

ANNUAL REPORT

ARCTIC TEXTILE MILLS LIMITED

www.arctictextile.com



2023

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COMPANY INFORMATION

Board of Directors	Mr. Muhammad Ashraf Mr. Muhammad Iqbal Mr. Zeeshan Saeed Mr. Usman Mahmood Mrs. Saira Affan Mr. Muhammad Amman Adil Mr. Qaiser Nasir	Chairman Chief Executive Officer Director Director (Independent) Director (Independent) Director (Nominee BIPL) Director (Nominee BIPL)
Audit Committee	Mr. Usman Mahmood Mr. Muhammad Amman Adil Mr. Muhammad Ashraf	Chairman Member Member
HR and Remuneration Committee	Mrs. Saira Affan Mr. Qaiser Nasir Mr. Muhammad Iqbal	Chairperson Member Member
Nomination Committee	Mr. Muhammad Ashraf Mr. Usman Mahmood Mrs. Saira Affan	Chairman Member Member
Risk Management Committee	Mr. Muhammad Iqbal Mr. Muhammad Ashraf Mr. Usman Mahmood	Chairman Member Member
Company Secretary	Mr. Ali Mudassar	
Chief Financial Officer	Mr. Bisharat Ali	
Auditors	Riaz Ahmad and Company (Chartered Accountants) 560-F, Raja Road, Gulistan Colony, Faisalabad	
Banks	The Bank of Punjab Habib Metropolitan Bank Limited MCB Bank Limited	
Share Registrar	Corplink (Private) Limited Wings Arcade, 1-K, Commercial, Model Town, Lahore	
Registered/Head Office	133 - 134, Regency the Mall, Faisalabad. +92-41-2611028, 2610030 www.arctictextile.com, info@arctictextile.com	
Mills	35 - Kilometer, Sheikhpura Road, Faisalabad http://www.arctictextile.com/financial-statement.html	



VISION STATEMENT

- We aim at maintaining the confidence of our valued customers by fulfilling their needs, demands and stipulations.
- We will achieve consistent financial performance which creates value for the shareholders.
- Our organization encourages employee participation that also helps us to achieve quality results.
- We believe in innovative technology applications to achieve continuous improvement and ability to avail the required opportunities.
- We intend to involve all employees in the development and implementation of quality systems, which will be reviewed periodically to ensure their effectiveness.
- We aim to improve the profitability of our company through improved efficiency and cost controls.
- We will take effective measures so as to protect the environment and contribute towards the economic strength of the country and function as a good corporate citizen.

MISSION STATEMENT

We aim to strive for market leadership, to maintain full confidence of our customers, ensure continuous improvement in profitability and at maintenance of industry standards by striving for quality products and introduction of innovative quality applications.

CHAIRMAN'S REVIEW

The Board is composed of capable and accomplished leaders, each bringing their expertise from diverse corporate fields. The Board plays a central role in crafting major policies and strategies, enabling efficient and effective management of the Company, and is resolute in its commitment to promoting modernization within the organization. Our governance strictly adheres to the relevant laws and regulations, with all obligations, rights, responsibilities, and duties clearly defined and prescribed.

The Board members are fully aligned with our current vision, mission, and values, actively supporting them. We periodically review and revisit our mission and vision statements. Moreover, we have a comprehensive understanding of our stakeholders, which include shareholders, customers, employees, vendors, and society at large, all of whom we serve. The Board also possesses a strategic vision for the organization's evolution over the next three to five years, and we set annual goals and targets for management across all key performance areas.

The Board members have executed their duties meticulously, engaging in thorough reviews, discussions, and approvals of business strategies, corporate objectives, budget plans, financial statements, and other reports. Oversight of these measures is consistently maintained through presentations by both management and auditors. The Board also maintains continuous vigilance over various critical aspects, including product quality standards, ensuring stable and sustained growth, fostering diversity, upholding ethical behavior, and nurturing skilled resources for advancement and excellence.

In closing, we extend our heartfelt appreciation for your unwavering support and for placing your trust in the Board to steer the Company towards greater heights of corporate excellence in the forthcoming years.



Chairman

Faisalabad:
September 26, 2023

DIRECTOR'S REPORT TO THE MEMBERS

The Directors of the Company takes pleasure in presenting before you 38th directors' report of the Company, comprising of the audited financial statements for the year ended June 30, 2023 along with Auditors' Report thereon and other required information under Listed Companies (Code of Corporate Governance) Regulations, 2019 and the Companies Act 2017.

FINANCIAL RESULTS

	2023	2022
	(RUPEES IN THOUSAND)	
REVENUE	1,577,693	1,305,360
COST OF SALES	<u>(1,395,597)</u>	<u>(1,169,834)</u>
GROSS PROFIT	182,096	135,526
DISTRIBUTION COST	(6,047)	(7,060)
ADMINISTRATIVE EXPENSES	(35,742)	(30,372)
OTHER EXPENSES	(18,931)	(9,270)
OTHER INCOME	24,141	31,010
FINANCE COST	<u>(1,192)</u>	<u>(4,622)</u>
PROFIT BEFORE TAXATION	144,325	115,212
TAXATION	(41,950)	(31,648)
PROFIT AFTER TAXATION	<u>102,375</u>	<u>83,564</u>
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	<u>7.77</u>	<u>6.34</u>

FINANCIAL HIGHLIGHTS

The Company witnessed a commendable improvement during financial year ended June 30, 2023, it recorded a profit after taxation of Rupees 102.375 million, a substantial increase from the previous financial year's profit of Rupees 83.564 million. This upward trajectory is expected to persist in the future, contributing to a reduction in accumulated losses and an improvement in the current ratio. These positive developments will assure to strengthen Company's capacity for growth and further enhance its production facilities.

It's worth noting that the spinning industry stands as the cornerstone of the textile sector, playing a pivotal role in the overall economic development of the country. During the financial year, the textile industry in Pakistan faced a challenging period marked by a decline in its overall performance. Several factors contributed to this downturn, including high prices of energy, rising production costs, political unrest, inconsistent economic policies and unbearable inflationary pressure. These challenges impacted the industry's ability to compete effectively in the international market and meet export targets. Despite efforts to modernize and revitalize the sector, the textile industry struggled to maintain its previous growth trajectory. To get back on track and become strong again in the future, the industry needs some smart plans, requiring strategic measures and support.

ENVIRONMENT, HEALTH AND SAFETY

The Company maintains safe working conditions avoiding the risk to the health of employees and public at large. To keep our employees safe, the Company strictly follows defined social protocols. Clear guidelines are issued and awareness sessions & drills are carried out consistently to remain abreast with latest developments accordingly.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company remains conscious regarding its corporate social responsibility. During the current year, the Company prioritized its core value of being an environmentally conscious entity. Endorsing the idea of a greener Pakistan, staff members were provided tree saplings. The Company also ensured to keep its employees vaccinated and continued its operations with strict adherence to the SOPs.

SUBSEQUENT EVENTS

There are no material changes and commitments affecting the financial position of the Company between the end of the financial year and the date of this report.

IMPACT OF COMPANY'S BUSINESS ON ENVIRONMENT

Your company strives to follow best practices such as paper less environment and conserving energy.

FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Risk management is carried out by the Company's risk manager under policies approved by the Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

FUTURE OUTLOOK

The directors of the Company possess a deep understanding of the Company's operations, and they are actively exerting significant efforts to enhance the Company's overall performance. Their focus is on stringent cost control measures and minimizing internal expenses to maximize the Company's profitability. Throughout the year, the Company has executed well-planned strategies to generate profits and reduce its accumulated losses. Given the current economic conditions in the country, we anticipate upcoming challenges that may impact the textile business's revenue in the near future.

DIVIDEND

Since the Company has accumulated losses, therefore, the directors have not recommended any dividend for the year.

EARNINGS PER SHARE

The basic and diluted earnings per share for the year ended June 30, 2023 was Rupees 7.77 (2022: Rupees 6.34)

KEY OPERATING AND FINANCIAL DATA

Key operating and financial data for last six years in summarized form is annexed.

EXTERNAL AUDITORS

The auditors Messrs Riaz Ahmad & Company, Chartered Accountants, retires and being eligible, has offered themselves for their re-appointment. The Audit Committee, the Board of Directors has recommended their re-appointment as auditors of the Company for the next financial year ending 30 June 2024.

PATTERN OF SHAREHOLDING

Pattern of shareholding as on June 30, 2023 is annexed.

Compliance with the Code of Corporate Governance

The "Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019" is annexed.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The directors are pleased to report that:

- a) The financial statements, prepared by the management of the company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- b) Proper books of accounts of the Company have been maintained.
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) There is no significant doubt on the Company's ability to continue as a going concern.
- g) All transactions with related parties have been executed at arm's length and have been disclosed in the financial statements under relevant notes.
- h) The Company has a policy in place that ensures transparent procedures for fixing the remuneration of Directors and no single Director is involved in determining his own remuneration. For Information on remuneration of Directors and CEO, please refer note 29 to the financial statements.

COMPOSITION OF THE BOARD

The Board of Directors as at June 30, 2023 consist of:

Total number of directors as per gender diversity:

- a. Male: **06**
- b. Female: **01**

Composition:

- a) Independent Director: **02** as named hereunder:
 - i. Mr. Usman Mahmood
 - ii. Mrs. Saira Affan
- b) Other Non-executive Directors: **03** as named hereunder:
 - i. Mr. Muhammad Ashraf
 - ii. Mr. Muhammad Amman Adil
 - iii. Mr. Qaiser Nasir
- c) Executive Directors: **02** as named hereunder:
 - i. Mr. Muhammad Iqbal, Chief Executive Officer
 - ii. Mr. Zeeshan Saeed, Director

BOARD OF DIRECTORS MEETINGS

During the year under review five meetings were held and number of meetings attended by each director is as follows:

Name of Directors	Number of meetings attended
Mr. Muhammad Ashraf	5
Mr. Muhammad Iqbal	5
Mr. Zeeshan Saeed	5
Mr. Usman Mahmood	5
Mrs. Saira Affan	5
Mr. Muhammad Amman Adil	5
Mr. Qaiser Nasir	5

AUDIT COMMITTEE MEETINGS

Four meetings of the Audit Committee were held during the year, with the following attendance:

Name of Directors	Number of meetings attended
Mr. Usman Mahmood	4
Mr. Muhammad Amman Adil	4
Mr. Muhammad Ashraf	4

HUMAN RESOURCE & REMUNERATION COMMITTEE

One meeting of the HR & Remuneration Committee was held during the year, with the following attendance:

Name of Directors	Number of meetings attended
Mrs. Saira Affan	1
Mr. Qaiser Nasir	1
Mr. Muhammad Iqbal	1

NOMINATION COMMITTEE

One meeting of the Nomination Committee was held during the year, with the following attendance:

Name of Directors	Number of meetings attended
Mr. Muhammad Ashraf	1
Mr. Usman Mahmood	1
Mrs. Saira Affan	1

RISK MANAGEMENT COMMITTEE

One meeting of the Risk Management Committee was held during the year, with the following attendance:

Name of Directors	Number of meetings attended
Mr. Muhammad Iqbal	1
Mr. Muhammad Ashraf	1
Mr. Usman Mahmood	1

DIRECTOR'S REMUNERATION

The Board of Directors has devised the policy for the determination of remuneration. Following are its salient features.

- a) The Company will not pay any remuneration to its Non-Executive Directors except as meeting fee for attending the Board and its committee meetings;
- b) The remuneration of directors and meeting fee shall be determined and approved by the Board of Directors. Remuneration package is designed to attract suitable candidate and talent on the Board;
- c) No single Director is involved in determining his own remuneration

ADEQUACY OF INTERNAL AND FINANCIAL CONTROLS

The Board of Directors has established an effective system of Internal and Financial Controls that ensure:

- a) Effective and efficient conduct of operations;
- b) Safeguarding company assets;
- c) Compliance with applicable Laws and Regulation; and
- d) Reliable Financial Reporting

Internal audit function of the Company regularly appraises and monitors the implementation of Standard Operating Procedures and respective financial controls.

Internal audit reports are presented to the Audit Committee, as per internal audit plan. Accordingly, the Audit Committee reviews the effectiveness of the internal control framework and financial statement in its meetings.

ANNUAL BOARD PERFORMANCE EVALUATION

The Board considers its performance assessment as a key contributor to good governance as it provides feedback from the Directors on their perceptions of how the Board is currently performing its role and responsibilities. Envisaging the same, the Board devised in-house questionnaires based on emerging and leading practices to assist performance of the board as a whole, of its committees and of its members. The Company Secretary presents the summarized report for discussion and review of the Board annually.

ACKNOWLEDGMENT

We would like to seize this moment to convey our heartfelt appreciation to the dedicated employees of the Company, whose hard work and unwavering commitment have been instrumental in our success. Additionally, we extend our sincere gratitude to our esteemed shareholders and lenders for their invaluable cooperation and support.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

A handwritten signature in blue ink, appearing to be 'Faisal'.

Director

A handwritten signature in blue ink, appearing to be 'Faisal'.

Chief Executive Officer

**Faisalabad:
September 26, 2023**

ڈائریکٹرز رپورٹ

کپنی کے ڈائریکٹرز مالی سال 30 جون 2023 کی 38 ویں رپورٹ آپ کی خدمت میں پیش کر رہے ہیں۔ جس کے ساتھ ڈائریکٹرز رپورٹ اور دوسری معلومات کوڈ آف کارپوریٹ گورننس سہ ماہیہ 2019 اور کنٹینر ایکٹ 2017 کے مطابق لف ہیں۔

مالی کارکردگی:

مالیاتی نتائج کا خلاصہ درج ذیل ہے۔

2022	2023	
روپے ہزاروں میں	روپے ہزاروں میں	
1,305,360	1,577,693	آمدنی
(1,169,834)	(1,395,597)	لاگت آمدن
135,526	182,096	مجموعی نفع
(7,060)	(6,047)	فروخت و تقسیم کے اخراجات
(30,372)	(35,742)	تنظیمی اخراجات
(9,270)	(18,931)	دیگر اخراجات
31,010	24,141	دیگر آمدن
(4,622)	(1,192)	مالی لاگت
115,212	144,325	قبل از ٹیکس نفع
(31,648)	(41,950)	ٹیکس
83,564	102,375	بعد از ٹیکس نفع
6.34	7.77	فی حصص نفع (روپوں میں)
		مالیاتی نتائج:

30 جون 2023 کو ختم ہونے والے مالی سال کے دوران قابل ستائش بہتری دیکھی گئی، مالی نتائج میں مجموعی نفع 102.375 ملین روپے بعد از ٹیکس ہے۔ جبکہ پچھلے سال اسی دوران 83.564 ملین روپے بعد از ٹیکس نفع تھا۔ یہ نتائج مستقبل میں بھی جاری رہے گا۔ اور اس کے نتائج جمع شدہ نقصانات کو بھی کم کر دیں گے۔ یہ مثبت پیش رفت کپنی کی ترقی کی صلاحیت کو مضبوط بنانے اور اس کی پیداواری سہولیات میں بہتری اور اضافہ کرنے میں مدد سے گی۔

یہ بات قابل ذکر ہے کہ اسپینگ انڈسٹری ٹیکسٹائل انڈسٹری میں بنیاد کے طور پر کڑی ہے جو ملک کی مجموعی معاشی ترقی میں اہم کردار ادا کر رہی ہے۔ مالی سال کے دوران پاکستان میں ٹیکسٹائل کی صنعت کو مشکل دور کا سامنا کرنا پڑا ہے۔ جس کی وجہ سے مجموعی کارکردگی میں گراؤ آئی ہے۔ ان مشکلات کے کئی عوامل ہیں جس میں توانائی کی اونچی قیمتیں، برقی ہوئی پیداواری لاگت، سیاسی بے چینی، ناہوار معاشی پالیسیاں، اور ناقابل برداشت اخراجات کا دباؤ شامل ہے۔ ان مشکلات کی وجہ سے بین الاقوامی مارکیٹ میں موثر طریقے سے مقابلہ کرنے اور برآمدی اہداف کو پورا کرنے کی انڈسٹری کی صلاحیت کو متاثر کیا ہے۔ اس شبہ کو چھوڑنے اور اس کی بحالی کی کوششوں کے باوجود، ٹیکسٹائل کی صنعت کو اپنی سابقہ ترقی کے راستے کو برقرار رکھنے میں مشکلات کا سامنا کرنا پڑتا ہے اور مستقبل میں دوبارہ مضبوط بننے کے لیے انڈسٹری کو کچھ اسمارٹ منصوبوں کی ضرورت ہے۔ جس کے لیے آپریٹنگ اسٹریٹجک اقدامات کی ضرورت ہے۔

صحت، سلامتی اور ماحول:

کپنی ملازمین اور عوام کی صحت کو لاحق خطرے سے بچانے کے لیے اقدامات کرنے پر یقین رکھتی ہے۔ اپنے ملازمین کو محفوظ رکھنے کے لیے کپنی سماجی فاصلاتی پروٹوکول کی سختی سے پیروی کرتی ہے۔ واضح ہدایات جاری کیے جاتے ہیں۔ اور آگھنی سیشن ہوتے ہیں۔ تاکہ کپنی کے کاروباری معاملات احسن طریقے سے چلتے رہیں۔

کاروباری سماجی ذمہ داری:

کپنی اپنی کارپوریٹ سماجی ذمہ داری کے حوالے سے باشعور ہے۔ موجودہ سال کے دوران کپنی نے ماحولیاتی طور پر باشعور ادارہ ہونے کی اپنی سماجی ذمہ داری کو پر عزم طریقہ سے سرانجام دیا ہے۔ سرسبز پاکستان کے تصور کی تائید کرتے ہوئے تمام ملازمین کو درخت لگانے کی ہدایت کی اور پورے فراہم کئے۔ کپنی نے اپنے ملازمین کو کھانسی جیسے لگائے کو بھی یقینی بنایا۔ تاکہ وہ اپنے کام احسن طریقے سے جاری رکھ سکیں۔

اہم تبدیلیاں:

مالی سال کے اختتام کے دوران کپنی کی مالی حیثیت کو متاثر کرنے والی کوئی اہم تبدیلی اور وعدہ نہیں کیا گیا۔

ماحولیات پر کمپنی کے کاروبار کا اثر:

آپ کی کمپنی کا نڈ کے کم سے کم استعمال، اور توانائی کے تحفظ جیسے بہترین طریقوں پر عمل کرنے کی پوری کوشش کرتی ہے۔

مالی ریسک مینجمنٹ:

کمپنی کی سرگرمیاں اس کو متعدد مالی خطرات بشمول (مارکیٹ کا خطرہ، کرنسی کا خطرہ، قیمت کا خطرہ، اور سود کی شرح نمو،) سے دوچار کرتی ہیں۔ ادھار کا خطرہ، اور لیکویڈیٹی کا خطرہ، کمپنی کا مجموعی ریسک مینجمنٹ پر دوگرام مالی منڈیوں کی غیر متوقع صلاحیت پر مرکوز ہے۔ اور مالی کارروگی پر پائے جانے والے نکلنے والی اثرات کو کم کرنے کی کوشش کرتا ہے۔ کمپنی کا کلخززانہ بورڈ آف ڈائریکٹرز کے ذریعہ منظور شدہ پالیسیوں کے تحت کرتا ہے۔ کمپنی کا کلخززانہ مالی خطرات کا جائزہ لیتا ہے۔ اور ان کی تخفیف کرتا ہے۔ بورڈ مجموعی طور پر ریسک مینجمنٹ کے اصولوں کے ساتھ، کرنسی ریسک، دیگر قیمتوں کا خطرہ، سود کی شرح کا خطرہ، ادھار کا خطرہ، اور لیکویڈیٹی کا خطرہ، جیسے مخصوص معاملات کو سنبھالنے والی پالیسیاں مہیا کرتا ہے۔

مستقبل کے امکانات:

کمپنی کے ڈائریکٹرز کمپنی کے امور سے پوری طرح واقف ہیں۔ اور کمپنی کو زیادہ سے زیادہ منافع کمانے کے لئے کمپنی کی مجموعی کارروگی، لاگت کنٹرول اور داخلی اخراجات کم سے کم سطح تک بہتر بنانے کے لیے اپنی بھرپور کوششیں کر رہے ہیں۔ سال کے دوران کمپنی نے منافع کمانے اور اس کے جمع شدہ تقصانات کو کم سے کم کرنے کے لئے موثر انداز میں منصوبہ بندی کی ہے۔ اور اچھی کارکردگی کا مظاہرہ کیا ہے۔ ملک کے موجودہ حالات کے پیش نظر ہم توقع کر رہے ہیں کہ آنے والا دور مشکل ہوگا۔ اور ٹیکسٹائل کے کاروبار کی آمدنی کو متاثر کرے گا۔

منافع ادوکیا:

کمپنی کے جمع شدہ خسارے کی وجہ سے ڈائریکٹرز نے منافع زد دینے کی سفارش کی ہے۔

فی حصص منافع:

مالی سال 30 جون 2023 میں فی حصص منافع 7.77 روپے تھا۔ (2022: 6.34 روپے)

کلیدی آپریٹنگ اور مالی اعداد و شمار:

کلیدی آپریٹنگ اور مالی اعداد و شمار کا پچھلے چھ سالوں کا خلاصہ لگ ہے۔

آڈیٹرز:

موجودہ آڈیٹرز ریاض احمد اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے بعد از ریٹائرمنٹ اور اہلیت کی بنا پر خود کو دوبارہ تقرری کیلئے پیش کیا ہے۔ بورڈ آف ڈائریکٹرز کی آڈٹ کمیٹی نے ریاض احمد اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کو

دوبارہ اگلے مالی سال 30 جون 2024 کیلئے تقرری کی سفارش کی ہے

شیئرز ہولڈرز کی ترتیب

30 جون 2023 کی شیئرز ہولڈرز کی ترتیب لگ ہے۔

کوڈ آف کارپوریٹ گورننس

کوڈ آف کارپوریٹ گورننس کا بیان ہے کہ کوڈ آف کارپوریٹ گورننس قواعد و ضوابط 2019 کے تحت لگ ہے

کارپوریٹ اور فنانشل رپورٹنگ فریم ورک کا بیانیہ

1- کمپنی کی انتظامیہ کی طرف سے تیار کئے جانے والے مالیاتی اہمیت منصفانہ طور پر کمپنی کے امور، آپریٹنگ کے نتائج، کیش فلو اور دیگر مالیاتی تبدیلی بیان کرتے ہیں

2- کمپنی کے اکاؤنٹس کی بیکس کی معقول دیکھ بھال کی گئی ہے

3- مناسب اکاؤنٹنگ پالیسیوں کو مالی بیانات کی تیاری میں لاگو کیا گیا ہے۔ اور اکاؤنٹنگ تحجیم معقول، رواشنندانہ فیصلوں پر مبنی ہیں

4- بین الاقوامی مالیاتی رپورٹنگ کے معیارات، جو پاکستان میں بھی لاگو ہیں ان کی تمام فنانشل اہمیت منصفانہ طور پر مکمل کردی گئی ہے۔

5- اندرونی کنٹرول کے نظام کا ڈیزائن بالکل ٹھیک ہے اور اسے اچھے طریقے سے لاگو اور مانیٹر کیا گیا ہے۔

6- کمپنی کے جاری رہنے کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں

7- متعلقہ فریقوں کے ساتھ تمام لین دین کو ایمانداری سے انجام دیا گیا ہے۔ اور متعلقہ نوٹ کے ساتھ انکشاف کیا گیا ہے۔

8- کمپنی کے پاس ایک پالیسی ہے۔ جس میں ڈائریکٹرز کے معاوضے کو درست کرنے کے شفاف طریقے کا کوئی بھی نیا یا گویا ہے۔ اور کوئی بھی ڈائریکٹر اپنے معاوضے کے تعین میں ملوث نہیں ہے۔ ڈائریکٹرز

اور سی. ای. او. (C.E.O) کی معاوضے سے متعلق معلومات کے لئے براہ کرم مالی بیانات پر نوٹ 29 دیکھیں۔

بورڈ کی ترتیب:

30 جون 2023 تک ان افراد کے نام جو کے مالی سال کے دوران بورڈ آف ڈائریکٹرز تھے۔

صنفی تنوع کے مطابق ڈائریکٹرز کی تعداد یہ ہے:

مرد: 06

خواتین: 01

آزاد ڈائریکٹرز وہ ہیں جن کے نام درج ذیل ہیں:

جناب عثمان محمود

مسز سائرہ حفان

غیر ایگزیکٹو ڈائریکٹرز تین ہیں جن کے نام درج ذیل ہیں:

جناب محمد شرف

جناب محمد امان عادل

جناب قیصر ناصر

ایگزیکٹو ڈائریکٹرز وہ ہیں جن کے نام درج ذیل ہیں:

جناب محمد اقبال چیف ایگزیکٹو آفیسر

جناب ذیشان سعید ڈائریکٹر

مالی سال کے دوران میں بورڈ آف ڈائریکٹرز نے درج ذیل پانچ ملاقاتیں کیں۔ حاضر یوں کا ریکارڈ درج ذیل ہے۔

ڈائریکٹرز کے نام

حاضری

05

جناب محمد شرف

05

جناب محمد اقبال

05

جناب ذیشان سعید

05

جناب عثمان محمود

05

مسز سائرہ حفان

05

جناب محمد امان عادل

05

جناب قیصر ناصر

05

آڈٹ کمیٹی نے زیر جائزہ مالی سال کے دوران ملاقاتیں کی۔ جن کی تفصیلات درج ذیل ہیں

حاضری

04

ڈائریکٹرز کے نام

04

جناب عثمان محمود

04

جناب محمد امان عادل

04

جناب محمد شرف

انسانی وسائل اور معاوضہ کی کمیٹی: انسانی وسائل اور معاوضہ کمیٹی نے زیر جائزہ مالی سال کے دوران ایک ملاقات کی۔ جس کی تفصیلات درج ذیل ہے۔

حاضری

01

ڈائریکٹرز کے نام

01

مسز سائرہ حفان

01

جناب قیصر ناصر

01

جناب محمد اقبال

نمائندگی کی کمیٹی: نمائندگی کی کمیٹی نے زیر جائزہ مالی سال کے دوران ایک ملاقات کی۔ جس کی تفصیلات درج ذیل ہے۔

ذائیکٹرز کے نام	حاضری
جناب محمد شرف	01
جناب عثمان محمود	01
مسز سائرہ عقیق	01

رسک مینجمنٹ کمیٹی: رسک مینجمنٹ کی کمیٹی نے زیر جائزہ مالی سال کے دوران ایک ملاقات کی۔ جس کی تفصیلات درج ذیل ہے۔

ذائیکٹرز کے نام	حاضری
جناب محمد اقبال	01
جناب محمد شرف	01
جناب عثمان محمود	01

ذائیکٹرز کا معاوضہ:

بورڈ آف ڈائیکٹرز نے معاوضے کے عزم کے لئے پالیسی مرتب کی ہے۔ اس کی نمایاں خصوصیات مندرجہ ذیل ہیں۔

- 1- کمیٹی اپنے فیئر ایگریمنٹ ڈائیکٹرز کو کسی معاوضے کی ادائیگی نہیں کرے گی۔ ماسوائے ان کے بورڈ اور اس کے کمیٹی کے اجلاسوں میں شرکت کے۔
- 2- ڈائیکٹرز کا معاوضہ اور مینٹننس فیس بورڈ آف ڈائیکٹرز کے ذریعے اور منظوری کی جائے گی۔ مشاورت کی بورڈ میں مناسب اور باصلاحیت امیدواروں کو متوجہ کرنے کے لئے تشکیل کیا گیا ہے۔
- 3- کوئی بھی ڈائیکٹر اپنے معاوضے کے تعین میں ملوث نہیں ہے۔

اقدامات کا توازن:

داخلی اور مالی اقدامات کا توازن بورڈ آف ڈائیکٹرز نے اندرونی اور مالیاتی اقدامات کا ایک موثر نظام قائم کیا ہے۔ جس سے یہ یقینی بنایا جاتا ہے۔

1- کمیٹی کے اہلکاروں کی حفاظت کرنا۔

2- قابل اطلاق قوانین اور ضابطے کی تعمیل۔

3- قابل اعتماد مالیاتی بیانیہ

کمیٹی کا اندرونی آڈٹ کنٹنشن باقاعدہ طور پر معیاری آپریٹنگ طریقہ کار اور اس سے متعلق مالیاتی کنٹرول کے نفاذ کی نگرانی کرتا ہے۔

داخلی آڈٹ کی رپورٹ داخلی آڈٹ پلان کے مطابق آڈٹ کمیٹی کو پیش کی جاتی ہے۔ اس کے مطابق آڈٹ کمیٹی اپنے اجلاسوں میں اندرونی کنٹرول فریم ورک اور مالی بیان کا جائزہ لیتی ہے۔

سالانہ بورڈ کی کارکردگی کا جائزہ:

بورڈ اپنی کارکردگی کی تفصیلات کو گولڈن گورننس کلیدی مددگار کے طور پر دیکھتا ہے۔ کیونکہ یہ ڈائیکٹرز سے ان کے تاثرات پر رائے دیتا ہے۔ کہ بورڈ اس وقت اپنے کردار اور ذمہ داریوں کو کس طرح ادا کر رہا ہے۔ اس کا جائزہ لیتے ہوئے بورڈ نے اپنی کمیٹیوں اور اس کے ممبروں کی مجموعی طور پر بورڈ کی کارکردگی میں مدد کے لئے ابھرتے اور معروف طریقوں پر مبنی سوالنامے کا ماحول وضع کیا ہے۔ کمیٹی سکرٹری سالانہ بورڈ پر بحث و مباحثہ کے لئے خلاصہ رپورٹ پیش کرتا ہے۔

اعتراف:

ہم اس موقع سے فائدہ اٹھاتے ہوئے کمیٹی کے تخلص ملازمین کا جہد دل سے شکر یہ ادا کرتا چاہتے ہیں، جن کی سخت محنت اور غیر متزلزل عزم اور ہمت نے اہم کردار ادا کیا ہے۔ مذید برآں ہم مالیاتی اداروں، شیئرز ہولڈرز اور اپنے ملازمین کی گمن اور محنت کی قدر کی حمایت کے لیے دل سے شکر یہ ادا کرتے ہیں۔

بورڈ آف ڈائیکٹرز کی جانب سے:



فیصل آہد

26 ستمبر 2023

ذیشان سعید

ذائیکٹرز



محمد اقبال

چیف ایگریمنٹ آفیسر

KEY OPERATING AND FINANCIAL DATA

	2023	2022	2021	2020	2019	2018
	----- (RUPEES IN THOUSAND) -----					
Summary of Statement of Profit or Loss						
Profit/(Loss) before taxation	144,325	115,212	77,476	20,897	(22,408)	(4,351)
Taxation	(41,950)	(31,648)	(44,264)	(3,000)	7,953	1,076
Profit/(Loss) after taxation	102,375	83,564	33,212	17,897	(14,455)	(3,275)
Summary of Statement of Financial Position						
Total assets	564,702	578,564	516,401	653,866	368,017	390,355
Long term financing / loans	-	-	19,841	42,195	55,272	125,767
Deferred liabilities	51,793	35,039	23,772	18,546	-	-
Deferred income tax liability	56,397	70,280	57,477	48,858	56,008	57,837
Long term security deposits	30,000	30,000	30,000	30,000	-	-
Current liabilities	273,441	392,635	497,325	660,782	420,570	362,425
Net assets	153,071	50,610	(112,014)	(146,515)	(163,833)	(155,674)
Represented by:						
Share capital	131,748	131,748	131,748	131,748	131,748	131,748
Equity portion of shareholders' loan	13,335	13,335	13,335	13,335	13,335	13,335
Surplus on revaluation of plant, equipment and investment properties - net of deferred income tax	173,500	190,208	122,679	135,029	150,725	155,452
Accumulated loss - net off equity portion of shareholders' loan	(165,512)	(284,681)	(379,776)	(426,627)	(459,641)	(456,209)
	153,071	50,610	(112,014)	(146,515)	(163,833)	(155,674)

Statement of Compliance with Listed Companies (Code of Corporate Governance)

Regulations, 2019

Name of Company: Arctic Textile Mills Limited

Year Ending: 30 June 2023

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

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

- a. Male: Six
- b. Female: One

2. The composition of the Board of Directors ("the Board") is as follows:

Category	Name
Executive Directors	Mr. Muhammad Iqbal
	Mr. Zeeshan Saeed
Non-Executive Directors	Mr. Muhammad Ashraf
	Mr. Muhammad Amman Adil
	Mr. Qaiser Nasir
Independent Directors	Mr. Usman Mahmood
	Mrs. Saira Affan (female)

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company;
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of significant policies along with their date of approval or updating is maintained by the Company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The Board is fully compliant with Rule 19 of the Regulations regarding Directors' training program for the directors and heads of department of the Company.
10. 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;
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;

12. The Board has formed committees comprising of members given below:
- | | |
|----------------------------------|---------------|
| a) Audit Committee | |
| Mr. Usman Mahmood | (Chairman) |
| Mr. Muhammad Amman Adil | (Member) |
| Mr. Muhammad Ashraf | (Member) |
| b) HR and Remuneration Committee | |
| Mrs. Saira Affan | (Chairperson) |
| Mr. Qaiser Nasir | (Member) |
| Mr. Muhammad Iqbal | (Member) |
| c) Nomination Committee | |
| Mr. Muhammad Ashraf | (Chairman) |
| Mr. Usman Mahmood | (Member) |
| Mrs. Saira Affan | (Member) |
| d) Risk Management Committee | |
| Mr. Muhammad Iqbal | (Chairman) |
| Mr. Muhammad Ashraf | (Member) |
| Mr. Usman Mahmood | (Member) |
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance;
14. The frequency of meetings of the committee were as per following:
- | |
|--|
| a) Audit Committee: Five meetings during the financial year ended 30 June 2023 |
| b) HR and Remuneration Committee: One meeting during the financial year ended 30 June 2023 |
| c) Nomination Committee: One meeting during the financial year ended 30 June 2023 |
| d) Risk Management Committee: One meeting during the financial year ended 30 June 2023 |
15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, head of internal audit, company secretary or director of the company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all other requirements of the regulations 3, 6, 7, 8, 27, 32, 33, and 36 of the Regulations have been complied with; except for the independent directors in which fraction is not rounded up as one because the fraction (0.33) was less than 0.5.



Muhammad Iqbal
Chief Executive Officer



(Muhammad Ashraf)
Chairman

Riaz Ahmad & Company

Chartered Accountants

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Arctic Textile Mills Limited

Review Report on the Statement of Compliance Contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

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

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

As a part of our audit of 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 30 June 2023.

Riaz Ahmad & Co.
RIAZ AHMAD & COMPANY
Chartered Accountants

Faisalabad

Date: 28 September 2023

UDIN: CR202310184TC0pl8I3u

Riaz Ahmad & Company
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT**To the members of Arctic Textile Mills Limited****Report on the Audit of the Financial Statements****Opinion**

We have audited the annexed financial statements of Arctic Textile Mills Limited (the Company), which comprise the statement of financial position as at 30 June 2023, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state 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, the statement of profit or loss, the statement of 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 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2023 and of the profit, 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* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Riaz Ahmad & Company

Chartered Accountants

Following is the key audit matter:

Sr. No.	Key audit matters	How the matter were addressed in our audit
1.	<p>Revenue recognition</p> <p>The Company recognized net revenue of Rupees 1,577.693 million for the year ended 30 June 2023.</p> <p>We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Company and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets.</p> <p>For further information, refer to the following:</p> <ul style="list-style-type: none"> - Summary of significant accounting policies, Revenue from contracts with customers (Note 2.17 to the financial statements). - Revenue (Note 19 to the financial statements). 	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • We obtained an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue. • We compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents. • We compared a sample of revenue transactions recorded around the year-end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period. • We assessed whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 'Revenue from Contracts with Customers'. • We also considered the appropriateness of disclosures in the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

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

Riaz Ahmad & Company

Chartered Accountants

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal 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

Riaz Ahmad & Company

Chartered Accountants

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 (XIX of 2017);

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Chartered Accountants

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

The engagement partner on the audit resulting in this independent auditor's report is Liaqat Ali Panwar.


RIAZ AHMAD & COMPANY
Chartered Accountants

Faisalabad

Date: 28 September 2023

UDIN: AR2023101841p4xoAWc3

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

	NOTE	2023 (RUPEES IN THOUSAND)	2022 (RUPEES IN THOUSAND)	NOTE	2023 (RUPEES IN THOUSAND)	2022 (RUPEES IN THOUSAND)
EQUITY AND LIABILITIES						
SHARE CAPITAL AND RESERVES						
Authorized share capital						
17 000 000 (2022: 17 000 000) ordinary shares of Rupees 10 each		170,000	170,000		407,181	440,160
Issued, subscribed and paid up share capital						
13 174 800 (2022: 13 174 800) ordinary shares of Rupees 10 each fully paid in cash	3	131,748	131,748		12,399	10,704
Reserves						
Capital reserves						
Equity portion of former shareholders' loan		13,335	13,335			
Surplus on revaluation of property, plant and equipment - net of deferred income tax	4	173,500	190,208			
Accumulated loss		(165,512)	(284,681)			
Total equity		153,071	50,610		407,181	440,160
LIABILITIES						
NON-CURRENT LIABILITIES						
Deferred income tax liability	5	56,397	70,280		57,776	44,271
Staff retirement gratuity	6	51,793	35,039		-	61,712
Long term security deposit	7	30,000	30,000			19,930
CURRENT LIABILITIES		138,190	135,319		88,753	19,930
Trade and other payables	8	248,273	344,536		4,269	5,902
Accrued mark-up		-	150			
Current portion of non-current liabilities	9	11,348	31,340		154	1,646
Taxation - net		13,820	16,609		6,569	4,943
TOTAL LIABILITIES		411,631	527,954		157,521	138,404
CONTINGENCIES AND COMMITMENTS	10					
TOTAL EQUITY AND LIABILITIES		564,702	578,564		564,702	578,564


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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 30 JUNE 2023

	NOTE	2023 (RUPEES IN THOUSAND)	2022 (RUPEES IN THOUSAND)
REVENUE	19	1,577,693	1,305,360
COST OF SALES	20	(1,395,597)	(1,169,834)
GROSS PROFIT		182,096	135,526
DISTRIBUTION COST	21	(6,047)	(7,060)
ADMINISTRATIVE EXPENSES	22	(35,742)	(30,372)
OTHER EXPENSES	23	(18,931)	(9,270)
OTHER INCOME	24	24,141	31,010
FINANCE COST	25	(1,192)	(4,622)
PROFIT BEFORE TAXATION		144,325	115,212
TAXATION	26	(41,950)	(31,648)
PROFIT AFTER TAXATION		102,375	83,564
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	27	7.77	6.34

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2023

	2023	2022
	(RUPEES IN THOUSAND)	
PROFIT AFTER TAXATION	102,375	83,564
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss:		
Surplus on revaluation of property, plant and equipment - net	-	104,559
Related deferred income tax	-	(23,080)
	-	81,479
Remeasurement gain / (loss) arising on staff retirement gratuity	120	(3,366)
Related deferred income tax	(34)	947
	86	(2,419)
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income for the year-net of tax	86	79,060
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	102,461	162,624

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2023

	CAPITAL RESERVES			TOTAL	ACCUMULATED LOSS	TOTAL EQUITY
	SHARE CAPITAL	Equity portion of former shareholders' loan	Surplus on revaluation of property, plant and equipment - net of deferred income tax			
Balance as at 30 June 2021	131,748	13,335	122,679	136,014	(379,776)	(112,014)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	(14,110)	(14,110)	14,110	-
Transfer from surplus on disposal of property, plant and equipment - net of deferred income tax	-	-	(880)	(880)	880	-
Adjustment of deferred income tax liability due to remeasurement at year end	-	-	1,040	1,040	(1,040)	-
Profit for the year	-	-	-	-	83,564	83,564
Other comprehensive income for the year	-	-	81,479	81,479	(2,419)	79,060
Total comprehensive income for the year	-	-	81,479	81,479	81,145	162,624
Balance as at 30 June 2022	131,748	13,335	190,208	203,543	(284,681)	50,610
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	(15,565)	(15,565)	15,565	-
Transfer from surplus on disposal of property, plant and equipment - net of deferred income tax	-	-	(303)	(303)	303	-
Adjustment of deferred income tax liability due to remeasurement at year end	-	-	(840)	(840)	840	-
Profit for the year	-	-	-	-	102,375	102,375
Other comprehensive income for the year	-	-	-	-	86	86
Total comprehensive income for the year	-	-	-	-	102,461	102,461
Balance as at 30 June 2023	131,748	13,335	173,500	186,835	(165,512)	153,071

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023

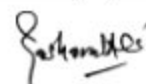
	2023	2022
	(RUPEES IN THOUSAND)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	144,325	115,212
Adjustments for non-cash charges and other items:		
Depreciation	38,191	36,646
Provision for staff retirement gratuity	21,603	13,653
Allowance for expected credit losses	7,804	17
Gain on sale of property, plant and equipment	(474)	(1,014)
Amortization of deferred grant	(155)	(2,119)
Profit on saving accounts	(35)	(147)
Finance cost	1,192	4,622
	212,451	166,870
Working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(13,505)	(10,126)
Stock in trade	61,712	(53,658)
Trade debts	(76,627)	50,830
Loans and advances	1,633	(3,147)
Short term deposits, prepayment and other receivables	1,453	(1,607)
	(25,334)	(17,708)
(Decrease) / increase in trade and other payables	(97,870)	169,881
	89,247	319,043
Cash generated from operations	89,247	319,043
Finance cost paid	(667)	(2,286)
Staff retirement gratuity paid	(3,638)	(4,362)
Net increase in long term deposits and prepayment	(1,695)	(2,403)
Income tax paid	(58,656)	(33,579)
	24,591	276,413
Net cash generated from operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant and equipment	(4,240)	(11,412)
Proceeds from sale of property, plant and equipment	1,197	3,500
Profit on saving accounts received	74	232
	(2,969)	(7,680)
Net cash used in investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing	(19,996)	(39,991)
Repayment of short term borrowings	-	(263,427)
	(19,996)	(303,418)
Net cash used in financing activities		
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	1,626	(34,685)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	4,943	39,628
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 18)	6,569	4,943



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

1. THE COMPANY AND ITS OPERATIONS

1.1 Arctic Textile Mills Limited (the Company) is a public limited company incorporated in Pakistan under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017) and listed on Pakistan Stock Exchange Limited. Its registered office is situated at 133-134, Regency the Mall, Faisalabad. The Company manufactures and deals in all types of yarn and also deals in trading of fabric / made ups. The manufacturing facility of the Company is situated at 35 Kilometers, Main Sheikhpura Road, Mouza Johal, Tehsil Jaranwala, District Faisalabad.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated:

2.1 Basis of preparation

a) Statement of compliance

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

b) Accounting convention

These financial statements have been prepared under the historical cost convention except for certain items of property, plant and equipment stated at revalued amounts and staff retirement gratuity carried at present value.

c) Critical accounting estimates and judgments

The preparation of financial statements in conformity with the 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 and other factors, including expectations 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 as follows:

Useful lives, patterns of economic benefits and impairments

The estimates for revalued amounts of different classes of property, plant and equipment, are based on valuation performed by external professional valuer and recommendation of technical teams of the Company. The said recommendations also include estimates with respect to residual values and depreciable lives. Further, the Company reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

Inventories

Net realizable value of inventories is determined with reference to currently prevailing selling prices less estimated expenditure to make sales. Inventory write-down is made based on the current market conditions and historical experience. It could change significantly as a result of changes in market conditions.

Income tax

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

Staff retirement gratuity

Certain actuarial assumptions have been adopted as disclosed in Note 6.5 to the financial statements for determination of present value of staff retirement gratuity. Any change in these assumptions in future years might affect the current and remeasurement gains and losses in those years.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgment. It is based on the lifetime expected credit loss, based on the Company's experience of actual credit loss in past years.

Revenue from contracts with customers involving sale of goods

When recognizing revenue in relation to the sale of goods to customers, the key performance obligation of the Company is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

Provisions

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

Contingencies

The Company reviews the status of all pending litigations and claims against the Company. Based on the judgment and the advice of the legal advisors for the estimated financial outcome, appropriate disclosure or provision is made. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the statement of financial position date.

d) Amendments to published approved accounting standards that are effective in current year and are relevant to the Company

Following amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2022:

- Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts – Cost of Fulfilling a Contract amends IAS 1 'Presentation of Financial Statements'
- Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before Intended Use'
- Annual improvements to IFRS standards 2018-2020 which amended IFRS 9 'Financial Instruments' and IFRS 16 'Leases'

The above-mentioned amendments to approved accounting standards did not have any impact on the amounts recognized in prior period and are not expected to significantly affect the current or future periods.

e) Amendments to published approved accounting standards that are effective in current year but not relevant to the Company

There are amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2022 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

f) Amendments to published approved accounting standards that are not yet effective but relevant to the Company

Following amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2023 or later periods:

Classification of liabilities as current or non-current (Amendments to IAS 1 'Presentation of Financial Statements') effective for the annual period beginning on or after 01 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as noncurrent by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply these amendments retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Disclosure of Accounting Policies (Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 'Making Materiality Judgement') effective for annual periods beginning on or after 01 January 2023. These amendments are intended to help preparers in deciding which accounting policies to disclose in their financial statements. Earlier, IAS 1 stated that an entity shall disclose its 'significant accounting policies' in their financial statements. These amendments shall assist the entities to disclose their 'material accounting policies' in their financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 'Income Taxes') effective for annual periods beginning on or after 01 January 2023. These amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations.

Change in definition of Accounting Estimate (Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors') effective for annual periods beginning on or after 01 January 2023. This change replaced the definition of Accounting Estimate with a new definition, intended to help entities to distinguish between accounting policies and accounting estimates.

On 31 October 2022, the IASB issued 'Non-current Liabilities with Covenants (Amendments to IAS 1)' to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments are effective for reporting periods beginning on or after 01 January 2024.

On 22 September 2022, the IASB issued 'Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)' with amendments that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments are effective for annual periods beginning on or after 01 January 2024.

On 25 May 2023, the IASB issued 'Suppliers Finance Arrangements (Amendments to IAS 7 and IFRS 7)' to add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangement. The amendments are effective for reporting period beginning on or after 01 January 2024.

The above amendments and improvements are likely to have no significant impact on the financial statements.

g) Standards and amendments to published approved accounting standards that are not yet effective and not considered relevant to the Company

There are other standards and amendments to published approved standards that are mandatory for accounting periods beginning on or after 01 July 2023 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

2.2 Provisions

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

2.3 Staff retirement gratuity

The Company operates defined benefit plan - unfunded gratuity scheme for its permanent employees, who have completed the minimum qualifying period of service as defined under the scheme, calculated from the date of their joining with the Company. The Company's obligation under the scheme is determined through actuarial valuation carried under Projected Unit Credit Actuarial Cost Method. Actuarial valuation is conducted by an independent actuary. The obligation at the date of statement of financial position is measured at the present value of the estimated future cash outflows. All contributions are charged to statement of profit or loss for the year.

Actuarial gains and losses (remeasurement gains / losses) on staff retirement gratuity are recognized immediately in other comprehensive income.

2.4 Taxation

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

2.5 Property, plant and equipment

a) Operating fixed assets

All operating fixed assets are stated at cost less accumulated depreciation and any identified impairment loss, except those subject to revaluation which are stated at revalued amount less accumulated depreciation and any identified impairment loss. Capital work-in-progress is stated at cost less any recognized impairment loss. It consists of expenditure incurred and advances made in respect of operating fixed assets in the course of their construction and installation. These are transferred to operating fixed assets as and when these are available for use. Cost of operating fixed assets consists of historical cost, borrowing cost pertaining to the construction / erection period of qualifying assets and other directly attributable costs of bringing the asset to working condition.

Increases in the carrying amounts arising on revaluation are recognized in other comprehensive income and accumulated in revaluation surplus in shareholders' equity. To the extent that increase reverses a decrease previously recognized in the statement of profit or loss, the increase is first recognized in the statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to the statement of profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of profit or loss and depreciation based on the asset's original cost, net of deferred income tax, is reclassified from surplus on revaluation of property, plant and equipment to accumulated loss.

Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the statement of profit or loss during the period in which they are incurred.

b) Depreciation

Depreciation on property, plant and equipment is charged to statement of profit or loss applying the reducing balance method so as to write off the cost / depreciable amount of the assets over their estimated useful lives at the rates given in Note 11.1. The Company charges its depreciation on additions from the date when the asset is available for use and on deletions up to the date when the asset is de-recognized. The residual values and useful lives are reviewed by the management, at each financial year-end and adjusted if impact on depreciation is significant.

c) De-recognition

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the statement of profit or loss in the year the asset is de-recognized.

2.6 Inventories

Inventories, except for stock in transit, are stated at the lower of cost and net realizable value. Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs of purchase and the estimated costs necessary to make a sale. Cost is determined as follows:

Stores, spare parts and loose tools

These are valued at lower of cost and net realizable value. Usable stores, spare parts and loose tools are valued principally at moving average cost, while items considered obsolete are carried at nil value. In transit stores, spare parts and loose tools are valued at invoice value plus other charges incidental thereto.

Stock in trade

These are valued at the lower of cost and net realizable value. Cost is determined as follows:

Finished goods and stock in transit are valued at cost comprising invoice value plus other charges paid thereon.

2.7 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment at each reporting date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount for which asset's carrying amount exceeds its recoverable amount. Reversals of the impairment losses are restricted to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if impairment losses had not been recognized. An impairment loss or reversal of impairment loss is recognized in the statement of profit or loss.

2.8 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

2.9 Financial instruments

i) Classification and measurement of financial instruments

Financial assets

a) Classification

The Company classifies its financial assets at amortized cost. The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

b) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, transaction costs that are directly attributable to the acquisition of the financial asset. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest. Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its debt instruments at amortized cost. Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Any gain or loss arising on de-recognition is recognized directly in profit or loss and presented in other income / (other expenses).

Financial liabilities**Classification and measurement**

Financial liabilities are classified and measured at amortized cost. Financial liabilities are subsequently measured at amortized cost using the effective yield method. Gains and losses are recognized in the statement of profit or loss. Any gain or loss on de-recognition is also included in statement of profit or loss.

ii) Impairment of financial assets

The Company recognizes loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortized cost. The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

At each reporting date, the Company assesses whether financial assets are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise; or
- it is probable that the debtor will enter bankruptcy or other financial reorganization.

iii) De-recognition of financial assets and financial liabilities**a) Financial assets**

The Company de-recognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such de-recognized financial asset that is created or retained by the Company is recognized as a separate asset or liability.

b) Financial liabilities

The Company de-recognizes a financial liability (or a part of financial liability) from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expired.

iv) Offsetting of financial instruments

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

2.10 Borrowings

Borrowings are recognized initially at fair value and are subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is recognized in the statement of profit or loss over the period of the borrowings using the effective interest method.

2.11 Share capital

Ordinary shares are classified as share capital. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax.

2.12 Trade and other receivables

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any allowance for expected credit losses.

Other receivables are recognized at amortized cost, less any allowance for expected credit losses.

2.13 Borrowing cost

Interest, mark-up and other charges on long term financing are capitalized up to the date of commissioning of respective qualifying assets acquired out of the proceeds of such long term financing. All other interest, mark-up and other charges are recognized in statement of profit or loss.

2.14 Dividend and other appropriations

Dividend and other appropriations are recognized in the financial statements in the period in which these are approved.

2.15 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost and are subsequently measured at amortized cost using the effective interest method.

2.16 Functional and presentation currency along with foreign currency transactions and translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the reporting date. Transactions in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are charged or credited to statement of profit or loss.

2.17 Revenue from contracts with customers**i) Revenue recognition****Sale of goods**

Revenue from the sale of goods is recognized at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Conversion and doubling services

The Company provides conversion and doubling services to local customers. These services are sold separately and the Company's contract with the customer for services constitute a single performance obligation.

Revenue from services is recognized at the point in time, generally at the time of dispatch. There are no terms giving rise to variable consideration under the Company's contracts with its customers.

Interest

Interest income is recognized as interest accrues using the effective interest method. This is a method of calculating the amortized cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognized when it is received or when the right to receive payment is established.

ii) Contract assets

Contract assets arise when the Company performs its performance obligations by transferring goods to a customer before the customer pays its consideration or before payment is due. Contract assets are treated as financial assets for impairment purposes.

iii) Contract liabilities

Contract liability is the obligation of the Company to transfer goods to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Company performs its performance obligations under the contract.

2.18 Earnings per share

The Company presents Earnings Per Share (EPS) data for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

2.19 Contingent assets

Contingent assets are disclosed when there is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognized until their realization become virtually certain.

2.20 Contingent liabilities

Contingent liability is disclosed when the Company has a possible obligation as a result of past events whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent liabilities are not recognized, only disclosed, unless the possibility of a future outflow of resources is considered remote. In the event that the outflow of resources associated with a contingent liability is assessed as probable, and if the size of the outflow can be reliably estimated, a provision is recognized in the financial statements.

2.21 Government grants

Grants from the Government are recognized at their fair value when there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

	2023	2022
	(RUPEES IN THOUSAND)	
3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL		
This represents 13 174 800 (2022: 13 174 800) ordinary shares of Rupees 10 each fully paid up in cash. 4 546 500 ordinary shares (2022: 4 546 500) of the Company are held by Beacon Impex (Private) Limited - an associate.		
4. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OF DEFERRED INCOME TAX		
Balance as on 01 July	190,208	122,679
Add:		
Increase in surplus on revaluation - net of deferred income tax	-	81,479
Adjustment of deferred income tax liability due to remeasurement at year end	(840)	1,040
	(840)	82,519
Less:		
Surplus transferred to accumulated loss on disposal of property, plant and equipment - net of deferred income tax	(303)	(880)
Transferred to accumulated loss in respect of incremental depreciation charged during the year - net of deferred income tax	(15,565)	(14,110)
	(15,868)	(14,990)
Balance as on 30 June	<u>173,500</u>	<u>190,208</u>
4.1 Revaluation of property, plant and equipment of the Company was carried out on 31 December 2021 by an independent valuer, Messrs Zafar Iqbal and Company according to the prevailing market prices. Previously revaluations were carried out by independent valuers on 31 December 2018, 30 June 2016, 15 June 2011, 17 March 2005, 11 April 2003 and 30 September 1995.		
5. DEFERRED INCOME TAX LIABILITY		
Taxable temporary differences on		
Accelerated tax depreciation	76,625	83,367
Deductible temporary differences on		
Provision for staff retirement gratuity	14,763	9,848
Provision for deferred income - Government grant	-	44
Allowance for expected credit losses	2,229	5
Provision for Gas Infrastructure Development Cess (GIDC)	3,236	3,190
	20,228	13,087
Deferred income tax liability	<u>56,397</u>	<u>70,280</u>
5.1 Movement in deferred income tax liability balance is as follows:		
Balance as on 01 July	70,280	57,477
Less:		
Recognized in statement of profit or loss:		
- accelerated tax depreciation	(6,742)	15,392
- Staff retirement gratuity	(4,915)	(3,181)
- deferred income - Government grant	44	611
- allowance for expected credit losses	(2,224)	(5)
- provision for GIDC	(46)	(14)
	(13,883)	12,803
Deferred income tax liability	<u>56,397</u>	<u>70,280</u>
5.1.1 Charged to the statement of profit or loss:		
Net movement of temporary differences (Note 5.1)	(13,883)	12,803
- on surplus on revaluation of property, plant and equipment	-	(23,080)
- on remeasurement of staff retirement gratuity	(34)	947
	(34)	(22,133)
Charged to the statement of profit or loss (Note 26)	<u>(13,917)</u>	<u>(9,330)</u>



	2023	2022
	(RUPEES IN THOUSAND)	
6. STAFF RETIREMENT GRATUITY		
The actuarial valuation of the staff retirement gratuity was conducted on 30 June 2023 using the Projected Unit Credit Actuarial Cost Method. The disclosures made in Note 6.1 to Note 6.9 to these financial statements are based on the information included in the actuarial report.		
6.1 Movement in the present value of staff retirement gratuity		
Balance at the beginning of the year	35,039	23,148
Add:		
Provision for the year (Note 6.2)	20,939	13,653
Remeasurements recognized in other comprehensive income (Note 6.3)	(120)	3,366
Liability transferred from other company	664	-
	<u>56,522</u>	<u>40,167</u>
Less:		
Payments made during the year	(3,638)	(4,274)
Liability transferred to the associate	-	(88)
Increase in current liability - net	(1,091)	(766)
	<u>(4,729)</u>	<u>(5,128)</u>
Balance at the end of the year	<u>51,793</u>	<u>35,039</u>
6.2 Provision for the year		
Current service cost	16,610	11,590
Interest cost	4,329	2,063
	<u>20,939</u>	<u>13,653</u>
6.3 Remeasurements recognized in other comprehensive income		
Actuarial loss from changes in financial assumptions	523	376
Actuarial loss from changes in demographic assumptions	-	458
Experience adjustments	(643)	2,532
	<u>(120)</u>	<u>3,366</u>
6.4 Reconciliation of present value of defined benefit obligation as at 30 June is given below:		
Present value of defined benefit obligation as at 01 July	35,039	23,148
Current service cost	16,610	11,590
Interest cost	4,329	2,063
Liability transferred to the associate	-	(88)
Liability transferred from other company	664	-
Benefits paid during the year	(3,638)	(4,274)
Benefits due but not yet paid	(1,091)	(766)
Experience adjustments	(120)	3,366
Present value of defined benefit obligation as at 30 June	<u>51,793</u>	<u>35,039</u>
6.5 Principal actuarial assumptions used		
Discount rate for interest cost in profit or loss charge (per annum)	13.25%	10.00%
Discount rate for year end obligation (per annum)	16.25%	13.25%
Expected rate of increase in salary (per annum)	15.25%	12.25%
Average duration of the benefit (years)	6	6
Mortality rates (Note 6.5.1)	SLIC 2001-05 set back 1 year	SLIC 2001-05 set back 1 year
Withdrawal rate	Age based	Age based
Retirement assumption	Age 60	Age 60

6.5.1 Assumptions regarding future mortality are based on actuarial advice in accordance with published statistics and experience in Pakistan

6.6 Sensitivity analysis for actuarial assumptions

The calculation of staff retirement gratuity is sensitive to assumptions given in Note 6.5. The related sensitivity is as follows:

Discount rate	1.00%	1.00%
Increase in assumption (Rupees in thousand)	(3,838)	(2,688)
Decrease in assumption (Rupees in thousand)	2,007	1,409
Future salary increase	1.00%	1.00%
Increase in assumption (Rupees in thousand)	2,159	1,515
Decrease in assumption (Rupees in thousand)	(4,027)	(2,821)

6.7 Projected benefit payments from plan

Followings are the expected distribution and timing of benefit payments at year end:

Year(s)	2023	2022
	(RUPEES IN THOUSAND)	
2023	-	8,946
2024	13,528	10,325
2025	14,051	78,696
2026 to 2033	124,639	69,572
2034 and onwards	1,481,189	662,483

Analysis of the above sensitivities are based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit plan to significant actuarial assumptions, the same method (present value of the defined benefit plan calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the staff retirement gratuity recognized within the statement of financial position.

6.8 The estimated expenses to be charged to the statement of profit or loss for the year ending on 30 June 2024 are Rupees 29.170 million

6.9 Risks associated with the scheme

Final salary risk (linked to inflation risk)

The risk that the final salary at the time of cessation of service is greater than what we assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

Demographic risks

- **Mortality risk** - The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

- **Withdrawal risk** - The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

	2023 (RUPEES IN THOUSAND)	2022
7. LONG TERM SECURITY DEPOSIT		
Balance as on 01 July	30,000	30,000
Received during the year (Note 7.1)	30,000	-
	<u>60,000</u>	<u>30,000</u>
Less: Repaid during the year	30,000	-
Closing balance	<u>30,000</u>	<u>30,000</u>
7.1	This deposit is interest free and is being utilized for the purpose of business in accordance with the terms of written agreement with Beacon Impex (Private) Limited - associate and repayable on completion of contract period.	
8. TRADE AND OTHER PAYABLES		
Creditors (Note 8.1)	91,267	206,493
Contract liabilities - unsecured	-	14,944
Accrued liabilities and other payables	125,677	106,611
Income tax deducted at source	202	138
Sales tax payable	13,346	4,234
Workers' profit participation fund (Note 8.2)	8,757	6,971
Workers' welfare fund (Note 8.3)	9,024	5,145
	<u>248,273</u>	<u>344,536</u>
8.1	As at 30 June 2023, trade creditors due to the associate, Beacon Impex (Private) Limited are amounting to Rupees Nil (2022: Rupees 85.627 million).	
8.2 Workers' profit participation fund		
Balance as on 01 July	6,971	4,279
Add: Provision for the year (Note 23)	7,248	6,213
Add: Interest for the year (Note 25)	516	200
	<u>14,735</u>	<u>10,692</u>
Less: Payments made during the year	5,978	3,721
Balance as on 30 June	<u>8,757</u>	<u>6,971</u>
8.3 Workers' welfare fund		
Balance as on 01 July	5,145	2,105
Add: Provision for the year (Note 23)	3,879	3,040
Balance as on 30 June	<u>9,024</u>	<u>5,145</u>
9. CURRENT PORTION OF NON-CURRENT LIABILITIES		
Long term financing (Note 9.1)	-	19,841
Deferred income - Government grant	-	155
GIDC payable (Note 9.2)	11,348	11,344
	<u>11,348</u>	<u>31,340</u>

	2023	2022
	(RUPEES IN THOUSAND)	
9.1 Long term financing		
From banking company-secured		
Balance at beginning of the year	19,841	57,713
Repayments during the year	(19,996)	(39,991)
	(155)	17,722
Unwinding of discount on liability (Note 25)	155	2,119
Balance at end of the year	-	19,841
9.1.1	These represented long term loans obtained under SBP refinance scheme for payment of wages and salaries to workers. The effective interest rate was calculated at 9.26% and 9.30% per annum as these loans were recognized at the present value. These loans were completely repaid on 03 October 2022. These were secured by way of creation of first exclusive charge of Rupees 419.521 million on Company's fixed assets located at 35-Kilometers Sheikhpura Road, Faisalabad along with personal guarantee of the directors of the Company and corporate guarantee of Beacon Impex (Private) Limited, the associate.	
9.2 Gas Infrastructure Development Cess (GIDC) payable		
Balance as on 01 July	11,344	11,028
Add: Unwinding of discount on GIDC payable (Note 25)	4	316
Balance as on 30 June	11,348	11,344
9.2.1	This represents amount payable on account of Gas Infrastructure Development Cess (GIDC) that was levied through GIDC Act, 2015. On 13 August 2020, Honorable Supreme Court of Pakistan upheld the GIDC Act, 2015 to be constitutional and intra vires. In connection with this decision, the Company filed a writ petition in Honorable Lahore High Court, Lahore on 14 September 2020 against the charge of GIDC at the rate of captive power consumer instead of industrial consumer. However the outcome of the writ petition is pending. GIDC payable was recognized at amortized cost in accordance with IFRS 9 by using effective interest rate of 9.26% per annum.	
10. CONTINGENCIES AND COMMITMENTS		
a) Contingencies		
i)	Guarantees of Rupees 20 million (2022: Rupees 20 million) are given by the Bank of the Company to SNGPL against gas connections.	
ii)	The Company filed a writ petition in the Honorable Lahore High Court, Lahore on 29 June 2022 against the recovery of fifty percent increase on social security contribution as penalty having an amount of Rupees 4.201 million (2022: Rupees 4.201 million) by Punjab Employees Social Security Institution (PESSI). Keeping in view of the opinion of the legal counsel of the Company, the related provision is not made in these financial statements as there are strong grounds of favorable outcome the petition.	
b) Commitments		
	There was no commitment as at 30 June 2023 (2022: Rupees Nil).	
11. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets (Note 11.1)	394,782	423,310
Capital work-in-progress (Note 11.2)	-	6,146
	394,782	429,456

11.1 OPERATING FIXED ASSETS

	Freehold land	Buildings on freehold land	Plant and machinery	Furniture and fixtures	Office equipment	Vehicles	Power generation house	Electric installations	Factory equipment	Electric equipment and appliances	Total
RUPEES IN THOUSAND											
At 30 June 2021											
Cost / revalued amount	31,009	90,444	621,753	1,157	3,313	26,162	73,959	25,670	5,835	2,195	881,497
Accumulated depreciation	-	(16,736)	(426,939)	(1,071)	(2,709)	(18,449)	(52,705)	(16,771)	(5,646)	(1,878)	(542,964)
Net book value	31,009	73,708	194,814	86	604	7,713	21,194	8,899	189	317	338,533
Year ended 30 June 2022											
Opening net book value	31,009	73,708	194,814	86	604	7,713	21,194	8,899	189	317	338,533
Additions	-	-	8,674	-	-	-	5,662	4,879	135	-	19,350
Effect of surplus on revaluation	22,453	49,901	32,205	-	-	-	-	-	-	-	104,559
Disposals:											
Cost / revalued amount	-	-	(24,481)	-	-	-	-	-	-	-	(24,481)
Accumulated depreciation	-	-	21,995	-	-	-	-	-	-	-	21,995
	-	-	(2,486)	-	-	-	-	-	-	-	(2,486)
Depreciation charge	-	(9,859)	(21,351)	(9)	(60)	(1,542)	(2,527)	(1,235)	(31)	(32)	(36,646)
Closing net book value	53,462	113,750	211,856	77	544	6,171	24,329	12,543	293	285	423,310
At 30 June 2022											
Cost / revalued amount	53,462	140,345	638,151	1,157	3,313	26,162	79,621	30,549	5,970	2,195	980,925
Accumulated depreciation	-	(26,595)	(426,295)	(1,080)	(2,769)	(19,991)	(55,292)	(18,006)	(5,677)	(1,910)	(557,615)
Net book value	53,462	113,750	211,856	77	544	6,171	24,329	12,543	293	285	423,310
Year ended 30 June 2023											
Opening net book value	53,462	113,750	211,856	77	544	6,171	24,329	12,543	293	285	423,310
Additions	-	10,386	-	-	-	-	-	-	-	-	10,386
Disposals:											
Cost / revalued amount	-	-	(14,112)	-	-	-	-	-	-	-	(14,112)
Accumulated depreciation	-	-	13,389	-	-	-	-	-	-	-	13,389
	-	-	(723)	-	-	-	-	-	-	-	(723)
Depreciation charge	-	(11,971)	(21,180)	(8)	(54)	(1,234)	(2,433)	(1,254)	(29)	(28)	(38,191)
Closing net book value	53,462	112,165	189,953	69	490	4,937	21,896	11,289	264	257	394,782
At 30 June 2023											
Cost / revalued amount	53,462	150,731	624,039	1,157	3,313	26,162	79,621	30,549	5,970	2,195	977,199
Accumulated depreciation	-	(38,566)	(434,086)	(1,088)	(2,823)	(21,225)	(57,725)	(19,260)	(5,706)	(1,938)	(582,417)
Net book value	53,462	112,165	189,953	69	490	4,937	21,896	11,289	264	257	394,782
Annual rate of depreciation (%)	-	10	10	10	10	20	10	10	10	10	10

11.1.1 Had there been no revaluation, the cost, accumulated depreciation and book value of the revalued assets would have been as follows:

	Cost	Accumulated depreciation	Net book value
	----- (RUPEES IN THOUSAND) -----		
Freehold land	21,019	-	21,019
Buildings on freehold land	62,233	32,820	29,413
Plant and machinery	261,508	179,105	82,403
Power generation house	67,518	50,868	16,650
2023	412,278	262,793	149,485
2022	414,692	261,482	153,210

2023 **2022**
(RUPEES IN THOUSAND)

11.1.2

Depreciation charged during the year has been allocated as follows:

Cost of sales (Note 20)	36,895	35,035
Administrative expenses (Note 22)	1,296	1,611
	38,191	36,646

11.1.3 Particulars of immovable properties (i.e. land and buildings) in the name of the Company are as follows:

Particulars	Location	Area of land	Covered area of buildings
		Kanals	Sq. ft.
Manufacturing facility	35 Kilometers, Main Sheikhpura Road, Mouza Johal, Faisalabad	42.77	154 984

11.1.4 Forced sales value of revalued property, plant and equipment as per last revaluation carried out on 31 December 2021 was Rupees 333.552 million.

11.2 CAPITAL WORK-IN-PROGRESS

	Buildings on freehold land	Plant and machinery	Power generation house	Electric installations	Total
	----- RUPEES IN THOUSAND -----				
As at 30 June 2021	6,146	1,942	2,953	3,043	14,084
Add: Additions during the year	-	6,732	2,709	1,836	11,277
Less: Transferred to operating fixed assets during the year	-	(8,674)	(5,662)	(4,879)	(19,215)
As at 30 June 2022	6,146	-	-	-	6,146
Add: Additions during the year	4,240	-	-	-	4,240
Less: Transferred to operating fixed assets during the year	(10,386)	-	-	-	(10,386)
As at 30 June 2023	-	-	-	-	-

	2023 (RUPEES IN THOUSAND)	2022
12. LONG TERM DEPOSITS AND PREPAYMENT		
Security deposits	12,399	10,601
Prepayment	103	364
	<u>12,502</u>	<u>10,965</u>
Less: Current portion shown under current assets (Note 17)	103	261
	<u>12,399</u>	<u>10,704</u>
13. STORES, SPARE PARTS AND LOOSE TOOLS		
Stores	22,084	20,047
Spare parts	35,501	24,010
Loose tools	191	214
	<u>57,776</u>	<u>44,271</u>
14. STOCK IN TRADE		
Finished goods	-	61,712
15. TRADE DEBTS		
Considered good:		
Unsecured		
- Related party (Note 15.2)	47,753	-
- Others	48,821	19,947
	<u>96,574</u>	<u>19,947</u>
Less: Allowance for expected credit losses (Note 15.6)	7,821	17
	<u>88,753</u>	<u>19,930</u>
15.1 Trade debts in respect of foreign and local jurisdictions are given under:		
Egypt	29,159	11,973
Pakistan	59,594	7,957
	<u>88,753</u>	<u>19,930</u>
15.2 This represents amount due from Beacon Impex (Private) Limited, an associate. The receivable balance is neither past due nor impaired.		
15.3 The maximum aggregate amount receivable from the related party at the end of any month during the year was Rupees 47.753 million (2022: Rupees Nil)		
15.4 Revenue from the sale of goods is recognized at the time of delivery, while payment is generally due within 7 to 30 days from delivery in case of local sales and 30 to 60 days from the date of shipment in case of export sales.		
15.5 As at 30 June 2023, trade debts of Rupees 35.628 million (2022: Rupees 5.180 million) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The ageing of these trade debts is as follows:		
Upto 1 month	1,926	2,188
1 to 6 months	3,899	2,992
More than 6 months	29,803	-
	<u>35,628</u>	<u>5,180</u>
15.6 Allowance for expected credit losses:		
Balance as at 01 July	17	-
Add: Recognized during the year (Note 23)	7,804	17
Balance as at 30 June	<u>7,821</u>	<u>17</u>



	2023	2022
	(RUPEES IN THOUSAND)	
16. LOANS AND ADVANCES		
Considered good:		
Employees - interest free:		
against salary (Note 16.1)	2,172	1,950
against expenses	510	367
Advances to suppliers	1,587	3,585
	4,269	5,902
16.1	These represent interest free loans given to employees for meeting their personal expenditure and are secured against balances to the credit of employees in the staff retirement gratuity. These are recoverable in equal monthly installments.	
17. SHORT TERM DEPOSITS, PREPAYMENT AND OTHER RECEIVABLES		
Considered good:		
Security deposits	51	20
Profit on saving account receivable	-	39
Current portion of long term deposits and prepayment (Note 12)	103	261
Sales tax refundable	-	1,326
	154	1,646
18. CASH AND BANK BALANCES		
With banks:		
on current accounts	5,064	3,672
on saving accounts (Note 18.1)	10	745
	5,074	4,417
Cash in hand	1,495	526
	6,569	4,943
18.1	Rate of profit on saving accounts was ranging from 12.25% to 19.50% (2022: 5.50% to 12.25%) per annum.	
19. REVENUE		
Revenue from contracts with customers:		
Export sales of fabric	89,225	101,909
Conversion and doubling income	1,746,098	1,407,626
Less: Sales tax	(258,466)	(204,527)
	1,487,632	1,203,099
Export rebate	836	352
	1,577,693	1,305,360
19.1	The Company has recognized revenue of Rupees 14.944 million (2022: Rupees Nil) from amount included in contract liabilities at the year end.	
19.2	The Company's revenue from external customers by geographical locations is disaggregated as follows:	
United States of America	-	7,087
Egypt	59,140	26,740
Ethiopia	580	39,612
Sri Lanka	30,341	28,822
Pakistan	1,487,632	1,203,099
	1,577,693	1,305,360
19.3	Revenue is recognized at point in time as per the terms and conditions of underlying contracts with customers.	

	2023 (RUPEES IN THOUSAND)	2022
20. COST OF SALES		
Salaries, wages and other benefits	555,663	485,144
Staff retirement benefit	18,618	12,111
Cost of finished goods sold	76,828	81,433
Fuel and power	386,751	347,971
Telephone	420	362
Stores, spare parts and loose tools consumed	92,870	63,481
Packaging materials and other charges	72,531	49,369
Repair and maintenance	26,188	19,498
Travelling and conveyance	12,470	9,320
Transportation and handling	2,558	1,559
Rent, rates and taxes (Note 20.1)	92,400	50,400
Other factory overheads	15,778	9,832
Insurance	5,627	4,319
Depreciation (Note 11.1.2)	36,895	35,035
	<u>1,395,597</u>	<u>1,169,834</u>
20.1 These represent rent in respect of short term leases.		
21. DISTRIBUTION COST		
Salaries and other benefits	3,120	2,640
Staff retirement benefit	227	177
Commission to selling agents	196	454
Outward freight and handling	1,915	2,781
Clearing and forwarding	417	708
Export development surcharge	172	300
	<u>6,047</u>	<u>7,060</u>
22. ADMINISTRATIVE EXPENSES		
Salaries and other benefits	17,069	15,068
Staff retirement benefit	2,094	1,365
Travelling and conveyance	97	107
Advertisement, printing and stationery	697	512
Electricity, sui gas and water	1,385	1,347
Postage and telephone	526	476
Rent, rates and taxes (Note 22.1)	1,380	1,260
Repair and maintenance	4,544	2,302
Auditor's remuneration (Note 22.2)	1,250	1,200
Legal and professional	1,911	1,858
Fee, subscription and periodicals	1,327	2,659
Entertainment	318	352
Others	1,848	255
Depreciation (Note 11.1.2)	1,296	1,611
	<u>35,742</u>	<u>30,372</u>
22.1 These represent rent in respect of short term lease.		
22.2 Auditor's remuneration		
Audit fee	900	800
Other certifications including half yearly review	350	400
	<u>1,250</u>	<u>1,200</u>



	2023	2022
	(RUPEES IN THOUSAND)	
23. OTHER EXPENSES		
Workers' profit participation fund (Note 8.2)	7,248	6,213
Workers' welfare fund (Note 8.3)	3,879	3,040
Allowance for expected credit losses (Note 15.6)	7,804	17
	<u>18,931</u>	<u>9,270</u>
24. OTHER INCOME		
Income from financial assets		
Profit on saving accounts	35	147
Exchange gain - net	11,902	1,221
	<u>11,937</u>	<u>1,368</u>
Income from non - financial assets		
Sale of scrap	11,575	26,509
Gain on sale of property, plant and equipment	474	1,014
Amortization of deferred income - Government grant (Note 9.1)	155	2,119
	<u>12,204</u>	<u>29,642</u>
	<u>24,141</u>	<u>31,010</u>
25. FINANCE COST		
Mark-up on long term financing	79	1,054
Interest on workers' profit participation fund (Note 8.2)	516	200
Amortization of deferred income - Government grant (Note 9.1)	155	2,119
Unwinding of discount on GIDC payable (Note 9.2)	4	316
Bank charges and commission	438	933
	<u>1,192</u>	<u>4,622</u>
26. TAXATION		
Current (Note 26.1)	54,367	39,588
Prior year adjustment	1,500	1,390
Deferred (Note 5.1.1)	(13,917)	(9,330)
	<u>41,950</u>	<u>31,648</u>
26.1 Provision for current tax represents corporate tax, final tax on export sales and super tax calculated as per Section 4C of Income Tax Ordinance, 2001.		
26.2 Reconciliation between tax expense and accounting profit		
Accounting profit before taxation	144,325	115,212
Tax on profit @ 29% (2022: 29%)	41,854	33,411
Tax effect of super tax	1,812	-
Tax effect of final tax regime income taxed at lower rate	(621)	(1,149)
Tax effect of prior year adjustment	1,500	1,390
Tax effect arising as a consequence of recognition of deferred income tax	(13,917)	(9,330)
Others	11,322	7,326
	<u>41,950</u>	<u>31,648</u>
27. EARNINGS PER SHARE - BASIC AND DILUTED		
There is no dilutive effect on the basic earnings per share which is based on:		
	2023	2022
Profit attributable to ordinary shareholders (Rupees in thousand)	<u>102,375</u>	<u>83,564</u>
Weighted average number of ordinary shares (Numbers)	<u>13 174 800</u>	<u>13 174 800</u>
Earnings per share (Rupees)	<u>7.77</u>	<u>6.34</u>

28. RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Long term financing	Short term borrowings	Total
----(RUPEES IN THOUSAND)-----			
Balance as at 01 July 2022	19,841	-	19,841
Repayment of financing	(19,996)	-	(19,996)
Amortization of deferred grant-net	155	-	155
Balance as at 30 June 2023	-	-	-
Balance as at 01 July 2021	57,713	263,427	321,140
Repayment of financing	(39,991)	(263,427)	(303,418)
Amortization of deferred grant-net	2,119	-	2,119
Balance as at 30 June 2022	19,841	-	19,841

29. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

Aggregate amount charged in these financial statements for remuneration including all benefits to the Chief Executive Officer, directors and executives of the Company are as follows:

DESCRIPTION	2023			2022		
	Chief Executive Officer	Director	Executives	Chief Executive Officer	Director	Executives
----- (RUPEES IN THOUSAND) -----						
Managerial remuneration	712	952	8,172	630	771	6,812
Allowances						
House rent	320	429	3,269	284	347	2,725
Others	36	48	4,819	31	38	3,501
	1,068	1,429	16,260	945	1,156	13,038
Number of persons	1	1	3	1	1	3

29.1 The executives are provided with fuel reimbursement, free residence and mobile phone expenses reimbursement.

29.2 Aggregate amount charged in these financial statements for meeting fee to 7 (2022: 6) directors, including Chief Executive Officer of the Company was Rupees 0.556 million (2022: Rupees 0.438 million).

29.3 Apart from meeting fee mentioned in Note 29.2, no remuneration was paid to non-executive directors of the Company.

	2023	2022
30. NUMBER OF EMPLOYEES		
Number of employees as at 30 June	982	968
Average number of employees during the year	938	914

31. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of the associate and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties, other than those which have been disclosed elsewhere in these financial statements are as follows:

	2023	2022
	(RUPEES IN THOUSAND)	
Transactions with associate		
Purchase of goods and other shared services	196,479	147,043
Revenue from conversion and doubling of yarn	1,244,694	-
Receipt of long term security deposit	30,000	-
Transfer of staff retirement gratuity	-	88
Repayment of borrowings	-	263,427

31.1 Beacon Impex (Private) Limited is the associate of the Company holding 34.5091% shareholding in the Company.

31.2 Detail of compensation to key management personnel comprising of Chief Executive Officer, directors and executives is disclosed in Note 29.

32. ENTITY - WIDE INFORMATION

The Company constitutes of a single reportable segment. The Company does not hold non-current assets in any foreign country. There is one major customer (2022: one major customer) of the Company representing revenue of Rupees 1,244.694 million (2022: Rupees 1,129.028 million).

33. PLANT CAPACITY AND ACTUAL PRODUCTION

Plant capacity and actual production is not given because the Company is currently performing yarn processing arrangements for third parties with no involvement of Company's own raw material purchases.

34. FINANCIAL RISK MANAGEMENT

34.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk, use of non-derivative financial instruments and investment of excess liquidity.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is exposed to currency risk arising primarily with respect to the United States Dollar (USD). The Company's foreign exchange risk exposure is restricted to the amounts receivable from / payable to the foreign entities. The Company's exposure to currency risk was as follows:

	2023	2022
Trade and other payables - USD	-	(71,742)
Trade debts - USD	101,741	58,264
Net exposure	<u>101,741</u>	<u>(13,478)</u>

Following significant exchange rates were applied during the year:

Rupees per US Dollar

Average rate	209.18	191.00
Reporting date rate	286.60	206.00

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 1.341 million higher / lower (2022: Rupees 0.468 million lower / higher) mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. In management's opinion, the sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

(ii) Other 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 instrument traded in the market. The Company is not exposed to commodity price risk.

(iii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's interest rate risk arises from bank balance in saving accounts. Financial instruments at variable rates expose the Company to cash flow interest rate risk. Financial instruments at variable rate expose the Company to cash flow interest rate risk. Financial instruments at fixed rate expose the Company to fair value interest rate risk.

At the reporting date, the interest rate profile of the Company's interest bearing financial instruments was:

	2023 (RUPEES IN THOUSAND)	2022
Fixed rate instruments		
Financial liabilities		
Long term financing	-	19,841
Floating rate instruments		
Financial assets		
Bank balance in saving accounts	10	745

Sensitivity analysis

There is no material sensitivity implication on the floating rate financial instruments.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

Deposits	12,450	10,601
Trade debts	88,753	19,930
Loans and advances	2,172	1,950
Other receivables	-	59
Bank balances	5,074	4,417
	<u>108,449</u>	<u>36,957</u>

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating			2023	2022
	Short Term	Long term	Agency	(RUPEES IN THOUSAND)	
Banks					
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	3,763	1,775
The Bank of Punjab	A1+	AA+	PACRA	876	1,897
First Women Bank Limited	A2	A-	PACRA	-	745
MCB Bank Limited	A1+	AAA	PACRA	435	-
				<u>5,074</u>	<u>4,417</u>

Due to the Company's long standing business relationships with these counterparties, management does not expect non-performance by these counterparties on their obligations to the Company. Accordingly, the credit risk is minimal.

To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Sales contracts and credit terms are approved by the senior management and where considered necessary, advance payments are obtained from certain parties. The management has set a maximum credit period limit for each type of customers in order to reduce the credit risk.

The Company applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade debts. Management uses actual historical credit loss experience, credit risk characteristics and past days due, adjusted for forward-looking factors specific to the debtors and the economic environment to determine expected credit loss allowance.

The Company's exposure to credit risk and allowance for expected credit losses related to trade debts is disclosed in Note 15.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash. There is no unavailed credit facility available to the Company. However as at 30 June 2023, the Company had Rupees 6.569 million (2022: Rupees 4.943 million) cash and bank balances. Management believes that currently the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amounts disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 30 June 2023:

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than 2 years
	(RUPEES IN THOUSAND)					
Non-derivative financial liabilities:						
Long term security deposit	30,000	30,000	-	-	-	30,000
Trade and other payables	216,588	216,588	216,588	-	-	-
	<u>246,588</u>	<u>246,588</u>	<u>216,588</u>	<u>-</u>	<u>-</u>	<u>30,000</u>

Contractual maturities of financial liabilities as at 30 June 2022:

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than 2 years
	(RUPEES IN THOUSAND)					
Non-derivative financial liabilities:						
Long term financing	19,841	19,917	19,917	-	-	-
Long term security deposit	30,000	30,000	-	-	-	30,000
Trade and other payables	312,458	312,458	312,458	-	-	-
Accrued mark-up	150	150	150	-	-	-
	<u>362,449</u>	<u>362,525</u>	<u>332,525</u>	<u>-</u>	<u>-</u>	<u>30,000</u>

34.2 Financial instruments by categories

	2023 (RUPEES IN THOUSAND)		2022 (RUPEES IN THOUSAND)	
	At amortized cost			
Financial assets as per statement of financial position				
Deposits	12,450		10,601	
Trade debts	88,753		19,930	
Loans and advances	2,172		1,950	
Other receivables	-		59	
Cash and bank balances	6,569		4,943	
	<u>109,944</u>		<u>37,483</u>	
Financial liabilities as per statement of financial position				
Long term financing	-		19,841	
Long term security deposit	30,000		30,000	
Trade and other payables	216,588		312,458	
Accrued mark-up	-		150	
	<u>246,588</u>		<u>362,449</u>	

34.3 Reconciliation of financial assets and financial liabilities to the line items presented in the statement of financial position is as follows:

	2023			2022		
	Financial assets	Other than financial assets	Total as per statement of financial position	Financial assets	Other than financial assets	Total as per statement of financial position
----- RUPEES IN THOUSAND -----						
Assets as per statement of financial position						
Deposits	12,399	-	12,399	10,601	103	10,704
Trade debts	88,753	-	88,753	19,930	-	19,930
Loans and advances	2,172	2,097	4,269	1,950	3,952	5,902
Short term deposits, prepayment and other receivables	-	154	154	59	1,587	1,646
Cash and bank balances	6,569	-	6,569	4,943	-	4,943
	<u>109,893</u>	<u>2,251</u>	<u>112,144</u>	<u>37,483</u>	<u>5,642</u>	<u>43,125</u>
----- RUPEES IN THOUSAND -----						
Liabilities as per statement of financial position						
Long term financing	-	-	-	19,841	-	19,841
Long term security deposit	30,000	-	30,000	30,000	-	30,000
Trade and other payables	216,588	31,685	248,273	312,458	32,078	344,536
Accrued mark-up	-	-	-	150	-	150
	<u>246,588</u>	<u>31,685</u>	<u>278,273</u>	<u>362,449</u>	<u>32,078</u>	<u>394,527</u>

34.4 Offsetting financial assets and financial liabilities

As on the reporting date, recognized financial instruments are not subject to offsetting as there are no enforceable master netting arrangements and similar agreements.

34.5 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may issue new shares or sell assets to reduce debt.

35. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

Certain financial assets and financial liabilities are not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts. Judgements and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company classifies its financial instruments into following three levels. However, as at the reporting date, the Company has no such type of financial instruments which are required to be grouped into these levels. These levels are explained as under:

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

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

36. RECOGNIZED FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS**(i) Fair value hierarchy**

Judgements and estimates are made in determining the fair values of the non-financial assets that are recognized and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its non-financial assets into the following three levels.

	Level 1	Level 2	Level 3	Total
----- RUPEES IN THOUSAND -----				
At 30 June 2023				
Freehold land	-	53,462	-	53,462
Buildings on freehold land	-	112,165	-	112,165
Plant and machinery	-	189,953	-	189,953
Power generation house	-	21,896	-	21,896
Total non-financial assets	-	377,476	-	377,476
At 30 June 2022				
Freehold land	-	53,462	-	53,462
Buildings on freehold land	-	113,750	-	113,750
Plant and machinery	-	211,856	-	211,856
Power generation house	-	24,329	-	24,329
Total non-financial assets	-	403,397	-	403,397

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Further, there was no transfer in and out of level 3 measurements.

(ii) Valuation techniques used to determine level 2 fair values

The Company obtains independent valuations for its freehold land, buildings on freehold land, plant and machinery and power generation house (classified as property, plant and equipment) after significant intervals. The management updates the assessment of the fair value of freehold land, buildings on freehold land, plant and machinery and power generation house taking into account the most recent independent valuations. The management determines the property's value within a range of reasonable fair value estimates. The best evidence of fair value of freehold land is current prices in an active market for similar lands. The best evidence of fair value of buildings is to calculate fair depreciated market value by applying an appropriate annual rate of depreciation on the new construction / replacement value of the same building. The best evidence of fair value of plant and machinery and power generation house is to calculate fair depreciated market value by applying an appropriate annual rate of depreciation on the value of new plant and machinery and power generation house of the same specifications.

Valuation processes

The Company engages external, independent and qualified valuers to determine the fair value of freehold land, buildings on freehold land, plant, machinery and power generation house after significant intervals.

Changes in fair values are analyzed at each reporting date during discussion between the management of the Company and the valuer. As part of this discussion the team presents a report that explains the reason for the fair value movements.

37. DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX

Description	NOTE	2023	2022
		(RUPEES IN THOUSAND)	
Loans / advances obtained as per Islamic mode			
Contract liabilities - unsecured	8	-	14,994
Revenue earned from shariah compliant business	19	1,577,693	1,305,360
Exchange gain	24	11,902	1,221
Profit earned / interest paid on any conventional loan / advance:			
Mark-up on long term financing	25	79	1,054
Profit on saving accounts	24	35	147

There was no dividend on any investment. Moreover there was no relationship with any shariah compliant banks.

38. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on September 26, 2023 by the Board of Directors of the Company.

39. CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant rearrangements have been made.

40. GENERAL

Figures have been rounded off to the nearest thousand of Rupees unless otherwise stated.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 38th Annual General Meeting (AGM) of Arctic Textile Mills Limited, ("the Company") will be held on Friday, October 27, 2023 at its Registered Office, 133-134, Regency the Mall, Faisalabad at 11:00 A.M. to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of Extra Ordinary General Meeting ("EOGM") held on July 11, 2023.
2. To receive, consider and approve the annual Audited Financial Statements of the Company for the year ended June 30, 2023 together with the Auditors Report, Directors Report, & Chairman Review Report.
3. To appoint Auditors of the Company and fix their remuneration. The retiring Auditors, M/S Riaz Ahmad & Company, Chartered accountants who offered themselves for re-appointment.

SPECIAL BUSINESS:

4. To consider and, if thought fit, to pass with or without modification(s), the resolutions appearing below as ordinary resolutions for the circulation of Annual Audited Financial Statements to their members through QR enabled code and weblink as recommended by the Directors.

"RESOLVED THAT the dissemination of information regarding annual audited financial statements to the shareholders through QR enabled code and weblink as notified by the Securities and Exchange Commission of Pakistan vide its SRO 389 (I)/2023 dated 21 March, 2023, be and is hereby approved while considering technological advancements and old technology becoming obsolete, the circulation of annual financial statements through CD/DVD/USB be discontinued."

OTHER BUSINESS:

5. To transact any other business with the permission of the chair.

A handwritten signature in black ink, appearing to read 'S. J. Daraz'.

**BY ORDER OF THE BOARD
COMPANY SECRETARY**

Dated: October 05, 2023
Faisalabad.

NOTES:

1. The share transfer books of the Company shall remain closed from October 21, 2023 to October 27, 2023 (both days inclusive), to determine the names of members entitled to attend the meeting. Transfers received in order at Registered Office of the Company or our Share Registrar, M/S Corplink (Private) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore by the close of business on 20 October, 2023 will be considered in time.

2. All members entitled to attend and vote at this meeting may appoint a person/representative as his/her proxy to attend and vote on his/her behalf. The instrument appointing proxy and Power of Attorney or other authority under which it is signed or notarially certified copy of the Power of Attorney must be received at Registered Office of the Company, duly stamped, signed and witnessed not less than 48 hours before the meeting. An instrument of Proxy applicable for meeting is available on www.arctictextile.com who have deposited their shares into Central Depository Company of Pakistan ("CDC") will further have to follow the mentioned guidelines as laid down by the Securities & Exchange Commission of Pakistan. A proxy must be a member.
3. The shareholders intended to participate in AGM through electronics mean, are hereby requested to get themselves registered with the Company by providing the required details (Name, CNIC Number, Folio CDC Account Number, Cell Number & E-Mail ID for their identification) by the end of business on 25 October 2023 through email at info@arctictextile.com. and / or through Mobile / WhatsApp no. 0333-6598588
4. Members are requested to notify changes, if any, in their registered address.
5. Shareholders, being individual whose shares are deposited with Central Depository System (CDS) are requested to bring their Computerized National Identity Card (CNIC) / Original Passport along with their Account Number in CDS for verification. In case of corporate entity, the Board of Director's Resolution / Power of Attorney with specimen signatures of the nominee shall be produced (unless provided earlier) at the time of the meeting.
6. Members are hereby informed that pursuant to SECP vide SRO 787(1)/2014 dated September 8, 2014 and Section 223(6) of the Companies Act, 2017 has provided an option to receive audited financial statements electronically through email. Hence, member who hold shares in physical form and are interested in receiving the annual reports electronically in future are required to submit their e-mail addresses and consent for electronic transmission to the Shares Registrar of the company by filling the form available at company's website: www.arctictextile.com, or may contact us through e-mail info@arctictextile.com.
7. 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 SECP, within a period not exceeding four years from the commencement of the Act. In this regard, SECP vide its File No. CSD/ED/Misc./2016-639-640 dated March 26, 2021 has advised all the listed companies to pursue their shareholders who still hold shares in physical form, requiring them to convert their shares in book-entry-form. Holding shares in book-entry form has numerous benefits including secure custody of shares, instantaneous transfer of ownership and no risk of damaged, lost, forged or duplicate certificates. Accordingly, Shareholders having physical shareholding are requested to convert their shares in book-entry form by opening CDC sub-account with any of the brokers or Investor Account directly with CDC to place their physical shares into script-less form.



8. Pursuant to section 242 of the Companies Act, 2017, all listed companies must pay cash dividend through electronic mode. Physical Share Holders are required to provide immediately their "International Bank Account Number ("IBAN") containing the title of Account, along with name of Bank, Branch name, and address. In case share are held in CDC then Electronic Credit Mandate Form shall be dispatched directly to Shareholder's broker / participant / CDC Investor Account Services. The members of the company are required to submit Declaration for Zakat exemption in terms of Zakat and Ushr Ordinance, 1980.
9. Members can also exercise their right of E-Voting subject to the requirements of Section 143-145 of Companies Act, 2017 and applicable clauses of Companies (Postal Ballot) regulations 2018.
10. In compliance with SECP, the audited financial statements and reports of the Company for the year ended June 30th, 2023, & notice of AGM to be held on October 27, 2023 are being placed on the Company's website: www.arctictextile.com
11. Pursuant to Section 132(2) & section 134(b) of the Companies Act, 2017, if Company receives consent from Shareholders holding aggregate 10% or more shareholding residing at geographical location to participate in the meeting through video conference at least 7 days prior to the date of meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. To avail this facility please provide following information and submit to registered office of the Company:

Folio / CDC Account No	Name of Shareholder	CNIC	Shareholding	Total Shares	Principal / Joint Shareholder

"I/We _____ of _____ being a member of Arctic Textile Mills Limited, holder of _____ ordinary Share (s) vide folio no. CDC/Account _____ hereby opt for video conference facility at _____."

Signature of Member

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

This statement sets out all the material facts concerning Special Business under Agenda Item No. 4 be transacted at the Annual General Meeting.

Circulation the Annual Audited Financial Statements to their members through QR enabled code and weblink

The Securities and Exchange Commission of Pakistan has allowed listed companies, through its SRO No. 389(I)2023 dated March 21, 2023 to circulate the Annual Audited Financial Statements to their members through QR enabled code and weblink instead of transmitting the Annual Audited Financial Statements through CD/DVD/USB. The Company shall circulate Annual Audited Financial Statements through email address in case it has been provided by the members to the Company, and upon demand, supply hard copies of the Annual Audited Financial to the members free of cost

**FORM 34****PATTERN OF SHAREHOLDING**

- 1 Name of the Company **Arctic Textile Mills Limited**
2. Incorporation number **0014146**
3. Pattern of holding of the shares held by the shareholders as at **30-06-2023**

3.1 No. of Shareholders	-----Shareholdings-----		Total Shares Held
	From	To	
403	1	100	38,979
791	101	500	300,820
215	501	1,000	197,100
184	1,001	5,000	467,101
50	5,001	10,000	355,700
33	10,001	15,000	442,000
9	15,001	20,000	167,400
2	20,001	25,000	45,000
2	25,001	30,000	54,600
5	30,001	35,000	162,300
1	35,001	40,000	39,500
1	45,001	50,000	50,000
1	50,001	55,000	53,000
2	55,001	60,000	115,700
2	60,001	65,000	122,700
3	70,001	75,000	219,400
1	80,001	85,000	84,000
1	90,001	95,000	91,600
2	95,001	100,000	200,000
1	130,001	135,000	132,500
1	160,001	165,000	161,000
1	185,001	190,000	189,500
1	190,001	195,000	191,800
2	310,001	315,000	620,300
1	465,001	470,000	468,400
1	560,001	565,000	560,600
1	565,001	570,000	565,500
1	595,001	600,000	599,800
1	960,001	965,000	962,000
1	965,001	970,000	970,000
1	4,545,001	4,550,000	4,546,500
1,721			13,174,800



4. Categories of Shareholders	Shares Held	Percentage
1 Directors, Chief Executive Officer, and their spouse and minor children	2,022,000	15.3475%
2 Associated Companies, undertakings and related parties. (Parent Company)	4,546,500	34.5091%
3 NIT and ICP	149,300	1.1332%
4 Banks Development Financial Institutions, Non Banking Financial Institutions.	683,600	5.1887%
5 Insurance Companies	27,500	0.2087%
6 Modarabas and Mutual Funds	36,200	0.2748%
7 Shareholders holding 10% or more	4,546,500	34.5091%
8 General Public		
a. Local	5,436,600	41.2651%
b. Foreign	0	0.0000%
9 Others (to be specified)		
Joint Stock Companies	273,100	2.0729%

Ali Mudassar
Company Secretary

**Categories of Shareholding required under Code of Corporate Governance (CCG)
As on June 30, 2023**

Sr. No.	Name	No. of Shares	Percentage
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Associated Companies, Undertakings and Related Parties (Name Wise Detail):

1	BEACON IMPEX (PRIVATE) LIMITED	4,546,500	34.51%
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Mutual Funds (Name Wise Detail)

- -

Directors and their Spouse and Minor Children (Name Wise Detail):

1	MR. MUHAMMAD ASHRAF	10,000	0.08%
2	MR. ZEESHAN SAEED (CDC)	982,600	7.46%
3	MR. MUHAMMAD IQBAL (CDC)	994,400	7.55%
4	MRS. SAIRA	15,000	0.11%
5	MR. USMAN MAHMOOD	20,000	0.15%
6	MR. QAISER NASIR (Nominee of Becon Impex)	-	-
7	MR. MUHAMMAD AMMAN ADIL (Nominee of Becon Impex)	-	-

Executives:

- -

Public Sector Companies & Corporations:

- -

Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:

747,300 5.67%

Shareholders holding five percent or more voting interest in the listed company (Name Wise Detail)

1	BEACON IMPEX (PRIVATE) LIMITED	4,546,500	34.51%
2	MR. MUHAMMAD IQBAL	994,400	7.55%
3	MR. ZEESHAN SAEED	982,600	7.46%

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:

Form of Proxy

I /We _____

of _____

being a member of Arctic Textile Mills Limited , hereby appoint _____

of _____

or failing him/her _____

of _____

member(s) of the Company, as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on October 27, 2023 (Friday), at 11:00 A.M at 133-134, Regency The Mall, Faisalabad.

as witness may hand this _____ day of _____ 2023

Signed by the said member _____

in presence of _____

Please
affix
revenue
stamp

Signature(s) of Member(s)

Signature of witness

Signature of witness

Name

Name

Address

Address

.....

.....

CNIC #

CNIC #

Please quote:

Folio No.	Shares held	CDC A/C. No.

Important: This instrument appointing a proxy, duly completed, must be received at the Registered Office of the Company at 133-134, Regency The Mall, Faisalabad. not later than 48 hours before the time to holding the annual general meeting.

پراکسی فارم

میں ایم اے مسماة: _____ ساکن _____ ضلع _____ بحیثیت ممبر کمپنی، مسماة _____
ساکن _____ کمپنی ممبر یا اسکی عدم موجودگی کی صورت میں مسماة _____ ساکن _____ کمپنی ممبر کو بطور مختار
(پراکسی) مقرر کرتا کرتی ہوں، تاکہ وہ میری / ہماری جگہ اور میری / ہماری طرف سے کمپنی کے سالانہ اجلاس عام جو کہ بتاریخ 27 اکتوبر 2023 بوقت صبح 11:00 بجے آرکٹک ٹیکنالوجی لمیٹڈ،
133-134 ریجنی دی مال، فیصل آباد میں منعقد ہو رہا ہے۔ میں بول سکے اور ووٹ ڈال سکے۔

دستخط بتاریخ _____ دن _____ 2023

ریونیوسٹپ چسپاں کریں

دستخط _____
(دستخط کمپنی میں موجود رجسٹرڈ دستخط کے مطابق ہونے چاہئیں)

فولیو نمبر _____
سی ڈی سی کمانڈ نمبر _____
حصص کی تعداد _____

کوائف گواہ نمبر 01

دستخط _____
نام _____
پتہ _____
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر _____

کوائف گواہ نمبر 02

دستخط _____
نام _____
پتہ _____
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر _____

نوٹ:

پراکسی فارم کمپنی کے رجسٹرڈ آفس آرکٹک ٹیکنالوجی لمیٹڈ، 133-134 ریجنی دی مال، فیصل آباد، اجلاس کے انعقاد سے کم از کم 48 گھنٹے قبل جمع کرانا لازمی ہے۔ بصورت دیگر وہ قابل قبول نہ ہوگا۔