

Tomorrow's Denim Today

AZGARD

AZGARD NINE LIMITED

Interim Financial Report
for the nine months ended
March 31, 2023 (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
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REGISTERED OFFICE

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

KARACHI OFFICE

Suite 604, 6th Floor, Chappal Plaza,
Hasrat Mohani Road, Karachi.
Ph: +92(0)21 32400211

BANKERS

Relationship with conventional side

JS Bank Limited
MCB 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
Faysal Bank 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

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

E-MAIL

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WEB PRESENCE

www.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 nine months ended March 31, 2023.

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):

	Nine Months Ended March 31, 2023 (Rupees)	Nine Months Ended March 31, 2022 (Rupees)
Sales – net	21,898,056,014	23,092,266,976
Operating profit	1,465,271,914	1,449,529,026
Finance cost	(606,778,623)	(542,030,911)
Profit before tax	995,464,655	894,544,694
Profit after tax	738,013,342	661,888,294
Earnings per share	1.50	1.35

Review of business during this period and future outlook

During the nine months period, sales of the Company were Rs. 21,898 million; registering a decline of 5% as compared to the same period of last year. The operating profit of this period is Rs. 1,465.27 million as compared with the operating profit of Rs. 1,449.53 million for the same period of last year. The Company has a net profit after tax of Rs.738.01 million compared to a profit of Rs. 661.89 million during the same period last year.

The textile industry has been grappling with a crisis that has resulted in an accumulation of massive stocks with global retailers. The pandemic aftermath, the Ukraine conflict, the surge in energy and food prices, and high inflation are some of the key contributing factors to this dire situation. Adding to the woes, the economic condition of our country is nothing short of alarming. The period commenced with devastating floods wreaking havoc in Pakistan, leading to colossal damages and significant economic losses. As if that was not enough, the industry is now faced with the challenge of low cotton crops and exorbitant prices. To make matters worse, delays in the release of import documents have only exacerbated the situation. Despite these challenges, Company has managed to deliver better results by enhancing its profitability. The management team has successfully received the long-pending receivable of Rs. 306.02 million from National Bank of Pakistan. This will improve cash flow and help the business to better manage its finances.

The Company has incurred additional costs due to recent measures taken by the government. Initially, the government announced the supply of electricity at a subsidized rate of Rs. 19.99 per unit from October 2022 to June 2023, which provided some relief to the industry. However, this subsidy has been withdrawn with effect from March 01, 2023, as a pre-condition of the I.M.F. program. In addition, the general sales tax (GST) has been increased to 18%, which has resulted in a financial burden for the Company. The consistent hike in the SBP refinance rate from 11% to 18% has also led to increased finance costs for the industry. Furthermore, the imposition of super tax has added to the Company's financial burden. In light of these developments, it is imperative for the Company to adopt a proactive approach to mitigate their impact and ensure sustainable growth in the future.

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The textile industry is indeed going through a turbulent phase, and finding solutions to these pressing issues is of utmost importance. The Eurozone growth projection for 2023 stands at a meager 0.8%, raising the possibility of a recession. This situation has resulted in a cost-of-living crisis and a pessimistic outlook, leading consumers to be more cautious about their spending. The default risk of Pakistan has surged, and the country's stability is now contingent on securing new finances from the IMF and a seamless transition of power post-elections. While the depreciation of PKR may have a favourable impact, the increasing input costs of raw cotton and yarn may offset this gain. These factors present a complex and challenging landscape for the textile industry to navigate in the coming times.

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

On behalf of the Board of Directors



Chief Executive Officer

Date: April 28, 2023



Director

ڈائریکٹرز کا جائزہ

ایز کارڈ ٹائٹل لمیٹڈ (کمپنی) ہمراہ انتظامیہ ٹیم کمپنی کی تالیف عبوری مالیاتی رپورٹ برائے نو ماہی تختہ 31 مارچ 2023 پیش کرتے ہیں۔

اہم سرگرمیاں

آپ کی کمپنی کا بنیادی کاروبار دھاگہ سے لے کر خوردہ تیار سامان، ڈیٹیم کپڑا اور تیار ڈیٹیم ملبوسات کی مصنوعات کی پیداوار اور مارکیٹنگ پر مرکوز ہے۔ ایز کارڈ ٹائٹل لمیٹڈ (سٹینڈ لون) کے عملی مالیاتی نتائج درج ذیل ہیں۔

نو ماہی تختہ 31 مارچ 2022 (روپے)	نو ماہی تختہ 31 مارچ 2023 (روپے)	
23,092,266,976	21,898,056,014	فروٹنگ (Net)
1,449,529,026	1,465,271,914	آپریٹنگ منافع
(542,030,911)	(606,778,623)	مالیاتی اخراجات
894,544,694	995,464,655	منافع قبل از ٹیکس
661,888,294	738,013,342	منافع بعد از ٹیکس
1.35	1.50	منافع فی شیئر

اس معیاد کے دوران کاروبار کا جائزہ اور مستقبل پر نظر

اس نو ماہی کی مدت کے دوران، کمپنی کی بیلز 21,898 ملین روپے رہی جس میں پچھلے سال کی اسی مدت کی نسبت 5 فیصد کمی ہوئی ہے۔ پچھلے سال اسی مدت کے لئے 1,449.53 ملین روپے آپریٹنگ منافع کے مقابلے اس نو ماہی کا آپریٹنگ منافع 1,465.27 ملین روپے ہے۔ کمپنی پچھلے سال اسی مدت کے دوران 661.89 ملین روپے کے مقابلے 738.01 ملین روپے منافع بعد از ٹیکس حاصل کیا ہے۔

یکسٹنڈڈ کی صنعت ایک ایسے بحران سے دوچار ہے جس کے نتیجے میں عالمی خوردہ فروشوں کے پاس بڑے پیمانے پر اسٹاک جمع ہو گیا ہے۔ وبائی امراض کا نتیجہ، یوکرین کا تنازعہ، توانائی اور خوراک کی قیمتوں میں اضافہ اور مہنگائی اس سنگین صورتحال میں اہم کردار ادا کرنے والے عوامل ہیں۔ پریشانیوں میں اضافہ کرتے ہوئے، ہمارے ملک کے معاشی حالت تشویشناک سے کم نہیں۔ اس مدت کا آغاز پاکستان میں تناہ کن سیلابوں سے ہوا۔ جس سے بھاری نقصانات اور اہم معاشی نقصانات ہوئے۔ گویا یہ کافی نہیں تھا، صنعت کو اب کپاس کی کم فصلوں اور زیادہ قیمتوں کے چیلنج کا سامنا ہے۔ معاملات کو مزید خراب کرنے کے لئے، درآمدی دستاویزات کے اجراء میں تاخیر نے صورتحال کو مزید بڑھا دیا ہے۔ ان چیلنجوں کے باوجود، کمپنی اپنے منافع کو بڑھا کر بہتر نتائج دینے میں کامیاب رہی ہے۔ انتظامیہ نے کامیابی کے ساتھ طویل عرصے سے زیر التوا اینٹیل بنک آف پاکستان سے 306.02 ملین روپے وصول کر لئے ہیں، اس سے کیش فلو میں بہتری آئے گی اور کاروبار کو اپنے مالی معاملات کا بہتر انتظام کرنے میں مدد ملے گی۔


حکومت کے حالیہ اقدامات کی وجہ سے کمپنی نے اضافی اخراجات اٹھائے ہیں۔ ابتدائی طور پر حکومت نے اکتوبر 2022 سے جون 2023 تک رعایتی نرخ 19.99 روپے فی یونٹ پر بجلی کی فراہمی کا اعلان کیا تھا جس سے صنعت کو کچھ ریلیف ملا۔ تاہم، یہ سبسڈی آئی ایم ایف پروگرام کی پیشگی شرط کے طور پر 01 مارچ 2023 سے واپس لے لی گئی۔ اس کے علاوہ، جنرل سلز ٹیکس (GST) کو بڑھا کر 18 فیصد کر دیا گیا ہے، جس کے نتیجے میں کمپنی پر مالی بوجھ پڑا ہے۔ SBP کی ری فنانس کی شرح میں 11 فیصد سے 18 فیصد تک مسلسل اضافے نے بھی صنعت کے لئے مالیاتی اخراجات میں اضافہ کیا ہے۔ مزید برآں، عائد سپر ٹیکس نے کمپنی کے مالی بوجھ میں اضافہ کیا ہے۔ ان پیش رفتوں کی روشنی میں، کمپنی کے لئے یہ ضروری ہے کہ وہ اپنے اثرات کو کم کرنے اور مستقبل میں پائیدار ترقی کو یقینی بنانے کے لئے ایک فعال انداز اپنائے۔

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ٹیکسٹائل کی صنعت درحقیقت ایک ہنگامہ خیز مرحلے سے گزر رہی ہے، اور ان اہم مسائل کا حل تلاش کرنا سب سے زیادہ اہمیت کا حامل ہے۔ 2023 کے لئے یوروزون کی ترقی کا تخمینہ معمولی 0.8 فیصد ہے، جس سے کساد بازاری کے امکانات بڑھ گئے ہیں۔ اس صورتحال کے نتیجے میں زندگی گزارنے کی لاگت کا بحران پیدا ہوا ہے، جس کی وجہ سے نئے مالیات کے حصول اور انتخابات کے بعد اقتدار کی بغیر کسی رکاوٹ کے منتقلی پر منحصر ہے۔ اگرچہ پاکستانی روپے کی قدر میں کمی کا ایک سائز گار اثر ہو سکتا ہے۔ خام کپاس اور دھاگہ کی بڑھتی ہوئی لاگت اس فائدہ کو ختم کر سکتی ہے۔ یہ عوامل آنے والے وقتوں میں ٹیکسٹائل انڈسٹری کے لئے ایک پیچیدہ اور چیلنجنگ منظر پیش کرتے ہیں۔

بورڈ اپنے تمام شراکت داروں کے تعاون کا شکر گزار ہے۔ ہم امید کرتے ہیں کہ مسلسل تعاون سے کمپنی کی کارکردگی میں بہتری آئے گی۔

بورڈ آف ڈائریکٹرز کی جانب سے



ڈائریکٹر



چیف ایگزیکٹو آفیسر

لاہور

28 اپریل 2023ء

Condensed Interim Statement of Financial Position
As at March 31, 2023

		(Un-audited) March 31 2023 Rupees	(Audited) June 30 2022 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
Capital reserves		3,124,649,596	3,124,649,596
Surplus on revaluation of fixed assets		3,066,283,819	3,121,943,764
Accumulated loss		(1,273,312,779)	(2,066,986,066)
		9,831,374,006	9,093,360,664
Non-current liabilities			
Redeemable capital - secured	4	1,688,302,624	2,531,607,848
New Zero Coupon PPTFCs	5	4,971,220,000	5,103,510,000
Lease liabilities		961,948	1,315,856
Deferred liability - Gratuity		590,087,461	578,503,081
		7,250,572,033	8,214,936,785
Current liabilities			
Current portion of non-current liabilities	6	1,546,255,227	1,230,038,625
Short term borrowings	7	1,244,852,677	2,366,715,528
Trade and other payables		3,154,106,746	4,412,071,724
Contract liabilities		59,457,580	59,074,029
Interest / mark-up accrued on borrowings		310,811,457	256,390,303
Dividend payable on preference shares		9,413,535	9,413,535
Unclaimed dividend on ordinary shares		3,753,252	3,753,252
Provision for income tax - net		87,669,922	84,514,203
		6,416,320,396	8,421,971,199
Contingencies and Commitments			
	8	23,498,266,435	25,730,268,648
ASSETS			
Non-current assets			
Property, plant and equipment	9	10,509,974,076	10,623,689,989
Long term investments	10	12,608,052	12,608,052
Long term deposits and receivables		40,936,972	40,936,972
		10,563,519,100	10,677,235,013
Current assets			
Store, spares and loose tools		183,118,471	165,899,678
Stock-in-trade		3,910,618,763	5,402,722,777
Trade receivables		4,150,277,919	4,433,340,225
Receivable against non-current assets held for sale	11	769,633,241	1,068,158,297
Advances, deposits, prepayments and other receivables		2,294,464,905	2,288,363,403
Short term investments		139,993,989	139,993,989
Receivable from National Bank of Pakistan	12	-	306,022,500
Funds for restructuring scheme		676,319,398	354,579,214
Cash and bank balances		810,320,649	893,953,552
		12,934,747,335	15,053,033,635
		23,498,266,435	25,730,268,648

The annexed notes from 1 to 18 form an integral part of this interim financial information.

Lahore


 Chief Executive Officer


 Director


 Chief Financial Officer

Condensed Interim Statement of Profit or Loss (Un-audited)
For the nine months ended **March 31, 2023**

	2023		2022	
	July 2022 to March 2023	January 2023 to March 2023	July 2021 to March 2022	January 2022 to March 2022
	Rupees	Rupees	Rupees	Rupees
Note				
Sales - net	21,898,056,014	7,604,836,354	23,092,266,976	8,379,510,699
Cost of sales	(19,031,230,719)	(6,315,123,553)	(20,184,373,681)	(7,380,868,108)
Gross profit	2,866,825,295	1,289,712,801	2,907,893,295	998,642,591
Selling and distribution expenses	(789,285,543)	(279,076,397)	(969,152,475)	(343,558,817)
Administrative expenses	(612,267,838)	(202,124,491)	(489,211,794)	(168,314,726)
Profit from operations	1,465,271,914	808,511,913	1,449,529,026	486,769,048
Other income	190,464,348	91,489,222	68,098,264	9,334,216
Other expenses	(53,492,984)	(37,323,434)	(81,051,685)	(15,863,472)
Finance cost	14 (606,778,623)	(174,434,483)	(542,030,911)	(194,084,536)
Profit before taxation	995,464,655	688,243,218	894,544,694	286,155,256
Taxation	(257,451,313)	(90,678,070)	(232,656,400)	(84,332,612)
Profit after taxation	738,013,342	597,565,148	661,888,294	201,822,644
Earnings per share - basic and diluted	1.50	1.22	1.35	0.41

The annexed notes from 1 to 18 form an integral part of this interim financial information.

Lahore


Chief Executive Officer


Director


Chief Financial Officer

**Condensed Interim Statement of Comprehensive Income (Un-audited)
For the nine months ended March 31, 2023**

	2023		2022	
	July 2022 to March 2023	January 2023 to March 2023	July 2021 to March 2022	January 2022 to March 2022
	Rupees	Rupees	Rupees	Rupees
Profit after taxation	738,013,342	597,565,148	661,888,294	201,822,644
<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	738,013,342	597,565,148	661,888,294	201,822,644

The annexed notes from 1 to 18 form an integral part of this interim financial information.

Lahore



Chief Executive Officer



Director



Chief Financial Officer

Condensed Interim Statement of Cash Flows (Un-audited)
For the nine months ended March 31, 2023

	<u>July 2022 to March 2023</u>	<u>July 2021 to March 2022</u>
	Rupees	Rupees
Cash flows from operating activities		
Profit before taxation	995,464,655	894,544,692
Adjustments	789,120,593	719,486,883
Operating profit before working capital changes	1,784,585,248	1,614,031,575
Changes in working capital	505,193,343	(1,061,014,554)
Cash generated from operations	2,289,778,591	553,017,021
Other adjustments for:		
Interest/markup/return paid	(227,628,505)	(84,675,556)
Taxes paid	(254,295,594)	(218,587,272)
WPPF paid	(70,985,799)	-
Post retirement benefits paid	(138,424,565)	(66,237,170)
Decrease in long term deposits	-	2,376,000
	(691,334,463)	(367,123,998)
Net cash from operating activities	1,598,444,128	185,893,023
Cash flows from investing activities		
Capital expenditure incurred during the period	(178,238,751)	(739,755,564)
Proceeds from sale of non-current assets	298,525,056	-
Proceeds from disposal of fixed assets	-	34,035,042
Short term investment	306,022,500	-
Net cash from/(used in) investing activities	426,308,805	(705,720,522)
Cash flows from financing activities		
Repayment of redeemable capital	(228,670,000)	-
Repayment of new zero coupon PPTFCs	(132,290,000)	-
Repayment of lease liabilities	(332,801)	(4,621,170)
(Decrease)/increase in short term borrowings-net	(1,304,412,105)	7,506,471
Net cash (used in) /from financing activities	(1,665,704,906)	2,885,301
Net increase/(decrease) in cash and cash equivalents	359,048,027	(516,942,198)
Cash and cash equivalents at the beginning of period	1,125,302,080	915,970,513
Cash and cash equivalents at the end of period	1,484,350,107	399,028,315

The annexed notes from 1 to 18 form an integral part of this interim financial information.

Lahore


 Chief Executive Officer


 Director


 Chief Financial Officer

**Condensed Interim Statement of Changes in Equity (Un-audited)
For the nine months ended March 31, 2023**

	Issued, subscribed and paid-up capital	Share premium	Reserve on merger	Preference share redemption reserve	Total reserves	Surplus on revaluation of fixed assets	Accumulated loss	Total equity
As at 01 Jul, 2021 - Audited	4,913,753,370	2,358,246,761	105,152,005	661,250,830	3,124,649,596	3,414,941,189	(3,458,667,126)	7,994,677,029
Net profit for the period ended Mar 31, 2022	-	-	-	-	-	-	-	661,888,294
Other comprehensive income for the period ended Mar 31, 2022	-	-	-	-	-	-	-	-
Total comprehensive income for the period ended Mar 31, 2022	-	-	-	-	-	-	-	661,888,294
Transfer of incremental depreciation from surplus on revaluation of fixed assets	-	-	-	-	-	(58,401,667)	58,401,667	-
As at Mar 31, 2022 - Unaudited	4,913,753,370	2,358,246,761	105,152,005	661,250,830	3,124,649,596	3,356,539,522	(2,738,377,165)	8,656,565,324
As at Jul 01, 2022 - Audited	4,913,753,370	2,358,246,761	105,152,005	661,250,830	3,124,649,596	3,121,943,764	(2,066,986,066)	9,093,360,664
Net profit for the period ended March 31, 2023	-	-	-	-	-	-	-	738,013,342
Other comprehensive income for the period ended Mar 31, 2023	-	-	-	-	-	-	-	-
Total comprehensive income for the period ended Mar 31, 2023	-	-	-	-	-	-	-	738,013,342
Transfer of incremental depreciation from surplus on revaluation of fixed assets	-	-	-	-	-	(55,659,945)	55,659,945	-
As at Mar 31, 2023 - Unaudited	4,913,753,370	2,358,246,761	105,152,005	661,250,830	3,124,649,596	3,066,283,819	(1,273,312,780)	9,831,374,006

The annexed notes from 1 to 18 form an integral part of this interim financial information.



Lahore
Chief Executive Officer



Director



Chief Financial Officer

12 Azgard Nine Limited

Condensed Interim Selected Explanatory Notes to the Financial Statements (Un-audited) For the nine months ended March 31, 2023

1 Legal status and nature of business

Azgard Nine Limited ("the Company") was incorporated in Pakistan as a Public Limited Company on April 7, 2004 and listed on Pakistan Stock Exchange Limited. The Company is a composite of spinning, weaving, dyeing and stitching divisions engaged in the manufacturing of yarn, denim and denim products. The registered office of the Company is situated at Ismail Aiwan-e-Science, off Shahrah-e-Roomi, Lahore. The Company has two production units with Unit I located at 2.5 km off Manga, Raiwind Road, District Kasur, and Unit II (rented facility) located at Atta Buksh Road, 18-km, off Ferozepur road, Mouza Atari Saroba, Tehseel Cantt, Lahore.

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:

- 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, 2022.

Comparative statement of financial position is extracted from annual audited financial statements for the year ended June 30, 2022 whereas comparative statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows are extracted from un-audited condensed interim financial statements for the nine months ended on March 31, 2022.

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

3 Accounting policies and estimates

3.1 The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements for the year ended June 30, 2022.

3.2 Judgements and estimates made by the management in the preparation of the condensed interim financial statements are the same as those applied in preparation of annual published financial statements of the Company for the year ended June 30, 2022.

		(Un-audited) March 31, 2023	(Audited) June 30, 2022
	Note	Rupees	Rupees
4 Redeemable capital-secured			
Privately Placed Term Finance Certificates		250,602,457	250,602,457
Privately Placed Term Finance Certificates		166,732,493	166,732,493
Sub-Privately Placed Term Finance Certificates	4.1	1,497,115,000	2,029,275,000
Sub-Sukuk certificates		193,520,000	193,520,000
		<u>2,107,969,950</u>	<u>2,640,129,950</u>
Less: Transaction costs		(103,471,833)	(108,522,102)
		<u>2,004,498,117</u>	<u>2,531,607,848</u>
Less: current maturity		(316,195,493)	-
		<u>1,688,302,624</u>	<u>2,531,607,848</u>

4.1 During the period, Sub PPTFCs in respect of MCB Bank Limited, JS Bank Limited and National Bank Limited (related party) amounting to Rs. 532.16 million have been redeemed through settlement/conversion into working capital facilities. In accordance with terms of restructuring, the Company has option for such conversions.

5 During the period, New Zero Coupon PPTFCs amounting to Rs. 132.29 million have been settled.

		(Un-audited) March 31, 2023	(Audited) June 30, 2022
	Note	Rupees	Rupees
6 Current portion of non-current liabilities			
Preference shares of Rs .10 each		148,367,255	148,367,255
Long term finances - secured	6.1	1,081,208,932	1,081,208,932
Redeemable capital		316,195,493	-
Lease liabilities		483,547	462,438
		<u>1,546,255,227</u>	<u>1,230,038,625</u>

6.1 This is to be settled from sale proceeds of Muzaffargarh unit (Note 11).

7 Short term borrowings

Running finance		2,289,940	123,230,686
Term Loans		1,159,551,091	2,157,263,513
Morabaha / LPO		-	4,535,181
Bills Payable		83,011,646	81,686,148
		<u>1,244,852,677</u>	<u>2,366,715,528</u>

8 Contingencies and commitments

8.1 Contingencies

8.1.1 There is no material change in the status of contingencies as disclosed in the annual audited financial statements for the year ended June 30, 2022 except update as mentioned in note 10.1.

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	(Un-audited) March, 31 2023 Rupees	(Audited) June 30, 2022 Rupees
8.2 Commitments		
8.2.1 Commitments under irrevocable letters of credit for:		
- purchase of plant, machinery and loose tools	89,612,825	5,932,467
- purchase of raw material	91,595,255	21,540,615
	<u>181,208,080</u>	<u>27,473,082</u>
8.2.2 Commitments for Capital Expenditure	<u>84,429,984</u>	<u>123,873,495</u>

8.2.3 Counter Guarantees given by the Company to its bankers as at the reporting date amount to Rs. 228.56 million (June 30, 2022: Rs. 228.56 million).

8.2.4 Bills discounted as at reporting date aggregated to Rs. 1,348.28 million (June 30, 2022: Rs. 4,216.53 million).

	(Un-audited) July to March 2023 Rupees	(Audited) June 30, 2022 Rupees
9 Property, plant and equipment		
Operating fixed assets	10,200,604,507	10,317,504,205
Right of use assets	1,286,859	1,513,952
Capital work in progress	308,082,709	304,671,832
	<u>10,509,974,076</u>	<u>10,623,689,989</u>
9.1 Operating fixed assets		
Net book value as at the beginning of the period / year	10,317,504,205	9,938,195,993
Additions during the period / year - cost	174,827,878	822,783,575
Assets transfer from leased to own	-	4,849,858
Disposals during the period / year - Net book value	-	(68,844,322)
Depreciation charged during the period / year	(291,803,274)	(379,480,898)
Net book value as at the end of the period / year	<u>10,200,528,809</u>	<u>10,317,504,206</u>
9.1.1 Additions- Cost		
Building on freehold land	-	8,611,453
Plant and Machinery	96,520,689	739,500,150
Others	78,307,189	74,671,972
	<u>174,827,878</u>	<u>822,783,575</u>

10 Long term investments

These represent investments in equity and debt securities, classified as fair value through other comprehensive income financial assets. Particulars of investments are as follows:

		(Un-audited) July to March 2023	(Audited) June 30, 2022
	Note	Rupees	Rupees
Investment in Montebello s.r.l ("MBL")	10.1	-	-
Investment in Agritech Limited TFCs		<u>12,608,052</u>	<u>12,608,052</u>
		<u>12,608,052</u>	<u>12,608,052</u>
10.1 Investment in Montebello s.r.l. ("MBL")			
6,700,000 ordinary shares with a capital of Euro 6,700,000 cost		2,625,026,049	2,625,026,049
Accumulated impairment		<u>(2,625,026,049)</u>	<u>(2,625,026,049)</u>
		-	-

- 10.1.1** MBL had gone into liquidation process and bankruptcy/liquidation process of MBL is completed. The value of priority claims included therein are of Euro 3,929,380.36 and the value of unsecured and subordinated claims are of Euro 3,964,414.12. The Company has been advised by its legal counsel that, in accordance with the law, priority claims would be paid first and then unsecured and subordinated claims will be paid. The Company's claim aggregating to Euro 3,835,344 has been accepted on account of principal and interest as subordinated claim due to the Company being the parent of MBL at that time.

The Company contested with the Court of Vicenza that its claim should be accepted as at least unsecured claim rather than being subordinated claim. The Court of Vicenza did not accept plea of Company to change classification of its claim. The company filed an appeal in Italian Supreme Court which is pending. However, as per lawyer's opinion chances of recovery of the Company's claim are remote as bankruptcy process of MBL by the Court of Vicenza has been completed.

- 10.1.2** Taybah Capital Limited ("TCL"), a company based in United Arab Emirates, has taken over the liquidation process of M/S Montebello S.R.L (MBL). Through writ of summon dated March 31, 2021, TCL instituted claim of EUR 7 million on account of quantification of damages against the Company. The Company has engaged legal advisor for contesting this case in the Court of Venice, Italy. The respective Court had reserved the decision to be announced at a later date. The Judge was due to take up this matter on 26-04-2023 and advise how he was going to proceed. However, this has now been postponed for 10-05-2023.

TCL also joined the liquidation proceedings in the Court of Vicenza, Italy. The Court of Vicenza had accepted and awarded last year TCL's claim of Euro 2,048,783. The Company filed an appeal against this order. During the period, the Court of Appeal of Venice has partially accepted our grounds of appeal in the part in which we were able to put forward some important questions of law. It is important to note that no new evidence or documents can be introduced in an appeal and only law points may be discussed. On merits, the decision remains that of the Court of Vicenza. The decision can be appealed by the Company in the Court of Cassation (Italy) within 6 months from the date of final order unless counterparty notifies the final order, in such case, the appeal must be preferred within 60 days of the notification. The management is carefully observing the matter to assess the possibility whether it is feasible and beneficial to prefer an appeal or not.

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11 Non-current assets held for sale

The Spinning Unit at Alipur Road, Muzaffargarh was sold during last year. An amount of Rs. 1,068 million was receivable at 30 June 2022. During the period, an amount of Rs. 298 million has been received. Title of land and building is in the name of Azgard Nine Limited and original property documents are with agent bank.

- 12 The Company had an outstanding receivable from National Bank of Pakistan since 2014 due to an agreement for the sale and repurchase of preference shares of Agritech Limited. Finally, during the current quarter, the Company has received Rs. 306.02 million from National Bank of Pakistan after making efforts to resolve the matter.

Furthermore, as per the Novation Agreement dated June 26, 2014, the Company, Dubai Islamic Bank (DIB), and Agritech Limited (AGL) agreed to novate a receivable of Rs. 33 million from AGL to DIB to the Company. The agreement would take effect when the Company exercised its buy-back option under the Put Option Agreement dated June 25, 2014 and sold preference shares of AGL to National Bank of Pakistan.

After receiving the payment of Rs. 306.02 million from National Bank of Pakistan, the Company transferred Rs. 33 million to DIB and recorded a receivable from AGL. The Company's management successfully resolved the pending receivables, which had been outstanding for several years.

13 Transactions and balances with related parties

Related parties from the Company's perspective comprise associated undertakings, key management personnel (including Chief Executive Officer and directors) and other related parties. Other related parties are group companies of M/s. Jahangir Siddiqui & Co. Limited (JSCL) which holds more than twenty (20%) percent shareholding in the Company. Further, there is no common directorship with JSCL or any of these 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.

Details of transactions and balances with related parties are as follows:

	(Un-audited) July to March 2023	(Un-audited) July to March 2022
	Rupees	Rupees
13.1 Transactions with related parties		
13.1.1 Other related parties		
JS Bank Limited		
Conversion of PPTFC to short term borrowing	111,305,000	-
Mark-up expense	4,960,790	2,332,765
Fee paid to Trustee	1,500,000	1,500,000
Mark-up paid	2,867,871	-
Unit Trust of Pakistan		
Mark-up expense	1,147,500	1,147,500
Markup paid/ settled	894,692	-
JS Large Cap Fund		
Mark-up expense	3,061,927	3,061,927
Markup paid/ settled	2,404,832	2,404,832
JS Global Capital Limited		
Mark-up expense	12,020,021	12,020,021
Markup paid/ settled	9,440,504	9,440,504
JS Principal Secure Fund		
Mark-up expense	1,232,724	1,232,724
Markup paid/ settled	968,179	968,179
JS Income Fund		
Mark-up expense	1,411,821	1,411,821
Markup paid/ settled	1,100,753	-
JS Growth Fund		
Mark-up expense	3,647,876	3,647,876
Markup paid/ settled	2,857,657	1,856,544
	(Un-audited) March 31, 2023	(Audited) June 30, 2022
	Rupees	Rupees
13.2 Balances with related parties		
JS Bank Limited		
Sub PPTFCs	-	48,280,000
Term Loan/Settlement Finance under restructuring Scheme	13,870,315	13,870,315
New Zero Coupon PPTFCs	-	63,025,000
Short Term Borrowings	111,305,000	-
Mark-up payable	2,906,137	1,229,881
Unit Trust of Pakistan		
Sub PPTFCs	23,750,000	23,750,000
Term Loan/Settlement Finance under restructuring Scheme	6,822,073	6,822,073
New Zero Coupon PPTFCs	49,485,000	49,485,000
Mark-up payable	857,753	604,945

	(Un-audited) March 31, 2023	(Audited) June 30, 2022
	Rupees	Rupees
JS Large Cap Fund		
Redeemable capital - PPTFCs	63,837,358	63,837,358
Term Loan/Settlement Finance under restructuring Scheme	17,739,525	17,739,525
New Zero Coupon PPTFCs	59,745,000	59,745,000
Mark-up payable	2,248,091	1,590,996
JS Global Capital Limited		
Redeemable capital - PPTFCs	250,602,457	250,602,457
Term Loan/Settlement Finance under restructuring Scheme	69,638,980	69,638,980
New Zero Coupon PPTFCs	234,545,000	234,545,000
Mark-up payable	8,825,194	6,245,676
JS Principal Secure Fund		
Redeemable capital - PPTFCs	25,700,755	25,700,755
Term Loan/Settlement Finance under restructuring Scheme	7,141,887	7,141,887
New Zero Coupon PPTFCs	24,050,000	24,050,000
Mark-up payable	905,076	640,531
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/Settlement Finance under restructuring Scheme	8,394,214	8,394,214
New Zero Coupon PPTFCs	62,040,000	62,040,000
Mark-up payable	1,055,393	744,327
JS Growth Fund		
Redeemable capital - PPTFCs	49,282,809	49,282,809
Sub PPTFCs	26,575,000	26,575,000
Term Loan/Settlement Finance under restructuring Scheme	21,330,137	21,330,137
New Zero Coupon PPTFCs	107,080,000	107,080,000
Mark-up payable	2,695,471	1,905,252

	(Un-audited) July to March 2023	(Un-audited) July to March 2022
	Rupees	Rupees
14 Finance Cost		
Interest/ mark-up on:		
Redeemable capital & Long term finances	137,497,784	168,170,718
Lease liabilities	155,380	232,042
Short term borrowings	144,396,493	48,609,987
	282,049,657	217,012,747
Amortization of transaction costs	11,589,270	10,327,943
Bank discounting and other charges	313,139,696	314,690,221
	606,778,623	542,030,911

15.1.3 Basis of inter-segment pricing

All inter-segment transfers are made at negotiated rates.

	Spinning segment		Weaving segment		Garment segment		Eliminations		(Un-audited) Total		(Audited)
	March-23	June-22	March-23	June-22	March-23	June-22	March-23	June-22	March-23	June-22	June-22
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
15.1.4 Assets											
Total assets for reportable segments	3,229,930,115	3,814,968,054	11,161,592,881	11,577,232,162	8,009,957,044	9,229,862,368	(630,725,611)	(826,643,165)	21,770,754,429	23,795,419,421	
Property, plant and equipment - common	-	-	-	-	-	-	-	-	1,093,607,247	1,121,645,472	
Long term investments	-	-	-	-	-	-	-	-	12,608,052	12,608,052	
Receivable from National Bank of Pakistan	-	-	-	-	-	-	-	-	-	306,022,500	
Short term investments	-	-	-	-	-	-	-	-	139,993,989	139,993,989	
Funds for restructuring scheme	-	-	-	-	-	-	-	-	676,319,398	354,579,214	
	3,229,930,115	3,814,968,054	11,161,592,881	11,577,232,162	8,009,957,044	9,229,862,368	(630,725,611)	(826,643,165)	23,693,283,115	25,730,268,648	
15.1.5 Liabilities											
Total liabilities for reportable segments	641,389,097	652,054,945	1,578,959,140	2,904,562,790	1,846,890,262	2,370,221,958	(630,725,611)	(826,643,165)	3,496,512,888	5,100,196,528	
Corporate liabilities - common	641,389,097	652,054,945	1,578,959,140	2,904,562,790	1,846,890,262	2,370,221,958	(630,725,611)	(826,643,165)	10,317,242,012	11,489,576,438	
	641,389,097	652,054,945	1,578,959,140	2,904,562,790	1,846,890,262	2,370,221,958	(630,725,611)	(826,643,165)	13,753,754,900	16,589,772,966	

15.1.6 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.

	(Un-audited)	(Audited)
	July to March	July to March
	2023	2022
	Rupees	Rupees

Revenue

Local revenue

Asia	2,461,347,753
Europe	14,470,980,544
North America	22,110,011
South America	19,918,263
Africa	25,596,360
Other countries	4,794,041,714
Local revenue	20,297,369,060

Local revenue

Pakistan	1,631,186,645	1,645,218,256
	21,928,555,705	23,431,558,368
(Un-audited)		(Audited)
March 2023		June-22
	Rupees	Rupees
15.1.7 Non-current assets		
Pakistan	10,563,519,100	10,671,776,075

16 Corresponding figures

Corresponding figures have been rearranged, where necessary, for the purpose of comparison. For better presentation, Commission expense amounting to Rs. 155.96 million for the nine months ended on March 31, 2023 has been classified from "Selling expense" to "Net Sales" and corresponding figures have been rearranged accordingly. Other than this, no significant reclassification has been made in these financial statements.

17 Date of authorization

These condensed interim financial statements were authorized for issue by the Board of Directors of the Company on April 28, 2023.

18 General

Figures have been rounded off to the nearest rupee.

Lahore



Chief Executive Officer

Director

Chief Financial Officer

AZGARD9

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