

ANNUAL REPORT 2022



ICC Industries Limited
(Formerly ICC Textiles Limited)

COMPANY INFORMATION

Board of Directors

- Mr. Javaid S. Siddiqi Chief Executive/Director
- Mr. Pervaiz S. Siddiqi Chairman/Director
- Mrs. Fauzia Javaid Director
- Mr. Salman Javaid Siddiqi Director
- Mr. Asim Pervaiz Siddiqi Director
- Mr. Arif Mahmud Khan Independent Director
- Mr. Naveed Hashim Rizvi Independent Director

Audit Committee

- Mr. Arif Mahmud Khan Chairman
- Mr. Salman Javaid Siddiqi Member
- Mr. Pervaiz S. Siddiqi Member

HR&R Committee

- Mr. Naveed Hashim Rizvi Chairman
- Mr. Pervaiz S. Siddiqi Member
- Mr. Asim Pervaiz Siddiqi Member

Chief Financial Officer

- Mr. Javed Rashid

Company Secretary

- Mr. Shahid Ali Ahmad

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 Industries Limited
(Formerly ICC Textiles Limited)

Notice of Annual General Meeting

Notice is hereby given that 34th Annual General Meeting of the Company will be held at the registered office of the Company, 242-A, Anand Road, Upper Mall, Lahore on Friday October 28, 2022 at 10:30 a.m. to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of Annual General Meeting held on October 28, 2021.
2. To receive consider and adopt the audited financial statements of the Company for the year ended 30th June 2022 together with the Directors and Auditors Report thereon.
3. To appoint statutory auditors for the year ending 30th June 2023 and to fix their remuneration.
4. To transact any other business with the permission of the Chair.

Lahore
October 07, 2022

By Order of the Board



Company Secretary

NOTES:

1. The members register will remain closed from October 22, 2022 to October 28, 2022 (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 21 October 2022 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. 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, 2022 are available on the Company's website (www.icctextiles.com.pk).
5. 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.
6. 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.
7. All possible safety measures shall be taken in respect of COVID-19 and relevant SOPs shall be strictly followed including checking of temperature, wearing of face masks, use of hand sanitizer and maintenance of proper social/physical distance. All members attending the meeting are requested and expected to cooperate in this respect.
8. As per section 72 of the Companies Act, 2017, every existing company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four year from the commence of this Act i.e., May 30, 2017. The Shareholders having physical shareholding may open CDC Sub-account with any of the broker or investor account directly with CDC to place their physical share into scripless form.
9. Shareholders who could not collect their dividend/physical shares are advised to contact our Registered Office situated at 242-A, Anand Road, Upper Mall, Lahore to collect/enquire about their unclaimed dividend or shares, if any.
10. Members can also avail video conference facility. In this regard, please fill the following form and submit to registered address of the company 10 days before holding of the Annual General Meeting.

If the company receives consent from member holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to date of meeting, the company will arrange video conference facility in the city subject to availability of such facility in that city.

The Company will intimate members regarding venue of video conference facility at least 5 days before the date of the Annual General Meeting along with complete information necessary to enable them to access the facility.

"I/WE, _____ of _____ being a member of ICC Industries Limited, holder of _____ Ordinary Shares as per Register Folio No. _____ hereby opt for video conference facility at _____ Email _____"

Signature of Member

ICC Industries Limited

(Formerly ICC Textiles Limited)

Chairman's Review Report On Board Performance

ICC Industries Limited (“the Company”) has a seven member Board of Directors (“the Board”) and members have been vigilant in performing their individual and collective tasks while working on the Board or in its committees.

The board is responsible for overall management of the company as it devises strategies and policies and thus has played a vital role in company’s operations by ensuring a diligent governance framework for effective and prudent management of business matters.

The Composition of the Board is in accordance with the requirements of Companies Act, 2017 and Listed Companies (Code of Corporate Governance) Regulations, 2019. Accordingly, comprises executive, non executive and independent directors.

During the financial year 2022 the BOD met six times. All its members are committed to serve the company with the same zeal, while taking into consideration all material facts, information and circumstances in a manner to ensure appropriate decisions.

To evaluate the performance of the Board, the Board has put in place mechanism for annual evaluation of the performance of the Board in compliance with the provisions of Listed Companies (Code of Corporate Governance) Regulations 2019. The performance evaluation mechanism facilitates and enables the Board members to play an effective role as a coordinated team for ongoing decision making. For the year ended June 30, 2022 the Board’s overall performance and effectiveness has been found satisfactory.



LAHORE:
October 07,2022

PERVAIZ S. SIDDIQI
Chairman

ICC Industries Limited

(Formerly 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, 2022.

Financial Highlights

The company earned an after tax profit of Rs.3.279 million and registered a revenue of Rs. 39.028 million as against an after tax loss of Rs. 38.925 million and revenue of Rs.9.987 million in the preceding period.

	Rupees
• Revenue	39,028,470
• Gross profit	28,510,091
• Operating profit	5,146,328
• Finance Cost	83,783,648
• Change in fair value of investment property	90,315,735
• Profit after tax	3,278,819
• Accumulated losses	754,774,269
• Earning per share	0.11

Period under Review

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

- Revenue increased by Rs. 29.041 million, from Rs. 9.987 million to Rs. 39.028 million, mainly due to renting out major portion of our factory buildings w,e,f November, 2021. Last year, the company's financials were badly affected due to the spread of covid19 pandemic resulting in partial vacancy of our area available for renting.
- Finance cost increased by Rs. 22.808 million, from Rs. 60.975 million to Rs. 83,784 million mainly due to modification of terms of some directors loans.
- Positive change in fair value of the investment property was Rs. 90.316 million (2021: Rs. 50.100 million),. The same has been accounted for as income during the year.

Future Strategy and Prospects

By Almighty's grace, the worst period of Covid is mostly over. There are still some cases but currently no significant impact is being felt on the business activity.

At present, almost all of our covered rental area is occupied and is fetching a steady stream of rental revenue. The rental rates have room for improvement as

they were contracted during the depressed covid period. The full year of the occupied rental revenue will be reflected in the coming year. Moreover, it is now our endeavor to rent out a good portion of our open space to maximize revenue.

While we are now striving for higher rental rate, our effort is being hampered by the extremely gloomy business environment prevailing in the country since April this year, due to the sudden change in government resulting in highly polarized, unstable and uncertain political situation. All major macro economic indicators have taken a sharp nosedive. The Pakistan Exports are down, the growth rate has plummeted, Industrial activity has slowed down and our foreign exchange reserves have fallen to a dangerously low level. Finally, partly due to the global post covid impact and mostly due to our adverse political and economic condition, there has been a massive depreciation of the Pakistan Rupee exchange rate in recent months resulting in extra ordinary high inflation, thus causing enormous price hike of all commodities and goods of essential living. The situation is serious and is of grave concern to all Pakistanis.

We can only hope that good sense will prevail in resolving our political issues which is essential to collectively institute corrective measures to bring back stability in economic affairs of the country.

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, 2022 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. 304.521million, and its accumulated losses stood at Rs. 754,774 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 implemented a plan to consolidate the company's position by repaying the banks' borrowings through sponsors' loans and sale of inefficient textile machinery and renting out vacant buildings to generate revenue. In this regard, the company has taken steps mentioned in note 1.2 (iii – vii) to the financial statements.

From November, 2021 the company managed to rented out major portion of its vacant buildings thus able to generate an annual rental revenue of Rs. 54 million. Therefore, there are no significant doubts about company's ability to continue as a going concern.

Corporate Governance

There has been no 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

	(Rs. in million)					
	2017	2018	2019	2020	2021	2022
Revenue :						
- Textiles (Rs.)	21.974	0.191	0.933	0	0	
- Rental (Rs.)	9.910	15.363	23.462	33.811	9.987	39.028
Net profit/(loss) after tax-Rs.	4.739	16.034	4.393	(1.561)	(38.925)	3.279
Fixed assets (Rs.)	242.183	13.454	12.296	8.154	6.905	8.512
Investment property - Rs.	620.350	844.020	944.348	962.419	1,012.519	1,102.834
Retained earnings / (Accumulated Losses)- Rs.	(787.600)	(741.671)	(730.220)	(724.273)	(759.522)	(754.774)
Current ratio	0.28:1	0.35:1	0.22:1	0.16:1	0.14:1	0.09:1
Share breakup value - Rs.	3.87	4.44	4.74	4.81	3.60	16.43
Earnings per share - Rs.	0.16	0.53	0.15	(0.05)	(1.30)	0.11
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.33.319 million (2021: Rs. 31.706 million).

Board and Committees Meetings

During the year July 2021 to June 2022, Six meetings of the Board of Directors, Seven 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	4
Mrs. Fauzia Javaid Siddiqi	5
Mr. Salman Javaid Siddiqi	6
Mr. Asim Pervaiz Siddiqi	6
Mr. Arif Mahmud Khan	2
Mr. Naveed Hashim Rizvi	2

Audit Committee

Mr. Arif Mahmud Khan	7
Mr. Pervaiz S. Siddiqi	7
Mr. Salman Javaid Siddiqi	7

HR & R Committee

Mr. Naveed Hashim Rizvi	1
Mr. Pervaiz S. Siddiqi	1
Mr. Salman Javaid 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 1 is Independent Director and 2 are non-executive directors.

HR And Remuneration Committee

The HR and Remuneration Committee comprise 3 members, of whom 1 is Independent Director and 2 are non-executive directors.

Auditors

M/s Grant Thornton Anjum Rahman, Chartered Accountants will retire at the conclusion of 34th 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, 2022.

Acknowledgement


The directors of the wish to extend their appreciation and gratitude to all staff members and workers for their continued hard work and quality standard.

For and on behalf of
the Board of Directors



LAHORE:
October 07, 2022

SALMAN JAVAID SIDDIQI
Director



JAVAID S. SIDDIQI
Chief Executive Officer

ICC Industries Limited

(Formerly ICC Textiles Limited)

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

Name of Company: ICC Industries Limited

Year Ending : June 30, 2022

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 Directors	Mr. Naveed Hashim Rizvi Mr. Arif Mahmud Khan
Executive Director	Mr. Javaid S. Siddiqi
Non-Executive Directors	Mr. Pervaiz S. Siddiqi Mr. Salman Javaid Siddiqi Mr. Asim Pervaiz Siddiqi
Female Director	Mrs. Fauzia Javaid

3. The Board comprises of minimum number of members which is seven (7). Requirement of independent directors are higher of two (2) or one third of the Board. The fraction of 0.33 for independent directors has not been rounded up as one (1), due to the reason that, considering nature and volume of company's business, the existing independent directors with requisite skills and knowledge are sufficient to take independent decisions for the company.
4. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
5. 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.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete

record of particulars of significant policies along with their date of approved or updating is maintained by the Company.

7. 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.
8. 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.
9. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
10. One director, Mr. Salman Javaid Siddiqi has completed his directors training program, whereas two directors i.e Mr. Javaid S. Siddiqi and Mr. Pervaiz S. Siddiqi are exempt from the requirements of the directors training program.. The Board will arrange directors training program for remaining directors in near future..
11. The Board has approved appointment of Chief Financial Officer, Company Secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the regulations.
12. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the board.
13. The board has formed committees comprising of members given below:
 - a) **Audit Committee**
 1. Mr. Arif Mahmud Khan - Chairman/Member
 2. Mr. Pervaiz S. Siddiqi - Member
 3. Mr. Salman S. Siddiqi - Member
 - b) **HR & Remuneration Committee**
 1. Mr. Naveed Hashim Rizvi - Chairman/Member
 2. Mr. Pervaiz S. Siddiqi - Member
 3. Mr. Asim Pervaiz Siddiqi - Member
14. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

15. The frequency of meetings (quarterly/half yearly/yearly) of the committee were as per following :
- a) Audit Committee - 07 meetings
 - b) HR & Remuneration Committee - 01 meeting
16. The Board has set up an effective internal audit function which are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
17. 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 and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP and that they and the partners of the firm involved in the audit are not a close relative (spouse, parents, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company.
18. 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.
19. We confirm that all other requirements of the Regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulation have been complied with.
20. The Company could not manage to complete the director training program to fully meet the CCG requirement. The Board will arrange Directors Training Program for remaining directors in near future.



SALMAN JAVAID SIDDIQI
Director



JAVAID S. SIDDIQI
Chief Executive

LAHORE:
October 07, 2022

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF ICC INDUSTRIES LIMITED

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of ICC Industries Limited (the Company) for the year ended June 30,2022 in accordance with the requirements of regulation 36 of the Regulations.

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

As a part of our audit of 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. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30,2022.


Grant Thornton Anjum Rahman
Chartered Accountants

Lahore

Date: 07-October-2022

UDIN:CR202210212YCViWdl29

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ICC INDUSTRIES LIMITED REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of *ICC Industries Limited* (the Company), which comprise the statement of financial position as at June 30, 2022, 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, 2022 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 Relating to Going Concern

We draw attention to note 1.2 in the financial statements which describes that the Company has accumulated losses amounting to Rs. 754.774 million. The Company's current liabilities have also exceeded its current assets resulting in short fall of working capital and negative cash flows from operating activities. These conditions indicate existence of a material uncertainty that may cast significant doubt about the Company'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.	Investment Properties	
	<p>Refer to Note 16 to the annexed financial statements. The Company owns freehold land and building at 32-Km Multan Road, Sundar, Lahore. As at June 30, 2022, the fair value of investment properties was Rs. 1.103 billion, representing 97% 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 sale price per square foot/kanal 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; andassessing fair value gain recorded during the year.

2.	Transactions with related parties	
	<p>As referred to in note 8 and note 13 to the annexed financial statements, the Company has obtained significant financing amounting to Rs. 737.764 million from its related parties including directors and the associated Company. These loans also include certain interest free loans which need amortization.</p> <p>We identified transactions with related parties as a key audit matter because of amounts involved.</p>	<p>Our audit procedures among others comprised:</p> <ul style="list-style-type: none"> • reviewed terms of loan from agreements; • reviewed the minutes of meetings of the Board of Directors to ensure approval of related party transactions; • obtained independent confirmations from directors and associated Company; • recalculated markup expense by applying applicable markup rates defined in such agreements; • ensured appropriateness of disclosures in financial statements; and • ensured compliance of IFRS-9 and TR-32 issued by ICAP.

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, 2022, 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, 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: 07-October-2022

UDIN: AR2022102124mJno9jIF

ICC INDUSTRIES LIMITED

(FORMERLY ICC TEXTILES LIMITED)

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2022

EQUITY AND LIABILITIES	Note	2022 Rupees	2021 Rupees
SHARE CAPITAL AND RESERVES			
Authorized share capital			
32,000,000 (2021: 32,000,000) ordinary shares of Rs. 10 each		<u>320,000,000</u>	<u>320,000,000</u>
EQUITY			
Share capital			
Issued, subscribed and paid-up share capital	5	300,011,200	300,011,200
Loan From directors			
	6	380,448,411	-
Capital reserves			
Revaluation surplus	7	567,241,652	567,389,985
Revenue reserves			
Accumulated loss		<u>(754,774,269)</u>	<u>(759,522,288)</u>
Total equity		492,926,994	107,878,897
NON-CURRENT LIABILITIES			
Long term financing - related parties	8	<u>241,534,418</u>	575,529,060
Deferred liabilities	9	<u>73,850,397</u>	72,297,455
		315,384,815	647,826,515
CURRENT LIABILITIES			
Trade and other payables	10	<u>107,543,378</u>	102,753,430
Security deposits	11	<u>12,626,295</u>	2,024,482
Accrued interest / mark-up	12	<u>176,470,983</u>	169,969,442
Short-term borrowings	13	<u>36,501,052</u>	35,784,203
Unclaimed dividend		<u>1,662,656</u>	1,662,656
		334,804,364	312,194,213
TOTAL EQUITY AND LIABILITIES		<u>1,143,116,173</u>	<u>1,067,899,625</u>
CONTINGENCIES AND COMMITMENTS			
	14		

The annexed notes from 1 to 41 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

ICC INDUSTRIES LIMITED

(FORMERLY ICC TEXTILES LIMITED)

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2022

ASSETS	Note	2022 Rupees	2021 Rupees
NON-CURRENT ASSETS			
Property, plant and equipment	15	8,511,877	6,904,838
Investment properties	16	1,102,834,285	1,012,518,550
Long term loans and advances	17	17,500	22,500
Long term deposits	18	1,469,034	1,469,034
		1,112,832,696	1,020,914,922
CURRENT ASSETS			
Stores, spare parts and loose tools	19	4,270,008	4,262,773
Trade debts	20	42,646	88,654
Loans and advances	21	2,833,373	1,180,736
Short term prepayments and other receivables	22	1,486,836	14,977,918
Tax refunds due from Government	23	18,755,437	20,298,380
Cash and bank balances	24	2,895,177	1,849,042
		30,283,477	42,657,503
Non-current assets classified as held for sale	25	-	4,327,200
TOTAL ASSETS		1,143,116,173	1,067,899,625

The annexed notes from 1 to 41 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

ICC INDUSTRIES LIMITED

(FORMERLY ICC TEXTILES LIMITED)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
REVENUE	26	39,028,470	9,987,070
DIRECT COST	27	(10,518,379)	(8,838,287)
GROSS PROFIT		<u>28,510,091</u>	<u>1,148,783</u>
OPERATING EXPENSES:			
Administrative expenses	28	(27,804,680)	(26,292,715)
Other expenses	29	(899,100)	(1,706,170)
		<u>(28,703,780)</u>	<u>(27,998,885)</u>
		(193,689)	(26,850,102)
OTHER INCOME	30	<u>5,340,017</u>	<u>1,510,567</u>
OPERATING PROFIT / (LOSS)		5,146,328	(25,339,535)
FINANCE COST	31	(83,783,648)	(60,975,449)
CHANGES IN FAIR VALUE OF INVESTMENT PROPERTIES	16	<u>90,315,735</u>	<u>50,100,000</u>
PROFIT/(LOSS) BEFORE TAXATION		11,678,415	(36,214,984)
TAXATION FOR THE YEAR	32	<u>(8,399,596)</u>	<u>(2,710,149)</u>
PROFIT/(LOSS) AFTER TAXATION FOR THE YEAR		3,278,819	(38,925,133)
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss		-	-
Actuarial gain on employee benefit obligations	9.2	<u>1,320,868</u>	<u>2,902,174</u>
Revaluation decrease in non-current assets classified as held for sale (net of tax)		-	(298,874)
		<u>1,320,868</u>	<u>2,603,300</u>
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR		<u>1,320,868</u>	<u>2,603,300</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		<u>4,599,687</u>	<u>(36,321,833)</u>
EARNING/(LOSS) PER SHARE - BASIC AND DILUTED		<u>0.11</u>	<u>(1.30)</u>

The annexed notes from 1 to 41 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

ICC INDUSTRIES LIMITED

(FORMERLY ICC TEXTILES LIMITED)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	37	56,751,576	(15,650,435)
Finance cost paid		(35,763,876)	15,990,787
Income tax paid		(6,917,241)	1,427,026
Gratuity paid		(1,770,475)	(3,413,149)
		(44,451,592)	14,004,664
Net cash from/(used in) operating activities		12,299,984	(1,645,771)
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase) / decrease in long term loans and advances		5,000	(17,500)
Proceeds from disposals of property, plant and equipment & non-current assets classified as held for sale		2,136,752	3,900,000
Purchase of fixed assets during the year		(112,450)	-
Net cash from investing activities		2,029,302	3,882,500
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing obtained from directors		(14,000,000)	(678,416)
(Repayment of) / Proceeds from short term borrowings-net		716,849	(463,660)
Net cash used in financing activities		(13,283,151)	(1,142,076)
NET DECREASE IN CASH AND CASH EQUIVALENTS		1,046,135	1,094,653
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		1,849,042	754,388
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	24	2,895,177	1,849,042

The annexed notes from 1 to 41 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

ICC INDUSTRIES LIMITED

(FORMERLY ICC TEXTILES LIMITED)

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2022

Description	Note	Paid-up Capital Rupees	Capital Reserves - Revaluation Surplus Rupees	Revenue Reserves - Accumulated Losses Rupees	Loan from Directors Rupees	Total Shareholders' Equity Rupees
Balance at July 01, 2020		300,011,200	568,462,515	(724,272,986)	-	144,200,729
Other comprehensive income for the year		-	(298,874)	2,902,174	-	2,603,300
Loss for the year		-	-	(38,925,133)	-	(38,925,133)
Total comprehensive loss for the year		-	(298,874)	(36,022,959)	-	(36,321,833)
Transfer to accumulated loss on account of disposal of revalued assets and incremental depreciation (net of tax)		-	(773,656)	773,656	-	-
Balance at June 30, 2021		300,011,200	567,389,985	(759,522,288)	-	107,878,896
Other comprehensive income for the year		-	-	1,320,868	-	1,320,868
Profit for the year		-	-	3,278,819	-	3,278,819
Total comprehensive income for the year		-	-	4,599,687	-	4,599,687
Transfer to accumulated loss on account of incremental depreciation (net of tax)		-	(148,332)	148,332	-	-
Loan obtained from directors	6	-	-	-	380,448,411	380,448,411
Balance at June 30, 2022		300,011,200	567,241,653	(754,774,269)	380,448,411	492,926,994



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

ICC INDUSTRIES LIMITED (Formerly ICC Textiles Limited)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

1 STATUS AND NATURE OF BUSINESS

1.1 ICC Industries Limited (Formerly 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 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 another premises is located at 32-Km Multan Road, Sundar, Lahore.

1.2 The Company has accumulated losses amounting to Rs. 754.774 million at the year end and the Company's current liabilities exceeded its current assets by Rs. 304.521 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 its customers and :

- (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 was essential for cheaper and continuous gas based electricity, the Company had disposed off all its looms.
- ii** The Company has rented out its substantial factory buildings and labour colony to generate cash flows;
- 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.
- v** Directors of the Company have decided to convert interest bearing loans extended to the company amounting to Rs.145 million to interest free loans w.e.f May 01, 2022, thus making total loans extended by directors of the company amounting to Rs.701.980 million.
- 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 Industries Limited books, amounting to Rs. 48.801 million; and
 - Short term interest bearing loans amounting to Rs. 30.850 million.

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.

ICC INDUSTRIES LIMITED (Formerly ICC Textiles Limited)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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 amendments to approved accounting standards which are mandatory for the Company's accounting periods beginning on or after July 1, 2021 but are considered not to be relevant or have any significant effect on the Company's financial reporting.

2.3 Standards, amendments and Interpretations to the published standards that may be relevant to the Company and adopted in the current year

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation.

Standard or Interpretation		Effective Date (annual periods beginning on or after)
IFRS 3	Business Combinations - Conceptual framework - (Amendments)	1 January 2022
IAS 16	Property, Plant and Equipment - (Amendments)	1 January 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets - (Amendments)	1 January 2022
	Annual improvements to IFRS Standards 2018-20	1 January 2022
IAS 41	Agriculture	1 January 2022
IAS 1	Presentation of Financial Statements — (Amendments)	1 January 2023
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors — (Amendments)	1 January 2023
IAS 12	Income Taxes	1 January 2023

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards and conceptual framework have also been issued by IASB. Such improvements are generally effective accounting periods beginning on or after January 2022.

Further, following new standards have been issued by IASB which are yet to be notified by SECP for the purpose of applicability in Pakistan.

Standards or interpretation		IASB Effective date (Annual Periods beginning on or after)
IFRS 1	First-time Adoption of International Financial Reporting Standards	01 July 2019
IFRS 17	Insurance Contracts	01 January 2023

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).

ICC INDUSTRIES LIMITED (Formerly ICC Textiles Limited)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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 trade debts with objective of collecting contractual cash flows and therefore, measures its trade debts subsequently at amortised cost using the effective interest method. The Company reviews annually its trade debts for impairment.

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 the affect carrying amounts of the respective item of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

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.

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.

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.

ICC INDUSTRIES LIMITED (Formerly ICC Textiles Limited)

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

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 actuarial valuation carried out as at June 30 are as follows:

- Discount rate used for year end obligation 13.25% (2021: 10.0%) per annum
- Expected rate of salary increase in future 12.25% (2021: 9.0%) per annum
- Average duration of the defined benefit obligation 1 year (2021: 2 years)
- Mortality rate assumed were based on the SLIC 2001-2005 (2020:SLIC 2001-2005 ultimate mortality rates with one year setback as per recommendation of Pakistan Society of Actuaries ("PSOA").

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 14 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 14 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 year in which they are incurred. Normal repairs and maintenance are charged to profit and loss 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.

ICC INDUSTRIES LIMITED (Formerly ICC Textiles Limited)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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.

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 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 assets when it is made available for intended use.

4.5 Right of use assets

Right of use assets are initially measured at cost being the present value of lease payments, initial direct costs, any lease payments made at or before the commencement of the lease as reduced by any incentives received. These are subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is charged on straight line basis over the shorter of the lease term or the useful life of the asset. Where the ownership of the asset transfers to the Company at the end of the lease term or if the cost of the asset reflects that the Company will exercise the purchase option, depreciation is charged over the useful life of asset.

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.

ICC INDUSTRIES LIMITED (Formerly ICC Textiles Limited)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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 amortized 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.

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.

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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.

4.9 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.

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 of 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

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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.

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 Lease liability

Lease liabilities are initially measured at the present value of the lease payments discounted using the interest rate implicit in the lease. If the implicit rate cannot be readily determined, the Company's incremental borrowing rate is used. Subsequently these are increased by interest, reduced by lease payments and remeasured for lease modifications, if any.

Liabilities in respect of short term and low value leases are not recognised and payments against such leases are recognised as expense in profit or loss.

4.19 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.

4.20 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.

4.21 Loan from Directors

In accordance with TR-32, interest free loans repayable at discretion of Entity are carried at face values and are included in equity.

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FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
5 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL			
30,001,120 (2021 : 30,001,120) ordinary shares of Rs. 10 each fully paid in cash		<u>300,011,200</u>	<u>300,011,200</u>

6 LOANS FROM DIRECTORS (SPONSORS) - Unsecured

Loan - 3	8.2	5,000,000	-
Loan - 4	8.3	140,000,000	-
Loan - 5	8.4	<u>235,448,411</u>	-
		<u>380,448,411</u>	-

These are interest free loans and are repayable to directors at discretion of Company.

7 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OF TAX

Surplus arising on revaluation	7.1	607,772,764	607,981,683
Less: Deferred tax arising on surplus on revaluation	7.2	<u>40,531,112</u>	<u>40,591,699</u>
		<u>567,241,652</u>	<u>567,389,985</u>
7.1 Opening balance of surplus on revaluation		607,981,683	609,492,290
Add: Surplus arising during the year		-	-
Less: Incremental depreciation:			
Plant & machinery		<u>208,919</u>	<u>209,402</u>
		208,919	209,402
Less: Revaluation decrease in non-current assets classified as held for sale	25	-	420,949
		<u>607,772,764</u>	<u>607,981,683</u>

The revaluation of free - hold land, buildings on free - hold land and plant and machinery was carried out by Arch-e'-decon (Evaluators, Surveyors, Architects and Engineers) as at June 30, 2020. The revaluations resulted in followings:

	Rupees
Increase in carrying value of plant and machinery	<u>593,303</u>

7.1.2 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.

	2022 Rupees	2021 Rupees
7.2 Related deferred tax liability on July 01	40,591,699	41,029,775
Tax effect on incremental depreciation & disposal of assets during the year	(60,587)	(316,001)
Tax effect on revaluation decrease in non-current assets classified as held for sale	-	(122,075)
	<u>40,531,112</u>	<u>40,591,699</u>

Deferred tax asset amounting to Rs. 144.263 million (2021: Rs. 160.226 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.

	Note	2022 Rupees	2021 Rupees
8 LONG TERM FINANCING FROM DIRECTORS - Unsecured			
Interest free loan - 1	8.1	241,534,418	219,627,016
Interest bearing loan - 3	8.2	-	57,000,000
Interest bearing loan - 4	8.3	-	140,000,000
Interest free loan - 5	8.5	-	158,902,044
		<u>241,534,418</u>	<u>575,529,060</u>

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	Note	2022 Rupees	2021 Rupees
8.1 Original Loan amounts	8.1.2	321,531,223	321,531,223
Less: Present Value Adjustment	8.1.3	206,132,600	206,132,600
		115,398,623	115,398,623
Add: Interest charged to statement of profit or loss (Unwinding of discount)	8.1.1	126,135,795	104,228,393
		241,534,418	219,627,016
8.1.1 Interest charged to statement of profit or loss:			
Opening balance		104,228,393	84,336,104
Unwinding of discount for the year		21,907,402	19,892,289
Closing balance		126,135,795	104,228,393

8.1.2 These interest free loans were repayable in lump sum on June 30, 2025 (2020: June 30, 2025).

8.1.3 These long term interest free loans had been measured at amortized cost by applying weighted average interest rate ranging from 8.06% to 11.64% (2021: 8.06% to 11.64%).

8.2 This loan carried mark-up @ one month KIBOR plus 2% (2021: one month KIBOR plus 2%). During the year, the loan has been partially repaid while terms of remaining loan have been modified (Refer Note 8.5 & 6).

	Note	2022 Rupees	2021 Rupees
Loan amount		5,000,000	57,000,000
Less: Reclassified to interest free loans	6	5,000,000	-
		-	57,000,000

8.3 This loan carried mark-up @ one month KIBOR plus 2% (2021: one month KIBOR plus 2%). During the year, terms of the loan have been modified (Refer Note 8.5 & 6).

	Note	2022 Rupees	0 Rupees
Loan amount		140,000,000	140,000,000
Less: Reclassified to interest free loan	6	140,000,000	-
		-	140,000,000

	Note	2022 Rupees	2021 Rupees
8.4 Original Loan amounts	8.4.1	235,448,411	197,448,411
Less: Present value adjustment on initial recognition		66,274,630	60,940,437
Add: Interest charged to statement of profit or loss		42,004,899	22,394,070
		211,178,680	158,902,044

Add: Loss on modification of terms of loan	8.5 & 8.4.3	24,269,731	-
		235,448,411	158,902,044

Less: Reclassified to interest free loan repayable at discretion of Company	8.4.3	235,448,411	-
		-	158,902,044

8.4.1 Interest charged to statement of profit or loss:			
Opening balance		22,394,070	4,113,219
Unwinding of discount for the year (upto modification of terms of loan)		19,610,829	18,280,851
Closing balance		42,004,899	22,394,070

8.4.2 These long term interest free loans had been measured at amortized cost by applying weighted average interest rate ranging from 9.42% to 13.42% (2021: 9.44% to 13.42%).

8.4.3 These interest free loans were payable in lump sum on March 31, 2023. During the year terms of this loan have been modified and now this is repayable at the discretion of the Company. Loss on modification of terms of

8.5 With effect from May 01, 2022, terms of loans 3, 4 & 5 have been modified. Revised term are as follows:

- interest free
- Repayable at discretion of Company.

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	Note	2022 Rupees	2021 Rupees
9 DEFERRED LIABILITIES			
Deferred tax	7.2	40,531,112	40,591,699
Staff retirement benefits - gratuity	9.2	33,319,285	31,705,756
		<u>73,850,397</u>	<u>72,297,455</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 basis of latest actuarial valuation made on June 30, 2022 by applying projected unit credit method.

	Note	2022 Rupees	2021 Rupees
9.2 Changes in Present Value of Defined Benefit Obligations:			
Opening liability		31,705,756	33,444,690
Charge for the year	9.3	4,704,872	4,576,389
Remeasurement gain recognised in other comprehensive income (experience adjustments)		(1,320,868)	(2,902,174)
Benefits paid during the year		(1,770,475)	(3,413,149)
Closing liability		<u>33,319,285</u>	<u>31,705,756</u>
		2022 Rupees	2021 Rupees

9.3 Charge for the year in statement of profit or loss

Current service cost	1,622,820	1,878,649
Interest cost	3,082,052	2,697,740
	<u>4,704,872</u>	<u>4,576,389</u>

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

	2022 Rupees	2021 Rupees	2020 Rupees	2019 Rupees	2018 Rupees
Present value of defined benefit obligation as at June 30	<u>33,319,285</u>	31,705,756	33,444,690	<u>32,775,959</u>	<u>4,072,687</u>

9.5 Charge for the year has been allocated as under:

	Note	2022 Rupees	2021 Rupees
Direct cost	27.1	729,081	847,030
Administrative expenses	28.1	3,975,791	3,729,359
		<u>4,704,872</u>	<u>4,576,389</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:

	2022 Rupees	2021 Rupees
Discount rate + 1%	32,905,327	31,278,494
Discount rate - 1%	33,772,110	32,179,257
Salary increase + 1%	33,775,594	32,184,204
Salary increase - 1%	32,895,026	31,266,482

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	Note	2022 Rupees	2021 Rupees
10 TRADE AND OTHER PAYABLES			
Creditors		7,677,239	10,958,334
Due to associated company		113,035	136,655
Accrued liabilities	10.1	71,830,396	63,314,203
Advances from customers		5,295,362	1,641,478
Income tax deducted at source		9,551,266	9,867,857
Sales tax deducted at source		1,301,522	1,301,522
Final dues payable		11,774,558	15,499,891
Others		-	33,490
		<u>107,543,378</u>	<u>102,753,430</u>

10.1 This includes an amount of Rs. 44.277 million (2021: Rs. 35.836 million) payable to Chief Executive Officer (related party).

11 SECURITY DEPOSITS

These amounts have been received as security deposits from tenants which have not been kept in a separate bank account and are being utilized as working capital of the Company in accordance with written agreements executed with such tenants.

	Note	2022 Rupees	2021 Rupees
12 ACCRUED MARKUP			
Accrued mark-up / interest on long term financing - related parties		160,255,704	157,647,029
Accrued mark-up / interest on short term borrowings - related party		16,215,279	12,322,413
		<u>176,470,983</u>	<u>169,969,442</u>

	Note	2022 Rupees	2021 Rupees
13 SHORT TERM BORROWINGS			
Banking companies - unsecured			
Commercial bank- current account (bank overdraft)	13.1	716,849	-
Related parties - unsecured			
Associated company- unsecured	13.2	35,784,203	35,784,203
		<u>36,501,052</u>	<u>35,784,203</u>

13.1 Unfavourable balance has arisen due to issuance of cheques near year end. However, concerned bank statement shows favourable balance.

13.2 Short term financing has been obtained to meet working capital requirements of the company and to settle bank's borrowings. This is payable on demand to the associated Company.

13.3 Mark-up is charged at same rates which are being charged by the bank to the associated company ICC (Pvt) Limited i.e. one month KIBOR plus 2.50% (2021: One month KIBOR plus 2.00% to 2.25%) per annum.

14 CONTINGENCIES AND COMMITMENTS

14.1 CONTINGENCIES

14.1.1 Withholding Tax Compliance proceedings u/s 161/205 of the Ordinance for the Tax Year 2009 were initiated by the Deputy Commissioner Inland Revenue (DCIR). The Company had 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) confirming the demand raised by the DCIR.

Being aggrieved, the Company preferred an appeal before ATIR, whereby the ATIR confirmed the demand raised by CIR-A upto Rs. 825,000/- and remanded back the case to assessing officer in respect of the remaining demand. No correspondence has been received from the department till date.

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

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- 14.1.2** During 2011, Withholding Tax Compliance proceedings u/s 161/205(3) of the Ordinance 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 had 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 (ITAT) which is pending for adjudication.

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 has preferred an appeal before 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 had also filed a rectification application u/s 221 of the Ordinance which has been disposed off vide order dated 04-06-2020, on the ground that confirmation of points not contested has not caused any further charge of tax. Remand back proceedings in respect of imposition of default surcharge were initiated and the Company had duly complied the notice. No correspondence has been received from the department till date.

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

- 14.1.3** During 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 had 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 the Company and remanded back the proceedings to the department. Later on, the ACIR finalized proceedings by passing an order and raised impugned demand of Rs. 3,740,750/- and the Company has preferred an appeal before CIR-A. The case is decided against the Company.

The Company preferred 2nd appeal before the Honourable Appellate Tribunal Inland Revenue. The appeal was heard on 22-08-2022 and the ATIR after considering the contention of the Company, decided the case in favour of the Company vide its Order bearing ITA No. 190/LB/2022 dated 19-09-2022.

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15 PROPERTY PLANT AND EQUIPMENT

15.1 Operating fixed assets

DESCRIPTION	Cost or assessed value as on July 01, 2021	Cost of additions	Transfer from assets held for sale	Gross book value as on June 30, 2022	Rate %	DEPRECIATION				Net book value as on June 30, 2022
						As on July 01, 2021	Revaluation	For the year	As on June 30, 2022	
Rupees					Rupees					
Plant and machinery	4,228,572	-	2,196,000	6,424,572	7.69	302,020	-	385,785	687,805	5,736,767
Furniture and fittings	3,150,835	-	-	3,150,835	10	2,770,215	-	38,062	2,808,277	342,558
Vehicles	1,544,065	-	-	1,544,065	20	1,390,387	-	30,736	1,421,123	122,942
Electrical appliances	2,146,539	22,450	-	2,168,989	10	1,685,068	-	46,258	1,731,326	437,663
Office equipment	9,625,605	90,000	-	9,715,605	10	7,643,088	-	200,570	7,843,658	1,871,947
	20,695,616	112,450	2,196,000	23,004,066		13,790,778	-	701,411	14,492,189	8,511,877

DESCRIPTION	Cost or assessed value as on July 01, 2020	Cost of additions / (deletion)	Surplus/deficit on revaluation of assets	Gross book value as on June 30, 2021	Rate %	DEPRECIATION				Net book value as on June 30, 2021
						As on July 01, 2020	Revaluation	For the year	As on June 30, 2021	
Rupees					Rupees					
Plant and machinery	4,823,572	-	-	4,228,572	6.2-16.7	-	-	311,684	302,020	3,926,552
		(595,000)						(9,664)		
Furniture and fittings	3,150,835	-	-	3,150,835	10	2,727,924	-	42,291	2,770,215	380,620
Vehicles	1,544,065	-	-	1,544,065	20	1,351,967	-	38,420	1,390,387	153,678
Electrical appliances	2,146,539	-	-	2,146,539	10	1,633,793	-	51,275	1,685,068	461,471
Office equipment	9,625,605	-	-	9,625,605	10	7,422,808	-	220,280	7,643,088	1,982,517
	21,290,616	-	-	20,695,616		13,136,492	-	663,950	13,790,778	6,904,838
		(595,000)						(9,664)		

15.1.1 Depreciation for the year has been allocated as under :

Note	2022 Rupees	2021 Rupees
27	385,785	311,684
Administrative expenses	28	315,626
	<u>701,411</u>	<u>663,950</u>

15.1.2 Disposal of fixed assets & non-current assets classified as held for sale

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

Boiler - Wood Fired 2,131,200 2,131,200 2,136,752 5,552 By Kirtas Paper Board Mill Negotiations Private Ltd, Haripur, KPK.

2022 Rupees 2,131,200 2,131,200 2,136,752 5,552

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

15.1.3 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, fifth during 2017. The basis used for revaluation of plant and equipment are as follows:

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.

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- 15.1.4** 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:

	2022 Rupees	2021 Rupees
Plant and machinery	2,745,342	1,210,279
	<u>2,745,342</u>	<u>1,210,279</u>

- 15.1.5** Forced sale value of revalued fixed assets amounts to Rs. 4,302,575 (2021: Rs. 2,944,914).

	2022 Rupees	2021 Rupees
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16 INVESTMENT PROPERTIES

Fair values as at July 01

Free hold land	826,650,000	776,550,000
Other changes	15,531,000	15,531,000
Buildings on freehold land	170,337,550	170,337,550
	<u>1,012,518,550</u>	<u>962,418,550</u>

Carrying value before revaluation as at June 30

Free hold land	826,650,000	776,550,000
Other changes	15,531,000	15,531,000
Buildings on freehold land	170,337,550	170,337,550
	<u>1,012,518,550</u>	<u>962,418,550</u>

Changes in fair values during the year:

Free hold land	71,810,000	50,100,000
Buildings on freehold land	18,505,735	-
	<u>90,315,735</u>	<u>50,100,000</u>

Fair values as at June 30

Free hold land	898,460,000	826,650,000
Other changes	15,531,000	15,531,000
Buildings on freehold land	188,843,285	170,337,550
	<u>1,102,834,285</u>	<u>1,012,518,550</u>

- 16.1** 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.

- 16.2** Latest valuation of these properties has been carried out on December 31, 2021 by an independent valuer, M/s Arch-e' Decon.

- 16.3** 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 2021.

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.

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

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.

- 16.5** Forced sale value of such free hold land and buildings on free hold land on June 30, 2022 was Rs. 763,691,000 (2021: Rs. 702,652,500) and Rs. 160,516,792 (2021: Rs. 144,786,918) respectively.

- 16.6** Title of land is in former name of the Company i.e. ICC Textiles Limited.

ICC INDUSTRIES LIMITED (Formerly ICC Textiles Limited)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

		2022 Rupees	2021 Rupees	
17	LONG TERM LOANS AND ADVANCES			
	Advances - secured but considered good	17.1	17,500	22,500
17.1	Advances to:			
	Employees		38,500	40,500
	Less: Current portion		(21,000)	(18,000)
			17,500	22,500
17.2	Advances to employees are secured against retirement benefits. Maximum aggregate amount in respect of loan extended to employees is at discretion of the Board of Directors.			
		Note	2022 Rupees	2021 Rupees
18	LONG TERM DEPOSITS			
	Security deposits	18.1	1,469,034	1,469,034
18.1	Security deposits mainly include security deposits for electricity connection.			
19	STORES, SPARE PARTS AND LOOSE TOOLS			
	Stores		1,646,949	1,639,714
	Spare parts		1,957,032	1,957,032
	Packing material		6,515	6,515
	Loose tools		659,512	659,512
			4,270,008	4,262,773
20	TRADE DEBTS			
	Local - Unsecured but considered good		42,646	88,654
21	LOANS AND ADVANCES			
	Advances - unsecured but considered good:			
	to other executives - against salaries and expenses	21.1	2,323,279	791,128
	to employees - against salaries and expenses		319,635	222,044
	to suppliers		190,459	167,564
			2,833,373	1,180,736
			2,833,373	1,180,736
21.1	The maximum aggregate amount due from executives at end of any month was Rs.2,323,279 (2021: Rs. 791,128).			
		Note	2022 Rupees	2021 Rupees
22	SHORT TERM PREPAYMENTS AND OTHER RECEIVABLES			
	Prepayments		918,505	91,285
	Export rebate receivable		568,331	568,331
	Other receivables	22.1	-	14,318,302
			1,486,836	14,977,918
22.1	The Company had executed Finance Facilities Settlement Agreement on May 28, 2015 with MCB and resultantly, one director had sold his property amounting to Rs. 140 million to MCB. This sale transaction also included a buy back option for the director on the same price along with cost of funds (to be paid by the company to MCB) within a period of three years of such agreement. Such sale proceeds had been advanced to the company as long term loans by the director which also carried markup equivalent to cost of funds of MCB. These loan proceeds from the director had been utilized for settlement of finance facilities extended to the company by MCB. The cost of funds amounting to Rs. 22,318,302 due upto May 2018 had also been paid by the company to MCB during financial year ended June 2018, as at that time, the director had intention to exercise such buy-back option.			
	However, later on, this buy - back option could not be exercised by the director and accordingly, cost of funds already paid by the company to MCB in 2018 was receivable from MCB which has been ultimately paid to the director and the same has been included in accrued markup due towards directors. Out of total amount of Rs. 22.318 million, Rs. 8.0 million had already been received during last year while remaining amount has been received from MCB during the year.			

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	Note	2022 Rupees	2021 Rupees
23 TAX REFUNDS DUE FROM GOVERNMENT			
Income tax refundable - net		17,932,231	19,475,174
Sales tax refundable		823,206	823,206
		<u>18,755,437</u>	<u>20,298,380</u>
24 CASH AND BANK BALANCES			
Cash in hand		2,486,004	59,340
Cash at banks:			
Current accounts	24.1	404,755	1,785,556
Deposit accounts		4,418	4,146
		409,173	1,789,702
		<u>2,895,177</u>	<u>1,849,042</u>
24.1	Deposit accounts earn interest 6.5% (2021: 5.50% to 5.50%) per annum.		
24.2	These bank accounts in the previous name of the Company "ICC Textiles Limited".		
25 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE			
These represent realizable value of following assets. 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):			
	Note	2022 Rupees	2021 Rupees
Plant and equipment:			
Sulzer looms related equipment, warping and sizing machines	25.1	-	4,327,200
25.1 Sulzer looms related equipment, warping and sizing machine			
Opening balance		4,327,200	8,297,710
Carrying amount of assets disposed off during the year	15.1.2	(2,131,200)	(3,162,563)
Transfer of generator to operating fixed assets		(2,196,000)	-
Decrease in revaluation surplus during the year		-	(420,949)
Impairment of non-current assets held for sale		-	(386,998)
Closing balance		<u>-</u>	<u>4,327,200</u>
	Note	2022 Rupees	2021 Rupees
26 REVENUE			
Rental income		39,028,470	9,987,070
		<u>39,028,470</u>	<u>9,987,070</u>
26.1	Rental income pertains to investment properties (refer Note 16).		
27 DIRECT COST			
Salaries and other benefits	27.1	7,743,479	6,120,782
Fuel and power		1,606,820	1,903,506
Repairs and maintenance		782,295	502,315
Depreciation	15.1.1	385,785	311,684
		<u>10,518,379</u>	<u>8,838,287</u>
27.1	Salaries, wages and other benefits include post retirement benefits amounting to Rs. 729,081 (2021: Rs. 847,030).		

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FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
28 ADMINISTRATIVE EXPENSES			
Salaries and other benefits	28.1	18,576,934	17,332,710
Travelling and conveyance		48,070	66,460
Rent, rates and taxes		3,829,502	3,971,044
Printing and stationery		150,442	184,645
Communication		374,203	414,141
Vehicles running and maintenance		1,140,013	1,005,166
Entertainment		571,095	520,003
Repairs and maintenance		402,831	363,546
Utility expenses		1,064,108	809,572
Legal and professional		1,045,000	1,000,000
Subscription		121,333	161,658
Insurance		127,423	68,369
Advertisement		38,100	43,135
Depreciation	14.1.1	315,626	352,266
		<u>27,804,680</u>	<u>26,292,715</u>

28.1 Salaries and other benefits include post retirement benefits amounting to Rs.3,975,791 (2021: Rs. 3,729,359).

	Note	2022 Rupees	2021 Rupees
29 OTHER EXPENSES			
Auditors' remuneration	29.1	805,450	1,000,500
Impairment of non-current assets held for sale		-	386,998
Others		93,650	318,672
		<u>899,100</u>	<u>1,706,170</u>
29.1 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 float review		10,000	30,000
CDC certification		30,000	10,000
Tax representation and consultancy fee		175,450	368,000
Out of pocket expenses		15,000	17,500
		<u>805,450</u>	<u>1,000,500</u>
30 OTHER INCOME			
Interest on saving accounts		272	192
PV adjustment of interest free loans		5,334,193	1,358,274
Gain on sale of property, plant and equipment		5,552	152,101
		<u>5,340,017</u>	<u>1,510,567</u>
31 FINANCE COST			
Mark-up on:			
- Financing from directors		13,671,916	19,320,022
- Financing from associated company		4,316,799	3,466,813
Unwinding of discount		41,518,231	38,173,140
Loss on modification of terms of loans	8.4	24,269,731	-
Bank charges		6,971	15,474
		<u>83,783,648</u>	<u>60,975,449</u>

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	Note	2022 Rupees	2021 Rupees
32 TAXATION			
Current tax expense	32.1	8,460,183	2,201,150
Prior years tax expense		-	825,000
Deferred tax income	7.2	(60,587)	(316,001)
		<u>8,399,596</u>	<u>2,710,149</u>

32.1 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.

32.2 As the Company's taxable income fall under normal tax regime and there are carry forward business losses, the reconciliation of applicable and effective tax rate is not meaningful.

33 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:

	2022	2021
Profit / (Loss) attributable to ordinary shareholders Rs.	3,278,819	(38,925,133)
Weighted average number of ordinary shares (number of shares)	30,001,120	30,001,120
Earning/ (Loss) per share - Basic and diluted	<u>0.11</u>	<u>(1.30)</u>

33.1 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.

34 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.

34.1 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. 5.837 million (2021: Rs. 18.761 million), the financial assets that are subject to credit risk amounted to Rs. 5.351 million (2021: Rs. 18.702 million).

The Company monitors credit quality of the financial assets with reference to 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 as per bank statement and investment held with some major counterparties at the date of statement of financial position.

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Banks	Rating		Agency	June 2022 (Rupees)	June 2021 (Rupees)
	Short term	Long term			
Allied Bank Limited	A 1+	AAA	PACRA	28,660	28,660
MCB Bank Limited	A 1+	AAA	PACRA	362,948	1,682,189
Habib Metropolitan Bank Limited	A 1+	AA+	PACRA	1,607	5,230
National Bank of Pakistan	A 1+	AAA	PACRA	1,557	1,557
United Bank Limited	A 1+	AAA	VIS	4,503	4,503
Faysal Bank Limited	A 1+	AA	VIS	1,283	5,668
Bank Al Habib Limited	A 1+	AAA	PACRA	8,615	61,895
Total				409,173	1,789,702

The aging of trade debts at reporting date is:

	2022 (Rupees)	2021 (Rupees)
Past due 1-30 days	-	11,027
Past due 31-150 days	-	34,981
Past due over 150 days	42,646	42,646
	42,646	88,654

34.2 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 2022:

	Carrying amount (Rupees)	Less than one year (Rupees)	One to five years (Rupees)	More than five years (Rupees)
Long term financing from directors	241,534,418	-	241,534,418	-
Trade and other payables	107,543,378	107,543,378	-	-
Security deposits	12,626,295	-	12,626,295	-
Accrued markup	176,470,983	176,470,983	-	-
Short term borrowings	36,501,052	36,501,052	-	-
Total	574,676,126	320,515,413	254,160,713	-

The following are the contractual maturities of financial liabilities as at 30 June 2021:

	Carrying amount (Rupees)	Less than one year (Rupees)	One to five years (Rupees)	More than five years (Rupees)
Long term financing from directors	575,529,060	-	575,529,060	-
Trade and other payables	102,753,430	102,753,430	-	-
Security deposits	2,024,482	-	2,024,482	-
Accrued markup	169,969,442	169,969,442	-	-
Short term borrowings	35,784,203	35,784,203	-	-
Total	886,060,617	308,507,075	577,553,542	-

34.3 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.

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b) Interest/Markup rate risk

The interest/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 interest rates.

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

	2022	2021	June 2022	June 2021
			Rupees	
Financial liabilities				
Long term financing from directors	N/A	9.53%	-	197,000,000
Short term borrowings	16.66%	9.78%	36,501,052	35,784,203
Total			36,501,052	232,784,203
Financial assets				
Cash at bank - deposit accounts	6.5%	5.5%	4,418	4,146
Total			4,418	4,146

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 2021.

	Profit or loss 100 basis points	
	Increase Rupees	Decrease Rupees
As at 30 June 2022		
Cash flow sensitivity-Variable rate financial liabilities	357,842	(357,842)
As at 30 June 2021		
Cash flow sensitivity-Variable rate financial liabilities	927,842	(927,842)

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.

34.4 Financial Instruments by categories

	Financial assets at amortised cost	
	June 2022 (Rupees)	June 2021 (Rupees)
Financial assets		
Loans and advances	2,660,414	1,035,672
Deposits	1,469,034	1,469,034
Trade debts	42,646	88,654
Other receivables	-	14,318,302
Cash and bank balances	2,895,177	1,849,042
Total	7,067,271	18,760,704

	Financial liabilities at amortised cost	
	June 2022 (Rupees)	June 2021 (Rupees)
Financial liabilities		
Long term financing from directors	241,534,418	575,529,060
Trade and other payables	107,543,378	102,753,430
Accrued markup/interest	176,470,983	169,969,442
Security deposits	12,626,295	2,024,482
Unclaimed dividend	1,662,656	1,662,656
Short term borrowings	36,501,052	35,784,203
Total	576,338,782	887,723,273

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34.5 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.

34.6 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			Total
	Amortised Cost	FVTPL	Total	Level 1	Level 2	Level 3	
	Rupees			Rupees			

June 30, 2022

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	17,500	-	17,500	-	-	-	-

Current Assets

Trade debts	42,646	-	42,646	-	-	-	-
Loans and advances	2,642,914	-	2,642,914	-	-	-	-
Cash & bank balances	2,895,177	-	2,895,177	-	-	-	-
Total	7,067,271	-	7,067,271	-	-	-	-

June 30, 2021

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	17,500	-	22,500	-	-	-	-

Current Assets

Trade debts	42,646	-	88,654	-	-	-	-
Loans and advances	2,642,914	-	1,013,172	-	-	-	-
Cash & bank balances	2,895,177	-	1,849,042	-	-	-	-
Total	7,067,271	-	4,442,402	-	-	-	-

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

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	2022 Rupees	2021 Rupees
Financial liabilities at amortised cost		
Trade and other payables	107,543,378	102,753,430
Short term borrowings	36,501,052	35,784,203
Unclaimed dividend	1,662,656	1,662,656
Long term financing from directors	241,534,418	575,529,060
Accrued interest / mark-up	176,470,983	169,969,442
Security deposits	12,626,295	2,024,482
	576,338,782	887,723,273

34.7 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:

	2022 Rupees	2021 Rupees
Total borrowings	278,035,470	611,313,263
Less: Cash and cash equivalents	2,895,177	1,849,042
Net debt	275,140,293	609,464,221
Total equity (including surplus on revaluation)	492,926,994	107,878,897
Total capital	768,067,288	717,343,118
Gearing ratio	35.82	84.96

35 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:

Nature of Transactions	2022 Rupees	2021 Rupees
Long term borrowing obtained from directors	38,000,000	7,321,584
Long term borrowing repaid to directors	52,000,000	8,000,000
Interest on loan debited by ICC (Private) Limited	4,316,799	3,466,813
Reimbursable expenses incurred on behalf of ICC (Private) Limited	7,373,211	7,982,060
Reimbursable expenses incurred by ICC (Private) Limited	20,267	32,313
Interest on loan obtained from directors	13,671,916	19,320,022
Adjustment of cost of funds on loan obtained from directors	-	22,318,302

35.1 Interest on short term borrowings is charged at the same rates which are charged by the banks to the associated company.

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

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36 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

Description	2022			2021		
	Chief Executive Officer	Directors	Executives	Chief Executive Officer	Directors	Executives
	----- Rupees -----					
Managerial remuneration	5,816,328	-	1,600,000	5,816,328	-	1,600,000
House rent allowance	2,617,344	-	320,000	2,617,344	-	320,000
Other allowances	-	-	480,000	-	-	480,000
	8,433,672	-	2,400,000	8,433,672	-	2,400,000
No. of person(s)	1	6	1	1	6	1

36.1 The Chief Executive Officer is provided with the Company maintained car as per rules of the Company.

36.2 Chief Executive Officer and executives are entitled for retirement benefits under un-funded gratuity scheme.

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

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

37 CASH FLOWS FROM OPERATING ACTIVITIES

Profit / (loss) for the year before taxation

Adjustments for non cash income and expenses:

	June 2022 Rupees	June 2021 Rupees
Profit / (loss) for the year before taxation	11,678,415	(36,214,984)
Adjustments for non cash income and expenses:		
Depreciation on property, plant and equipment	701,411	663,950
Impairment of non-current assets held for sale	-	386,998
(Gain) / Loss on disposal of property, plant and equipment & non-current assets classified as held for sale	(5,552)	(152,101)
Amortization of interest free loans	(5,334,193)	(1,358,274)
Unwinding of discount	41,518,231	38,173,140
Loss on modification of terms of loans	24,269,731	-
Changes in fair value of investment properties	(90,315,735)	(50,100,000)
Gratuity	4,704,872	4,576,389
Finance cost	42,265,417	22,802,309
	17,804,182	14,992,411
Change in working capital:	29,482,597	(21,222,573)
Increase / (decrease) In Current assets:		
Stores, spare parts and loose tools	7,235	(187,804)
Trade debts	(46,008)	(1,351,253)
Loans and advances	1,652,637	255,509
Short term prepayments and other receivables	(13,491,082)	14,405,759
Sales tax refundable	(0)	(8,131,112)
	(11,877,218)	4,991,099
Increase / (decrease) In Current liabilities:		
Trade and other payables	4,789,948	10,902,678
Security deposits	10,601,813	(339,441)
	15,391,761	10,563,237
Increase / (Decrease) In working capital	27,268,979	5,572,138
Net cash from/(used In) operations	56,751,576	(15,650,435)

ICC INDUSTRIES LIMITED (Formerly ICC Textiles Limited)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

38 REPORTABLE SEGMENT

The Company has one segment i.e. real estate. Earlier, it had two reportable segments (i.e. real estate and textiles). Due to discontinuation of textiles, now only segment is of real estate.

39 NUMBER OF EMPLOYEES

Number of employees at the end of the year

Average number of employees during the year

2022	2021
26	30
28	32

40 GENERAL

- 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.

41 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been approved by the Board of Directors of the Company and authorized for issue on October 07, 2022.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

FORM 34

**THE COMPANIES ACT, 2017
THE COMPANIES (GENERAL PROVISIONS AND FORMS) REGULATIONS, 2018**

[Section 227(2)(f)]

**PATTERN OF SHAREHOLDING OF THE SHARES
HELD BY THE SHAREHOLDERS AS AT JUNE 30, 2022**

No. of Shareholders	Shareholding		Total Shares Held
	From	To	
171	1	100	12,929
979	101	500	457,185
116	501	1,000	113,047
140	1,001	5,000	414,613
45	5,001	10,000	360,091
26	10,001	15,000	321,198
11	15,001	20,000	189,737
8	20,001	25,000	176,600
3	25,001	30,000	81,500
2	35,001	40,000	72,000
3	45,001	50,000	147,000
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
1,530			30,001,120

PATTERN OF SHAREHOLDING
FORM-34 AS ON JUNE 30, 2022

Categories of Shareholders

	<u>Shares held</u>	<u>Percentage</u>
1 Directors, Chief Executive Officer and their spouse and minor children		
Mr. Javaid Shafiq Siddiqi	4,457,918	14.86
Mr. Javaid Shafiq Siddiqi (CDC)	9,781,379	32.60
Mr. Pervaiz Shafiq Siddiqi (CDC)	7,714,933	25.72
Mrs. Fauzia Javaid	179,300	0.60
Mrs. Fauzia Javaid (CDC)	2,194,788	7.32
Mr. Salman Javaid Siddiqi (CDC)	1,000	0.00
Mr. Asim Pervaiz Siddiqi (CDC)	1,000	0.00
Mr. Arif Mahmud Khan	500	0.00
Mr. Naveed Hashim Rizvi	500	0.00
	<u>24,331,318</u>	<u>81.10</u>

2 Associated Companies, undertakings and related parties

- -

3 NIT & ICP

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

0 0.00

Total 163,992 0.55

7 General Public

a. Local 5,476,707 18.26

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 27,703 0.09

Grand Total 30,001,120 100.00

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 21,954,230 73.18

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 24,328,318 81.09

FORM OF PROXY

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

I/We
of being a member of ICC INDUSTRIES
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 Friday, the October 28, 2022 at 10:30 a.m. and at every adjournment thereof.

Signed this Day of *October* 2022.

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

بکریٹری

آئی سی ٹیکسٹائلز لمیٹڈ، 242-A آندر روڈ، اپر مال، لاہور

میں رہم _____ ساکن _____ بذریعہ ہذا
ضلع _____ بحیثیت ممبر آئی سی ٹیکسٹائلز لمیٹڈ (سی ڈی سی رفویو نمبر _____
محترم محترمہ _____ ساکن _____ کو بطور مختار (پراکسی) مقرر کرتا ہوں، تاکہ وہ میری جگہ
اور میری طرف سے کمپنی کے 34 ویں سالانہ عام اجلاس جو بتاریخ 28 اکتوبر 2022 بروز جمعہ 10:30 بجے کمپنی کے رجسٹرڈ آفس آئی سی ٹیکسٹائلز لمیٹڈ، 242-A، آندر روڈ،
اپر مال، لاہور میں منعقد ہو رہا ہے میں یا اس کے کسی ماتوی ہونے والے عام اجلاس میں ووٹ ڈالے۔
یہ پراکسی فارم آج مورخہ _____ کو درج ذیل گواہان کی موجودگی میں دستخط ہوا۔

دستخط شہزاد ہولڈرز:

گواہان _____ برائے مہربانی، روپے مالیت کی ریونیوسٹمپ چسپاں کریں۔

دستخط _____ دستخط _____

نام _____ نام _____

پتہ _____ پتہ _____

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

پاسپورٹ نمبر _____ پاسپورٹ نمبر _____

نوٹ:- پراکسی (نمائندے) کو فعال بنانے کے لیے نامزدگی کا فارم (پراکسی) مینٹنگ 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۔
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۔

کارپوریٹ اور مالی رپورٹنگ

کوڈ آف کارپوریٹ گورننس کی تیسری 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، آپریٹنگ 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 مشروط کئے بغیر، آٹھ توجہ سالانہ مالی حسابات کی رپورٹ کی 1.2 نوٹ کی طرف مبذول کرائی ہے جس کے مطابق کمپنی کے موجودہ واجبات اس کے موجودہ اثاثوں سے 269.537 ملین روپے زیادہ ہیں اور ادارے کا موجودہ مجموعی خسارہ 759.522 ملین روپے ہے۔ یہ غیر یقینی حالات ادارے کے جاری رہنے کی صلاحیت 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 دار و مدار 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 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 مجتمع کرنے کا منصوبہ تقریباً مکمل ہو چکا ہے۔ بنکوں کے تمام واجبات ادا ہو چکے ہیں اور کمپنی اپنی عمارت کا زیادہ تر حصہ کرایہ پر دے چکی ہے۔ اور غیر تعمیر شدہ رقبے کو بھی کرایے پر دینے کے لئے کوشاں ہے۔

کارپوریٹ گورننس

اسٹاک ایکسچینج کے فہرستی قواعد و ضوابط میں شامل کارپوریٹ گورننس کے بہترین طریقوں سے کوئی انحراف نہیں کیا گیا۔

چھ سال کا مالیاتی گوشوارہ Directors' Report میں دیا گیا ہے۔

سٹاف ریٹائرمنٹ پینشنٹ

گر پینشن کی تحقیقی قدر سال کے اختتام پر 33.319 ملین روپے ہے جو کہ 2021 کے اختتام پر 31.706 ملین روپے تھی۔

بورڈ اور کمیٹی کے اجلاس

سال جولائی 2021 سے جون 2022 کے دوران بورڈ آف ڈائریکٹرز کے 18 اجلاس منعقد ہوئے، آڈٹ کمیٹی کے 7 اجلاس اور آراہنہ آرکمیٹی کا ایک اجلاس منعقد ہوا جن کی حاضری حب ذیل تھی۔

ڈائریکٹرز کے نام	حاضری	آڈٹ کمیٹی
بورڈ آف ڈائریکٹرز		
1- جاوید شفیق صدیقی	6 عدد	1- عارف محمود خان
2- پرویز شفیق صدیقی	4 عدد	2- پرویز شفیق صدیقی
3- فوزیہ جاوید	5 عدد	3- سلمان جاوید صدیقی
4- سلمان جاوید صدیقی	6 عدد	
5- عاصم پرویز صدیقی	6 عدد	
6- عارف محمود خان	2 عدد	
7- نوید حاشم رضوی	2 عدد	

حاضری

ڈائریکٹرز کے نام

آئی سی سی انڈسٹریز لمیٹڈ

ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے، ہم 30 جون 2022 کو ختم ہونے والے مالی سال کی سالانہ آڈٹ شدہ رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

مالیاتی کارکردگی

ادارے کی مجموعی فروخت 39.028 ملین روپے رہی اور بعد از ٹیکس منافع 3.279 ملین روپے رہا جبکہ گزشتہ سال مجموعی فروخت 9.987 ملین روپے اور بعد از ٹیکس نقصان 38.925 ملین روپے تھا۔

مجموعی فروخت	39,028,470 روپے
مجموعی فائدہ	28,510,091 روپے
عملی منافع	5,146,328 روپے
مالیاتی لاگت	83,783,648 روپے
انوشنٹ پراپرٹی کی فیئر ویلیو میں تبدیلی	90,315,735 روپے
منافع بعد از ٹیکس	3,278,819 روپے
جمع شدہ نقصان	754,774,269 روپے
منافع فی حصہ شیئر	0.11 روپے

زیر جائزہ مدت

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

- سال کے دوران فروخت میں اضافہ 29.041 ملین روپے ہوا، جو کہ 9.987 ملین روپے سے 39.028 ملین روپے ہو گئی۔ جس کی وجہ ٹیکس بلڈنگ کے بڑے حصے کو نومبر 2021 سے کرائے پر دیا جانا ہے۔ گزشتہ سال کمپنی کے مالی معاملات مہلک عالمی وبا کوڈ 19 کی وجہ سے منفی طور پر متاثر ہوئے، اور ہمارے کئی کرائیدار عمارت خالی کر گئے۔
- اس سال مالیاتی لاگت 22.808 ملین روپے سے بڑھ گئی جس کی وجہ قرضوں کے معاہدات میں تبدیلی ہے۔
- جائیداد کی مالیت میں اس سال 90.316 ملین روپے (2021: 50.100 ملین روپے) اضافہ ہوا جس کی وجہ ریئل اسٹیٹ کے کاروبار کو حکومت کی جانب سے سہولتوں کی فراہمی ہے۔

مستقبل کی حکمت عملی اور امکانات

الحمد للہ کرونا کی وبا تقریباً ختم ہو چکی ہے۔ ہماری عمارت کا زیادہ تر حصہ کرائے پر دیا جا چکا ہے کرایہ کی شرح میں اضافے کی گنجائش موجود ہے کیونکہ عمارت کو وڈوبا کے دوران کرائے پر دی گئیں۔ ہماری کوشش ہے کہ ہم اپنے کٹے رتھے کو بھی کرائے پر اٹھا دیں۔ اس سب میں رکاوٹ روپے کی قدر میں کمی، مہنگائی، کاروباری سرگرمیوں میں کمی اور سیاسی صورت حال میں کشیدگی ہے۔ امید ہے ہوشمندی غالب آئے گی اور ملک بہتری کی جانب مائل بہ سفر ہوگا۔

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۔

بقایا قانونی واجبات

کوئی ٹیکس، ڈیوٹی، لیویز اور چارجز کی مدد میں قانونی ادائیگیاں نہیں ہیں جو 30 جون 2022 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۔