

ANNUAL REPORT

20
22



Arctic Textile Mills Limited
www.arctictextile.com

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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 First Women Bank Ltd.	
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	
Mills	35 - Kilometer, Sheikhpura Road, Faisalabad	



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 comprises of competent and proficient leaders with expertise in diverse fields of the corporate world. The Board devises all major policies and strategies to efficiently and effectively manage the Company and is adamant about promoting and enabling modernization within the Company. The governance of the Board is in accordance with the relevant laws and regulations, and its obligations, rights, responsibilities, and duties are as specified and prescribed therein.

The Board members are familiar with the current vision, mission and values and support them. The Board revisits the mission and vision statement from time to time. The Board has a clear understanding of the stakeholders (shareholders, customers, employees, vendors, society at large) whom the Company serves. The Board has a strategic vision of how the organization should evolve over the next three to five years. Further, the Board sets annual goals and targets for the management in all major performance areas.

The Board members diligently performed their duties and thoroughly reviewed, discussed and approved business strategies, corporate objectives, budget plans, financial statements and other reports. Oversight on these measures was carried out on a consistent basis through the presentations by the management and auditors. The Board also keeps continuous supervision of the following:

- Quality standards of its product
- Stable and continual growth
- Encouraging diversity and upholding ethical behavior
- Development of skillful resources to attain
- Advancement and excellence

In the end, I want to thank you all for your continued support and placing your confidence in the Board to lead the Company to greater heights of corporate performance in the coming years.

Chairman

Faisalabad:
September 26, 2022



DIRECTORS' REPORT TO THE MEMBERS

The Directors of the Company takes pleasure in presenting before you 37th directors' report of the Company, comprising of the audited financial statements for the year ended June 30, 2022 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

	2022	2021
	(RUPEES IN THOUSAND)	
REVENUE	1,305,360	973,065
COST OF SALES	<u>(1,169,834)</u>	<u>(864,864)</u>
GROSS PROFIT	135,526	108,201
DISTRIBUTION COST	(7,060)	(3,007)
ADMINISTRATIVE EXPENSES	(30,372)	(22,046)
OTHER EXPENSES	(9,270)	(8,622)
OTHER INCOME	31,010	12,362
FINANCE COST	<u>(4,622)</u>	<u>(9,412)</u>
PROFIT BEFORE TAXATION	115,212	77,476
TAXATION	<u>(31,648)</u>	<u>(44,264)</u>
PROFIT AFTER TAXATION	<u>83,564</u>	<u>33,212</u>
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	<u>6.34</u>	<u>2.52</u>

FINANCIAL HIGHLIGHTS

The offtake during the year was very good as during financial year ended June 30, 2022, the Company shows profit after taxation of Rupees 83.564 million as compared to previous year's profit after taxation of Rupees 33.212 million. The pattern will continue in future and result in reduction in accumulated losses and improvement of current ratio. This will help Company to improve and enhance its production facilities.

Spinning industry is the backbone of textile industry and plays important role for development of the economy of the country. Textile sector continue to be in the spotlight owing to country's dependence on foreign exchange. Performance of textile industry remained growing in terms of exports when compared with exports in the preceding fiscal year which has also improved the performance of the Company.

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 are fully aware of the affairs of the company and are making their strenuous efforts to improve overall performance of the company, cost controls and internal expenses to a minimum level to generate maximum profits of the Company. During the year, the company has planned efficiently and perform well to earn profits and reduce its accumulated losses. Considering the prevailing situation in the Country, we are expecting that the coming period will be tough and may affect the revenues of textile business.

Furthermore, the name your Company has been changed from "Khurshid Spinning Mills Limited" to "Arctic Textile Mills Limited" with effect from April 22, 2022 as approved by the shareholders in extraordinary general meeting held on November 15, 2021.

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, 2022 was Rupees 6.34 (2021: Rupees 2.52).

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 2023.

PATTERN OF SHAREHOLDING

Pattern of shareholding as on June 30, 2022 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 31 to the financial statements.

COMPOSITION OF THE BOARD

The Board of Directors as at June 30, 2022 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. Sajid Hussain	2
Mrs. Saira Affan	5
Mr. Muhammad Amman Adil	5
Mr. Qaiser Nasir	5
Mr. Usman Mahmood	3

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	2
Mr. Sajid Hussain	2
Mr. Muhammad Amman Adil	4
Mr. Muhammad Ashraf	4

HUMAN RESOURCE & REMUNERATION COMMITTEE

One meeting of the HR & Remuneration Committee were 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

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

NOMINATION COMMITTEE

One meeting of the Nomination Committee were 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

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 take this opportunity to express appreciation to the employees of the company for their hard work and commitment. We would also like to express our gratitude to the valued shareholders and lenders for extending their co-operation.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

A handwritten signature in black ink, appearing to be 'H. S.'.

Director

A handwritten signature in black ink, appearing to be 'A. Q.'.

Chief Executive Officer

**Faisalabad:
September 26, 2022**

ڈائریکٹرز رپورٹ

کئینی کے ڈائریکٹرز مالی سال 30 جون 2022 کی 37 ویں رپورٹ آپ کی خدمت میں پیش کر رہے ہیں۔ جس کے ساتھ آڈیٹرز رپورٹ اور دوسری معلومات کو ڈآف کارپوریت گورننس ضابطہ 2019 اور کینیڈا ایکٹ 2017 کے مطابق لکھ ہیں۔

مالی کارکردگی:

مالیاتی نتائج کا خلاصہ درج ذیل ہے۔

2021	2022	
روپے ہزاروں میں	روپے ہزاروں میں	
973,065	1,305,360	آمدنی
(864,864)	(1,169,834)	لاگت آمدن
108,201	135,526	مجموعی نفع
(3,007)	(7,060)	فروخت و تقسیم کے اخراجات
(22,046)	(30,372)	انتظامی اخراجات
(8,622)	(9,270)	دیگر اخراجات
12,362	31,010	دیگر آمدن
(9,412)	(4,622)	مالی لاگت
77,476	115,212	کل ماڈرنائز نفع
(44,264)	(31,648)	ٹیکس
33,212	83,564	بعد از ٹیکس نفع
2.52	9.34	فی حصص نفع (روپوں میں)

مالی نتائج:

30 جون 2022 کو ختم ہونے والے سال کے مالی نتائج میں مجموعی نفع 83,564 ملین روپے بعد از ٹیکس ہے۔ جبکہ پچھلے سال 33,212 ملین روپے بعد از ٹیکس نفع تھا۔ یہ نافع مستقبل میں بھی جاری رہے گا۔ اور اس کے نتائج صحیح شدہ تقصیبات کو بھی کم کر دیں گے۔ موجودہ تناسب میں بہتری آئے گی۔ اور اس سے کئینی کو اپنی پیداواری سہولیات میں بہتری اور اضافہ کرنے میں مدد ملے گی۔

اسپانگ انڈسٹری لیکناکس انڈسٹری میں ریڈ کی بڑی کمی تھی۔ اور کئی صنعت کی ترقی میں اہم کردار ادا کر رہی ہے۔ فیڈ بیک زرمبادلہ پر انحصار کی وجہ سے لیکناکس کا شعبہ مسلسل توجہ کا مرکز رہتا ہے۔ ملکی برآمدات کی وجہ سے لیکناکس انڈسٹری کی مالی کارکردگی گزشتہ مالی سال کے مقابلے میں کافی اچھی جا رہی ہے۔ جس کی وجہ سے ہماری کئینی کی کارکردگی میں بھی بہتری نظر آئی ہے۔

صحت و سلامتی امور:

کئینی 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 کئینی صحتی و سلامتی پروگراموں کی نئی سے پیروی کرتی ہے۔ واضح ہدایات جاری کیے جاتے ہیں۔ اور آگ سیٹھن ہوتے ہیں۔ تاکہ کئینی کے کاروباری معاملات اچسن طریقے سے چلتے رہیں۔

کاروباری مالی ذمہ داری:

کئینی اپنی کارپوریت صحتی ذمہ داری کے حوالے سے باخبر ہے۔ موجودہ سال کے دوران کئینی نے مالیاتی طور پر باخبر اور ہارونے کی اپنی صحتی ذمہ داری کو عزم ملحقہ سے سرانجام دیا ہے۔ سرسبز پاکستان کے تصور کی تائید کرتے ہوئے تمام ملازمین کو درست لگنے کی ہدایت کی اور ایڈوکیٹس کے کئینی نے اپنے ملازمین کو حفاظتی لگنے کو لگھتی بنی بنایا۔ تاکہ وہ اپنے کام اچسن طریقے سے جاری رکھ سکیں۔

اہم خطبیاں:

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

معلومات پر کئینی کے کاروبار کا اشارہ:

آپ کی کئینی کا فائدہ کم سے کم استعمال، اور توانائی کے تلفی سے بہتر طریقوں پر عمل کرنے کی پوری کوشش کرتی ہے۔

مالی ریسک مینجمنٹ:

کئینی کی ریسک مینجمنٹ اس کو متعدد مالی خطرات بشمول (مارکیٹ کا خطرہ، کرنسی کا خطرہ، قیمت کا خطرہ، اور سودی شرح سود) سے دوچار کرتی ہیں۔ اور عمارت کا خطرہ اور لیکویڈیٹی کا خطرہ کئینی کا مجموعی ریسک مینجمنٹ پر کام مالی منافعوں کی تیز تر ملاحیت پر مرکوز ہے۔ اور مالی کارکردگی پر پائے جانے والے ممکنہ منفی اثرات کو کم کرنے کی کوشش کرتا ہے۔ کئینی کا کل گزشتہ ایروڈ آف ڈائریکٹرز کے ذریعہ منظور شدہ پالیسیوں کے تحت کرتا ہے۔ کئینی کا کل گزشتہ مالی خطرات کا جائزہ لیتا ہے۔ اور ان کی تھمن کرتا ہے۔ ہر مجموعی طور پر ریسک مینجمنٹ کے اصولوں کے ساتھ کرنسی ریسک، دیگر قیمتوں کا خطرہ، سودی شرح کا خطرہ اور عمارت کا خطرہ اور لیکویڈیٹی کا خطرہ جیسے مخصوص معاملات کو سنبھالنے والی پالیسیاں مہیا کرتا ہے۔

مستقبل کے امکانات:

کئینی کے ڈائریکٹرز کئینی کے امور سے پوری طرح واقف ہیں۔ اور کئینی کو زیادہ سے زیادہ منافع کمانے کے لیے کئینی کی مجموعی کارکردگی، لاگت کنٹرول اور دائمی اخراجات کم سے کم سطح تک بہتر بنانے کے لیے اپنی پوری کوششیں کر رہے ہیں۔ سال کے دوران کئینی نے منافع کمانے اور اس کے صحیح شدہ تقصیبات کو کم سے کرنے کے لیے موثر انداز میں منصوبہ بندی کی ہے۔ اور اچھی کارکردگی کا مظاہرہ کیا ہے۔ ملک کے موجودہ حالات کے پیش نظر بہتر توجہ کر رہے ہیں کہ آنے والے دور مشکل ہوگا اور لیکناکس کے کاروباری آمدنی کو متاثر کرے گا۔

آپ کی کئینی کام خورشید اسپانگ ٹریڈنگ سے تبدیل کر کے راکف لیکناکس ٹریڈنگ کر دیا گیا ہے۔ جس کا اطلاق 22 اپریل 2022 سے ہو چکا ہے۔ جیسا کہ شیڈولز نے 15 نومبر 2021 کو ہونے والے غیر معمولی عام اجلاس میں منظور کیا تھا۔

منافع ہدایا:

کئینی کے صحیح شدہ خسارے کی وجہ سے ڈائریکٹرز نے منافع شدہ بچے کی ملاحی کی ہے۔

فیصلہ مندرجہ ذیل:

مالی سال 30 جون 2022 میں فیصلہ مندرجہ ذیل 6.34 روپے تھا۔ (2021: 2.52 روپے)

کلیدی آپریٹنگ اور مالی اعداد و شمار:

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

ڈائریکٹرز:

موجودہ ڈائریکٹرز میں احمد ایڈمنسٹریٹو چارٹرڈ اکاؤنٹنٹس نے بعد از ریٹائرمنٹ اور اہلیت کی بنا پر خود کو دوبارہ تقرری کیلئے پیش کیا ہے۔ پورڈ آف ڈائریکٹرز کی آؤٹ کٹنگ نے ریٹائرمنٹ احمد ایڈمنسٹریٹو چارٹرڈ اکاؤنٹنٹس کو دوبارہ رکھنے والی سال 30 جون 2023 کیلئے تقرری کی سفارش کی ہے۔

شیئر ہولڈرز کی ترتیب:

30 جون 2022 کی شیئر ہولڈرز کی ترتیب لگ ہے۔

گورڈ آف کارپوریٹ گورننس:

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

کارپوریٹ گورننس اور قائل رپورٹنگ فریم ورک کا جائزہ:

- 1- کٹنگ کی انتظامیہ کی طرف سے تیار کئے جانے والے مالیاتی پیشکش منصفانہ طور پر کٹنگ کے امور اور پیکرز کے نتائج پیش گزار اور انکو جی میں تبدیلی جان کرتے ہیں۔
- 2- کٹنگ کے کارپوریٹ گورننس کی سہولت دیکھ بھال کی گئی ہے۔
- 3- مناسب اکاؤنٹنگ پالیسیوں کو مالی بیانات کی تیاری میں لاگو کیا گیا ہے۔ اور اکاؤنٹنگ ٹیم میں مستقل، دانشمندانہ فیصلوں پر مبنی ہیں۔
- 4- بین الاقوامی مالیاتی رپورٹنگ کے معیارات، جو پاکستان میں بھی لاگو ہیں ان کی تمام تفصیلات پیشکش میں مکمل چھوڑ دی گئی ہے۔
- 5- اندرونی کنٹرول کے نظام کا پورا پورا خیال رکھا گیا ہے اور اسے اچھے طریقے سے لاگو اور مانع کیا گیا ہے۔
- 6- کٹنگ کے جاری رہنے کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
- 7- متعلقہ فریقوں کے ساتھ تمام لین دین کو اہمیت سے اہم دیا گیا ہے۔ اور متعلقہ نوٹ کے ساتھ انکشاف کیا گیا ہے۔
- 8- کٹنگ کے پاس ایک پالیسی ہے جس میں ڈائریکٹرز کے معاوضے کو درست کرنے کے خلاف طریقہ کار کو یقینی بنایا گیا 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 31 دیکھیں۔

ہولڈرز کی ترتیب:

30 جون 2022 تک ان افراد کے نام جو کہ مالی سال کے دوران پورڈ آف ڈائریکٹرز تھے۔

مستحق حرج 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 حفصا

غیر انگریز کنٹریڈ ڈائریکٹرز جن کے نام درج ذیل ہیں:

جناب محمد اشرف

جناب محمد امان عادل

جناب قیصر ناصر

انگریز کنٹریڈ ڈائریکٹرز وہ ہیں جن کے نام درج ذیل ہیں:

جناب محمد اقبال چیمبرگینڈ آفیسر

جناب ذیشان سعید ڈائریکٹر

مالی سال کے دوران میں پورڈ آف ڈائریکٹرز نے درج ذیل پانچ ملاقاتیں کیں۔ حاضرین کا ریکارڈ درج ذیل ہے۔

ڈائریکٹرز کے نام	حاضر
جناب محمد اشرف	05
جناب محمد اقبال	05
جناب ذیشان سعید	05
جناب ساجد حسین	02
مسز سائرہ حفصا	05
جناب محمد امان عادل	05
جناب قیصر ناصر	05
جناب عثمان محمود	03

ڈاؤٹ کینٹی نے زیرچاڑھ مالی سال کے دوران ملاقاتیں کی۔ جس کی تفصیلات درج ذیل ہیں

ڈاؤٹ کینٹرز کے نام	حاضری
جناب عثمان محمود	02
جناب ماجد حسین	02
جناب محمد انان عادل	04
جناب محمد اشرف	04

انسانی وسائل اور معاوضہ کی کینٹی:

انسانی وسائل اور معاوضہ کینٹی نے زیرچاڑھ مالی سال کے دوران ایک ملاقات کی۔ جس کی تفصیلات درج ذیل ہے۔

ڈاؤٹ کینٹرز کے نام	حاضری
مسز سائرہ حفان	01
جناب قیسہ ناصر	01
جناب محمد اقبال	01

رسک مینجمنٹ کینٹی:

رسک مینجمنٹ کی کینٹی نے زیرچاڑھ مالی سال کے دوران ایک ملاقات کی۔ جس کی تفصیلات درج ذیل ہیں

ڈاؤٹ کینٹرز کے نام	حاضری
جناب محمد اقبال	01
جناب محمد اشرف	01
جناب عثمان محمود	01

ٹرانسپورٹ کینٹی:

ٹرانسپورٹ کی کینٹی نے زیرچاڑھ مالی سال کے دوران ایک ملاقات کی۔ جس کی تفصیلات درج ذیل ہیں۔

ڈاؤٹ کینٹرز کے نام	حاضری
جناب محمد اشرف	01
جناب عثمان محمود	01
مسز سائرہ حفان	01

ڈاؤٹ کینٹرز کا معاوضہ:

بورڈ آف ڈاؤٹ کینٹرز نے معاوضہ کے عزم کے لئے پالیسی مرتب کی ہے۔ اس کی نمایاں خصوصیات مندرجہ ذیل ہیں۔

- 1- کینٹی اپنے فیرا ریگریٹو ڈاؤٹ کینٹرز کو کسی معاوضے کی ادائیگی نہیں کرے گی۔ ماسوائے ان کے بورڈ اور اس کے کینٹی کے اجلاسوں میں شرکت کے۔
- 2- ڈاؤٹ کینٹرز کا معاوضہ اور بینڈ ٹیکس بورڈ آف ڈاؤٹ کینٹرز کے ذریعہ طے اور منظور کی جائے گی۔ مشاہرہ کیلچ بورڈ میں مناسب اور اصلاحیت امیدواروں کو متوجہ کرنے کے لئے تشکیل کیا گیا ہے۔
- 3- کوئی بھی ڈاؤٹ کینٹر اپنے معاوضے کے تعین میں ملوث نہیں ہے۔

اقدامات کا توازن:

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

- 1- کینٹی کے جانٹوں کی حفاظت کرنا۔
- 2- قابل اطلاق قوانین اور ضابطے کی تعمیل۔
- 3- قابل اعتماد مالیاتی بنیادیں۔

کینٹی کا اندرونی آڈٹ فنکشن باقاعدہ طور پر معیاری آپریٹنگ طریقہ کار اور اس سے متعلق ایجنسی کنٹرول کے تحت ڈی گرائی کرتا ہے۔

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




سالانہ بورڈ کی کارکردگی کا جائزہ:

بورڈ اپنی کارکردگی کی تفصیلات کو گورننگ بڈ کے طور پر دیکھتا ہے۔ کیونکہ یہ ڈائریکٹرز سے ان کے اثرات پر دائرے 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 کینٹیوں اور اس کے بیرونی بیٹوں کے طور پر بورڈ کی کارکردگی میں مدد کے لئے ایجنٹس اور ضرورت طریقوں پر اپنی سالانہ کا احوال وضع کیا ہے۔ کینٹی سکرینری سالانہ بورڈ پر بحث و مباحثے کے لئے خلاصہ رپورٹ پیش کرتا ہے۔

اعتراف:

بورڈ آف ڈاؤٹ کینٹرز مالیاتی اداروں بشپز ہولڈرز اور اپنے ملازمین کی گمن اور صحت کی قدر کرتا ہے۔

بورڈ آف ڈاؤٹ کینٹرز کی جانب سے:

		
محمد اقبال	جناب عثمان سعید	فیصل آباد
ڈیف ایگزیکٹو ڈائریکٹر	ڈاؤٹ کینٹر	26 ستمبر 2022



KEY OPERATING AND FINANCIAL DATA

	2022	2021	2020	2019	2018	2017
	------(RUPEES IN THOUSAND)-----					
Summary of Statement of Profit or Loss						
Profit/(Loss) before taxation	115,212	77,476	20,897	(22,408)	(4,351)	(2,286)
Taxation	(31,648)	(44,264)	(3,000)	7,953	1,076	2,202
Profit/(Loss) after taxation	83,564	33,212	17,897	(14,455)	(3,275)	(84)
Summary of Statement of Financial Position						
Total assets	578,564	516,401	653,866	368,017	390,355	413,361
Long term financing / loans	-	19,841	42,195	55,272	125,767	140,230
Deferred liabilities	35,039	23,772	18,546	-	-	-
Deferred income tax liability	70,280	57,477	48,858	56,008	57,837	63,870
Long term security deposits	30,000	30,000	30,000	-	-	-
Current liabilities	392,635	497,325	660,782	420,570	362,425	363,195
Net assets	50,610	(112,014)	(146,515)	(163,833)	(155,674)	(153,934)
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	190,208	122,679	135,029	150,725	155,452	164,389
Accumulated loss - net off equity portion of shareholders' loan	(284,681)	(379,776)	(426,627)	(459,641)	(456,209)	(463,406)
	50,610	(112,014)	(146,515)	(163,833)	(155,674)	(153,934)



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

Name of Company: Arctic Textile Mills Limited (formerly Khurshid Spinning Mills Limited)
Year Ending: 30 June 2022

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

1. The total number of directors are seven as per 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

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 fully compliant with the provision with regard to Directors' training program within the time limit as allowed under Rule 19 of the Listed Companies (Code of Corporate Governance) Regulations, 2019.
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: Four meetings during the financial year ended 30 June 2022
 - b) HR and Remuneration Committee: One meeting during the financial year ended 30 June 2022
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

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INDEPENDENT AUDITOR'S REVIEW REPORT

**To the members of Arctic Textile Mills Limited
(formerly Khurshid Spinning 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 (formerly Khurshid Spinning Mills Limited) (the Company) for the year ended 30 June 2022 in accordance with the requirements of regulation 36 of the Regulations.

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

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

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

Riaz Ahmad & Co.
RIAZ AHMAD & COMPANY
Chartered Accountants

Faisalabad

Date: 27 September 2022

UDIN: CR202210184eGbInUPXV





Riaz Ahmad & Company
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

**To the members of Arctic Textile Mills Limited
(formerly Khurshid Spinning Mills Limited)**

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Arctic Textile Mills Limited (formerly Khurshid Spinning Mills Limited) (the Company), which comprise the statement of financial position as at 30 June 2022, 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 2022 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 1,305.360 million for the year ended 30 June 2022.</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 21 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 higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Riaz Ahmad & Company

Chartered Accountants

- 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);



Riaz Ahmad & Company

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 & Co.
RIAZ AHMAD & COMPANY
Chartered Accountants

Faisalabad

Date: 27 September 2022

UDIN: AR202210184wojCXhYJ8



STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	NOTE	2022 (RUPEES IN THOUSAND)	2021 (RUPEES IN THOUSAND)	NOTE	2022 (RUPEES IN THOUSAND)	2021 (RUPEES IN THOUSAND)
EQUITY AND LIABILITIES						
SHARE CAPITAL AND RESERVES						
Authorized share capital						
17 000 000 (2021: 17 000 000) ordinary shares of Rupees 10 each		170,000	170,000		170,000	170,000
Issued, subscribed and paid up share capital						
13 174 800 (2021: 13 174 800) ordinary shares of Rupees 10 each fully paid in cash	3	131,748	131,748		131,748	131,748
Capital reserves						
Equity portion of former shareholders' loan		13,335	13,335		13,335	13,335
Surplus on revaluation of property, plant and equipment - net of deferred income tax	4	190,208	122,679		190,208	122,679
Accumulated loss		(284,681)	(379,776)		(284,681)	(379,776)
Total equity		50,610	(112,014)		50,610	(112,014)
LIABILITIES						
NON-CURRENT LIABILITIES						
Long term financing	5	-	19,841		-	19,841
Deferred income tax liability	6	70,280	57,477		70,280	57,477
Deferred liabilities	7	35,039	23,772		35,039	23,772
Long term security deposit	8	30,000	30,000		30,000	30,000
		135,319	131,090		135,319	131,090
CURRENT LIABILITIES						
Trade and other payables	9	344,536	173,689		344,536	173,689
Short term borrowings	10	-	263,427		-	263,427
Accrued mark-up on long term financing		150	449		150	449
Current portion of non-current liabilities	11	31,340	50,550		31,340	50,550
Taxation - net		16,609	9,210		16,609	9,210
		392,635	497,325		392,635	497,325
TOTAL LIABILITIES		527,954	628,415		527,954	628,415
CONTINGENCIES AND COMMITMENTS						
TOTAL EQUITY AND LIABILITIES	12	578,564	516,401		578,564	516,401
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 2022**

	NOTE	2022 (RUPEES IN THOUSAND)	2021
REVENUE	21	1,305,360	973,065
COST OF SALES	22	(1,169,834)	(864,864)
GROSS PROFIT		<u>135,526</u>	<u>108,201</u>
DISTRIBUTION COST	23	(7,060)	(3,007)
ADMINISTRATIVE EXPENSES	24	(30,372)	(22,046)
OTHER EXPENSES	25	(9,270)	(8,622)
OTHER INCOME	26	31,010	12,362
FINANCE COST	27	(4,622)	(9,412)
PROFIT BEFORE TAXATION		<u>115,212</u>	<u>77,476</u>
TAXATION	28	(31,648)	(44,264)
PROFIT AFTER TAXATION		<u><u>83,564</u></u>	<u><u>33,212</u></u>
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	29	<u><u>6.34</u></u>	<u><u>2.52</u></u>

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 2022**

	2022	2021
	(RUPEES IN THOUSAND)	
PROFIT AFTER TAXATION	83,564	33,212
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 liability	(23,080)	-
	81,479	-
Remeasurement (loss) / gain arising on staff retirement gratuity	(3,366)	1,810
Related deferred income tax asset / (liability)	947	(521)
	(2,419)	1,289
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income for the year-net of tax	79,060	1,289
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>162,624</u>	<u>34,501</u>

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 2022**

	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 2020	131,748	13,335	135,029	148,364	(426,627)	(146,515)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	(12,350)	(12,350)	12,350	-
Profit for the year	-	-	-	-	33,212	33,212
Other comprehensive income for the year	-	-	-	-	1,289	1,289
Total comprehensive income for the year	-	-	-	-	34,501	34,501
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

(RUPEES IN THOUSAND)

Balance as at 30 June 2020
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax

Profit for the year
Other comprehensive income for the year
Total comprehensive income for the year

Balance as at 30 June 2021
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax
Transfer from surplus on disposal of property, plant and equipment - net of deferred income tax
Adjustment of deferred income tax liability due to remeasurement at year end

Profit for the year
Other comprehensive income for the year
Total comprehensive income for the year

Balance as at 30 June 2022
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 2022**

	2022	2021
	(RUPEES IN THOUSAND)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	115,212	77,476
Adjustments for non-cash charges and other items:		
Depreciation	36,646	31,318
Provision for staff retirement gratuity	13,653	10,855
Allowance for expected credit losses	17	-
Gain on sale of property, plant and equipment	(1,014)	-
Amortization of deferred grant	(2,119)	(3,194)
Other receivables written off	-	2,329
Gain on remeasurement of Gas Infrastructure Development Cess (GIDC)	-	(1,025)
Profit on saving account	(147)	(227)
Finance cost	4,622	9,412
	166,870	126,944
Working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(10,126)	(11,836)
Stock in trade	(53,658)	(8,054)
Trade debts	50,830	(67,362)
Loans and advances	(3,147)	16,810
Short term deposit, prepayment and other receivables	(1,607)	640
	(17,708)	(69,802)
Increase / (decrease) in trade and other payables	169,881	(78,658)
	319,043	(21,516)
Cash generated from / (used in) operations		
Finance cost paid	(2,286)	(1,475)
Staff retirement gratuity paid	(4,362)	(3,240)
Net increase in long term deposits and prepayment	(2,403)	(800)
Income tax paid	(33,579)	(16,224)
	276,413	(43,255)
Net cash generated from / (used in) operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant and equipment	(11,412)	(51,091)
Proceeds from sale of property, plant and equipment	3,500	-
Profit on saving account received	232	103
	(7,680)	(50,988)
Net cash used in investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing	(39,991)	(83,448)
Proceeds from long term financing	-	57,788
Repayment of short term borrowings	(263,427)	(95,000)
	(303,418)	(120,660)
Net cash used in financing activities		
NET DECREASE IN CASH AND CASH EQUIVALENTS	(34,685)	(214,903)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	39,628	254,531
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 20)	4,943	39,628

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER



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

1. THE COMPANY AND ITS OPERATIONS

- 1.1** Arctic Textile Mills Limited (formerly Khurshid Spinning 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 name of the Company has been changed from Khurshid Spinning Mills Limited to Arctic Textile Mills Limited on 22 April 2022. 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 Shekhupura 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 as otherwise stated in the respective accounting policies.

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 7.1.5 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 2021:

- IFRS 16 (Amendments) 'Leases'
- Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 7 'Financial Instruments: Disclosures' 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 2021 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 2022 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 non-current 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'.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets') effective for the annual period beginning on or after 01 January 2022 amends IAS 1 'Presentation of Financial Statements' by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16 'Property, Plant and Equipment') effective for the annual period beginning on or after 01 January 2022, clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable standards. The entity measures the cost of those items applying the measurement requirements of IAS 2 'Inventories'. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

Following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 01 January 2022:

IFRS 9 'Financial Instruments' – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to de-recognize a financial liability.

IFRS 16 'Leases' – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 'Leases' by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

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.

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 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.



2.2 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) 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 13.1. 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 of 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;
- 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.

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.

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.

3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

This represents 13 174 800 (2021: 13 174 800) ordinary shares of Rupees 10 each fully paid up in cash. 4 546 500 ordinary shares (2021: 4 546 500) of the Company are held by Beacon Impex (Private) Limited - an associate.



	2022	2021
	(RUPEES IN THOUSAND)	
4. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OF DEFERRED INCOME TAX		
Balance as on 01 July	122,679	135,029
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	1,040	-
	82,519	-
Less:		
Surplus transferred to accumulated loss on disposal of property, plant and equipment - net of deferred income tax	(880)	-
Transferred to accumulated loss in respect of incremental depreciation charged during the year - net of deferred income tax	(14,110)	(12,350)
	(14,990)	(12,350)
Balance as on 30 June	<u>190,208</u>	<u>122,679</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. LONG TERM FINANCING

From banking company-secured

The Bank of Punjab

SBP-Refinance Scheme (Note 5.1)	19,841	57,713
Less: Current portion shown under current liabilities (Note 11)	19,841	37,872
	<u>-</u>	<u>19,841</u>

- 5.1** These represent long term loans obtained under SBP refinance scheme for payment of wages and salaries to workers. The effective interest rate is calculated at 9.26% and 9.30% per annum as these loans have been recognized at the present value. These are repayable in eight equal installments starting from 01 January 2021. The difference between fair value of loan and loan proceeds has been recognized as deferred grant as per requirements of IAS 20 (Accounting for Government Grants and Disclosure of Government Assistance) and as per Circular 11/2020 issued by the Institute of Chartered Accountants of Pakistan. The reconciliation of the carrying amount is as follows:

Balance at beginning of the year	57,713	20,391
Disbursements during the year	-	57,788
Repayments during the year	(39,991)	(19,996)
	<u>17,722</u>	<u>58,183</u>
Discounting adjustments for recognition at fair value - deferred government grant	-	(3,668)
Unwinding of discount on liability (Note 27)	2,119	3,198
Balance at end of the year	<u>19,841</u>	<u>57,713</u>

- 5.1.1** SBP-Refinance facility is 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.



	2022	2021
	(RUPEES IN THOUSAND)	
6. DEFERRED INCOME TAX LIABILITY		
Taxable temporary differences on		
Accelerated tax depreciation	83,367	67,975
Deductible temporary differences on		
Provision for staff retirement gratuity	9,848	6,667
Provision for deferred income - Government grant	44	655
Allowance for expected credit losses	5	-
Provision for Gas Infrastructure Development Cess (GIDC)	3,190	3,176
	13,087	10,498
Deferred income tax liability	<u>70,280</u>	<u>57,477</u>
6.1 Movement in deferred income tax liability balance is as follows:		
Balance as on 01 July	57,477	48,858
Less:		
Recognized in statement of profit or loss:		
- accelerated tax depreciation	15,392	67,975
- Staff retirement gratuity	(3,181)	(6,667)
- deferred income - Government grant	611	(655)
- allowance for expected credit losses	(5)	-
- provision for GIDC	(14)	(3,176)
- old deferred tax liability on surplus on revaluation of property, plant and equipment	-	(48,858)
	12,803	8,619
Deferred income tax liability	<u>70,280</u>	<u>57,477</u>
6.1.1 Charged to the statement of profit or loss:		
Net movement of temporary differences (Note 6.1)	12,803	8,619
- on surplus on revaluation of property, plant and equipment	(23,080)	-
- on remeasurement of staff retirement gratuity	947	(521)
	(22,133)	(521)
Charged to the statement of profit or loss (Note 28)	<u>(9,330)</u>	<u>8,098</u>
7. DEFERRED LIABILITIES		
Staff retirement gratuity - (Note 7.1)	35,039	23,148
Deferred income - Government grant (Note 7.2)	-	155
Gas Infrastructure Development Cess (GIDC) - (Note 7.3)	-	469
	<u>35,039</u>	<u>23,772</u>
7.1 STAFF RETIREMENT GRATUITY		
The actuarial valuation of the staff retirement gratuity was conducted on 30 June 2022 using the Projected Unit Credit Actuarial Cost Method. The disclosures made in Note 7.1.1 to Note 7.1.9 to these financial statements are based on the information included in the actuarial report.		
7.1.1 Movement in the present value of staff retirement gratuity		
Balance at the beginning of the year	23,148	17,918
Add:		
Provision for the year (Note 7.1.2)	13,653	10,855
Remeasurements recognized in other comprehensive income (Note 7.1.3)	3,366	(1,810)
	40,167	26,963
Less:		
Payments made during the year	(4,274)	(3,240)
Liability transferred to the associate	(88)	-
Increase in current liability - net	(766)	(575)
	(5,128)	(3,815)
Balance at the end of the year	<u>35,039</u>	<u>23,148</u>



	2022	2021
	(RUPEES IN THOUSAND)	
7.1.2 Provision for the year		
Current service cost	11,590	6,929
Past service cost	-	2,565
Interest cost	2,063	1,361
	<u>13,653</u>	<u>10,855</u>
7.1.3 Remeasurements recognized in other comprehensive income		
Actuarial loss from changes in financial assumptions	376	120
Actuarial loss from changes in demographic assumptions	458	-
Experience adjustments	2,532	(1,930)
	<u>3,366</u>	<u>(1,810)</u>
7.1.4 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	23,148	17,918
Current service cost	11,590	6,929
Past service cost	-	2,565
Interest cost	2,063	1,361
Liability transferred to the associate	(88)	-
Benefits paid during the year	(4,274)	(3,240)
Benefits due but not yet paid	(766)	(575)
Experience adjustments	3,366	(1,810)
Present value of defined benefit obligation as at 30 June	<u>35,039</u>	<u>23,148</u>
7.1.5 Principal actuarial assumptions used		
Discount rate for interest cost in profit or loss charge (per annum)	10.00%	8.50%
Discount rate for year end obligation (per annum)	13.25%	10.00%
Expected rate of increase in salary (per annum)	12.25%	9.00%
Average duration of the benefit (years)	6	7
Mortality rates	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
7.1.6 Sensitivity analysis for actuarial assumptions		
The calculation of staff retirement gratuity is sensitive to assumptions given in Note 7.1.5. The related sensitivity is as follows:		
Discount rate	1.00%	1.00%
Increase in assumption (Rupees in thousand)	(2,688)	(2,089)
Decrease in assumption (Rupees in thousand)	1,409	1,167
Future salary increase	1.00%	1.00%
Increase in assumption (Rupees in thousand)	1,515	1,234
Decrease in assumption (Rupees in thousand)	(2,821)	(2,177)
7.1.7 Projected benefit payments from plan		
Followings are the expected distribution and timing of benefit payments at year end:		
	2022	2021
	(RUPEES IN THOUSAND)	
Year(s)		
2022	-	4,321
2023	8,946	6,653
2024	10,325	6,038
2025 to 2032	78,696	45,395
2033 and onwards	662,483	382,459

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit 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.

7.1.8 The estimated expenses to be charged to the statement of profit or loss for the year ending on 30 June 2023 are Rupees 20.455 million.

7.1.9 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.

	2022	2021
	(RUPEES IN THOUSAND)	
7.2 DEFERRED INCOME - GOVERNMENT GRANT		
Balance as on 01 July	2,274	1,800
Add: Recognized during the year	-	3,668
Less: Amortized during the year (Note 26)	2,119	3,194
	<u>155</u>	<u>2,274</u>
Less: Current portion shown under current liabilities (Note 11)	155	2,119
Balance as on 30 June	<u>-</u>	<u>155</u>

7.2.1 This represents deferred government grant in respect of long term loans obtained under SBP refinance scheme for payment of wages and salaries to workers as disclosed in Note 5.1 to the financial statements.

7.3 GAS INFRASTRUCTURE DEVELOPMENT CESS (GIDC) PAYABLE

Balance as on 01 July	11,028	9,388
Recognized during the year	-	1,960
Less: Gain on remeasurement of GIDC	-	(1,025)
Add: Unwinding of discount on GIDC payable (Note 27)	316	705
Balance as on 30 June	<u>11,344</u>	<u>11,028</u>
Less: Current portion shown under current liabilities (Note 11)	(11,344)	(10,559)
	<u>-</u>	<u>469</u>

7.3.1 This represents Gas Infrastructure Development Cess (GIDC) which was levied through Gas Infrastructure Development Cess Act, 2015. Honorable Supreme Court of Pakistan vide judgement dated 13 August 2020, while dismissing appeals filed by various industrial and commercial entities with respect to the legality and validity of levy and demand of GIDC, has decided the case in favor of SNGPL. Now the Company has to pay the balance amount of GIDC in 24 equal monthly installments. This liability has been recognized at fair value using discount rate of 9.26% per annum and the difference between the fair value and the total amount of liability is recognized in statement of profit or loss as other income. Subsequent to initial recognition, the effect of unwinding of liability is recognized in statement of profit or loss as finance cost.

8. LONG TERM SECURITY DEPOSIT

This deposit is interest free and is being utilized for the purpose of business in accordance with the terms of written agreement with the customer and repayable on completion of contract period.

9. TRADE AND OTHER PAYABLES

Creditors (Note 9.1)	206,493	67,116
Contract liabilities - unsecured	15,590	-
Accrued liabilities	105,965	92,095
Income tax deducted at source	138	98
Sales tax payable	4,234	7,996
Workers' profit participation fund (Note 9.2)	6,971	4,279
Workers' welfare fund (Note 9.3)	5,145	2,105
	<u>344,536</u>	<u>173,689</u>



- 9.1** As at 30 June 2022, trade creditors due to the associate, Beacon Impex (Private) Limited are amounting to Rupees 85.627 million (2021: Rupees 18.536 million).

2022 **2021**
(RUPEES IN THOUSAND)

9.2 Workers' profit participation fund

Balance as on 01 July	4,279	1,100
Add: Provision for the year (Note 25)	6,213	4,188
Add: Interest for the year (Note 27)	200	51
	10,692	5,339
Less: Payments made during the year	3,721	1,060
Balance as on 30 June	6,971	4,279

- 9.2.1** Interest is charged at prescribed rate under the Companies Profits (Workers' Participation) Act, 1968 on funds retained by the Company.

9.3 Workers' welfare fund

Balance as on 01 July	2,105	-
Add: Provision for the year (Note 25)	3,040	2,105
Balance as on 30 June	5,145	2,105

10. SHORT TERM BORROWINGS

This represented unsecured interest free loan obtained from Beacon Impex (Private) Limited - the associate for working capital management. The Company has fully paid this loan during the financial year ended 30 June 2022.

11. CURRENT PORTION OF NON-CURRENT LIABILITIES

Current portion of long term financing (Note 5)	19,841	37,872
Current portion of deferred income - Government grant (Note 7.2)	155	2,119
Current portion of GIDC payable (Note 7.3)	11,344	10,559
	31,340	50,550

12. CONTINGENCIES AND COMMITMENTS

a) Contingencies

- i)** Guarantees of Rupees 20 million (2021: Rupees 20 million) are given by the Bank of the Company to SNGPL against gas connections.
- ii)** The Company has filed a writ petition in the Honorable Lahore High Court, Lahore against the recovery demand of fifty percent increase on social security contribution having an amount of Rs. 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 2022 (2021: Rupees Nil).

13. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets (Note 13.1)	423,310	338,533
Capital work-in-progress (Note 13.2)	6,146	14,084
	429,456	352,617

13.1 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 2020											
Cost / revalued amount	31,009	82,180	602,298	1,157	3,149	19,501	70,868	21,178	5,835	2,195	839,370
Accumulated depreciation	-	(9,219)	(407,059)	(1,061)	(2,650)	(17,477)	(50,650)	(16,062)	(5,625)	(1,843)	(511,646)
Net book value	31,009	72,961	195,239	96	499	2,024	20,218	5,116	210	352	327,724
Year ended 30 June 2021											
Opening net book value	31,009	72,961	195,239	96	499	2,024	20,218	5,116	210	352	327,724
Additions	-	8,264	19,455	-	164	6,661	3,091	4,492	-	-	42,127
Depreciation charge	-	(7,517)	(19,880)	(10)	(59)	(972)	(2,115)	(709)	(21)	(35)	(31,318)
Closing net book value	31,009	73,708	194,814	86	604	7,713	21,194	8,899	189	317	338,533
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)	(52,765)	(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
Net book value	-	-	(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
Annual rate of depreciation (%)	-	10	10	10	10	20	10	10	10	10	10

13.1.1 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	51,847	30,045	21,802
Plant and machinery	274,308	182,419	91,889
Power generation house	67,518	49,018	18,500
2022	414,692	261,482	153,210
2021	420,963	266,779	154,184

2022
(RUPEES IN THOUSAND)

13.1.2 Depreciation charged during the year has been allocated as follows:

Cost of sales (Note 22)	35,035	30,277
Administrative expenses (Note 24)	1,611	1,041
	36,646	31,318

13.1.3 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	153 794

13.1.4 Covered area has been reassessed after the revaluation on 31 December 2021.

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

13.2 **Capital work-in-progress**

	Buildings on freehold land	Plant and machinery	Power generation house	Electric installations	Total
	----- RUPEES IN THOUSAND -----				
As at 01 July 2020	5,120	-	-	-	5,120
Add: Additions during the year	1,026	1,942	2,953	3,043	8,964
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



	2022	2021
	(RUPEES IN THOUSAND)	
14. LONG TERM DEPOSITS AND PREPAYMENT		
Security deposits	10,601	8,301
Prepayment	364	-
	<u>10,965</u>	<u>8,301</u>
Less: Current portion shown under current assets (Note 19)	261	-
	<u>10,704</u>	<u>8,301</u>
15. STORES, SPARE PARTS AND LOOSE TOOLS		
Stores	20,047	15,919
Spare parts	24,010	18,102
Loose tools	214	124
	<u>44,271</u>	<u>34,145</u>
16. STOCK IN TRADE		
Finished goods	<u>61,712</u>	<u>8,054</u>
17. TRADE DEBTS		
Considered good:		
Unsecured (Note 17.1)	19,947	70,777
Less: Allowance for expected credit losses (Note 25)	17	-
	<u>19,930</u>	<u>70,777</u>
17.1 Trade debts in respect of foreign and local jurisdictions is given under:		
Asia	-	8,853
Africa	11,973	-
Pakistan	7,957	61,924
	<u>19,930</u>	<u>70,777</u>
17.2 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.		
17.3 As at 30 June 2022, trade debts of Rupees 5.180 million (2021: Rupees 11.628 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	2,188	9,773
1 to 6 months	2,992	1,855
	<u>5,180</u>	<u>11,628</u>
18. LOANS AND ADVANCES		
Considered good:		
Employees - interest free: against salary (Note 18.1)	1,950	2,272
against expenses	367	395
Advances to suppliers	3,585	88
	<u>5,902</u>	<u>2,755</u>



- 18.1** 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.

	2022	2021
	(RUPEES IN THOUSAND)	
19. SHORT TERM DEPOSIT, PREPAYMENT AND OTHER RECEIVABLES		
Considered good:		
Security deposit	20	-
Profit on saving account receivable	39	124
Current portion of long term deposits and prepayment (Note 14)	261	-
Sales tax refundable	1,326	-
	<u>1,646</u>	<u>124</u>

20. CASH AND BANK BALANCES

With banks:

on current accounts	3,672	38,266
on saving account (Note 20.1)	745	888

4,417 39,154

Cash in hand

526 474

4,943 39,628

- 20.1** Rate of profit on saving account was ranging from 5.50% to 12.25% (2021: 5.50%) per annum.

21. REVENUE

Revenue from contracts with customers:

Export sales of fabric	101,909	13,496
------------------------	---------	--------

Conversion and doubling income	1,407,626	1,122,696
Less: Sales tax	(204,527)	(163,127)

1,203,099 959,569

Export rebate	352	-
---------------	-----	---

1,305,360 973,065

- 21.1** An amount of Rupees 176.656 million included in contract liabilities in the year 2020 was recognized as revenue in the year 2021.

- 21.2** The Company's revenue from external customers by geographical locations is disaggregated as follows:

Asia	28,822	8,640
Africa	66,327	4,856
North America	7,112	-
Pakistan	1,203,099	959,569

1,305,360 973,065



21.3 Revenue is recognized at point in time as per the terms and conditions of underlying contracts with customers.

	2022	2021
	(RUPEES IN THOUSAND)	
22. COST OF SALES		
Salaries, wages and other benefits	485,144	345,369
Staff retirement benefit	12,111	9,911
Cost of finished goods sold	81,433	11,188
Fuel and power	347,971	295,107
Telephone	362	334
Stores, spare parts and loose tools consumed	63,481	55,132
Packaging materials and other charges	49,369	31,032
Repair and maintenance	19,498	19,314
Travelling and conveyance	9,320	4,579
Transportation and handling	1,559	1,232
Rent, rates and taxes	50,400	50,400
Other factory overheads	9,832	8,063
Insurance	4,319	2,926
Depreciation (Note 13.1.2)	35,035	30,277
	<u>1,169,834</u>	<u>864,864</u>
23. DISTRIBUTION COST		
Salaries and other benefits	2,640	2,100
Staff retirement benefit	177	117
Commission to selling agents	454	138
Outward freight and handling	2,781	526
Clearing and forwarding	708	126
Export development surcharge	300	-
	<u>7,060</u>	<u>3,007</u>
24. ADMINISTRATIVE EXPENSES		
Salaries and other benefits	15,068	9,785
Staff retirement benefit	1,365	827
Travelling and conveyance	107	101
Advertisement, printing and stationery	512	392
Electricity, sui gas and water	1,347	1,138
Postage and telephone	476	433
Rent, rates and taxes	1,260	1,200
Repair and maintenance	2,302	1,419
Auditor's remuneration (Note 24.1)	1,200	925
Legal and professional	1,858	1,419
Fee, subscription and periodicals	2,659	2,715
Entertainment	352	305
Others	255	346
Depreciation (Note 13.1.2)	1,611	1,041
	<u>30,372</u>	<u>22,046</u>



	2022	2021
	(RUPEES IN THOUSAND)	
24.1 Auditor's remuneration		
Statutory audit	800	700
Other certifications including half yearly review	400	225
	<u>1,200</u>	<u>925</u>
25. OTHER EXPENSES		
Workers' profit participation fund (Note 9.2)	6,213	4,188
Workers' welfare fund (Note 9.3)	3,040	2,105
Other receivables written off	-	2,329
Allowance for expected credit losses (Note 17)	17	-
	<u>9,270</u>	<u>8,622</u>
26. OTHER INCOME		
Income from financial assets		
Profit on saving account	147	227
Exchange gain - net	1,221	305
	<u>1,368</u>	<u>532</u>
Income from non - financial assets		
Sale of scrap	26,509	7,611
Gain on sale of property, plant and equipment	1,014	-
Amortization of deferred income - Government grant (Note 7.2)	2,119	3,194
Gain on remeasurement of GIDC	-	1,025
	<u>29,642</u>	<u>11,830</u>
	<u>31,010</u>	<u>12,362</u>
27. FINANCE COST		
Markup on long term financing	1,054	1,618
Interest on workers' profit participation fund (Note 9.2)	200	51
Amortization of long term financing calculated by using the effective interest method	-	3,534
Amortization of deferred income - Government grant (Note 5.1)	2,119	3,198
Unwinding of discount on GIDC payable (Note 7.3)	316	705
Bank charges and commission	933	306
	<u>4,622</u>	<u>9,412</u>
28. TAXATION		
Current (Note 28.1)	39,588	29,968
Prior year adjustment	1,390	6,198
Deferred (Note 6.1.1)	(9,330)	8,098
	<u>31,648</u>	<u>44,264</u>

28.1 Provision for current tax represents corporate tax and final tax on export sales under the provisions of Income Tax Ordinance, 2001. Reconciliation of tax expense and product of accounting profit multiplied by the applicable tax rate is as follows:

28.2 Reconciliation between tax expense and accounting profit

Profit before tax	115,212	77,476
Tax on profit @ 29% (2021: 29%)	33,411	22,468
Tax effect of final tax regime income taxed at lower rate	(1,149)	(49)
Tax effect of prior year adjustment	1,390	6,198
Tax effect arising as a consequence of recognition of deferred income tax	(9,330)	8,098
Others	7,326	7,549
	<u>31,648</u>	<u>44,264</u>

29. EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share which is based on:

		2022	2021
Profit attributable to ordinary shareholders	(Rupees in thousand)	<u>83,564</u>	<u>33,212</u>
Weighted average number of ordinary shares	(Numbers)	<u>13 174 800</u>	<u>13 174 800</u>
Earnings per share	(Rupees)	<u>6.34</u>	<u>2.52</u>

30. 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 2021	57,713	263,427	321,140
Repayment of financing	(39,991)	(263,427)	(303,418)
Balance as at 30 June 2022	<u>17,722</u>	<u>-</u>	<u>17,722</u>
	----(RUPEES IN THOUSAND)----		
Balance as at 01 July 2020	80,309	358,427	438,736
Financing obtained	57,788	38,000	95,788
Repayment of financing	(83,448)	(133,000)	(216,448)
Amortization of deferred grant - net	3,064	-	3,064
Balance as at 30 June 2021	<u>57,713</u>	<u>263,427</u>	<u>321,140</u>



31. 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	2022			2021		
	Chief Executive Officer	Director	Executives	Chief Executive Officer	Directors	Executives
------(RUPEES IN THOUSAND)-----						
Managerial remuneration	630	771	6,812	578	569	5,512
Allowances						
House rent	284	347	2,725	260	256	2,205
Others	31	38	3,501	29	28	551
	945	1,156	13,038	867	853	8,268
Number of persons	1	1	3	1	1	3

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

31.2 Aggregate amount charged in these financial statements for meeting fee to 6 (2021: 6) directors, including Chief Executive Officer of the Company was Rupees 0.438 million (2021: Rupees 0.365 million).

31.3 Apart from meeting fee mentioned in Note 31.2, no remuneration was paid to non-executive directors of the Company.

	2022	2021
32. NUMBER OF EMPLOYEES		
Number of employees as at 30 June	968	847
Average number of employees during the year	914	767

33. 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:

	2022	2021
(RUPEES IN THOUSAND)		
Transactions with associate		
Purchase of goods and services	147,043	33,843
Transfer of staff retirement gratuity	88	-
Repayment of borrowings	263,427	95,000

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

33.2 Detail of compensation to key management personnel comprising of Chief Executive Officer, directors and executives is disclosed in Note 31.

34. ENTITY - WIDE INFORMATION

The Company constitutes of a single reportable segment. The Company does not hold non-current assets in any foreign country. There was one major customer of the Company representing revenue of Rupees 1,129.028 million (2021: Rupees 926.515 million).



35. 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.

36. FINANCIAL RISK MANAGEMENT

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

(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). Currently, 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:

	2022	2021
Trade and other payables - USD	(71,742)	-
Trade debts - USD	58,264	56,100
Net exposure	<u>(13,478)</u>	<u>56,100</u>

Following significant exchange rates were applied during the year:

Rupees per US Dollar

Average rate	191.00	155.23
Reporting date rate	206.00	157.80

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 0.468 million lower / higher (2021: Rupees 0.408 million higher / lower) mainly as a result of exchange losses / gains 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 long term financing and bank balance in saving account. 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.

2022 **2021**
(RUPEES IN THOUSAND)

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

Fixed rate instruments

Financial liabilities

Long term financing	19,841	57,713
---------------------	--------	--------

Floating rate instruments

Financial assets

Bank balance in saving account	745	888
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Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

If interest rate at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 0.005 million (2021: Rupees 0.006 million) higher / lower, mainly as a result of higher / lower interest income on floating rate financial instrument.

(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:

	2022	2021
	(RUPEES IN THOUSAND)	
Long term deposits	10,601	8,301
Trade debts	19,930	70,777
Loans and advances	1,950	2,272
Short term deposit and other receivables	59	124
Bank balances	4,417	39,154
	36,957	120,628

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			2022	2021
	Short Term	Long term	Agency	(RUPEES IN THOUSAND)	
Banks					
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	1,775	1,129
The Bank of Punjab	A1+	AA+	PACRA	1,897	37,137
First Women Bank Limited	A2	A-	PACRA	745	888
				4,417	39,154

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 the expected credit losses related to trade debts is given in Note 17.

(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. At 30 June 2022, the Company had Rupees 4.943 million (2021: Rupees 39.628 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 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 on long term financing	150	150	150	-	-	-
	<u>362,449</u>	<u>362,525</u>	<u>332,525</u>	<u>-</u>	<u>-</u>	<u>30,000</u>

Contractual maturities of financial liabilities as at 30 June 2021:

	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	57,713	59,987	19,996	19,996	19,995	-
Long term security deposit	30,000	30,000	-	-	30,000	-
Trade and other payables	159,211	159,211	159,211	-	-	-
Accrued mark-up on long term financing	449	449	449	-	-	-
Short term borrowings	263,427	263,427	263,427	-	-	-
	<u>510,800</u>	<u>513,074</u>	<u>443,083</u>	<u>19,996</u>	<u>49,995</u>	<u>-</u>

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rate which has been disclosed in Note 5 to these financial statements.

36.2 Financial instruments by categories

	2022	2021
(RUPEES IN THOUSAND)		
----- At amortized cost -----		
Financial assets as per statement of financial position		
Long term deposits	10,601	8,301
Trade debts	19,930	70,777
Loans and advances	1,950	2,272
Short term deposit and other receivables	59	124
Cash and bank balances	4,943	39,628
	<u>37,483</u>	<u>121,102</u>
Financial liabilities as per statement of financial position		
Long term financing	19,841	57,713
Long term security deposit	30,000	30,000
Trade and other payables	312,458	159,211
Accrued mark-up on long term financing	150	449
Short term borrowings	-	263,427
	<u>362,449</u>	<u>510,800</u>

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

2022			2021		
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

Long term deposits	10,601	103	10,704	8,301	-	8,301
Trade debts	19,930	-	19,930	70,777	-	70,777
Loans and advances	1,950	3,952	5,902	2,272	483	2,755
Short term deposit, prepayment and other receivables	59	1,587	1,646	124	-	124
Cash and bank balances	4,943	-	4,943	39,628	-	39,628
	37,483	5,642	43,125	121,102	483	121,585

2022			2021		
Financial liabilities	Other than financial liabilities	Total as per statement of financial position	Financial liabilities	Other than financial liabilities	Total as per statement of financial position

----- RUPEES IN THOUSAND -----

Liabilities as per statement of financial position

Long term financing	19,841	-	19,841	57,713	-	57,713
Long term security deposit	30,000	-	30,000	30,000	-	30,000
Trade and other payables	312,458	32,078	344,536	159,211	14,478	173,689
Accrued mark-up on long term financing	150	-	150	449	-	449
Short term borrowings	-	-	-	263,427	-	263,427
	362,449	32,078	394,527	510,800	14,478	525,278

36.4 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.

36.5 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 a strong capital base to support the sustained development of its business.

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.

37. 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).

38. 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 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
At 30 June 2021				
Freehold land	-	31,009	-	31,009
Buildings on freehold land	-	73,708	-	73,708
Plant and machinery	-	194,814	-	194,814
Power generation house	-	21,194	-	21,194
Total non-financial assets	-	320,725	-	320,725

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.



39. DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX

Description	NOTE	2022	2021
		(RUPEES IN THOUSAND)	
Loans / advances obtained as per Islamic mode			
Contract liabilities - unsecured	9	15,590	-
Short term borrowings		-	263,427
Revenue earned from shariah compliant business	21	1,305,360	973,065
Exchange gain	26	1,221	305
Profit earned / interest paid on any conventional loan / advance:			
Mark-up on long term financing	27	1,054	1,618
Profit on saving account with bank	26	147	227

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

40. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on September 26, 2022 by the Board of Directors of the Company.

41. CORRESPONDING FIGURES

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

42. 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 37th Annual General Meeting (AGM) of Arctic Textile Mills Limited, ("the Company") will be held on Thursday, October 27, 2022 at its Registered Office, 133-134, Regency the Mall, Faisalabad at 11:30 A.M. to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of Extra Ordinary General Meeting ("EOGM") held on November 15, 2021.
2. To receive, consider and approve the annual Audited Financial Statements of the Company for the year ended June 30, 2022 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.

OTHER BUSINESS:

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

**BY ORDER OF THE BOARD
COMPANY SECRETARY**

Dated: October 05, 2022
Faisalabad.

NOTES:

1. The share transfer books of the Company shall remain closed from October 21, 2022 to October 27, 2022 (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, 2022 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. Members are requested to notify changes, if any, in their registered address.
4. 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.
5. 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.
6. 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.
7. 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 Usher Ordinance, 1980.
8. 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.



9. In compliance with SECP, the audited financial statements and reports of the Company for the year ended June 30th, 2022, & notice of AGM to be held on October 27, 2022 are being placed on the company's website: www.arctictextile.com

10. Pursuant to the directions given by the Securities & Exchange Commission of Pakistan (SECP) through SRO 470 (1) / 2016 dated May 31, 2016 that has allowed the companies to circulate its Annual Audited Accounts to its members through CD / USB / DVD at their registered Addresses. Shareholders who wish to receive the hard copy of Financial Statements shall have to fill the standard request form, which is available on the Company's website (www.arctictextile.com) and send to the Company at its registered address.

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
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"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



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 **30-06-2022**

3.1 No. of Shareholders	-----Shareholdings-----		Total Shares Held
	From	To	
395	1	100	39,203
797	101	500	301,297
218	501	1,000	199,900
186	1,001	5,000	488,900
46	5,001	10,000	321,200
28	10,001	15,000	380,500
8	15,001	20,000	149,900
3	20,001	25,000	65,500
2	25,001	30,000	54,600
6	30,001	35,000	194,300
3	35,001	40,000	112,300
1	45,001	50,000	50,000
2	55,001	60,000	115,700
2	60,001	65,000	122,700
1	70,001	75,000	72,400
2	80,001	85,000	164,300
1	90,001	95,000	94,600
3	95,001	100,000	299,700
1	115,001	120,000	119,000
1	160,001	165,000	161,000
1	185,001	190,000	190,000
1	190,001	195,000	192,300
2	310,001	315,000	620,300
1	450,001	455,000	454,900
1	560,001	565,000	560,600
1	570,001	575,000	571,400
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
1,717			13,174,800



4. Categories of Shareholders	Shares Held	Percentage
1 Directors, Chief Executive Officer, and their spouse and minor children	2,022,000	15.35%
2 Associated Companies, undertakings and related parties. (Parent Company)	4,546,500	34.51%
3 NIT and ICP	152,300	1.16%
4 Banks Development Financial Institutions, Non Banking Financial Institutions.	689,500	5.23%
5 Insurance Companies	27,500	0.21%
6 Modarabas and Mutual Funds	36,700	0.28%
7 Shareholders holding 10% or more	4,546,500	34.51%
8 General Public		
a. Local	5,427,200	41.19%
b. Foreign	-	-
9 Others (to be specified) Joint Stock Companies	273,100	2.07%

Ali Mudassar
Company Secretary



**Categories of Shareholding required under Code of Corporate Governance (CCG)
As on June 30, 2022**

Sr. No.	NAME	NO. OF SHARES HELD	PERCENTAGE
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Associated Companies, Undertakings and Related Parties (Name Wise Detail):

1	BEACON IMPEX (PRIVATE) LIMITED (BIPL)	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 AFFAN	15,000	0.11%
5	MR. USMAN MAHMOOD	20,000	0.15%
6	MR. QAISER NASIR (Nominee of BIPL)	-	-
7	MR. MUHAMMAD AMMAN ADIL (Nominee of BIPL)	-	-

Executives:

-

Public Sector Companies & Corporations:

-

Banks, Development Finance Institutions, Non Banking Finance

753,700 5.72%

Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:

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:

S.No	NAME	NUMBER OF SHARES	
		SALE	PURCHASE
1	MR. USMAN MAHMOOD	-	20,000

پراکسی فارم

میں اجماعی مسماة: _____ ساکن _____ ضلع _____ بحیثیت ممبر کمپنی، مسماة _____
ساکن _____ کمپنی ممبر یا انکی عدم موجودگی کی صورت میں مسماة _____ ساکن _____ کمپنی ممبر کو بطور مفار
(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 2022 (جمعرات) بوقت صبح 11:30 بجے آرکنک ٹیکسٹائل ملز
لیمیٹڈ، 133-134 ریجنسی وی مال، فیصل آباد میں منعقد ہو رہا ہے۔ میں بول سکے اور ووٹ ڈال سکے۔

دستخط بتاریخ _____ دن _____ 2022

ریونیوسٹپ چسپاں کریں

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

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

گواہ کوائف نمبر 01

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

گواہ کوائف نمبر 02

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

نوٹ:

پراکسی فارم کمپنی کے رجسٹریڈ آفس آرکنک ٹیکسٹائل ملز لیمیٹڈ، 133-134 ریجنسی وی مال، فیصل آباد میں اجلاس کے انعقاد سے کم از کم 48 گھنٹے قبل جمع کرانا لازمی ہے۔ بصورت دیگر وہ قابل قبول نہ ہوگا۔

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, 2022 (Thursday), at 11:30 A.M at 133-134, Regency The Mall, Faisalabad.

as witness may hand this _____ day of _____ 2022

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.