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AZGARD NINE LIMITED

Interim Financial Report
for the quarter ended
September 30, 2021 (Un-audited)

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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. Abdul Hamid Ahmed Dagia
Mr. Abid Hussain
Mr. Muhammad Wasim Butt

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

Grant Thornton Anjum Rahman
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
Faysal Bank Limited
Habib Bank Limited
United Bank Limited
National Bank of Pakistan
Silkbank Limited
Summit Bank Limited
Askari Bank Limited
Bank Al Habib 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

Atta Buksh Road, 18-KM, Off: Ferozepur 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, 2021.

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, 2021 (Rupees) | Quarter ended September 30, 2020 (Rupees) |
|--------------------|---|---|
| Sales – net | 7,467,329,510 | 5,201,547,384 |
| Operating profit | 427,327,147 | 585,730,471 |
| Finance cost | (167,393,411) | (325,039,675) |
| Profit before tax | 230,113,507 | 270,043,836 |
| Profit after tax | 155,913,550 | 219,112,754 |
| Earnings per share | 0.32 | 0.45 |

Review of business during this period and future outlook

During this first quarter, sales of the Company were Rs. 7,467.33 million; registering a growth of more than 43% as compared to the same quarter of last year.

Operating profit of this quarter is Rs. 427.33 million; a decrease of 27% 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. 155.91 million as compared to profit of Rs. 219.11 million during the same quarter of last year.

During the quarter, emergence of worldwide economic crisis has resulted in higher manufacturing cost. Due to increasing costs and shortages of raw materials such as cotton, yarn, fabric and chemicals. This is following a global trend whereby the prices of many commodities have increased drastically. It is now difficult to foresee how far they will go. Currently, it is difficult to fully pass on the full impact of these cost increases to the customers and thus the margin compression. Moreover, increase in sea freight cost has also adversely affected our margins.

Future outlook of business of the Company appears to be challenging. At present, uncertainty is still there and we are cautious about the future which is largely dependent upon stability in raw material prices and favorable policies of government towards textile sector especially timely availability of refunds and continuous availability of competitive electricity tariff. Currently, there is no long term textile policy in place. Restructuring scheme has been implemented and the Company's debt levels should now be sustainable. Availability of financing to the Company for working capital requirements and for meeting sustainability and growth capital expenditures is awaited.

4 | **Azgard Nine Limited**

Status of disclosure in respect of Montebello S.R.L. as mentioned in financial statements for year ended June 30, 2021, the proceedings of the Italian Courts are going on and details would be available once the proceedings are concluded. Disclosure in respect of consolidation of financial statements is provided in note 2.2 to the condensed interim financial report.

The Board would like to acknowledge the cooperation of all the stakeholders. We hope that with their continued support, the Company's performance would remain in a positive direction.

On behalf of the Board of Directors



Chief Executive Officer



Director

Date: December 06, 2021

ڈائریکٹرز کا جائزہ

ایزگارڈ نائن لمیٹڈ (کمپنی) ہمراہ انتظامیہ ٹیم کمپنی کی چیف عبوری مالیاتی رپورٹ برائے سہ ماہی ختمہ 30 ستمبر 2021 پیش کرتے ہیں۔

اہم سرگرمیاں

آپ کی کمپنی کی توجہ دھاگہ سے لے کر خوردہ تیار سامان، ڈینم پٹر اور تیار ڈینم ملبوسات کی مصنوعات کی پیداوار اور مارکیٹنگ پر مرکوز ہے۔ ایزگارڈ نائن لمیٹڈ (سٹینڈ انون) کے عملی مالیاتی نتائج درج ذیل ہیں۔

| سہ ماہی ختمہ 30 ستمبر 2020 (روپے) | سہ ماہی ختمہ 30 ستمبر 2021 (روپے) | |
|---|---|-------------------|
| 5,201,547,384 | 7,467,329,510 | فروڈنگلی (Net) |
| 585,730,471 | 427,327,147 | آپریٹنگ منافع |
| (325,039,675) | (167,393,411) | مالیاتی اخراجات |
| 270,043,836 | 230,113,507 | منافع قبل از ٹیکس |
| 219,112,754 | 155,913,550 | منافع بعد از ٹیکس |
| 0.45 | 0.32 | منافع فی شیئر |

اس معیار کے دوران کاروبار کا جائزہ اور مستقبل پر نظر

اس پہلی سہ ماہی کے دوران کمپنی کی سٹیز 7,467.33 ملین روپے رہیں، جو کہ پچھلے سال کی سہ ماہی کی نسبت تقریباً "43 فیصد سے زیادہ اضافہ ہوا ہے۔ آپریٹنگ منافع اس سہ ماہی کے دوران 427.33 ملین روپے رہا جو کہ پچھلے سال اسی سہ ماہی کی نسبت 27 فیصد کم ہوا ہے۔ کمپنی قبل از ٹیکس منافع 155.91 ملین روپے حاصل کرنے میں کامیاب رہی، جو کہ پچھلے سال کی اسی سہ ماہی کے دوران قبل از ٹیکس منافع 219.11 ملین روپے تھا۔

اس سہ ماہی کے دوران، دنیا بھر میں اقتصادی بحران کے ابھرنے کے نتیجے میں پیداواری لاگت میں اضافہ ہوا ہے۔ بڑھتی ہوئی لاگت اور خام مال جیسے کاشن، یارن، کپڑا اور ٹیکسٹائل کی کمی کی وجہ سے۔ یہ ایک عالمی رجحان کی پیروی کر رہا ہے جس کے تحت بہت سی اشیاء کی قیمتوں میں زبردست اضافہ ہوا ہے۔ اب یہ اندازہ لگانا مشکل ہے کہ یہ کس حد تک جائیں گے۔ فی الحال، ان لاگت کا مکمل اثر صارفین تک پہنچانا مشکل ہے اور اس طرح منافع کم ہو رہا ہے۔ مزید برآں، سمندری مال برداری کی لاگت میں اضافے نے بھی ہمارے منافع کو بری طرح متاثر کیا ہے۔

کمپنی کے کاروبار کا مستقبل کا نقطہ نظر چیلنجنگ دکھائی دیتا ہے۔ فی الحال، غیر یقینی صورتحال اب بھی موجود ہے اور ہم مستقبل کے بارے میں محتاط ہیں جس کا زیادہ تر انحصار خام مال کی قیمتوں میں استحکام اور ٹیکسٹائل سیکٹر کے حوالے سے حکومت کی سازگار پالیسیوں بالخصوص ریفرنڈری بروقت دستیابی اور بجلی کے مسابقتی ٹریف کی مسلسل دستیابی پر ہے، فی الحال، کوئی طویل مدتی ٹیکسٹائل پالیسی موجود نہیں ہے۔ مالیاتی تنظیم نو لاگو کر دی گئی ہے اور کمپنی کے قرض کی سطح اب پائیدار ہونی چاہیے۔ ورلڈ کیپٹل کی ضروریات کو پورا کرنے کے لئے اور پائیداری اور ترقی کو پورا کرنے کے لئے سرمائے کا انتظار ہے۔


Montebello S.R.L. کے بارے میں انکشافات جیسا کہ 30 جون 2021 کے مالیاتی بیٹمنٹس میں بیان کئے گئے ہیں، اٹلی کی عدالتوں میں کارروائی جاری ہے اور کارروائی مکمل ہونے کے بعد تفصیلات دستیاب ہوں گی۔ بیجا مالیاتی بیٹمنٹس کے بارے میں انکشافات مالیاتی بیٹمنٹس کے نوٹ 2.2 میں مہیا کئے گئے ہیں۔

بورڈ اپنے تمام شرکت داروں کے تعاون کو تسلیم کرتا ہے۔ ہمیں امید ہے کہ ان کے مسلسل تعاون سے کمپنی کی کارکردگی مثبت سمت میں رہے گی۔

بورڈ آف ڈائریکٹرز کی جانب سے



ڈائریکٹر



چیف ایگزیکٹو آفیسر

لاہور

06 دسمبر 2021ء

Condensed Interim Statement of Financial Position (Un-audited)
As at September 30, 2021

| | (Un-audited) September 30 2021 Rupees | (Audited) June 30 2021 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 | 3,214,437,408 | 3,214,437,408 |
| Surplus on revaluation of fixed assets | 3,395,605,668 | 3,414,941,189 |
| Accumulated loss | (3,373,205,836) | (3,548,454,938) |
| | 8,150,590,610 | 7,994,677,029 |
| Non-current liabilities | | |
| Redeemable capital - secured | 312,035,983 | 311,791,275 |
| Sub PPTFCs | 3,250,000,000 | 3,250,000,000 |
| New Zero Coupon PPTFCs | 5,103,510,000 | 5,103,510,000 |
| Term Loan to be Settled from Sale Proceeds of Muzaffargarh Unit | 1,081,208,933 | 1,081,208,933 |
| Lease liabilities | 4,570,918 | 4,672,572 |
| Deferred liability | 516,633,482 | 495,679,868 |
| | 10,267,959,316 | 10,246,862,648 |
| Current liabilities | | |
| Current portion of non-current liabilities | 150,038,750 | 150,772,866 |
| Short term borrowing | 1,535,570,890 | 1,423,689,035 |
| Trade and other payables | 2,705,923,790 | 2,545,679,458 |
| Contract Liabilities | 76,820,617 | 53,186,265 |
| Interest / mark-up accrued on borrowings | 245,974,560 | 200,066,382 |
| Dividend payable on preference shares | 9,413,535 | 9,413,535 |
| Unclaimed dividend on ordinary shares | 3,753,252 | 3,753,252 |
| | 4,727,495,394 | 4,386,560,793 |
| Contingencies and commitments | 23,146,045,320 | 22,628,100,470 |
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 10,356,706,448 | 10,232,590,972 |
| Long term investments | 12,608,052 | 12,608,052 |
| Long term deposits and receivables | 38,034,396 | 38,034,396 |
| | 10,407,348,896 | 10,283,233,420 |
| Current assets | | |
| Stores, spares and loose tools | 189,795,612 | 148,644,939 |
| Stock-in-trade | 4,546,658,066 | 4,599,739,102 |
| Trade receivables | 3,082,429,344 | 2,418,068,551 |
| Advances, deposits, prepayments and other receivables | 2,556,250,959 | 2,514,947,274 |
| Short term investments | 139,993,989 | 139,993,989 |
| Receivable from National Bank of Pakistan | 306,022,500 | 306,022,500 |
| Income tax recoverable | 29,581,476 | 37,480,182 |
| Funds for restructuring scheme | 11,060,862 | 17,170,862 |
| Cash and bank balances | 612,903,616 | 898,799,651 |
| | 11,474,696,424 | 11,080,867,050 |
| Non-current assets held for sale | 1,264,000,000 | 1,264,000,000 |
| | 23,146,045,320 | 22,628,100,470 |

Lahore


 Chief Executive Officer


 Director


 Chief Financial Officer

**Condensed Interim Statement of Profit or Loss (Un-audited)
For the quarter ended September 30, 2021**

| | (Un-audited) July 2021 to September 2021 | (Un-audited) July 2020 to September 2020 |
|---|--|--|
| | Rupees | Rupees |
| Sales - net | 7,467,329,510 | 5,201,547,384 |
| Cost of sales | (6,474,715,154) | (4,204,064,193) |
| Gross profit | 992,614,356 | 997,483,191 |
| Selling and distribution expenses | (409,628,353) | (273,634,473) |
| Administrative expenses | (155,658,856) | (138,118,247) |
| Profit from operations | 427,327,147 | 585,730,471 |
| Other income | 14,823,035 | 28,208,193 |
| Other expenses | (44,643,264) | (18,855,153) |
| Finance cost | (167,393,411) | (325,039,675) |
| Profit before taxation | 230,113,507 | 270,043,836 |
| Taxation | (74,199,957) | (50,931,082) |
| Profit after taxation | 155,913,550 | 219,112,754 |
| Earnings per share - basic and diluted | 0.32 | 0.45 |

Lahore


Chief Executive Officer


Director


Chief Financial Officer

Condensed Interim Statement of Comprehensive Income (Un-audited)
For the quarter ended September 30, 2021

| | (Un-audited) | |
|---|--|--|
| | July 2021 to September 2021 Rupees | July 2020 to September 2020 Rupees |
| Profit after taxation | 155,913,550 | 219,112,754 |
| | | |
| <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 | 155,913,550 | 219,112,754 |

Lahore



 Chief Executive Officer



 Director



 Chief Financial Officer

Condensed Interim Statement of Cash Flows (Un-audited)
For the quarter ended September 30, 2021

| | <u>July 2021 to</u> <u>September 2021</u> | <u>July 2020 to</u> <u>September 2020</u> |
|---|--|--|
| | Rupees | Rupees |
| Cash flow from operating activities | | |
| Profit before taxation | 230,113,507 | 270,043,836 |
| Adjustments | 344,456,627 | 481,586,609 |
| Operating profit before working capital changes | 574,570,134 | 751,630,445 |
| Changes in working capital | (542,830,765) | (931,684,032) |
| Cash generated from operations | 31,739,369 | (180,053,587) |
| Payments for: | | |
| Finance cost | (117,945,820) | (88,086,196) |
| Income tax | (66,301,282) | (36,337,119) |
| Post retirement benefits | (19,161,399) | (42,648,189) |
| Net cash generated from operating activities | (171,669,132) | (347,125,091) |
| Cash flows from investing activities | | |
| Capital expenditure | (257,440,709) | (8,554,794) |
| Proceeds from disposal of fixed assets | 26,068,376 | (45,902,258) |
| Net cash used in investing activities | (231,372,333) | (54,457,052) |
| Cash flows from financing activities | | |
| Lease liabilities | (835,772) | (727,182) |
| Short term borrowings-net | 111,881,854 | 93,861,393 |
| Dividend paid | (10,652) | - |
| Net cash generated from financing activities | 111,035,430 | 93,134,211 |
| Net increase in cash and cash equivalents | (292,006,035) | (308,447,932) |
| Cash and cash equivalents at the beginning of period | 915,970,513 | 787,189,396 |
| Cash and cash equivalents at the end of period | 623,964,478 | 478,741,464 |

Lahore


 Chief Executive Officer


 Director


 Chief Financial Officer

**Condensed Interim Statement of Changes in Equity (Un-audited)
For the quarter ended September 30, 2021**

| | Issued, subscribed and paid-up capital | Share premium | Reserve on merger | Preference share redemption reserve | Post retirement benefits obligation reserve | Surplus on revaluation of fixed assets | Accumulated loss | Total reserves | Total equity |
|--|--|---------------|-------------------|-------------------------------------|---|--|------------------|-----------------|---------------|
| 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 ended Sep 30, 2020 | - | - | - | - | - | - | 219,112,754 | 219,112,754 | 219,112,754 |
| Other comprehensive loss for the period ended September 30, 2020 | - | - | - | - | - | - | - | - | - |
| Reversal of revaluation surplus on non-current assets held for sale | - | - | - | - | - | - | - | - | - |
| Total comprehensive income for the period ended September 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 | - | - |
| Transfer of revaluation surplus on disposal of non-current assets held for sale | - | - | - | - | - | 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 |
| As at July 01, 2021 - Audited | 4,913,753,370 | 2,358,246,761 | 105,152,005 | 661,250,830 | 89,787,812 | 3,414,941,220 | (3,548,454,938) | 3,080,923,690 | 7,994,677,060 |
| Total comprehensive income for the period ended Sep 30, 2021 | - | - | - | - | - | - | 155,913,550 | 155,913,550 | 155,913,550 |
| Other comprehensive income for the period ended September 30, 2021 | - | - | - | - | - | - | - | - | - |
| Total comprehensive income for the period ended September 30, 2021 | - | - | - | - | - | - | 155,913,550 | 155,913,550 | 155,913,550 |
| Transfer of incremental depreciation from surplus on revaluation of fixed assets | - | - | - | - | - | (19,335,552) | 19,335,552 | - | - |
| As at September 30, 2021 - Unaudited | 4,913,753,370 | 2,358,246,761 | 105,152,005 | 661,250,830 | 89,787,812 | 3,395,605,668 | (3,375,205,836) | 3,236,837,240 | 8,150,590,610 |

[Signature]

Chief Executive Officer

[Signature]

Director

[Signature]

Chief Financial Officer

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Condensed Interim Selected Explanatory Notes to the Financial Statements (Un-audited) For the quarter ended September 30, 2021

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 three units with Unit I located at 2.5 km off Manga, Raiwind Road, District Kasur, Unit II at Alipur Road, Muzaffargarh, Unit III at Atta Buksh Road, 18 km, off Ferozpur Road, Mouza Atari Saroba, Tehseel Cantt, Lahore. Unit III is rented facility. Unit I and III are operational, Unit II is non-operational and is being held for sale.

2 Basis of preparation

2.1 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.

These condensed interim financial statements do 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 audited financial statements for the year ended June 30, 2021.

Comparative statement of financial position is extracted from annual audited financial statements for the year ended June 30, 2021 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 statements for the quarter ended on Sep 30, 2020.

These condensed interim financial statements are being submitted to the shareholders as required by Section 237 of the Companies Act, 2017.

2.2 Separate financial statements

These condensed interim financial statements are the separate financial statements of the Company. Consolidated condensed interim financial statements of the Company are 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 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.

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, 2021.

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, 2021.

4 Contingencies and commitments**4.1 Contingencies**

There is no material change in the status of contingencies as disclosed in the financial statements for the year ended June 30, 2021.

| | Note | (Un-audited) | (Audited) |
|---|------|--------------------|--------------------|
| | | September 30, 2021 | June 30, 2021 |
| | | Rupees | Rupees |
| 4.2 Commitments | | | |
| 4.2.1 Commitments under irrevocable letters of credit for: | | | |
| - purchase of Plant, machinery and loose tools | | 162,930,044 | 82,158,945 |
| - purchase of raw material | | 85,106,498 | 65,028,427 |
| | | <u>248,036,542</u> | <u>147,187,372</u> |
| 4.2.2 Commitments for capital expenditure | | <u>132,521,571</u> | <u>200,921,358</u> |

5 Property, plant and equipment

| | | | |
|--------------------------|-----|-----------------------|-----------------------|
| Operating fixed assets | 5.1 | 9,926,274,048 | 9,938,195,993 |
| Right of use asset | | 7,119,328 | 7,494,027 |
| Capital work in progress | | 423,313,072 | 286,900,952 |
| | | <u>10,356,706,448</u> | <u>10,232,590,972</u> |

5.1 Operating fixed assets

| | | | |
|--|-------|----------------------|----------------------|
| Net book value as at the beginning of the period / year | | 9,938,195,993 | 9,996,709,467 |
| Additions during the period / year | 5.1.1 | 138,608,704 | 723,085,460 |
| Surplus on revaluation during the period / year | | - | (383,159,621) |
| Disposals during the period / year - Net book value | | (58,600,403) | (15,072,284) |
| Depreciation charged during the period / year | | (91,930,246) | (383,367,029) |
| Net book value as at the end of the period / year | | <u>9,926,274,048</u> | <u>9,938,195,993</u> |

5.1.1 Additions- Cost**Assets owned by the Company**

| | | | |
|--|--|--------------------|--------------------|
| Building on freehold land | | 8,611,453 | 118,241,378 |
| Plant and Machinery | | 118,148,801 | 563,590,403 |
| Furniture, fixtures and office equipment | | 4,937,300 | 9,075,092 |
| Vehicles | | 92,400 | 3,307,050 |
| Tools and equipments | | 2,099,500 | 20,906,918 |
| Electric installations | | 4,719,250 | 7,964,619 |
| | | <u>138,608,704</u> | <u>723,085,460</u> |

| | (Un-audited) July 2021 to September 2021 Rupees | (Un-audited) July 2020 to September 2020 Rupees |
|--|--|--|
| 6 Finance cost | | |
| <i>Interest / mark-up on:</i> | | |
| Redeemable capital & long term finances | 56,304,318 | 132,869,705 |
| Lease liabilities | 98,754 | 225,909 |
| Short term borrowings | 16,082,549 | 91,926,038 |
| | 72,485,621 | 225,021,652 |
| Amortization of transaction costs | 3,294,707 | 703,746 |
| Exchange loss on foreign currency borrowings | - | 40,958,302 |
| Bank discounting and other charges | 91,613,083 | 58,355,975 |
| | 167,393,411 | 325,039,675 |

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.

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

| | (Un-audited) July 2021 to September 2021 Rupees | (Un-audited) July 2020 to September 2020 Rupees |
|--|--|--|
| 7.1 Transactions with related parties | | |
| 7.1.1 Other related parties | | |
| JS Bank Limited | | |
| Mark-up expense | 783,264 | 1,583,760 |
| JS Value Fund Limited | | |
| Mark-up expense | 235,162 | 661,825 |
| Unit Trust of Pakistan | | |
| Mark-up expense | 385,292 | 723,534 |
| JS Large Cap Fund | | |
| Mark-up expense | 1,028,092 | 2,305,696 |
| Markup Paid/ Settled | 795,781 | - |
| JS Global Capital Limited | | |
| Mark-up expense | 4,035,919 | 9,051,333 |
| Markup Paid/ Settled | 3,123,948 | - |

| | (Un-audited) July 2021 to September 2021 | (Un-audited) July 2020 to September 2020 |
|--|---|---|
| | Rupees | Rupees |
| JS Principal Secure Fund | | |
| Mark-up expense | 413,907 | 928,267 |
| Markup Paid/ Settled | 320,379 | - |
| JS Income Fund | | |
| Mark-up expense | 474,042 | 973,373 |
| JS Growth Fund | | |
| Mark-up expense | 989,672 | 2,331,532 |
| Markup Paid/ Settled | 614,347 | - |
| | (Un-audited) September 30 2021 | (Audited) June 30 2021 |
| | Rupees | Rupees |
| 7.2 Balances with related parties | | |
| 7.2.1 Other related parties | | |
| JS Bank Limited | | |
| Sub PPTFCs | 48,280,000 | 48,280,000 |
| Term Loan | 13,870,315 | 13,870,315 |
| New Zero Coupon PPTFCs | 63,025,000 | 63,025,000 |
| Mark-up payable | 1,319,630 | 534,900 |
| JS Value Fund Limited | | |
| Sub PPTFCs | 14,495,000 | 14,495,000 |
| Term Loan | 4,164,612 | 4,164,612 |
| New Zero Coupon PPTFCs | 33,250,000 | 33,250,000 |
| Mark-up payable | 396,197 | 160,595 |
| Unit Trust of Pakistan | | |
| Sub PPTFCs | 23,750,000 | 23,750,000 |
| Term Loan | 6,822,073 | 6,822,073 |
| New Zero Coupon PPTFCs | 49,485,000 | 49,485,000 |
| Mark-up payable | 649,133 | 263,120 |
| JS Large Cap Fund | | |
| Redeemable capital - PPTFCs | 63,837,358 | 63,837,358 |
| Term Loan | 17,739,525 | 17,739,525 |
| New Zero Coupon PPTFCs | 59,745,000 | 59,745,000 |
| Mark-up payable | 936,331 | 703,601 |
| JS Global Capital Limited | | |
| Redeemable capital - PPTFCs | 250,602,457 | 250,602,457 |
| Term Loan | 69,638,980 | 69,638,980 |
| New Zero Coupon PPTFCs | 234,545,000 | 234,545,000 |
| Mark-up payable | 3,675,699 | 2,762,085 |

| | (Un-audited) September 30 2021 Rupees | (Audited) June 30 2021 Rupees |
|---------------------------------|--|--|
| JS Principal Secure Fund | | |
| Redeemable capital - PPTFCs | 25,700,755 | 25,700,755 |
| Term Loan | 7,141,887 | 7,141,887 |
| New Zero Coupon PPTFCs | 24,050,000 | 24,050,000 |
| Mark-up payable | 376,964 | 283,268 |
| JS Pension Savings Fund | | |
| New Zero Coupon PPTFCs | 3,850,000 | 3,850,000 |
| JS Income Fund | | |
| Sub PPTFCs | 29,220,000 | 29,220,000 |
| Term Loan | 8,394,214 | 8,394,214 |
| New Zero Coupon PPTFCs | 62,040,000 | 62,040,000 |
| Mark-up payable | 798,658 | 323,729 |
| JS Growth Fund | | |
| Redeemable capital - PPTFCs | 49,282,809 | 49,282,809 |
| Sub PPTFCs | 12,080,000 | 12,080,000 |
| Term Loan | 17,165,525 | 17,165,525 |
| New Zero Coupon PPTFCs | 73,830,000 | 73,830,000 |
| Mark-up payable | 1,053,035 | 677,021 |

8 Segment Information

8.1 Information about reportable segments

| | Spinning segment | | Weaving segment | | Garment segment | | Elimination | | Total | |
|-------------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| | September-21 Rupees | September-20 Rupees | September-21 Rupees | September-20 Rupees | September-21 Rupees | September-20 Rupees | September-21 Rupees | September-20 Rupees | September-21 Rupees | September-20 Rupees |
| Segment revenues and results | | | | | | | | | | |
| Revenue | | | | | | | | | | |
| External revenues | 719,949,984 | 313,032,293 | 3,035,029,241 | 2,005,688,148 | 3,712,350,288 | 2,882,826,943 | - | - | 7,467,329,510 | 5,201,547,384 |
| Inter-segment revenues | 415,528,472 | 109,896,779 | 999,910,898 | 929,732,464 | 322,497 | 2,381,659 | (1,415,761,868) | (1,042,210,902) | - | - |
| | 1,135,478,456 | 422,929,072 | 4,034,940,139 | 2,935,420,612 | 3,712,672,785 | 2,885,408,602 | (1,415,761,868) | (1,042,210,902) | 7,467,329,510 | 5,201,547,384 |
| Cost of sales | | | | | | | | | | |
| - intersegment | (415,528,472) | (109,896,779) | (999,910,898) | (929,732,464) | (322,497) | (2,381,659) | 1,415,761,868 | 1,042,210,902 | - | - |
| - external | (546,692,867) | (291,500,749) | (2,551,422,431) | (1,495,430,333) | (3,376,673,155) | (2,471,133,091) | - | - | (6,747,715,153) | (4,204,064,193) |
| | (962,148,039) | (401,397,528) | (3,551,333,329) | (2,425,162,817) | (3,376,995,652) | (2,492,514,750) | 1,415,761,868 | 1,042,210,902 | (6,747,715,153) | (4,204,064,193) |
| Gross profit | 173,330,417 | 21,531,544 | 483,606,810 | 510,257,795 | 335,677,130 | 465,093,852 | - | - | 992,614,357 | 997,483,191 |
| Selling and distribution expenses | (12,133,837) | (5,960,196) | (210,726,207) | (85,381,590) | (186,768,310) | (182,292,687) | - | - | (409,628,353) | (273,634,473) |
| Administrative expenses | (25,290,851) | (24,342,808) | (59,686,406) | (57,533,238) | (70,681,899) | (56,242,210) | - | - | (155,658,856) | (138,118,247) |
| | (37,424,688) | (30,303,004) | (270,412,613) | (142,914,818) | (257,449,810) | (238,534,897) | - | - | (565,287,210) | (411,752,720) |
| Profit from operation | 135,905,629 | (8,771,460) | 213,194,197 | 367,342,977 | 78,227,320 | 227,158,955 | - | - | 427,327,147 | 585,730,471 |
| Other income | | | | | | | | | 14,823,035 | 28,208,193 |
| Finance cost | | | | | | | | | (44,643,264) | (18,855,153) |
| Taxation | | | | | | | | | (167,393,411) | (325,039,675) |
| Profit after taxation | | | | | | | | | 155,913,550 | (219,112,754) |

8.1.2 Inter-segment sales and purchases

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

8.1.3 Basis of inter-segment pricing

All inter-segment transfers are made at negotiated rates.

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| | Spinning segment | | Weaving segment | | Garment segment | | Elimination | | Total | |
|---|----------------------|----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|
| | September-21 | June-21 | September-21 | June-21 | September-21 | June-21 | September-21 | June-21 | September-21 | June-21 |
| | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees |
| 8.1.4 Assets | | | | | | | | | | |
| Total assets for reportable segments | 3,572,220,525 | 3,637,594,249 | 10,451,101,847 | 9,790,119,996 | 8,322,571,269 | 8,457,287,142 | (653,321,211) | (702,171,202) | 21,692,572,930 | 21,182,530,185 |
| Property, plant and equipment - common | - | - | - | - | - | - | - | - | 983,786,986 | 969,474,882 |
| Long term investments | - | - | - | - | - | - | - | - | 12,608,052 | 12,608,052 |
| Receivable from National Bank of Pakistan | - | - | - | - | - | - | - | - | 306,022,500 | 306,022,500 |
| Short term investments | - | - | - | - | - | - | - | - | 139,993,989 | 139,993,989 |
| Funds for restructuring scheme | - | - | - | - | - | - | - | - | 11,060,862 | 17,170,862 |
| | 3,572,220,525 | 3,637,594,249 | 10,451,101,847 | 9,790,119,996 | 8,322,571,269 | 8,457,287,142 | (653,321,211) | (702,171,202) | 23,146,045,319 | 22,628,100,470 |
| 8.1.5 Liabilities | | | | | | | | | | |
| Total liabilities for reportable segments | 557,756,339 | 538,598,443 | 1,387,055,346 | 1,303,501,349 | 2,021,055,974 | 1,967,785,509 | (653,321,211) | (702,171,202) | 3,312,546,447 | 3,107,714,099 |
| Corporate liabilities - common | - | - | - | - | - | - | - | - | 11,682,908,308 | 11,525,709,342 |
| | 557,756,339 | 538,598,443 | 1,387,055,346 | 1,303,501,349 | 2,021,055,974 | 1,967,785,509 | (653,321,211) | (702,171,202) | 14,995,454,755 | 14,633,423,441 |

8.1.6 Geographical information

The segments of the Company are managed on a worldwide basis, but operate manufacturing facilities and sales offices in Pakistan. In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

Revenue

Export revenue

| | September-21 | September-20 |
|-----------------|----------------------|----------------------|
| | Rupees | Rupees |
| Asia | 997,536,902 | 549,806,368 |
| Europe | 4,809,923,125 | 3,415,831,939 |
| North America | 16,799,134 | - |
| Africa | 1,025,933 | 2,895,920 |
| Other countries | 1,121,159,100 | 946,317,611 |
| | 6,946,442,194 | 4,914,851,838 |

Local revenue

| | | |
|----------|----------------------|----------------------|
| Pakistan | 479,973,116 | 185,316,613 |
| | 7,426,415,310 | 5,100,168,451 |

(Un-audited)
September-21
Rupees

8.1.7 Non-current assets

| | | |
|----------|-----------------------|-----------------------|
| Pakistan | 10,407,348,896 | 10,283,233,420 |
| | 10,407,348,896 | 10,283,233,420 |

9 Corresponding figures

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

10 Date of authorization

This condensed interim unconsolidated financial information was authorized for issue by the Board of Directors of the Company on December 06, 2021.

11 General

Figures have been rounded off to the nearest rupee.

Lahore



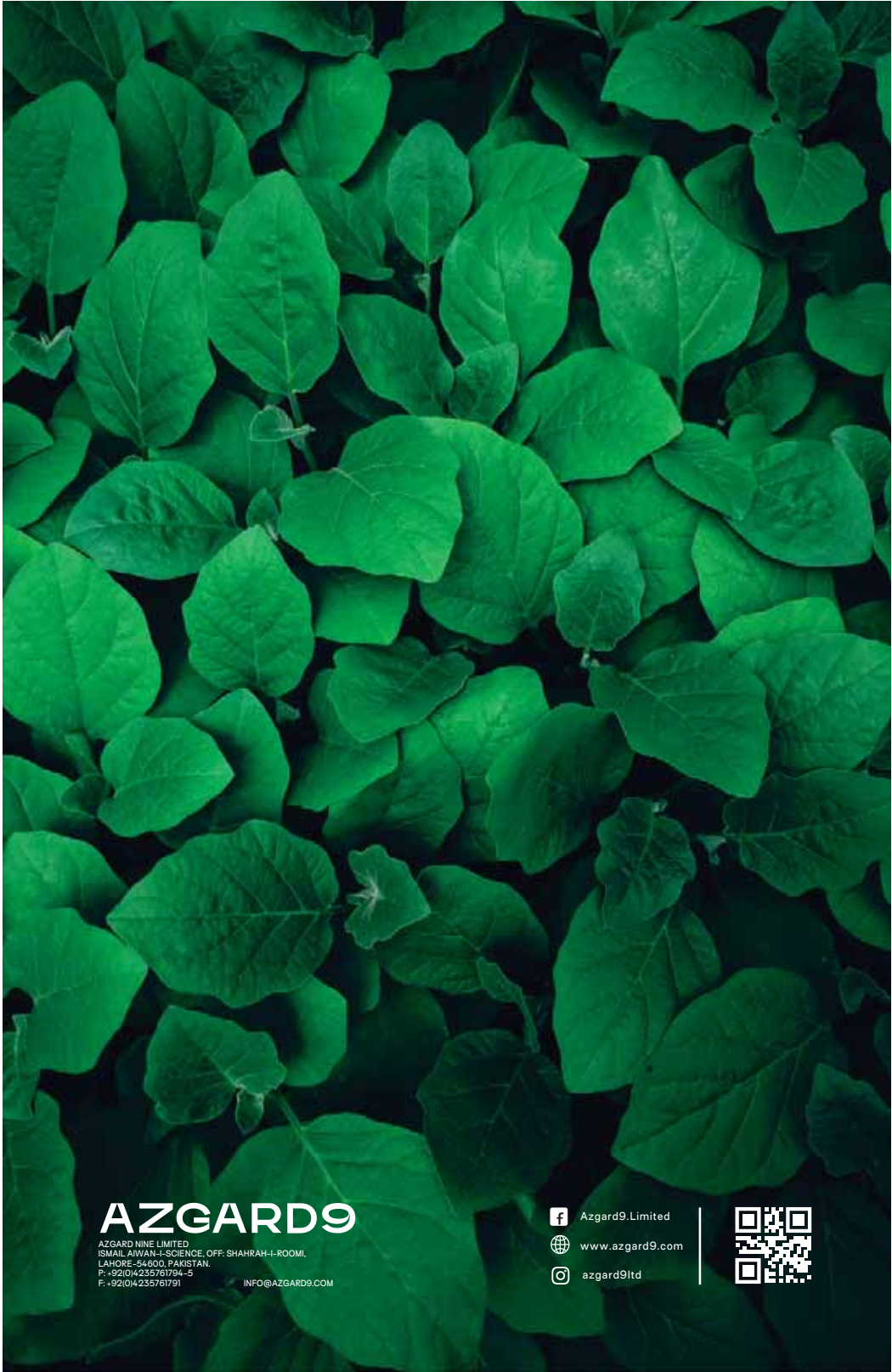
Chief Executive Officer



Director




Chief Financial Officer





AZGARD9

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