

Interim Financial Report
for the quarter ended
September 30, 2020 (Un-audited)

AZGARD NINE LIMITED

AZGARD9
TOMORROW'S DENIM. TODAY!

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COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Zahid Mahmood
Chairman
Mr. Ahmed H. Shaikh
Chief Executive
Mr. Nasir Ali Khan Bhatti
Ms. Maliha Sarda Azam
Mr. Usman Rasheed
Mr. Munir Alam
Mr. Abdul Hamid Ahmed Dagia
Mr. Abid Hussain

COMPANY SECRETARY

Mr. Muhammad Awais

CHIEF FINANCIAL OFFICER

Mr. Muhammad Zahid Rafiq, FCA

AUDIT COMMITTEE

Mr. Nasir Ali Khan Bhatti
Chairman
Ms. Maliha Sarda Azam
Mr. Usman Rasheed

HR & REMUNERATION COMMITTEE

Ms. Maliha Sarda Azam
Chairperson
Mr. Ahmed H. Shaikh
Mr. Usman Rasheed

AUDITORS

Deloitte Yousuf Adil
Chartered Accountants

SHARES REGISTRAR

M/s. Hameed Majeed Associates (Pvt.) Ltd.
H. M. House, 7-Bank Square, Lahore.
Ph: +92(0)42 37235081-82
Fax : +92(0)42 37358817

REGISTERED OFFICE

Ismail Aiwan-e-Science
Off: Shahrah-e-Roomi Lahore, 54600.
Ph: +92(0)42 35761794-5
Fax: +92(0)42 35761791

BANKERS

Relationship with conventional side

JS Bank Limited
MCB Bank Limited
Citibank N.A
Faysal Bank Limited
Habib Bank Limited
Meezan Bank Limited
United Bank Limited
Standard Chartered Bank (Pakistan) Limited
National Bank of Pakistan
Allied Bank Limited
Silkbank Limited
Summit Bank Limited
Askari Bank Limited
Bank Al Habib Limited
BankIslami Pakistan Limited
Bank of Khyber
Relationship with Islamic window operations
Al Baraka Bank Pakistan Limited

PROJECT LOCATIONS

Textile & Apparel

Unit I

2.5 KM Off: Manga, Raiwind Road,
District Kasur.
Ph: +92(0)42 35384081
Fax: +92(0)42 35384093

Unit II

Alipur Road, Muzaffargarh.
Ph: +92 (0)661 422503, 422651
Fax: +92 (0)661 422652

Unit III

20 KM Off: Ferozpur Road,
6 KM Badian Road on Ruhi Nala,
Der Khurd, Lahore.
Ph: +92(0)42 38460333, 38488862

Unit IV

Atta Buksh Road, 18-KM, Off: Ferozpur Road,
Mouza Atari Saroba, Tehseel Cantt, Lahore.
Ph: +92(0) 333 0427020-1

WEB PRESENCE

www.azgard9.com

E-MAIL

info@azgard9.com

Directors' Review

The Directors of Azgard Nine Limited ("the Company") along with the management team hereby present the Company's Condensed Interim Financial Report for the quarter ended September 30, 2020.

Principal Activities

The main business of your Company is the production and marketing of denim focused textile and apparel products, ranging from yarn to retail ready goods.

Following are the operating financial results of Azgard Nine Limited (stand alone):

	Quarter ended September 30, 2020 (Rupees)	Quarter ended September 30, 2019 (Rupees)
Sales – net	5,201,547,384	4,722,761,674
Operating profit	585,730,471	439,709,963
Finance cost	(325,039,675)	(297,485,576)
Profit before tax	270,043,836	177,056,367
Profit after tax	219,112,754	130,843,747
Earnings per share	0.45	0.29

Review of business during this period and future outlook

During this first quarter, sales of the Company were Rs. 5,201.55 million; registering a growth of almost 10% as compared to the same quarter of last year. Considering the impacts of Covid-19, this growth is better than what was expected.

Operating profit of this quarter is Rs. 585.73 million; an increase of almost 33% when compared with operating profit of same quarter of last year.

The Company has been able to achieve a net profit after tax of Rs. 219.11 million as compared to profit of Rs. 130.84 million during the same quarter of last year.

Implementation process of this scheme for Company's 2nd financial restructuring after approval of Lahore High Court on July 31, 2019 is ongoing. In this regards, right issue has been completed. Now the sale of non-core assets is being done. Once sale process and other formalities are accomplished, settlement of debt obligations would start. Post restructuring, it is hoped that the Company's debt levels will become sustainable and Company should be able to meet its debt obligations in a timely manner.

Future outlook of business of the Company at present depends on impacts of 2nd wave of Covid-19. At present, uncertainty is still there and we are cautious about the future.

Status of Disclosure in respect of Montebello S.R.L. (MBL) as mentioned in financial statements for year ended June 30, 2020, on the appeal of the Company, the matter of Company's claim is in Italian Supreme Court and now decision of the Court is awaited.

Disclosure in respect of consolidation of financial statements is provided in note 2.1 to the condensed interim financial report.

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The Board would like to acknowledge the support of all the stakeholders through difficult times and hope that with their continued backing, the Company's performance should continue in a positive direction.

On behalf of the Board of Directors



Chief Executive Officer

Date: October 28, 2020



Director

ڈائریکٹرز کا جائزہ

ایزگارڈ نائن لمیٹڈ (کمپنی) ہمراہ انتظامیہ ٹیم کمپنی کی چیف عبوری مالیاتی رپورٹ برائے سہ ماہی تختہ 30 ستمبر 2020 پیش کرتے ہیں۔

اہم سرگرمیاں

آپ کی کمپنی کی توجہ دھاگہ ڈینم کیٹر اور تیار ڈینم ہلبوسات کی مصنوعات کی پیداوار اور مارکیٹنگ پر مرکوز ہے۔

ایزگارڈ نائن لمیٹڈ (سٹیٹڈ الون) کے عملی مالیاتی نتائج درج ذیل ہیں۔

سہ ماہی تختہ 30 ستمبر 2019 (روپے)	سہ ماہی تختہ 30 ستمبر 2020 (روپے)	
4,722,761,674	5,201,547,384	فروختگی (Net)
439,709,963	585,730,471	آپریٹنگ منافع
(297,485,576)	(325,039,675)	مالیاتی اخراجات
177,056,367	270,043,836	منافع قبل از ٹیکس
130,843,747	219,112,754	منافع بعد از ٹیکس
0.29	0.45	منافع فی شیئر

اس معیاد کے دوران کاروبار کا جائزہ اور مستقبل پر نظر

اس پہلی سہ ماہی کے دوران کمپنی کی سلیز 5,201.55 ملین روپے رہیں، جو کہ پچھلے سال کی سہ ماہی کی نسبت تقریباً 10 فیصد اضافہ ہوا ہے۔ کووڈ-19 کے اثرات کو مد نظر رکھتے ہوئے یہ اضافہ توقع سے بہتر ہے۔

آپریٹنگ منافع اس سہ ماہی کے دوران 585.73 ملین روپے رہا جو کہ پچھلے سال اسی سہ ماہی کی نسبت 33 فیصد زیادہ ہے۔ کمپنی قبل از ٹیکس منافع 219.11 ملین روپے حاصل کرنے میں کامیاب رہی، جبکہ پچھلے سال کی اسی سہ ماہی کے دوران قبل از ٹیکس منافع 130.84 ملین روپے تھا۔

31 جولائی 2019 کو لاہور ہائی کورٹ سے دوسری مالیاتی تنظیم نو کی منظوری کے بعد اب دوسری مالیاتی تنظیم نو کو لاگو کرنے کا عمل شروع ہو چکا ہے۔ اس سلسلے میں، رائٹ ایٹو کی سبسکرپشن مکمل ہو چکی ہے۔ اب غیر کلیدی اثاثوں کی فروخت باقی ہے۔ ایک دفعہ اثاثوں کی فروخت ہو جائے تو بعد از فروخت دیگر معاملات مکمل ہونے پر قرض و اجبات کی ادائیگی شروع ہو جائے گی۔ بعد از مالیاتی تنظیم نو یہ امید کی جاتی ہے کہ کمپنی کے قرضہ جات پائیدار سطح پر آجائیں گے اور کمپنی اپنے قرضہ جات کی بروقت ادائیگی کے قابل ہو جائے گی۔

مستقبل کے نقطہ نظر سے کمپنی کے کاروبار کا انحصار کووڈ-19 کی دوسری لہر کے اثرات پر ہے۔ موجودہ حالات میں، غیر یقینی صورتحال موجود ہے اور ہم مستقبل کے بارے میں محتاط ہیں۔

Montebello S.R.L. (MBL) کے بارے میں انکشافات جیسا کہ 30 جون 2020 کے مالیاتی سٹیٹمنٹس میں بیان کئے گئے ہیں، کمپنی کی اپیل پر، کمپنی کے دعوہ کا معاملہ اٹلی سپریم کورٹ میں ہے، فی الحال عدالت کے فیصلے کا انتظار ہے۔
کیجا مالیاتی سٹیٹمنٹس کے بارے میں انکشافات مالیاتی سٹیٹمنٹس کے نوٹ 2.1 میں مہیا کئے گئے ہیں۔

بورڈ اس مشکل وقت میں اپنے تمام شراکت داروں کے تعاون کا شکر گزار اور تعریف کرتا ہے۔ یہ امید کی جاتی ہے کہ ان کے مسلسل تعاون اور حمایت کی وجہ سے کمپنی کی کارکردگی میں بہتری آئے گی۔

بورڈ آف ڈائریکٹرز کی جانب سے

سماء الحسنی
ڈائریکٹر

چیف ایگزیکٹو آفیسر

لاہور
28 اکتوبر 2020ء

Condensed Interim Statement of Financial Position (Un-audited)
As at September 30, 2020

	Note	(Un-audited) September 30 2020 Rupees	(Audited) June 30 2020 Rupees
EQUITY AND LIABILITIES			
Authorized share capital		15,000,000,000	15,000,000,000
Issued, subscribed and paid up capital		4,913,753,370	4,913,753,370
Reserves		3,216,320,430	3,216,320,430
Surplus on revaluation of fixed assets		4,743,202,621	4,742,276,247
Accumulated loss		(11,534,191,548)	(11,752,377,928)
		1,339,084,873	1,119,972,119
Non-current liabilities			
Lease liabilities		6,264,881	7,117,689
Deferred liability		385,264,388	383,204,296
		391,529,269	390,321,985
Current liabilities			
Current portion of non-current liabilities		8,180,599,248	8,139,942,728
Short term borrowing		5,161,390,477	5,067,529,093
Trade and other payables		1,554,914,089	1,474,806,412
Contract Liabilities		89,711,206	48,380,353
Advance against Sale of Assets		206,250,000	206,250,000
Interest / mark-up accrued on borrowings		6,717,368,627	6,520,946,044
Dividend payable on preference shares		9,413,535	9,413,535
Unclaimed dividend on ordinary shares		3,763,905	3,763,905
Current taxation		13,713,172	-
		21,937,124,259	21,471,032,070
Contingencies and commitments	4	23,667,738,401	22,981,326,174
ASSETS			
Non-current assets			
Property, plant and equipment	5	10,210,646,565	10,254,008,713
Long term investments		12,608,052	12,608,052
Long term deposits and receivables		38,034,396	38,034,396
		10,261,289,013	10,304,651,161
Current assets			
Stores, spares and loose tools		145,833,758	128,358,354
Stock-in-trade		3,422,913,573	3,190,805,924
Trade debts		2,350,543,803	2,225,064,263
Advances, deposits, prepayments and other receivables		2,812,019,213	2,147,978,705
Receivable from National Bank of Pakistan		306,022,500	306,022,500
Short term investments		139,993,989	139,993,989
Income tax recoverable		-	880,794
Funds for restructuring scheme		571,284,720	571,284,720
Cash and bank balances		478,741,464	787,189,396
		10,227,353,020	9,497,578,645
Non-current assets held for sale		3,179,096,368	3,179,096,368
		23,667,738,401	22,981,326,174

The annexed notes from 1 to 12 form an integral part of this condensed interim unconsolidated financial information.

Lahore


Chief Executive Officer


Director


Chief Financial Officer

Condensed Interim Statement of Profit or Loss (Un-audited)
For the quarter ended September 30, 2020

	Note	(Un-audited) July 2020 to September 2020 Rupees	(Un-audited) July 2019 to September 2019 Rupees
Sales - net		5,201,547,384	4,722,761,674
Cost of sales		(4,204,064,193)	(3,916,173,690)
Gross profit		997,483,191	806,587,984
Selling and distribution expenses		(273,634,473)	(224,761,378)
Administrative expenses		(138,118,247)	(142,116,643)
Profit from operations		585,730,471	439,709,963
Other income		28,208,193	34,831,980
Other expenses		(18,855,153)	-
Finance cost	6	(325,039,675)	(297,485,576)
Profit before taxation		270,043,836	177,056,367
Taxation		(50,931,082)	(46,212,620)
Profit after taxation		219,112,754	130,843,747
Earnings per share - basic and diluted		0.45	0.29

The annexed notes from 1 to 12 form an integral part of this condensed interim unconsolidated financial information.

Lahore


Chief Executive Officer


Director


Chief Financial Officer

Condensed Interim Statement of Comprehensive Income (Un-audited)
For the quarter ended September 30, 2020

	(Un-audited) July 2020 to September 2020 Rupees	(Un-audited) July 2019 to September 2019 Rupees
Profit after taxation	219,112,754	130,843,747
<i>Items that may not be subsequently reclassified to statement of profit or loss</i>		
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<u>219,112,754</u>	<u>130,843,747</u>

The annexed notes from 1 to 12 form an integral part of this condensed interim unconsolidated financial information.

Lahore



Chief Executive Officer



Director



Chief Financial Officer

Condensed Interim Statement of Cash Flows (Un-audited)
For the quarter ended September 30, 2020

	July 2020 to September 2020	July 2019 to September 2019
	Rupees	Rupees
Cash flow from operating activities		
Profit before taxation	270,043,836	177,056,367
Adjustments	481,586,609	428,181,073
Operating profit before working capital changes	<u>751,630,445</u>	<u>605,237,440</u>
Changes in working capital	(931,684,032)	(402,792,387)
Cash (used in) / generated from operations	<u>(180,053,587)</u>	<u>202,445,053</u>
Payments for:		
Finance cost	(88,086,196)	(121,509,420)
Income tax	(36,337,119)	(55,666,756)
Post retirement benefits	<u>(42,648,189)</u>	<u>(10,193,091)</u>
Net cash (used in) / generated from operating activities	<u>(347,125,091)</u>	<u>15,075,786</u>
Cash flows from investing activities		
Capital expenditure	<u>(8,554,794)</u>	<u>(62,565,755)</u>
Proceeds from disposal of fixed assets	<u>(45,902,258)</u>	<u>-</u>
Net cash used in investing activities	<u>(54,457,052)</u>	<u>(62,565,755)</u>
Cash flows from financing activities		
Repayment of long term finances	<u>-</u>	<u>(8,418,294)</u>
Lease liabilities	<u>(727,182)</u>	<u>(537,709)</u>
Short term borrowings-net	<u>93,861,393</u>	<u>(126,728,498)</u>
Net cash generated from / (used in) financing activities	<u>93,134,211</u>	<u>(135,684,501)</u>
Net decrease in cash and cash equivalents	(308,447,932)	(183,174,470)
Cash and cash equivalents at the beginning of period	<u>787,189,396</u>	<u>447,992,814</u>
Cash and cash equivalents at the end of period	<u><u>478,741,464</u></u>	<u><u>264,818,344</u></u>

The annexed notes from 1 to 12 form an integral part of this condensed interim unconsolidated financial information.

Lahore


Chief Executive Officer


Director


Chief Financial Officer

Condensed Interim Statement of Changes in Equity (Un-audited)
For the quarter ended September 30, 2020

	Issued, subscribed and paid-up capital	Share premium	Reserve on merger	Reserves	Post retirement benefits obligation reserve	Surplus on revaluation of fixed assets	Accumulated loss	Total reserves	Total equity
				Preference share redemption reserve					
As at July 01, 2019 - Audited	4,548,718,700	2,358,246,761	105,152,005	661,250,830	10,837,976	4,849,769,249	(11,470,421,777)	(3,485,164,956)	1,063,553,744
Total comprehensive income for the period	-	-	-	-	-	-	130,843,747	130,843,747	130,843,747
Income for the period ended September 30, 2019	-	-	-	-	-	-	-	-	-
Other comprehensive loss for the period ended September 30, 2019	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period ended September 30, 2019	-	-	-	-	-	-	130,843,747	130,843,747	130,843,747
Transfer of incremental depreciation from surplus on revaluation of fixed assets	-	-	-	-	-	(31,034,274)	31,034,274	-	-
As at Sep 30, 2019 - Unaudited	4,548,718,700	2,358,246,761	105,152,005	661,250,830	10,837,976	4,818,734,975	(11,308,543,756)	(3,354,321,209)	1,194,397,491
As at July 01, 2020 - Audited	4,913,753,370	2,358,246,761	105,152,005	661,250,830	91,670,834	4,742,276,247	(11,752,377,928)	(3,793,781,251)	1,119,972,119
Total comprehensive income for the period	-	-	-	-	-	-	219,112,754	219,112,754	219,112,754
Income for the period ended Sep 30, 2020	-	-	-	-	-	-	-	-	-
Other comprehensive income for the period ended Sep 30, 2020	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period ended Sep 30, 2020	-	-	-	-	-	-	219,112,754	219,112,754	219,112,754
Transfer of incremental depreciation from surplus on revaluation of fixed assets	-	-	-	-	-	(25,630,604)	25,630,604	-	-
Reversal of revaluation deficit on disposal of fixed assets	-	-	-	-	-	26,556,978	(26,556,978)	-	-
As at September 30, 2020 - Unaudited	4,913,753,370	2,358,246,761	105,152,005	661,250,830	91,670,834	4,743,202,621	(11,534,191,548)	(3,574,668,497)	1,339,084,873

Rupees

The annexed notes from 1 to 12 form an integral part of this condensed interim consolidated financial information.

Lahore

Chief Executive Officer



Director



Chief Financial Officer

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Condensed Interim Selected Explanatory Notes to the Financial Statements (Un-audited)

For the quarter ended September 30, 2020

1 Reporting entity

Azgard Nine Limited ("the Company") is incorporated in Pakistan as a public limited company and is listed on Pakistan Stock Exchange Limited. The Company is a composite spinning, weaving, dyeing and stitching unit engaged in the manufacturing of yarn, denim and denim products. The registered office of the Company is situated at Ismail Aiwan-i-Science, off Shahrah-i-Roomi, Lahore. The Company has four units with Unit I located at 2.5 km off Manga, Raiwind Road, District Kasur, Unit II at Alipur Road, Muzaffargarh, Unit III at 20 km off Ferozpur Road, 6 km Badian Road on Ruhi Nala, Der Khurd, Lahore and Unit IV at Atta Buksh Road, 18 km, off Ferozpur Road, Mouza Atari Saroba, Tehseel Cantt, Lahore. Unit IV is rented facility. Unit I is operational while IV is partially restarted, Unit II and III are non-operational and are being held for sale.

2 Basis of preparation

2.1 Separate financial statements

This condensed interim financial report is the separate financial report of the Company. Consolidated financial report of the Company is not prepared as the management, based on advice from the Company's legal counsel, has concluded that as a result of ongoing bankruptcy proceedings and management of affairs of M/S Montebello S.r.l ("MBL") by the Court appointed trustee, the Company has ceased to exercise control over activities of MBL. Furthermore, in view of the guidance in International Financial Reporting Standard 10 "Consolidated Financial Statements", the management has concluded that the Company does not have power to direct the relevant activities of MBL. Resultantly, the Company has ceased recognising and presenting MBL as its subsidiary.

2.2 Statement of compliance

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, 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 the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

This condensed interim financial information does not include all the information required for annual financial statements including financial risk management information and therefore should be read in conjunction with the annual financial statements for the year ended June 30, 2020.

Comparative statement of financial position is extracted from annual audited financial statements for the year ended June 30, 2020 whereas comparative statement of profit or loss, statement of changes in equity and statement of cash flows are stated from un-audited condensed interim financial information for the quarter ended on September 30, 2019.

This condensed interim financial information is being submitted to the shareholders as required by Section 237 of the Companies Act, 2017.

2.3 Going concern assumption

During the period, current liabilities exceeded its current assets by Rs. 8,530.67 million, financial liabilities include Rs. 15,665.8 million relating to overdue principal and mark-up thereon, and its accumulated loss stood at Rs. 11,534.19 million. These conditions cast doubt about the Company's ability to continue as a going concern. This financial information has, however, been prepared on a going concern basis. The assumption that the Company would continue as a going concern is based on the fact that operationally the position of the Company is improving which is evident from the financial results of the Company for the period.

In addition to above, the ongoing financial restructuring of the Company is in the final stages and is expected to significantly reduce the debt burden and finance cost of the Company. In this respect, the creditors' scheme of arrangement was approved by the Honorable Lahore High Court (LHC) vide order dated July 31, 2019. In accordance with the court approved scheme of the arrangement, the Company is required to raise funds through right issue and disposal of its two secondary units. In this respect proceeds from right issues have been received and advance for sale of one of the units is also received.

Proceeds from sale of these units and right issue would be utilized for repayment of loans of the Company. Post restructuring, it is anticipated that the Company's debt levels shall be sustainable and resultantly the debt obligations of the Company would be met on time, subject to impact, if any, of uncontrollable external factors such as the local and global market conditions.

3 Accounting policies and estimates

3.1 The accounting policies and methods of computation adopted in the preparation of this condensed interim unconsolidated financial information are the same as those applied in the preparation of the financial statements for the year ended June 30, 2020.

3.2 Judgments and estimates made by the management in the preparation of the condensed interim financial information are the same as those applied in preparation of annual published financial statements of the Company for the year ended June 30, 2020.

4 Contingencies and commitments

4.1 Contingencies

There is no material change in the contingencies from preceding audited published financial statements of the Company for the year ended June 30, 2020.

		(Un-audited) September 30 2020	(Audited) June 30 2020
	Note	Rupees	Rupees
4.2 Commitments			
4.2.1 Commitments under irrevocable letters of credit for:			
- purchase of stores, spare and loose tools		10,510,241	33,199,186
- purchase of machinery		52,238,938	-
- purchase of raw material		10,946,821	27,599,517
		<u>73,696,000</u>	<u>60,798,703</u>
4.2.2 Commitments for capital expenditure		<u>45,126,155</u>	<u>57,177,007</u>

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		(Un-audited) September 30 2020 Rupees	(Audited) June 30 2020 Rupees
5	Property, plant and equipment	Note	
	Operating fixed assets	5.1	9,904,311,669
	Right of use asset		8,899,159
	Capital work in progress		297,435,737
			<u>10,210,646,565</u>
			<u>10,254,008,713</u>
5.1	Operating fixed assets		
	Net book value as at the beginning of the period / year		10,006,077,001
	Additions during the period / year	5.1.1	12,453,025
	Disposals during the period / year - Net book value		(12,142,319)
	Depreciation charged during the period / year		(93,176,879)
	Net book value as at the end of the period / year		<u>9,913,210,828</u>
			<u>10,006,077,001</u>
5.1.1	Additions- Cost		
	<u>Assets owned by the Company</u>		
	Building on freehold land		-
	Plant and Machinery		23,751,887
	Furniture, fixtures and office equipment		187,980,912
	Vehicles		17,223,139
	Tools and equipments		1,935,000
	Electric installations		8,983,301
	<u>Right of use asset</u>		-
			43,151,236
			<u>12,453,025</u>
			<u>312,688,535</u>
			(Un-audited) July 2020 to September 2020 Rupees
			(Un-audited) July 2019 to September 2019 Rupees
6	Finance cost		
	<i>Interest / mark-up on:</i>		
	Redeemable capital & long term finances	132,869,705	131,388,188
	Liabilities against assets subject to finance lease	225,909	267,204
	Short term borrowings	91,926,038	118,923,383
		225,021,652	250,578,775
	Amortization of transaction costs and unwinding effect of present value	703,746	3,337,888
	Exchange loss / (gain) on foreign currency borrowings	40,958,302	(18,484,491)
	Bank discounting and other charges	58,355,975	62,053,404
		<u>325,039,675</u>	<u>297,485,576</u>

7 Transactions and balances with related parties

Related parties from the Company's perspective comprise associated undertakings, key management personnel (including chief executive and directors), post employment benefit plan and other related parties. The Company in the normal course of business carries out transactions with various related parties and continues to have a policy whereby all such transactions are carried out on permissible basis.

During the year ended June 30, 2020, the holding of Jahangir Siddiqui and Company Limited (JSCL) in the Company has increased from 19.96% to 24.86% and consequently JSCL and its group companies are now considered as related parties. Comparative disclosure of transactions and balances with related parties have been amended accordingly.

Detail of transactions and balances with related parties is as follows:

	(Un-audited) July 2020 to September 2020	(Un-audited) July 2019 to September 2019
7.1 Transactions with related parties		
7.1.1 Other related parties		
JS Bank Limited		
Mark-up expense	1,583,760	13,858,960
Mark-up Paid	-	9,927,468
JS Value Fund Limited		
Mark-up expense	661,825	638,467
Unit Trust of Pakistan		
Mark-up expense	723,534	1,139,987
JS Large Cap Fund		
Mark-up expense	2,305,696	2,305,696
JS Global Capital Limited		
Mark-up expense	9,051,333	9,051,333
JS Principal Secure Fund		
Mark-up expense	928,267	928,267
JS Income Fund		
Mark-up expense	973,373	1,381,009
JS Growth Fund		
Mark-up expense	2,331,532	2,312,067
7.1.2 Key management personnel		
Short-term employee benefits	73,239,127	91,541,041

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	(Un-audited) September 30 2020 Rupees	(Audited) June 30 2020 Rupees
7.2	Balances with related parties	
7.2.1	Other related parties	
	JS Bank Limited	
	Redeemable capital - PPTFC IV	65,021,777
	Mark-up payable	59,557,668
	JS Value Fund Limited	
	Redeemable capital - TFC II	19,523,024
	Redeemable capital - TFC VI	12,900,000
	Mark-up payable	19,274,469
	Unit Trust of Pakistan	
	Redeemable capital - TFC V	31,980,766
	Redeemable capital - PPTFC VI	19,265,000
	Mark-up payable	28,658,923
	JS Large Cap Fund	
	Redeemable capital - PPTFCs	83,160,000
	Mark-up payable	50,349,393
	JS Global Capital Limited	
	Redeemable capital - PPTFCs	326,456,184
	Mark-up payable	197,653,567
	JS Principal Secure Fund	
	Redeemable capital - PPTFCs	33,480,000
	Mark-up payable	20,270,535
	JS Pension Savings Fund	
	Redeemable capital - PPTFC VI	3,850,000
	JS Income Fund	
	Redeemable capital - TFC II	7,369,942
	Redeemable capital - TFC V	31,980,766
	Redeemable capital - PPTFC VI	24,135,000
	Mark-up payable	35,935,035
	JS Growth Fund	
	Redeemable capital - TFC II	16,269,187
	Redeemable capital - TFC VI	10,750,000
	Redeemable capital - PPTFCs	64,200,000
	Mark-up payable	54,932,080
7.2.2	Key Management Personnel	
	Short term employee benefits payable	17,008,605
		17,105,095

8 Overdue debt finances

The Company is facing liquidity shortfall due to the facts disclosed in note 2.3 as a result of which it was unable to meet its obligations in respect of various debt finances. The details are as follows:

As at September 30, 2020			
	Principal	Preference dividend / Interest / mark-	Total
-----Rupees-----			
Redeemable capital	5,844,476,830	2,481,252,876	8,325,729,706
Long term finances	2,208,854,728	1,419,933,286	3,628,788,014
Preference shares	148,367,250	9,413,535	157,780,785
Short term borrowings	474,015,216	2,388,660,636	2,862,675,852
Bills payable	337,503,037	353,342,983	690,846,020
	<u>9,013,217,061</u>	<u>6,652,603,316</u>	<u>15,665,820,377</u>

As at June 30, 2020			
	Principal	Preference dividend / Interest / mark-	Total
-----Rupees-----			
Redeemable capital	5,844,476,830	2,397,092,713	8,241,569,543
Long term finances	2,167,896,426	1,362,494,844	3,530,391,270
Preference shares	148,367,250	9,413,535	157,780,785
Short term borrowings	474,015,216	2,321,757,645	2,795,772,861
Bills payable	337,503,037	343,348,334	680,851,371
	<u>8,972,258,759</u>	<u>6,434,107,071</u>	<u>15,406,365,830</u>

As mentioned in note 2.3, second round of financial restructuring is in process.

9 Segment information

9.1 Information about reportable segments

9.1.1 Segment revenues and results

	Spinning segment		Weaving segment		Garment segment		Elimination		Total	
	September-20 Rupees	September-19 Rupees								
Revenue										
External revenues	313,032,293	443,647,725	2,005,688,148	1,603,255,418	2,882,826,943	2,675,858,530	(1,042,210,902)	(1,054,334,995)	5,201,547,384	4,722,761,674
Inter-segment revenues	109,896,779	148,287,822	929,732,464	902,253,822	2,581,659	3,793,351	(1,042,210,902)	(1,054,334,995)	5,201,547,384	4,722,761,674
	422,929,072	591,935,547	2,935,420,612	2,505,509,240	2,885,408,602	2,679,651,881	(1,042,210,902)	(1,054,334,995)	5,201,547,384	4,722,761,674
Cost of sales										
- intersegment	(109,896,779)	(148,287,822)	(929,732,464)	(902,253,822)	(2,581,659)	(3,793,351)	1,042,210,902	1,054,334,995	(4,204,064,193)	(3,916,173,690)
- external	(291,500,749)	(407,533,912)	(1,495,430,353)	(1,202,874,084)	(2,417,133,091)	(2,305,765,692)	(1,042,210,902)	(1,054,334,995)	(4,204,064,193)	(3,916,173,690)
	(401,397,528)	(555,821,734)	(2,425,162,817)	(2,105,127,906)	(2,419,714,750)	(2,309,559,044)	1,042,210,902	1,054,334,995	(4,204,064,193)	(3,916,173,690)
Gross profit	21,531,544	36,113,813	510,257,795	400,381,334	465,693,852	370,092,838	-	-	997,483,191	806,587,984
Selling and distribution expenses	(5,960,196)	(9,556,028)	(85,381,590)	(82,914,917)	(182,292,687)	(132,290,433)	-	-	(273,634,473)	(247,613,719)
Administrative expenses	(24,342,808)	(24,290,062)	(57,533,228)	(58,959,046)	(56,242,210)	(58,867,536)	-	-	(1,381,182,470)	(1,421,165,643)
Segment results	(30,303,004)	(33,846,089)	(142,914,818)	(141,873,963)	(238,534,897)	(191,157,969)	-	-	(411,752,720)	(566,878,021)
	(8,771,460)	2,267,723	367,342,977	258,807,371	227,158,955	178,924,869	-	-	585,730,471	439,709,965
Other income									28,208,193	34,831,980
Other expenses									(18,855,153)	-
Finance cost									(225,039,675)	(297,485,576)
Taxation									(50,931,082)	(46,212,620)
Profit after taxation									219,112,754	130,843,747

9.1.2 Inter-segment sales and purchases

Inter-segment sales and purchases have been eliminated from total figures.

9.1.3 Basis of inter-segment pricing

All inter-segment transfers are made at negotiated rates.

10 **Corresponding figures**

Corresponding figures have been rearranged, where necessary, for the purpose of comparison

11 **Date of authorization**

This condensed interim unconsolidated financial information was authorized for issue by the Board of Directors of the Company on October 28, 2020.

12 **General**

Figures have been rounded off to the nearest rupee.

Lahore  Chief Executive Officer  Director  Chief Financial Officer

AZGARD9

AZGARD NINE LIMITED
ISMAIL AIWAN-I-SCIENCE, OFF: SHAHRAH-I-ROOM,
LAHORE-54600, PAKISTAN.
P: +92(0)4235761794-5
F: +92(0)4235761791

INFO@AZGARD9.COM



Azgard9.Limited



www.azgard9.com



[azgard9Ltd](https://www.instagram.com/azgard9Ltd)

