت رکھتا ہے جس کا دارومدار ڈائریکٹرز کے اس منصوبے پر ہے کہ قرضہ جات اور ذمہ داریوں کو قابل عمل حد تک نیچے لے کر آئیں اور ڈائریکٹرز کی جانب سے کاروباری سرمایہ فراہم کیا جائے۔ اس مقصد کے لئے، اس مشکل وقت کو گذارنے کے لئے، ڈائریکٹرز نے ادارے کے وسائل کو مجتمع کرتے ہوئے اور بینک کے واجبات کو ختم کرنے کے لئے نوٹ نمبر 1.2 میں دیئے گئے اقدامات کئے ہیں۔ کمپنی کا اپنے وسائل کو جمع کرنے کا منصوبہ تقریباً مکمل ہو چکا ہے۔ اور اپنی تجارت کا خاصہ حصہ کرایہ پر دے چکی ہے اور مزید حصہ کرایہ پر دینے کے قابل ہے۔

کارپوریٹ گورننس

ادارے کے آڈیٹرز نے اپنے جائزہ برائے مہران میں کہا ہے کہ کوڈ آف کارپوریٹ گورننس کے تحت آزاد ڈائریکٹرز کا تقرر نہیں کیا گیا۔ اس بارے میں ادارہ مسلسل کوشش کر رہا ہے اور عنقریب یہ مسئلہ حل کر لیا جائے گا۔ اس کے علاوہ اسٹاک ایکسچینج کے فہرستی قواعد و ضوابط میں شامل کارپوریٹ گورننس کے بہترین طریقوں سے کوئی انحراف نہیں کیا گیا۔

گذشتہ چھ سالوں کا اہم مالی جدول (ملین روپے)

2018	2017	2016	2015	2014	2013	تفصیل
0.191	21.974	443.604	540.948	1,234.768	1,728,459	روپے کی فروخت
15.363	9.910	-	-	-	-	آمدن کرایہ
16.034	4.739	(211.063)	(63.965)	(73.401)	2,984	خالص منافع (تقصان) بعد از ٹیکس
13.454	242.183	675.842	928.706	933.611	979.040	چارج اٹاٹے
844.020	620.350	-	-	-	-	چارج برائے سرمایہ کاری
(741.671)	(787.600)	(816.970)	(625.212)	(592.182)	(535.519)	مجموعی خسارہ
103.08%	14.86%	(47.6%)	(11.8%)	(5.9%)	0.2%	خالص منافع ریٹ
0.35:1	0.28:1	0.21:1	0.34:1	0.28:1	0.35:1	موجودہ تناسب
4.44	3.87	(17.23)	(10.84)	(9.74)	(7.85)	روپے شیئر بریک اپ ویلیو
0.53	0.16	(7.04)	(2.13)	(2.45)	0.10	آمدن فی شیئر
Nil	Nil	Nil	Nil	Nil	Nil	ڈیویڈنڈ کی ادائیگی

سٹاف ریٹائرمنٹ بینیفٹ

گرچیوٹی کی حتمی قدر سال کے اختتام پر 32.776 ملین روپے ہے جو کہ 2018 کے اختتام پر 40.073 ملین روپے تھی۔

بورڈ اور کمیٹی کے اجلاس

سال جولائی 2018 سے جون 2019 کے دوران بورڈ آف ڈائریکٹرز کے 7 اجلاس منعقد ہوئے، آڈٹ کمیٹی کے 8 اور ایچ آرایز آر کمیٹی کا ایک اجلاس منعقد ہوا جن کی حاضری حسب ذیل تھی۔

ڈائریکٹرز کے نام	حاضری	آڈٹ کمیٹی
بورڈ آف ڈائریکٹرز		
1- جاوید شفیق صدیقی	6 عدد	1- سلمان جاوید صدیقی
2- پرویز شفیق صدیقی	6 عدد	2- پرویز شفیق صدیقی
3- فوزیہ جاوید	4 عدد	3- فوزیہ جاوید
4- سلمان جاوید صدیقی	7 عدد	
5- عاصم پرویز صدیقی	7 عدد	
6- عدنان جاوید صدیقی	2 عدد	
7- ارسلان جاوید صدیقی	6 عدد	

حاضری

ڈائریکٹرز کے نام

ایچ آرایز آر کمیٹی

1- پرویز شفیق صدیقی	1 عدد
2- جاوید شفیق صدیقی	1 عدد
3- عاصم پرویز صدیقی	1 عدد

پیٹرن آف شیئر ہولڈنگ

کوڈ آف کارپوریٹ گورننس کے تحت پیٹرن آف شیئر ہولڈنگز رپورٹ منسلک ہے۔

ادارے کے شیئرز کی خرید و فروخت

مالی سال کے دوران ڈائریکٹرز، چیف ایگزیکٹو آفیسر، سینیئر مینیجر، چیف فنانس آفیسر اور دیگر افسران (مجموعی اہل و عیال) نے ادارے کے شیئرز کی کوئی خرید و فروخت نہیں کی ہے۔

آڈٹ کمیٹی

آڈٹ کمیٹی تین ممبران پر مشتمل ہے اور سب نان ایگزیکٹو ڈائریکٹرز ہیں۔

ایچ آرایز آر کمیٹی

ایچ آرایز آر کمیٹی تین ممبران پر مشتمل ہے اور دونوں ایگزیکٹو ڈائریکٹرز ہیں۔

آڈیٹرز

آڈٹ کمیٹی کی تجویز پر، ادارے کے بورڈ آف ڈائریکٹرز نے 30 جون 2020 کو ختم ہونے والے سال کے لئے ادارے کے موجودہ آڈیٹرز کی دوبارہ تقرری کی تجویز دی ہے۔

ڈیویڈنڈ

سالانہ نتیجے کے باعث بورڈ آف ڈائریکٹرز نے 30 جون 2019 کو ختم ہونے والے سال کے لئے کسی ڈیویڈنڈ کی تجویز نہیں دی ہے۔

انتظامیہ

ادارے کے ڈائریکٹرز اپنے ملازمین کو ان کی لگن اور سخت محنت کی تعریف کرتے ہوئے خراج تحسین پیش کرتے ہیں۔

منجانب بورڈ آف ڈائریکٹرز

جاوید شفیق صدیقی

پرویز شفیق صدیقی

چیف ایگزیکٹو آفیسر

ڈائریکٹر

لاہور

جنوری 06 2020