ANNUAL REPORT

2019

AZGARD-9

AZGARD NINE LIMITED

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VISION STATEMENT

To become a major global Fashion Apparel Company

MISSION STATEMENT

To retain a leadership position as the largest value added denim products Company in Pakistan

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

E-MAIL

info@azgard9.com

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, Muzaffaragarh.
Ph: +92 (0)661 422503, 422651
Fax: +92 (0)661 422652

Unit III

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

WEB PRESENCE

www.azgard9.com

CHAIRMAN'S REVIEW

It is my pleasure to present to you the annual review of the audited financial statements for the year ended June 30, 2019 and the overall performance of the Board. I would like to take this opportunity to invite you for the 26th Annual General Meeting of the Company.

REVIEW OF THE COMPANY'S PERFORMANCE

I would like to congratulate the management of the Company for achieving a Net Profit after Tax of Rs. 305 million. Considering the tough competition from neighbouring countries and deteriorating local economy, the achievement of 26% growth in sales and 55% growth in profitability is commendable. I would like to appreciate the hard work and sheer diligence of all those involved in making this happen.

Another good news to share with everyone is that the creditor's scheme for the second financial restructuring of the Company has been approved by Honourable Lahore High Court (LHC). I hope that this scheme is now implemented as envisaged and the Company may start its journey back on the road to recovery.

REVIEW OF THE BOARD'S PERFORMANCE

The Board is aware of the importance of its role in achieving the objectives of the Company. The Board acknowledges its responsibility for Corporate and Financial reporting framework and is committed to good corporate governance. The Board is devoted and focused towards the Company's values and mission. Board members do have the suitable knowledge, variety of expertise and experience that is required to successfully govern the business. Individual Board Members are committed to perform for the betterment of the Company.

Annual evaluation of the Board, Members of the Board and Committees of the Board was carried out by M/s. PKF F.R.A.N.T.S., Chartered Accountants (PKF) for the year ended June 30, 2019. The appropriate disclosure regarding appointment of the same has been made in the Directors' Report. The Board's overall performance has been assessed as good. However, improvement is an ongoing process. The overall assessment as good is based on an evaluation of integral components including the Board's structure & composition, strategy & planning, effectiveness & operations, monitoring & evaluation of performance, risk management & compliance, transparency & disclosures and relationship with stakeholders. Individual Directors' performance evaluation is based on qualification, competence & integrity and commitment & teamwork. Board Committees' performance evaluation is based on competence & task efficiency, effectiveness and facilitation & support to the Board.

On behalf of the Board, I would like to thank our management, staff and workers for their hard work. I would like to appreciate all our valued customers for their continued confidence in the Company. Not to forget, all credit to the financial institutions for their cooperation and support.

September 28, 2019

Chairman

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors of Azgard Nine Limited ("the Company") along with the management team hereby present the Company's Annual Report accompanied by the Audited Financial Statements for the year ended June 30, 2019.

Financial statements have been endorsed by the Chief Executive Officer and the Chief Financial Officer having been recommended for approval by the Audit Committee of the Board and approved by the Board of Directors for presentation.

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 for the year ended June 30, 2019 (standalone):

	Year ended June 30, 2019 (Rupees)	Year ended June 30, 2018 (Rupees)
Sales – net	20,214,970,742	15,982,435,319
Operating profit	2,063,506,965	1,422,576,649
Finance cost	(1,528,303,279)	(1,154,240,369)
Profit before tax	501,301,162	299,076,038
Profit after tax	305,312,291	196,622,622
Earnings per share	0.67	0.43

Review for the year

During this year, sales of the Company have increased by almost 26.5% as compared to previous year. Profit from operations has increased by 45% as compared to previous year. Profit after tax is Rs. 305 million, an increase of 55% over the previous year.

In garments division, the Company did BMR which resulted in better capacity utilizations, which resulted in better sales volumes for this division. Sales of garments increased by 39.4% as compared to previous year. Weaving division managed to achieve a growth of 6.4% as compared to previous year. With better utilization of capacity, spinning division's sales increased by 41%.

Rupee devaluation by almost 30% had positive impact on the sales of the Company. Due to this devaluation, prices of imported and local raw material also increased. Inflation from this devaluation increased the interest rates; for short term loans rates increased from 7.92 % to 13.97 %. The increase in interest rate resulted in increase in finance cost of the Company.

The Global economic issues such as the “USA/China trade war”, general perception of the expected slowdown in the world economy together with uncertain situation domestically due to elections and the induction of a new Government made this a difficult period for the Company's businesses. In addition to this, with increasing pressures from local and international competitors, it's becoming very difficult to maintain the margins.

For the year under review, the Government has reduced the rates of DLTL by almost 50% from the previous year. So, this has had a direct negative impact on the margins of the Company.

On the costs side, the Company has continued its practice to reduce costs wherever there is cushion available. During this year, from 16th October, the revised gas rates were finally made available to Punjab based industrial units. Although still gas price for Punjab based industries is higher than some other provinces and these rates are priced in US Dollars, still there is some relief that will certainly help the export industry in Punjab to become more competitive internationally.

In spite of all these challenges, consistent efforts by the management of the Company are bearing fruits and the Company has been able to make an accounting net profit after tax. It is a good achievement for the Company.

Funds of Rs. 306.022 million due from sale of preference shares of Agritech Limited still have not been released. Once released, it would improve the liquidity position of the Company.

Financial Restructuring of Debts

After first restructuring of the Company in year 2012, due to liquidity crunch, the Company was unable to meet its obligations in respect of various debt finances. Resultantly a second financial restructuring was initiated in the year 2014. After a lot of effort, the creditors scheme of arrangement which has been prepared by the creditors of the Company was filed in the Lahore High Court (LHC). The LHC formed a commission to hold a meeting with the creditors, and to obtain their consent regarding the scheme of arrangement. The said meeting was held on May 14, 2018 and the Commission filed its final report to the LHC. The Creditors' Scheme of Arrangement was verbally approved by Lahore High Court on January 31, 2019. However, due to the sudden resignation of the honorable judge, detailed written order of the case was not issued. The case was therefore fixed for re-hearing before another honourable judge of the LHC. On July 31, 2019, the LHC has approved the scheme of arrangement.

Through this scheme, a major portion of the principal and related mark-up of debt would be settled through sale of certain assets and a rights issue of the Company's share capital (subject to requisite approvals and regulatory consents). Post restructuring, it is hoped that the debt levels of the Company would be at sustainable levels and should be payable in a timely manner, barring any uncontrollable factors such as the local and global market conditions or other negative impacts.

Future Business Outlook

The future outlook looks challenging. In fact, the business segment in which the company operates in is very competitive globally and is commoditizing worldwide. Slowdown in world economic growth and the USA/China trade war could impact our business. Our domestic economy and Government policies toward textile exporters would be other factors that would farther affect the business of the Company.

Further increases in interest rates would negatively affect the business of the Company. The piling up of DLTL refunds and other payables by Government continue to have an impact on the liquidity of the Company. More timely clearance of these refunds by Government will improve the liquidity position of the Company and allow it to increase exports even faster. In fact, faster refunds would help the entire export sector.

Turkish market, being one of the main exports markets for the Company's products has improved somewhat during the year. However, the situation in Turkey is not stable and this market can deteriorate again at any time.

In spite of the various challenges on the horizon and the ever increasing competition in the sector, the Company is cautious about the future but believes that it can maintain a stable position.

Corporate Social Responsibility

The Management works towards empowering people by helping them develop the skills they need to succeed in a global economy. The Company equips communities with information, technology and the capacity to achieve improved health, education and livelihood.

Key to this approach are the employees of the Company who generously give of their time, experience and talent to serve communities; the Company encourages and facilitates them to do so.

Additionally, the Company has many internationally recognized certifications focused on keeping the environment clean and high standards for labor welfare.

Detailed Report on Corporate Social Responsibility is also given separately in the Annual Report.

Earnings per share

The earning per share for the Company for the year ended June 30, 2019 is Rs 0.67 per share.

Dividends

Due to accumulated losses of the Company and circumstances discussed above, the Board of Directors has not recommended dividend for the year ended June 30, 2019.

Principal Risks and Uncertainties

Performance of the Company is improving. Still business of the Company is surrounded by risk and uncertainties. Following are some of the major risks and uncertainties for the Company:

1. Lahore High Court has approved the scheme of arrangement for financial restructuring of debts of Company. Now this financial restructuring is at its implementation stage. Post restructuring it is hoped that Company would operate at sustainable levels. Any delay or stoppage in this restructuring could impact the future profitability/viability of the Company.
2. Growing competition domestically and from neighboring countries can impact the future profitability of the Company.
3. The piling up of DLTL refunds, sales tax refunds and other payables by the Government would have a negative impact on the liquidity of our Company which in turn can impact the operations and future profitability of the Company.

Post balance sheet events

No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year to which this balance sheet relates and the date of the Directors' Report.

Related party transactions

The Company has presented all related party transactions before the Audit Committee and Board for their review and approval. These transactions have been approved by the Audit Committee and the Board in their respective meetings. The details of all related part transactions have been provided in Note 41 to the annexed financial statements for the year ended June 30, 2019.

Corporate governance, financial reporting and internal control systems

We are pleased to report that:

- The financial statements, prepared by the management of the Company present the state of affairs of the Company fairly, the result of its operations, cash flows and changes in equity;
- Proper books of accounts of the Company have been maintained;
- Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements and any departure there from has been adequately disclosed and explained.
- The system of internal control is sound in design and has been effectively implemented and monitored. Emphasis is being done on control procedures to ensure that policies of the Company are adhered with and in case of any anomaly, rectification is done timely.
- The Board is satisfied that the Company is a going concern. Auditors have emphasized the matter of going concern in their report however these financial statements have been prepared on going concern assumption for reasons more fully disclosed in the financial statements.

- Key operating and financial data for the last six years is annexed.
- There are no statutory payments on account of taxes, duties, levies, and charges which are outstanding as on June 30, 2019 except for those disclosed in the financial statements.
- Directors, Executives and their spouses and minor children did not carry out any transaction in shares of the Company during the year except that 5 million ordinary shares of the Company have been received by Mr. Ahmed H. Shaikh as gift from his sister.
- The Board has arranged Directors' Training program for the following Directors:
  Ms. Maliha Sarda Azam
  Mr. Nasir Ali Khan Bhatti
  Mr. Abid Hussain
  Mr. Abdul Hamid Ahmed Dagia – obtained exemption from the Commission
  Mr. Ahmed H. Shaikh – obtained exemption from the Commission

The statement of compliance with the best practices of Listed Companies (Code of Corporate Governance) Regulations, 2017 is provided in this annual report.

Board of Directors

The Board of Directors of the Company is predominantly independent which ensures transparency and good corporate governance. The Board comprises four independent directors including the Chairman, two non-executive directors and two executive directors (including the Chief Executive Officer). There are seven male directors and one female director on the Board. The non-executive directors bring to the Company their vast experience of business, governance and law, contributing valuable input and ensuring the Company's operations at a high standard of the principles of legal and corporate compliance.

Following are names of persons who were directors of the Company during the year ended 30 June 2019, number of Board and Committees' meetings held during the year and status of attendance by each director:

Board of Directors' Meetings

Five (5) meetings were held during the period from July 1, 2018 to June 30, 2019

Name of Directors	Eligibility	Attended
Mr. Zahid Mahmood	5	5
Mr. Ahmed H. Shaikh	5	5
Mr. Nasir Ali Khan Bhatti	5	5
Mr. Usman Rasheed	5	5
Mr. Munir Alam	5	4
Ms. Maliha Sarda Azam	5	5
Mr. Abdul Hamid Ahmed Dagia	5	5
Mr. Abid Hussain	5	5

Human Resource and Remuneration Committee (HRRC) Meetings

One (1) meeting was held during the period from July 1, 2018 to June 30, 2019

Name of Directors	Eligibility	Attended
Ms. Maliha Sarda Azam	1	1
Mr. Usman Rasheed	1	1
Mr. Ahmed H. Shaikh	1	1

Audit Committee Meetings

Four (4) meetings were held during the period from July 1, 2018 to June 30, 2019

Name of Directors	Eligibility	Attended
Mr. Nasir Ali Khan Bhatti	4	4
Ms. Maliha Sarda Azam	4	4
Mr. Usman Rasheed	4	4

Leave of absence was granted to Director(s) who could not attend some of the meeting(s).

Board's Evaluation

A formal and effective mechanism is in place for annual evaluation of the performance of the Board, Members of the Board and Committees of the Board. M/s. PKF F.R.A.N.T.S., Chartered Accountants (PKF) were appointed for performing independent evaluation for the year ended June 30, 2019. PKF has a satisfactory rating under the Quality Control Review (QCR) program of the Institute of Chartered Accountants of Pakistan and is also registered with Audit Oversight Board of Pakistan. PKF was required to evaluate the performance of the Board as a whole, Members of the Board (individual Directors) and Committees of the Board (Audit Committee & Human Resource and Remuneration Committee) on the basis of Mechanism for Evaluation of Board's Own Performance devised by the Company and in accordance with the requirements of Listed Companies (Code of Corporate Governance) Regulations, 2017 and to submit report of findings along with recommendations for overall improvement in the governance structure of the Company.

Review report by the Chairman on the overall performance of the Board is attached.

Directors' Remuneration

The Company has a formal remuneration policy for its Directors (Executive/Non-Executive) duly approved by the Board of Directors. The Policy has been designed as a component of HR strategy and both are required to support business strategy. The Board believes that the Policy is appropriate and effective in its ability to attract and retain the best executives and Directors to run and manage the Company as well as to create congruence between Directors, executives and shareholders.

The Company is paying fees to Non-Executive Directors for attending the Board and Committee meetings. The relevant information of remuneration/meeting fee paid to Directors is disclosed in Note 47.2 to the annexed financial statements for the year ended June 30, 2019.

Montebello S.R.L (subsidiary) and Consolidated financial statements

During year ended 2015, the Court of Vicenza, Italian Republic granted bankruptcy proposal of public prosecutor and appointed trustee to manage affairs of Montebello S.R.L. (MBL). Considering the liquidation, the Company provided impairment of balance amount of Rs. 452.529 million during year ended 30 June 2015.

During the proceeding of this bankruptcy, 48 parties filed their claim with The Court of Vicenza and all have been accepted by the Court. Total claims of Euro 7,893,794.48 have been accepted. 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 to the law, priority claims would be paid first and then unsecured and subordinated claims will be paid. The Company's claims aggregating to Euro 3,835,343.89 has been accepted on account of principal and interest as a subordinated claim. The Company has been advised by its legal counsel that, by law in Italy Company cannot be a priority claimant as it is the parent company of MBL.

The Company has contested with the court that its claim should be accepted as at least unsecured claim rather than being subordinate claim. The Court appointed an expert to decide whether claim of the Company should be accepted as unsecured claim or subordinate. The expert gave his opinion that claim of the Company should be subordinated. The Company questioned the decision of expert in the Court and lodged its defense regarding the classification of its claim. On 15 July 2019, the Court rejected the defense of the Company and has upheld the decision of expert. The Company has filed an appeal in the Italian Supreme Court.

During the year June 30, 2018, the management, based on advice from the Company's legal counsel, has concluded that as a result of ongoing bankruptcy proceedings and management of the affairs of MBL is under 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 activities of MBL. Hence the financial statements of the Company should not be consolidated with MBL.

Auditors' observations

The auditors qualified their opinion in para ‘a’ of audit report due to the fact that the Company could not make timely repayments of principal and interest / mark-up related to long term loans and certain financial and other covenants imposed by lenders could not be complied with. In this scenario, International Accounting Standard 1 - Presentation of Financial Statements requires that if an entity breaches a provision of long term loan, that liability becomes payable on demand and it should be classified as current. In these financial statements, for the current year, the Company has classified the long term debts as current and complied with the requirements of IAS 1, however for the comparative period, these long term debts have been classified as non-current according to the individual loan repayment schedules. Management is of the view that during the year, as mentioned by auditor, the Company has classified the long term debts as current and complied with the requirements of IAS 1 and this qualification relates to comparative period.

The auditors qualified their opinion in para ‘b’ of audit report on carrying value of investment in term finance certificates (“TFC”) of Agritech Limited. The management is of the view that sale of these TFCs is part of 2nd financial restructuring and ultimate value of these TFCs would be available after completion of 2nd financial restructuring.

The auditors qualified their opinion in para ‘c’ of audit report regarding Company's investment in preference shares (“shares”) of AGL. The adjustments proposed by auditors are required by International Financial Reporting Standard on Financial Instruments: (IFRS-9). The management is of the view that as these shares would be sold under put option at same price at which the Company has purchased them through a written agreement with National Bank of Pakistan to this effect. Recognition of fair value adjustment and derivative financial instrument for these shares and then reversing the same on its sale would be confusing for users of the financial statements.

The auditors qualified their opinion in para ‘d’ of audit report due non availability of details regarding MBL. As mentioned in note 21.2.2, the proceedings of the Court of Vicenza are going on and details would be available once the proceedings are concluded.

Auditors' observation in their audit report regarding Company's ability to continue as going concern due to liquidity issue. The operations of the Company are improving continuously. During the year, the Company has earned profit from operations of Rs. 2,063.51 million as compared to Rs. 1,422.58 million of previous year. Also the company earned a net profit after tax of Rs. 305.31 million for the year as compared to profit of Rs. 196.62 million the previous year. In addition to this, as mentioned above the second financial restructuring is in process. Once completed it is envisaged that the liquidity issue of the Company should be solved.

Appointment of Auditors

Messers Deloitte Yousuf Adil, Chartered Accountants, (Deloitte) member firm of Deloitte Touche Tohmatsu Limited, a reputable Chartered Accountants firm completed its tenure of appointment with the Company and being eligible has offered its services for another term. The Board of Directors of Company, based on the recommendation of the audit committee of the Board, has proposed Deloitte for reappointment as auditors of the Company for the ensuing year.

Audit committee

The Board of Directors constituted a fully functional Audit Committee comprising three members; two are Independent Directors and one is non-executive Director. The terms of reference of the committee, inter alia, consist of ensuring transparent internal audits, accounting and control systems, adequate reporting structure as well as determining appropriate measures to safeguard the Company's assets.

Internal audit function

The Board have set up an efficient and energetic internal control system with operational, financial and compliance controls to carry on the businesses of the Company. Internal audit findings are reviewed by the Audit Committee, and where necessary, action is taken on the basis of recommendations contained in the internal audit reports.

Shareholding pattern

The shareholding pattern as at June 30, 2019 is annexed.

Web presence

Annual and periodic financial statements of the Company are also available on the website of the Company www.azgard9.com for information of the shareholders and others.

Acknowledgment

The board is thankful for the support of all of the stakeholders of the Company; customers, suppliers, financial institutions, management, staff and workers. The Company is slowly gaining momentum in improving its' financial health. It is all due to the continued confidence of our valued customers, the support and cooperation of financial institutions, hard work of management, staff and workers without which achievements like these would not be possible.

On behalf of the Board of Directors

Chief Executive Officer **Chairman**

Lahore
Date: September 28, 2019

ممبران کیلئے ڈائریکٹرز رپورٹ:۔

ایز گارڈ نائن لمیٹڈ (کمپنی) کے ڈائریکٹرز انتظامی ٹیم کے ہمراہ کمپنی کی سالانہ رپورٹ ساتھ آڈیٹڈ فنانشل اسٹیٹمنٹس برائے سال 30 جون 2019 پیش کر رہے ہیں۔

کمپنی کے حسابات تصدیق شدہ منجانب چیف ایگزیکٹو آفیسر اور چیف فنانشل آفیسر جس کی بورڈ آڈٹ کمیٹی نے سفارش کی اور بورڈ آف ڈائریکٹرز نے پیش کرنے کی اجازت دی۔

اہم سرگرمیاں

آپ کی کمپنی کی توجہ دھاگہ، ڈینم کپڑا اور تیار ڈینم ملبوسات کی مصنوعات کی پیداوار اور مارکیٹنگ پر مرکوز ہے۔

ایز گارڈ نائن لمیٹڈ (کمپنی) کے آپریٹنگ مالیاتی نتائج برائے سال 30 جون 2019 درج ذیل ہیں۔

	سال مختتمہ 30 جون 2019 (روپے)	سال مختتمہ 30 جون 2018 (روپے)
فروختگی (Net)	20,214,970,742	15,982,435,319
آپریٹنگ منافع	2,063,506,965	1,422,576,649
مالیاتی اخراجات	(1,528,303,279)	(1,154,240,369)
منافع قبل از ٹیکس	501,301,162	299,076,038
منافع بعد از ٹیکس	305,312,291	196,622,622
منافع فی شیئر	0.67	0.43

سالانہ جائزہ

اس سال کے دوران، کمپنی کی فروخت میں پچھلے سال کے مقابلے 26.5 فیصد آضافہ ہوا ہے۔ آپریٹنگ منافع پچھلے سال کے مقابلے 45 فیصد بڑھ گیا ہے۔ کمپنی کا بعد از ٹیکس منافع Rs.305 ملین رہا جو کہ پچھلے سال کے مقابلے میں 55 فیصد کا آضافہ ہے۔

گارمنٹس کے شعبہ میں، کمپنی نے BMR کی ہے جس کی وجہ سے پیداوار کی صلاحیت میں آضافہ ہوا ہے اور اس شعبہ میں فروخت میں آضافہ ہوا ہے۔ گارمنٹس کے شعبہ میں پچھلے سال کے مقابلہ فروخت میں 39.4 فیصد کا آضافہ ہوا ہے۔ ویونگ کا شعبہ پچھلے سال کی نسبت 6.4 فیصد آضافہ کرنے میں کامیاب رہا ہے۔ بہتر پیداوار کی صلاحیت کی وجہ سے، سپننگ شعبہ میں پچھلے سال کے مقابلے فروخت میں 41 فیصد کا آضافہ ہوا ہے۔

پاکستانی روپے کی قدر میں تقریبا 30 فیصد کمی ہوئی ہے، جس نے کمپنی کی سیلز پر مثبت اثر ڈالا ہے۔ اس روپے کی قدر میں کمی کی وجہ سے درآمد شدہ اور مقامی خام مال کی قیمت میں بھی آضافہ ہوا ہے۔ روپے کی قدر میں کمی کی وجہ سے مہنگائی میں آضافہ ہوا ہے اور شرح سود مختصر مدت کے قرض کے لئے 7.92 فیصد سے بڑھ کر 13.97 فیصد ہو گیا ہے۔ شرح سود میں آضافہ کی وجہ سے مالیاتی اخراجا ت میں آضافہ ہوا ہے۔

عالمی معاشی مسائل جیسا کہ "USA/China trade war"، عمومی تصور ہے کہ عالمی معیشت میں سست روی رہے گی اور ساتھ ہی، مقامی الیکشن اور نئی حکومت

کے آنے کے بعد کی غیر یقینی صورت حال کی وجہ سے کمپنی کے کاروبار کے لئے مشکل وقت ہے۔مزید مقامی اور عالمی حریفوں کے دباؤ کی وجہ سے منافع کو برقرار رکھنا مشکل ہو رہا ہے۔

زیرِ نظر سال کے لئے ،حکومت نے DLTL کے ریٹس میں پچھلے سال کی نسبت عمومی طور پر 50 فیصد تک کمی کر دی ہے۔جس کا کمپنی کے منافع پرمنفی اثر ہوا ہے۔

لاگت کی طرف دیکھیں تو کمپنی جہاں تک ممکن ہو اپنی لاگت میں کمی کی کوشش کر رہی ہے۔اس سال کے دوران 16 اکتوبر سے پنجاب میں صنعتوں کو گیس کے نظر ثانی شدہ نرخ نافذ کر دئے گئے ہیں،البتہ ابھی بھی پنجاب میں صنعتوں کو گیس کے نرخ دوسرے صوبوں کی نسبت زیادہ ہیں اور نرخ کا تعین امریکی ڈالر میں کیا جاتا ہے، پھر بھی کسی حد تک بہتری آئی ہے اور امید ہے کہ یہ نرخ پنجاب کے برآمد کنندگان کو عالمی طور پر مقابلے کے قابل بنائیں گے۔

البتہ تمام تر مشکلات کے باوجود اور کمپنی کی انتظامیہ کی کئی سالوں کی انتھک محنت کی وجہ سے کمپنی آخر کار بعد از ٹیکس منافع بنانے میں کامیاب ہوگئی ہے۔ یہ بہت بڑی کامیابی ہے۔

Agritech لمیٹڈ کے ترجیحی حصص 306.022 ملین کی فروخت باقی ہے کمپنی اس کا فی الحال انتظار کر رہی ہے اور یہ امید ہے کہ تمام فنڈز حاصل ہو جانے پر کمپنی کی مالیاتی حالت میں مزید بہتری کی وجہ بنے گی۔

قرضہ جات کی مالیاتی تنظیم نو

سال 2012ء میں پہلی تنظیم نو کے بعد، سرمایہ میں کمی کی وجہ سے کمپنی اپنے قرضوں کی ادائیگیاں نہیں کر پا رہی۔نتیجہ میں سال 2014ء میں دوسری مالیاتی تنظیم نو کا آغاز کیا گیا۔اب بہت سی کاوشوں کے بعد قرض دہندگان کی جانب سے قرض دہندگان کے انتظام کی منصوبہ بندی کا مسودہ بنا کر لاہور ہائی کورٹ، میں جمع کروایا گیا۔ لاہور ہائی کورٹ نے قرض دہندگان کے اجلاس کے لئے کمیشن بنایا تا کہ انتظام کی منصوبہ بندی پر رضامندی حاصل کی جا سکے۔مطلوبہ اجلاس مورخہ 14 مئی 2018ء کو منعقد ہوا،کمیشن نے اپنی رپورٹ لاہور ہائی کورٹ میں جمع کروادی۔31 جنوری 2019 کو لاہور ہائی کورٹ نے مالیاتی تنظیم نو کو زبانی منظور کر لیا،البتہ معزز جج کے اچانک استعفیٰ کی وجہ سے تحریری حکم نامہ جاری نا ہو سکا۔اس لئے ،لاہور ہائی کورٹ کے دوسرے معزز جج کے سامنے یہ کیس دوبارہ کاروائی کے لئے پیش ہوا۔31 جولائی 2019 کو لاہور ہائی کورٹ نے مالیاتی تنظیم نو کو منظور کر لیا ہے۔

اس سکیم کے ذریعہ، یہ توقع کی جاتی ہے کہ قرضوں کی اصل رقم اور سود کا بڑا حصہ کمپنی کے اثاثوں کی فروخت اور شیئر کیپٹل میں اضافہ (متعلقہ ادارے سے اجازت کے بعد) رائٹ ایشو کے ذریعے ادائیگی کی جاسکے گی۔بعد از مالیاتی تنظیم نو یہ امید کی جاتی ہے کہ کمپنی کے قرضہ جات پائیدار سطح پر آ جائیں گے۔سکیم پر پورا طرح عملدرآمد ہونے کے بعد امید کی جاتی ہے کہ کمپنی اپنے قرضہ جات کی بروقت ادائیگی کے قابل ہو جائے گی۔البتہ کوئی بھی غیر یقینی صورتحال اور مقامی اور عالمی منڈی کی صورت حال رکاوٹ کی وجہ اور منفی اثر ڈال سکتا ہے۔

مستقبل کے نقطہ نظر سے ٹیکسٹائل کاروبار

مستقبل مشکل نظر آ رہا ہے۔کیونکہ کمپنی جس شعبہ میں کام کرتی ہے وہ عالمی طور پر مسابقتی ہے اور دنیا میں اس کا کاربار ہو رہا ہے۔عالمی سست روی اور امریکہ چائینہ تجارتی جنگ کی وجہ سے ہمارے کاروبار پر اثر پڑے گا۔ہماری مقامی معیشت اور حکومت کی پالیسیز کمپنی کے کاروبار پر مزید اثر ڈال رہی ہیں۔

مزید شرح سود میں آضافہ کمپنی کے کاروبار پر منفی اثر ڈالا ہے۔اور حکومت کی طرف سے DLTL واجب لادا اور دیگر ادائیگیاں سست روی کا شکار ہے۔جس کی وجہ سے حکومت کی طرف قابل وصول رقومات میں آضافہ ہو گیا ہے، جو کہ لیکیوڈیٹی مسائل پیدا کر رہا ہے۔مزید وقت پر واجب الادا ادائیگیوں کی وجہ سے کمپنی کی برآمدات میں آضافہ ہوگا۔بلکہ تیز واجب الادا ادائیگیاں تمام ٹکسٹائل برآمد کنندگان کے لئے بہتری لائیں گی۔

اس سال کے دوران، ترکی کی منڈی جو کہ کمپنی کے مصنوعات کی سب سے بڑی منڈی ہے، میں بہتری آئی ہے۔البتہ ترکی کی بہتری مستقل نہیں ہے اور کسی وقت بھی

بگڑ سکتی ہے۔

مختلف مشکلات اور کمپنی کے شعبہ میں مقابلہ میں آضافہ کے باوجود کمپنی مستقبل کے لئے محطاط ہے،لیکن یقین رکھتی ہے کہ پائیدار حالت کو برقرار رکھے گی۔

کارپوریٹ سماجی ذمہ داری

انتظامیہ لوگوں کو ضروری مہارت اور عالمی معیشت کی کامیابی میں بااختیار بنانے کی طرف کام کر رہی ہے۔ کمپنی نے انفارمیشن ٹیکنالوجی، بہتر صحت، تعلیم اور رہائش، ذریعہ معاش سے حاصل ہونے والی آمدن میں سماج کو بااختیار بنایا ہے۔

اس قلیدی نقطہ نظر سے کمپنی کے ملازمین دل کھول کر اپنا وقت، تجربہ اور مہارت سماج کی خدمت میں صرف کرتے ہیں، کمپنی ایسا کرنے میں ان کی حوصلہ افزائی کرتی ہے۔

آضافی طور پر کمپنی ماحول کو صاف ستھرا رکھنے اور مزدوروں کی فلاح و بہبود کیلئے بہت سے عالمی اداروں کے منظور شدہ سرٹیفکیٹ رکھتی ہے۔

تفصیلی کارپوریٹ سماجی رپورٹ الگ سے سالانہ رپورٹ میں دی گئی ہے۔

منافع فی شیئرز

مختتمہ سال 30 جون 2019 میں کمپنی کا منافع فی شیئر مبلغ 0.67 روپے ہے۔

منافع

بورڈ آف ڈائریکٹرز نے مختتمہ سال 30 جون 2019 کے لئے مندرجہ بالا وجوہات اور مجموعی نقصان کی بناء پر کوئی منافع تجویز نہیں کیا۔

اہم خطرات اور غیر یقینی صورتحال

کمپنی کی کارکردگی میں بہتری آرہی ہے۔ کمپنی کا کاروبار خطرات اور غیر یقینی صورتحال سے دوچار ہے۔ مندرجہ ذیل کچھ اہم خطرات اور غیر یقینی صورتحال ہیں۔

1۔ 31 جولائی 2019 کو لاہور ہائی کورٹ نے مالیاتی تنظیم نو کو منظور کر لیا ہے۔ اب مالیاتی تنظیم نو پر عملدرآمد ہو رہا ہے۔ بعداز مالیاتی تنظیم نو یہ امید کی جاتی ہے کہ کمپنی پائیدار سطح پر آجائے گی۔ کوئی بھی مالیاتی تنظیم نو میں دیر یا رکاوٹ مستقبل میں منافع یا بقا پر اثرانداز ہو سکتی ہے۔

2۔ مقامی اور ہمسائیہ ممالک سے مقابلہ کی صورت میں مستقبل میں کمپنی کے منافع میں اثر ہو سکتا ہے۔

3۔ حکومت کی طرف سے DLTL، سیلز ٹیکس، اور دیگر واجب لادا ادائیگیوں میں کمی کمپنی کی لیکویڈیٹی پر منفی اثر ڈال سکتی ہے۔ جو مستقبل میں کمپنی کی کارکردگی اور منافع پر اثرانداز ہوگا۔

بیلنس شیٹ کے بعد کے معاملات

مالیاتی سال کے اختتام سے لیکر ڈائریکٹر رپورٹ کی تیاری تک کوئی بڑی تبدیلی جس کا مالیاتی حالت پر اثر ہو نہیں ہے۔

متعلقہ پارٹیز سے لین دین

کمپنی نے اپنے تمام متعلقہ پارٹیز لین دین کو جائزہ اور منظوری کے لئے آڈٹ کمیٹی اور بورڈ آف ڈائریکٹر کے سامنے پیش کیا۔ تمام لین دین کو متعلقہ آڈٹ کمیٹی اور بورڈ آف ڈائریکٹر کے اجلاس میں منظور کیا گیا ہے۔ متعلقہ پارٹیز کے ساتھ لین دین کی تفصیلات منسلک شدہ سال مختتمہ 30 جون 2019 کے مالیاتی اسٹیٹمنٹس کے نوٹ 41 میں مہیا کی گئیں ہیں۔

کارپوریٹ گورننس، مالیاتی رپورٹنگ اور انٹرنل کنٹرول سسٹمز

ہم رپورٹ پیش کرنے میں خوشی محسوس کرتے ہیں:

- ☆ کمپنی کی انتظامیہ کی طرف سے تیارشدہ مالیاتی اسٹیٹمنٹس معاملات کی حالت، اس آپریشن کے نتائج، کیش فلو اور ایکوٹی کے متعلق صحیح طور پر بتاتی ہیں۔
- ☆ کمپنی کے اکاؤنٹس کو مناسب طریقے میں رکھا گیا ہے۔
- ☆ مالیاتی اسٹیٹمنٹس کی تیاری تسلسل کیساتھ متعلقہ اکاؤنٹنگ پالیسی کے تحت ہے اور اکاؤنٹنگ حسابات، مناسب اور محتاط فیصلہ پر کئے گئے ہیں۔
- ☆ عالمی مالیاتی رپورٹنگ معیارات پاکستان میں لاگو ہیں اور مالیاتی اسٹیٹمنٹس کی تیاری میں ان کو اپنایا گیا ہے اور کسی قسم کی کمی کی صورت میں مناسب وضاحت کی گئی ہے۔
- ☆ کمپنی کے اندرونی کنٹرول میں موثر طریقہ سے عمل درآمد اور نگرانی کی گئی ہے تا کہ کمپنی کی پالیسیز وطریقہ کار پر قابو پانے کو یقینی بنانے پر زور دیا ہے تا کہ کسی بے قاعدگی کی صورت میں کمپنی بروقت طور پر اس کو درست کر سکے۔
- ☆ بورڈ مطمئن ہے کہ کمپنی کی حیثیت ایسی ہے کہ یہ کام کرتی رہے گی اور اس حیثیت پر آڈیٹر نے اپنی رپورٹ میں تحفظات ظاہر کئے۔
البتہ ان مالیاتی اسٹیٹمنٹس کو بناتے وقت کمپنی کی اس ہی حیثیت کو مدنظر رکھا گیا ہے۔ وجوہات مالیاتی سٹیٹمنٹس میں بیان کی گئی ہیں۔
- ☆ پچھلے چھ سال کے قلیدی آپریٹنگ اور مالیاتی اعداد وشمار منسلک کئے گئے ہیں۔
- ☆ 30 جون 2019 تک ٹیکسز، ڈیوٹیز، لیویز اور بقایاجات کی مد میں کوئی ادائیگی بقایا نہیں ہے ماسوائے ان کے جو مالیاتی اسٹیٹمنٹس میں بیان کی گئی ہیں۔
- ☆ کمپنی کے شیئرز میں ڈائریکٹرز، ایگزیکٹو اور ان کی بیگمات اور نابالغ بچوں نے سال کے دوران میں کوئی بھی ٹرانسیکشن نہیں کی، ثوائے احمد ایچ شیخ کے جن کو 5 ملین عمومی شیئر اپنی بہن کی طرف سے تحفہ ہوئے۔
- ☆ بورڈ نے مندرجہ ذیل ڈائریکٹرز کے لئے ڈائریکٹرز ٹریننگ پروگرام کا بندوبست کیا۔

محترمہ ملیحہ صاردہ اعظم

جناب ناصر علی خان بھٹی

جناب عابد حسین

جناب عبدالحمید احمد ڈاگیا۔ کمیشن سے چھوٹ حاصل کی

جناب احمد ایچ شیخ۔ کمیشن سے چھوٹ حاصل کی

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشن 2017 کے تحت بہترین طریقوں کی اسٹیٹمنٹ آف کمپلائنس اس سالانہ رپورٹ میں مہیا کی گئی ہے۔

بورڈ آف ڈائریکٹرز

کمپنی کے بورڈ کے زیادہ ڈائریکٹرز غیر جانبدار ہیں جو کہ ٹرانسپرنسی اور اچھی کارپورٹ گورننس کی وجہ بنتے ہیں۔ بورڈ میں چار غیر جانبدار ڈائریکٹرز بشمول چیئرمین، دو نان ایگزیکٹو ڈائریکٹر اور دو ایگزیکٹو ڈائریکٹرز (بشمول چیف ایگزیکٹو آفیسر) ہیں۔ بورڈ آف ڈائریکٹرز، میں 7 مرد ڈائریکٹرز اور 1 خاتون ڈائریکٹر شامل ہے۔ نان ایگزیکٹو ڈائریکٹرز کمپنی کیلئے کاروبار، گورننس اور قانون کا وسیع تجربہ رکھتے ہیں۔ قیمتی مشورے دیتے ہیں اور کمپنی کے اونچے درجہ کے معاملات کے قانونی اصولوں اور کارپوریٹ کمپلائنس کو یقینی بناتے ہیں۔

سال مختتمہ 30 جون 2019 کے دوران ڈائریکٹرز کے نام بورڈ اور کمیٹیز کے میٹنگز کی تعداد اور ہر ڈائریکٹر کی حاضری کی تفصیل مندرجہ ذیل ہے۔

بورڈ آف ڈائریکٹرز کی میٹنگز

بورڈ آف ڈائریکٹرز کی سال کے دوران پانچ میٹنگز 01 جولائی 2018 تا 30 جون 2019 تک منعقد ہوئی ہیں

نام	اہلیت	حاضری
جناب زاہد محمود	5	5
جناب احمد ایچ شیخ	5	4
جناب ناصر علی خان بھٹی	5	5
جناب عثمان رشید	5	5
جناب منیر عالم	5	4
محترمہ ملیحہ صاردہ اعظم	5	5
جناب عبدالحمید احمد ڈاگیا	5	5
جناب عابد حسین	5	5

ہیومن ریسورس اور معاوضہ کمیٹی (HRRC) کی میٹنگز

سال 01 جولائی 2018 تا 30 جون 2019 تک ایک میٹنگ منعقد ہوئی ہے۔

نام	اہلیت	حاضری
محترمہ ملیحہ صاردہ اعظم	1	1
جناب عثمان رشید	1	1
جناب احمد ایچ شیخ	1	1

آڈٹ کمیٹی کی میٹنگز

سال 01 جولائی 2018 تا 30 جون 2019 تک 4 میٹنگز منعقد ہوئی ہیں۔

نام	اہلیت	حاضری
جناب ناصر علی خان بھٹی	4	4
محترمہ ملیحہ صاردہ اعظم	4	4
جناب عثمان رشید	4	4

جو ڈائریکٹرز میٹنگ میں شرکت نہیں کر سکے، ان کو چھٹی کی اجازت دی گئی۔

بورڈ کی کارکردگی کا جائزہ

بورڈ اور بورڈ کی کمیٹیوں کے ارکان کی سالانہ کارکردگی کے جائزہ کیلئے رسمی اور موثر طریقہ کار موجود ہے۔ M/S PKF F.R.A.N.T.S (PKF) چارٹرڈ اکائونٹنٹس کو30 جون2019 کے لئے آزادانہ کارکردگی کے جائزہ کیلئے مقرر کیا گیا ہے۔ PKF کا آئی کیپ کے QCR میں تسلی بخش درجہ ہے اور آڈٹ اوورسائیٹ بورڈ میں رجسٹرڈ ہے جس کا تقرر کیا گیا ہے تا کہ بورڈ کی کارکردگی مجموعی طور پر اور بورڈ ممبران کی کارکردگی انفرادی طور پر اور بورڈ/ کمیٹیوں (آڈٹ کمیٹی اور HRR کمیٹی) کمپنی کی طے کردہ اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشن 2017 کے وضع کردہ طریقہ کار کے مطابق کارکردگی کا جائزہ لیں اور اپنی سفارشات کے ساتھ اپنی رپورٹ پیش کریں تا کہ کمپنی کے گورننگ سٹرکچر میں بہتری لائی جاسکے۔

بورڈ کی مجموعی کارکردگی کے اوپر چیئرمین کی جائزہ رپورٹ منسلک ہے۔

ڈائریکٹرز کا مشاہرہ

کمپنی میں اپنے ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹر کے لئے بورڈ آف ڈائریکٹرز منظور شدہ مشاہرہ پالیسی موجود ہے۔ پالیسی کو ایسے تیار کیا گیا ہے کہ یہ HR کی حکمت عملی کا حصہ ہے اور دونوں کاروبار کی حکمت عملی کے لئے مددگار ہیں۔ بورڈ کو یقین ہے کہ متعلقہ پالیسی کارآمد ہے اور بہترین ایگزیکٹو ڈائریکٹرز کو راغب کرتی ہے۔ تا کہ وہ کمپنی کے ساتھ منسلک رہیں اور اس کو بہتر انداز میں چلاسکیں اور ڈائریکٹرز، ایگزیکٹوز اور حصہ داران کے درمیان رابطہ کا باعث بنیں۔

کمپنی اپنے نان ایگزیکٹو ڈائریکٹرز کو بورڈ اور کمیٹیوں کی میٹنگز میں شرکت کیلئے معاوضہ ادا کررہی ہے۔ متعلقہ مشاہرہ/میٹنگ فیس کی معلومات جو ڈائریکٹرز کو ادا کی گئیں منسلک شدہ مالیاتی اسٹیٹمنٹس 30 جون2019 کے نوٹ 47.2 میں بیان کی گئی ہیں۔

Montebello S.R.L (Subsidiary) اور یکجا مالیاتی سٹیٹمنٹ

سال2015 کے دوران جمہوریہ اٹلی Vicenza کی عدالت نے پبلک پراسیکیوٹر کی سفارش پر Montebello S.R.L (MBL) کو بنک دیوالیہ تجویز کیا اور ٹرسٹی تعینات کیا کہ وہ اس کے معاملات اور انتظام دیکھے۔ اس کو مدنظر رکھتے ہوئے کمپنی نے ایمپیئر منٹ مبلغ 452.529 ملین روپے دوران اختتام سال 30 جون 2015 کی کتابوں میں ظاہر کی۔

اس بنک دیوالیہ کارروائی کے دوران ، 48 پارٹیز نے Vicenza کی عدالت میں دعویٰ جات دائر کیے جو کہ عدالت نے تمام تر منظور کر لئے ۔ اس طرح کل 7,893,794.48 یورو کے دعویٰ جات کو تسلیم کر لیا گیا۔ ترجیحی دعویٰ جات کی ویلیو 3,929,380.39 ہے اور غیر محفوظ اور سب اورڈینیٹ دعویٰ جات کی ویلیو 3,964,414.12 یورو ہے۔ قانون کے مطابق ترجیحی دعویٰ جات کو پہلے ادائیگی ہوگی اور پھر غیر محفوظ اور سب اورڈینیٹ دعویٰ جات کو ادائیگی ہوگی۔ MBL کی مادری کمپنی کی حیثیت سے اصل رقم وسود 3,835,343.89 یورو کا سب اورڈینیٹ دعویٰ منظور ہو چکا ہے اور کمپنی کی قانونی مشیر نے کمپنی کو صلاح دی ہے کہ کمپنی ترجیحی دعویٰ دار نہیں ہوسکتی۔

کمپنی نے عدالت میں موقف اختیار کیا ہے کہ اس دعویٰ کو سب اورڈینیٹ دعویٰ کے بجائے کم از کم غیر محفوظ دعویٰ کے طور تسلیم کیا جائے۔ عدالت نے ایک ماہر کو تعینات کیا تھا کہ وہ فیصلہ کرے کہ کمپنی کا دعویٰ غیر محفوظ ہو یا سب اورڈینیٹ ہو۔ اس کی رائے کے مطابق کمپنی کا دعویٰ سب اورڈینیٹ ہی ہوگا البتہ کمپنی نے ماہر کے فیصلے پر سوال اٹھاتے ہوئے اپنے دفاع کیلئے دعویٰ کی درجہ بندی کے لئے عدالت میں درخواست دائر کی۔ 15 جولائی 2019 کو عدالت نے کمپنی کا موقف رد کر دیا۔ کمپنی نے اٹلی کے سپریم کورٹ میں اپیل دائر کر دی ہے۔

30 جون2018 کے سال کے دوران، کمپنی کے لیگل کونسل کی رائے کے مطابق کمپنی نے نتیجہ اخذ کیا ہے کہ جاری شدہ بنک دیوالیہ کی کارروائی کی وجہ سے MBL کے معاملات عدالت کے مقرر کردہ ٹرسٹی کے زیر اثر ہونے کی وجہ سے کمپنی MBL کے معاملات پر کنٹرول کھو چکی ہے۔ یکجا مالیاتی اسٹیٹمنٹس کیلئے عالمی مالیاتی رپورٹنگ اسٹینڈرڈ 10 کی راہنمائی لیتے ہوئے انتظامیہ نے اخذ کیا ہے کہ MBL کے معاملات کمپنی کے زیر اثر نہیں جس کی وجہ سے کمپنی کی مالیاتی اسٹیٹمنٹس MBL کیساتھ یکجا نہیں کی جاسکتی۔

آڈیٹر کے مشاہدات

آڈیٹر نے آڈٹ رپورٹ کے پیراa میں اپنی رائے دی کہ کمپنی نے وقت مقررہ پر اصل رقم اور طویل المیعادی قرضہ جات پر انٹرسٹ/مارک اپ نہیں دے سکی اور مخصوص مالیاتی اور دیگر وعدہ جات جو کہ قرض خواہ کی طرف سے عائد کئے گئے، پر عملدرآمد نہیں کیا جا سکا۔ اس تناظر میں انٹرنیشنل اکاؤنٹنگ سٹینڈرڈ1- پریزنٹیشن برائے مالیاتی سٹیٹمنٹ یہ کہتا ہے کہ اگر کوئی کمپنی طویل المدت کی شقوں کو توڑتی ہے تو مطالبہ پر liability قابل ادائیگی ہے اور اس کو current درجہ بندی دی جائے گی۔ موجودہ سال کے لئے مالیاتی اسٹیٹمنٹسک میں کمپنی نے طویل المیعادی قرضہ جات کی current درجہ بندی کر دی ہے اور IAS-1 کی ضروریات کی تعمیل کر دی ہے۔ البتہ تقابلی مدت کے لئے، طویل المدتی قرضہ جات کی درجہ بندی non-current، قرضہ کی واپسی کے شیڈول کے مطابق کی گئیں ہیں۔ انتظامیہ کا ماننا ہے کہ سال کے دوران جیسا کہ آڈیٹر نے بیان کیا ہے کہ کمپنی نے طویل المیعادی قرضہ جات کی current درجہ بندی کر دی ہے اور IAS-1 کی ضروریات کی تعمیل کر دی ہے اور آڈیٹر کی رائے تقابلی مدت کے لئے ہے۔

آڈیٹر نے آڈٹ رپورٹ کے پیراb میں Agritech لمیٹڈ کے ٹرم فنانس سرٹیفکیٹ ("TFC") میں سرمایہ کاری کی مالیت کے بارے میں اپنی رائے دی۔ انتظامیہ کا موقف ہے کہ ان TFC کی فروخت دوسری مالیاتی تنظیم نو کا حصہ ہے اور اس کی مالیت دوسری مالیاتی تنظیم نو کے بعد میسر ہو گی۔

آڈیٹر نے آڈٹ رپورٹ کے پیراc میں کمپنی کی سرمایہ کاری AGL کے ترجیحی شیئر (شیئرز) کے بارے اپنی رائے دی۔ انٹرنیشنل فنانشل رپورٹنگ سٹینڈرڈ برائے مالیاتی انسٹرومنٹ: (IFRS-9) کے مطابق آڈیٹر نے ایڈجسٹمنٹ تجویز کی ہے۔ انتظامیہ کا موقف ہے کہ یہ شیئرز اسی قیمت پر فروخت کر دیئے جائیں گے جس کے تحت نیشنل بنک آف پاکستان کے ساتھ معاہدہ ہے۔ اس فیئر ویلیو ایڈجسٹمنٹ اور ان شیئرز کو مالیاتی انسٹرومنٹ تسلیم کر لینا اور فروخت پر اس کی تبدیلی مالیاتی سٹیٹمنٹس کے استعمال کرنے والوں کو الجھائے گی۔

آڈیٹر نے آڈٹ رپورٹ کے پیراd میں اپنی رائے دی کہ MBL کے بارے میں تفصیلات موجود نہیں ہیں۔ جیسا کہ نوٹ 21.2.2 میں بیان کیا گیا ہے کہ کمپنی کا دعویٰ Vicenza کی عدالت میں قبول کر لیا گیا ہے اور جب بنک دیوالیہ کارروائی مکمل ہو گی تو تفصیل دستیاب ہو گی۔

آڈیٹرز کی آڈٹ رپورٹ میں مشاہدے کے مطابق لیکویڈیٹی ایشو کی وجہ سے کمپنی کی حیثیت کہ یہ کام کرتی رہے گی' غیر یقینی ہے۔ کمپنی کی آپریٹنگ صلاحیت میں بہتری آئی ہے اس نے آپریٹنگ منافع Rs.2,063.51 ملین حاصل کیا ہے جبکہ یہ پچھلے سال Rs.1,422.58 ملین تھا اور اس سال بعد از ٹیکس منافع Rs.305.31 ملین ہے جبکہ پچھلے سال Rs.196.62 ملین کا منافع تھا اور مزید یہ کہ جیسا کہ اوپر بیان کیا گیا ہے کہ کمپنی اپنی دوسری مالیاتی تنظیم نو کے عمل میں ہے اس کے پورا ہونے کے ساتھ قرضہ جات کا بیشتر حصہ ختم ہو جائے گا اور باقی قرضہ ریگولرائزڈ ہو جائے گا جس وجہ سے لیکویڈیٹی ایشو کا مسئلہ حل ہو جائے گا۔

آڈیٹرز کی تعیناتی

میسرز Deloitte یوسف عادل، چارٹرڈ اکاؤنٹنٹس، (Deloitte) ممبر فرم آف Deloitte Touche Tohmatsu Limited، ایک باعزت چارٹرڈ اکاؤنٹنٹس فرم نے کمپنی کے ساتھ اپنی تقرری کی مدت مکمل کی ہے اور اہل ہونے کے ساتھ اپنی خدمات کو اگلی مدت کیلئے پیش کیا ہے۔ بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کی سفارش پر آنے والے سال کے لئے دوبارہ تعیناتی کیلئے کمپنی کے آڈیٹر کے طور پر Deloitte کا نام تجویز کیا ہے

آڈٹ کمیٹی

بورڈ آف ڈائریکٹرز پر مشتمل ایک مکمل فعال آڈٹ کمیٹی تین ممبران پر مشتمل ہے جس میں سے دو غیر جانبدار ڈائریکٹرز ہیں اور ایک نان ایگزیکٹو ڈائریکٹر ہے۔ کمیٹی کی ٹرم آف ریفرنس میں یقینی شفاف انٹرنل آڈٹ، اکاؤنٹنگ اور انتظامی کنٹرول رپورٹنگ سٹرکچر اور کمپنی کے اثاثہ جات کو محفوظ کرنا شامل ہیں۔

انٹرنل آڈٹ فنکشن

بورڈ نے کمپنی کے کاروبار کو جاری رکھنے کیلئے ایک موثر اور توانا ءانٹرنل کنٹرول سسٹم ہمراہ آپریشنل ، مالیاتی اور کمپلائنس کنٹرول بنایا ہے۔ آڈٹ کمیٹی انٹرنل آڈٹ کے نتائج کا جائزہ لیتی ہے اور جہاں ضرورت ہو انٹرنل آڈٹ رپورٹ کی بنیاد پر ایکشن لیا جاتا ہے۔

شیئر ہولڈنگ پیٹرن

شیئر ہولڈنگ پیٹرن 30 جون 2019 منسلک کیا گیا ہے۔

ویب موجودگی

کمپنی کی سالانہ اور عبوری مالیاتی سٹیٹمنٹس ،شیئر ہولڈرز اور دیگر کی معلومات کیلئے ایز گارڈ نائن کی ویب سائٹ www.azgard9.com پر موجود ہے۔

اعتراف

بورڈ اپنے تمام شراکت داروں ،خریداروں ،سپلائرز ، مالیاتی اداروں ،انتظامیہ' عملہ اور کارکنوں کی حمایت کا شکریہ ادا کرتا ہے۔ کمپنی آہستہ آہستہ بہتری کی طرف گامزن ہے۔ یہ صرف تمام قابل قدر خریداروں کے اعتماد ، مالیاتی اداروں کے تعاون اور حمایت ،انتظامیہ' عملہ اور کارکنوں کی کی سخت محنت ہے جس کے بغیر یہ نتائج ممکن نہ تھے۔

بورڈ آف ڈائریکٹرز کی جانب سے

چیف ایگزیکٹو آفیسر

28 ستمبر 2019۔

چیئرمین

CORPORATE SOCIAL RESPONSIBILITY

The Company is deeply committed to adopting and adhering to international norms and standards governing corporate social responsibility. We constantly strive to maintain a leadership role in this area and wholeheartedly support and fund outreach programs which have a beneficial impact on our environment, employees and the communities we live and work in. As part of this commitment, we are certified under the Social Accountability International's SA 8000 standard and BSCI and WRAP & various other related programs pertaining to the following broad areas.

Social Responsibility

- Community Relations
- Impact on local communities
- Participation in local communities
- Management of Human Rights

Environmental Responsibility

- Impact on the environment
- Energy awareness

Corporate Ethics

- Standards of ethical conduct
- Recruitment and retention of staff
- Fair Pay scheme & wages
- Rights of employees
- Safe and secure environment
- Compliance with local employment laws
- Compliance with International Charter HR best Practice policies

Leadership values and integrity

Some of our key certifications and initiatives are mentioned below.

International Social Accountability SA 8000 Certification

The foundational elements of this standard are based on the UN Declaration of Human Rights, Convention of the ILO, International Human Rights Norms and National Labor Laws.

This certification affirms that the Company is fulfilling all its social responsibilities and respects all applicable international / national rules and regulations relating to child labor, forced and compulsory labor, freedom of association and right to collective bargaining, health and safety, discrimination, disciplinary practices, working hours and remunerations etc. This standard is also used to prevent violation of Human Rights, Child Labor/ Discrimination and to comply with existing Laws, Rules, Regulations, etc.

BSCI

Company is certified through BSCI standards. The Business Social Compliance Initiative (BSCI) is a broad based business-driven platform for social compliance monitoring and qualification of the supply chain. The BSCI 2.0 Code of Conduct includes elements of social management system and cascade effect, worker's involvement and protection, freedom of association and the right to collective bargaining, prohibition of discrimination, fair remuneration, decent working hours, workplace health and safety, prohibition of child labor, special protection for young workers, prohibition of forced and compulsory labor and disciplinary measures, environment and ethical business behaviors.

WRAP

WRAP is the world's largest labor and environmental certification program for labor-intensive consumer products manufacturing and processing. Becoming a WRAP certified facility involves much more than simply passing an audit. Company takes a collaborative approach to social compliance certification in & work in our facilities to ensure that they remain in compliance with WRAP 12 principles. WRAP is supported by 25 international trade associations, including the International apparel federation.

ISO 9001

ISO 9000 is a series or family of standards for quality management systems while ISO 9001 is a standard within the family. ISO The International Organization for Standardization and is administered by authorized accreditation and certification bodies. The requirements of ISO 9001 include maintaining a set of procedures that cover all key processes in the business, to ensure they are effective, maintain adequate records, and check output for defects, with appropriate and corrective action where necessary. The ISO 9001 standards also require regular reviews of individual processes and the quality system itself for effectiveness, and to facilitate continuous improvement.

ISO 14001

ISO 14001 is an organizational system standard for monitoring, controlling, andimproving quality of the environment. The ISO 14001 standards establish a management system to help organizations to operate/carry out their operations in environment friendly manner. Standards provide practical tools for companies and organizations of to manage their environmental responsibilities.

Fair Trade (NGO) registration in process

AZGARD-9 is in the process of registering under the Fair Trade NGO. This endeavor aims to underwrite social responsibility in real monetary terms whereby a part of the corporate profits is formally invested in the development of the community.

GOTS, OCS (Organic Exchange), RCS and GRS (Global Recycling Standard) member

GOTS: The Global Organic Textile Standard (GOTS) is a comprehensive Standard that covers all aspects of the production of natural fibers including processing, manufacturing, packaging, labeling, exportation, importation and distribution.

The goal of GOTS is to define world-wide recognized requirements that ensure organic status of textiles, from harvesting of the raw materials, through environmentally and socially responsible manufacturing up to labeling in order to provide an auditable and credible assurance to the end consumer. By creating an international, uniform Standard, the GOTS working group sought to enable organic textile manufacturers and marketers to export their goods anywhere in the world with one universally accepted organic certification.

In organic production, GMO (Genetically modified organisms) are prohibited & GOTS ensure that no genetically modified part is used in our product.

GRS: The Global Recycled Standard (GRS) addresses input material verification, chain of custody, environmental principles, social requirements, and labeling for textile products made from recycled materials. The standard ensures complete traceability of end product. Use of recycle product is a big service to mother nature in preserving the depleting resources and less emission of GHG.

RCS:The Recycled Claim Standard is applicable to any product that contains at least 5% Recycled Material. Each stage of production is required to be certified, beginning from the recycling stage and ending at the last seller in the final business-to-business transaction. The standard ensures complete traceability of end product.

ETI Base Code SEDEX

Sedex was founded in 2001 by a group of UK retailers to drive convergence in social audit standards and monitoring practices. The aims of Sedex are to ease the auditing burden on suppliers through the sharing of reports and to drive improvements in supply chain standards.

Sedex is a home to the world's largest collaborative platform for sharing responsible sourcing data on supply chains, used by more than 40,000 members in over 150 countries.

Tens of thousands of companies use Sedex to manage their performance around labor rights, health & safety, the environment and business ethics.

Sedex services enable members to bring together many kinds of different data, standards and certifications, to make informed business decisions, and to drive continuous improvement across their value chains.

Oeko Tex 100

The Oeko-Tex standard 100 insignia provide confidence to the customer that product bearing it is free from use of any injurious/hazardous chemical/substance in making of this product. This certification ensures the absence of all internationally banned chemicals and dyes and that the product is not harmful for human skin.

CTPAT

Partnership Against Terrorism (C-TPAT) is one layer in U.S. Customs and Border Protection's (CBP) multi-layered cargo enforcement strategy.

Through this program, CBP works with the trade community to strengthen international supply chains and improve United States border security. C-TPAT is a voluntary public-private sector partnership program which recognizes that CBP can provide the highest level of cargo security, only through close cooperation with the principle stakeholders of the international supply chain such as importers, carriers, consolidators, licensed customs brokers, and manufacturers. The Security and Accountability for Every Port Act of CTPAT program and imposed strict program oversight requirements.

Better Cotton Initiative (BCI)

AZGARD-9 Limited has BCI membership, The Better Cotton Initiative (BCI) is the largest cotton sustainability program in the world. Together with our partners we provide training on more sustainable farming practices to more than two million cotton farmers in 21 countries. In the 2017-18 cotton seasons, licensed BCI Farmers produced more than five million metric tons of 'Better Cotton' – that accounts for around 19% of global cotton production

Higg Index

Developed by the Sustainable Apparel Coalition, the Higg Index is a suite of tools that enables brands, retailers, and facilities of all sizes — at every stage in their sustainability journey — to accurately measure and score a company or product's sustainability performance. The Higg Index delivers a holistic overview that empowers businesses to make meaningful improvements that protect the well-being of factory workers, local communities, and the environment.

Health, Safety and Environment

Business success through HSE excellence

Zero Harm to people and Environment

That's the commitment we have made to our employees, contractors, partners, and the communities where we live and work

HSE Goals

Our company's health, safety and environment initiative lays emphasis on and ensures;

Continuous improvement in health, safety and environment performance

Taking measure to minimize waste, prevent pollution and conserve natural resources

Requiring every member of staff and those who work on our behalf to exercise personal responsibility in preventing harm to themselves, others and the environment

Providing resources and systems to prevent occupational illnesses to the staff

Providing appropriate health, safety and environmental training and information to all Azgard Nine Limited employees, contractors and other stakeholders

Including HSE performance in the appraisal of all staff and reward/recognize accordingly

HSE Vision

- Safety is our number one priority, and we believe that all accidents are preventable. Accidents never happen they are caused.
- Excellence in HSE performance in all Azgard Nine Businesses

HSE Strategic Objectives

- Elimination of fatal incidents
- Elimination of fires, explosions, and major spills
- Minimizing the impact to the people from our operations, products, processes and services

HSE Management system

To achieve our Goals, Vision & Strategic Objectives, the Company is implementing an HSE Management System, a structured and systematic approach which ensures Hazards Identification & Risk Assessment of our critical operations & industrial processes. Our focus is on compliance with both local laws and global customers' requirements.

At Azgard Nine, people are at the heart of all activities. We strive to prevent injury and occupational illness and ensure the presence of a free and motivating work environment.

The Company has initiated a number of projects and programs in the following areas of Health, Safety & Environment.

Health

- Minimum Health Management standards
- Health Risk Assessment.
- Health Surveillance Program (in house Audio & Spirometry Procedures).
- Medical Emergency Response & Plan.
- First Aid Basic & Advanced CPR Training.
- In house Health Facilities.
- Health Screening Programs.
- Fitness to Work Protocols.

Safety

- Road Transport Safety Program
- Permit to Work Systems
- Change Management
- Hazards Identification & Risk Assessment
- Firefighting equipment & hydrant system
- Personal protective equipment program

Environment

- ISO 14001 Certification
- Effluent Treatment Plants.
- Energy Conservation Program.
- Solid & biological waste management program
- Spill Control program
- Water conservation program
- Higg Index FEM 3.0
- ZDHC waste water testing
- Detox Program

Azgard Nine Limited has established 'Minimum Health Management Standards' which cover the following areas:

Health Risk Assessment.
Monitoring of Health Performance.
Occupational Illness Incident Reporting.
Fitness to Work.
Local Health Facilities and Emergency Response.
Human Factors Engineering in New Projects.
Product Stewardship.
Health Impact Assessment.

Compliance with National Statutory Requirements is mandatory for all aspects of health management. Currently accepted scientific knowledge is applied while interpreting these standards.

HSE Training Program

Company has established a comprehensive training program which caters to all layers of staff and management. Training modules are based on local laws, OSHA, Global Customers Code of Conduct Audit findings & ISO certification requirements, emergency preparedness, first aid etc

More than 3000 employees training were imparted at various Azgard Nine sites during 2018-19.

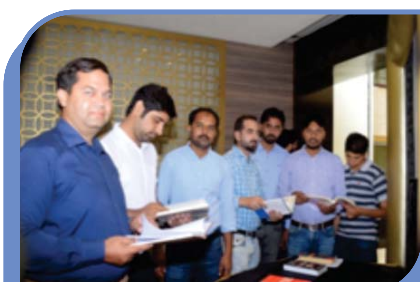
Key training modules

- ➢ Hazards & Risk Assessment
- ➢ Chemicals Safety MSDS
- ➢ Hearing Conservation Program
- ➢ Environmental management system ISO 14001:2015
- ➢ Incident/Accident Reporting & investigation Techniques/ Tripod analysis
- ➢ Personal protective equipment
- ➢ Heat Stress Management
- ➢ Forklift Safety
- ➢ Defensive Driving Course
- ➢ Hearts & Minds Safety Program
- ➢ Manual Handling / Backache Prevention Program.
- ➢ Emotional Stress Management / Work-Life Balance

Effluent Treatment Plant

In compliance of ISO standard and our commitment to we are operating a state of the art water treatment plant. The Effluent treatment plants at site have the capability to clean all the effluents generating in factory and it outlet water is safe and eco-friendly.

Ø ZDHC
Zero Discharge of
Hazardous Chemicals



ZDHC

Azgard Nine Limited has ZDHC report which is compliant to the standard, The ZDHC Gateway – Wastewater Module is a global online platform for sharing verified wastewater and sludge test data where tests are conducted by ZDHC approved laboratories

Sustainability

The concept of sustainability is composed of three pillars: economic, environmental, and social also known informally as profits, planet, and people.Azgard 9 recognizes its responsibility to play its role towards the sustainable future of humanity and has therefore taken all necessary steps for on ground implementation.

Lean Project

Lean production has been initiated at Azgard-9 in order to improve work place, reduce process waste, and reduce production cost to increase profitability. Different teams are formed and their training by the specialists was arranged. Now teams are endeavoring for on ground implementation.

Lean Teams are:

- 6GV (Stitching Team)
- FML (Finishing Team)
- Kaizen (IE team)
- QMS (Quality Control Team)
- LLD (HR team)

Kick Off Session

Kick off Session was arranged on 23 July, 2019 at Bahria Grand Hotel, where the leader of each team gave brief presentation on their working and progress.

Health surveillance program

Azgard Nine Limited has a structured in-house Health Surveillance Program. Specialized procedures like Audio & Spirometry are being carried out against hazards such as high noise levels and chemical vapors & cotton dust. The objective is health protection and early detection of potential health damage on account of any harmful occupational exposure. Latest equipment has been procured and in-house training of doctors arranged to improve their skill for effective management of objective.

Company carry out contiguous diseases Vaccination activity for workers on bi-annual basis which is safeguard against the potential health threats & help to improves and maintain worker's health. This is big company`s' contribution towards improvement in their living and health standards.

Community Programs

Blood Donation Camp

Company is also committed to help the community through blood donation for patients of thalassemia and for others who needs regular blood for lives. Yearly camp is arranged at site with different NGOs.

Community Health Initiative

The Company is committed to the health and wellbeing of its local communities and employees. It has taken several steps for the improvement in living standard of financially deprived local community.Clean water is a basic need of humans and it was a longawaited desire of local community to install water filtration plants for the easy approach to the clean drinking water, which was a costly installation for the local community. Here Azgard Nine feeling it as its social responsibility took a step forward and installed first water filtration plant in the area.

This water filtration plant has a capacity of 500 LPH and it works 24/7 and serve the local community, which provides clean drinking water to the community of over 2000 people.

Punjab Skilled Development Program

Azgard9 Limited with the help of Punjab Skill Development Fund initiated training program at its Garment Division to provide quality skills to the necessitous population of Punjab.

The program has been continued with same spirit for year 2019

The following Training courses are initially started with the help of PSDF:

- Stitching operator
- Cutting expert
- Washing operator
- Apparel Supervisor
- Quality Controller

These training will not only improve the income generation opportunities for people of local community but will also provide the skilled labor to the organization and industry.

Recreational Facilities & Activities

Azgard 9 limited believes that recreational activities are very essential for the better and conducive work environment. Keeping this in mind activities are planned. Sports always improve the efficiency at work place. Azagrd9 contributes in this activity with different sports activities. A cricket tournament named Azgard9 premier league for year 2019 was conducted and local community was also involved in this activity. Local community took a very keen and enthusiastic part in tournament. There were 16 teams of employees and local community. Tournament exhibit an atmosphere healthy competition and sportsman spirit.

It was a full five weeks of passion, motivation and celebration. CEO took keen interest in it and distributed the prizes. Total expenses were borne by the company.

Independence Day Celebration:

Independence Day was celebrated with passion. It was committed by participants that as an individual as well as company to play our part for the building of nation and well being of our beloved country.

Tree Plantation

Company is committed to make the environment healthy and contribute in the green Pakistan. Over 2000 trees are planted in various locations of the organization and local community.

Cheque Distribution Ceremony:

Ceremony has been organized on 1 March, 2019 in which CEO of Azgard9 Limited distributed cheques among the deserving workers for the purpose of their children education, death grant and marriage. In his address CEO stated that workers are the real asset of a company. He pledged that we will be making more efforts towards social uplifting of our worker community.

CEO lunch with workers

Intimacy of top management with work force develops a bond which helps to promote the company goal. Combine lunch with worker is a common practice by CEO where worker talk freely and discuss their issue/suggestion directly.
Such meetings are great motivational steps.

Hajj Lucky Draw-2019

According to Hajj policy Azgard 9 arranged hajj balloting on 8 January, 2019. 2 members won hajj package

Celebrations

Religious festivals celebrated with full enthusiasm in AZGARD-9 Limited. Iftar party is a regular feature, this year it was arranged at Bahria Grand Hotel. Azgard9 practices policy of nondiscrimination on basis of religion. Company fully participates in the happiness and festivals of other communities. Ester and Christmas are celebrated with same importance & festivity.

WHISTLEBLOWING & VOICE THE CONCERN

Azgard Nine has established a "Fairness Channel" which allows employee / stakeholders to report unethical behavior that imposes harmful effects/threats on company employees, reputation and systems.

In order to facilitate the communication and convey their issues Suggestion & Compliant Boxes are provided at different places. Employees are encouraged to spell out their issues; prompt action is taken to address the complaints. Complete secrecy is maintained.

Non-Retaliation Policy

At Azgard Nine non-retaliation policy is fully implemented, company doesn`t allow any retaliatory attitude towards the complainants who in good faith, seeks advice, raises a concern or reports misconduct about company representative/employee. If anything is surfaced strict action is taken against the defaulter.

NOTICE OF TWENTY SIXTH ANNUAL GENERAL MEETING

Notice is hereby given that Twenty Sixth Annual General Meeting of the Members of AZGARD NINE LIMITED ('the Company') will be held on Monday, October 28, 2019 at 11.00 am at the Registered Office of the Company Ismail Aiwan-i-Science, Off: Shahrah-i-Roomi, Lahore, Pakistan; to transact the following businesses:

1. To confirm the minutes of Extraordinary General Meeting of the Company held on July 30, 2019;

2. To receive, consider, approve and adopt the audited financial statements of the Company for the financial year ended June 30, 2019, together with the Directors' and Auditors' Reports thereon and Chairman's Review Report;

3. To appoint the Statutory Auditors for the year ending June 30, 2020 and to fix their remuneration. The Board of Directors on the recommendation of Audit Committee has recommended the appointment of retiring auditors, Messers Deloitte Yousuf Adil, Chartered Accountants who being eligible have offered themselves for re-appointment;

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

By order of the Board

MUHAMMAD AWAIS
Company Secretary

Lahore: October 04, 2019

NOTES:

1. The Share Transfer Books of the Company will remain closed for the period from October 22, 2019 to October 28, 2019 (both days inclusive).Transfers received in order at the Office of Company's Share Registrar M/s. Hameed Majeed Associates (Private) Limited, H. M. House, 7-Bank Square, Lahore, Pakistan ('Registrar') at the close of business on October 21, 2019 will be considered in time to attend and vote at the Meeting.

2. Financial Statements for the year ended June 30, 2019 will be available at the website of the Company www.azgard9.com twenty one days before the date of meeting.

   Further, Annual Audited Accounts of the Company for the year ended June 30, 2019 are being dispatched to the Members through CD/DVD. The Members may request a hard copy of Annual Audited Accounts free of cost. Standard request form is available at the website of the Company www.azgard9.com.

3. Pursuant to Section 223 of the Companies Act, 2017, the Company is allowed to send audited financial statements and reports to its members electronically. Members are therefore requested to provide their valid email IDs. For convenience, a Standard Request Form has also been made available on the Company's website www.azgard9.com.

4. Information of unclaimed dividends/shares has been placed at the website of the Company www.azgard9.com. Respective shareholders are requested to contact Share Registrar of the Company to collect their unclaimed dividend/shares.

5. The Preference Shareholders are not entitled to attend the meeting.

6. A member of the Company entitled to attend and vote at this meeting, may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies, in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.

7. CDC Account Holders will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.

A. FOR ATTENDING THE MEETING:

i. In case of individuals, the accounts holders and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his original CNIC or Passport at the time of attending the Meeting.

ii. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

B. FOR APPOINTING PROXIES:

i. In case of individuals, the account holders and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per the above requirements.

ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

iii. Attested copies of CNIC or the passport of the beneficial owner and the proxy shall be furnished with the proxy form.

iv. The proxy shall produce his/her original CNIC or original Passport at the time of meeting.

v. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

8. Members are requested to notify/submit the following information/documents; in case of book entry securities in CDS to their respective participants/investor account services and in case of physical shares to the Registrar of the Company by quoting their folio numbers and name of the Company at the above mentioned address, if not earlier notified/submitted:

- Change in their addresses, if any.

- Valid and legible copy of CNIC/Passport (in case of individual) and NTN Certificate (in case of corporate entity). Please note that CNIC number is mandatory for issuance of dividend warrants and in the absence of this information payment of dividend shall be withheld.

- Dividend mandate information mentioning title of bank account, International Bank Account Number (IBAN), bank name, branch name, code and address towards direct transfer/credit of cash dividend in your accounts. Please note that all future dividends shall only be paid through online bank transfer as required under Section 242 of the Companies Act, 2017.

9. Members may avail video conference facility for this Annual General Meeting at Karachi, provided the Company receives consent (standard format is given below) atleast 07 days prior to the date of the Meeting from members holding in aggregate 10% or more shareholding residing at above location.

The Company will intimate respective members regarding venue of the video-link facility before the date of Meeting along with complete information necessary to enable them to access the facility.

"I/we _____________ of _________ being member(s) of Azgard Nine Limited, holder of _________ Ordinary Share(s) as per Registered Folio No./CDC Account No. ________ hereby opt for video conference facility at Karachi in respect of 26th Annual General Meeting of the Company.

____
Signature of Member"

10. For any query/problem/information, Members may contact the Company at email companysecretary@azgard9.com and/or the Share Registrar of the Company at above mentioned address and at (+92 42) 37235081-82, email info@hmaconsultants.com. Members may also visit website of the Company www.azgard9.com for notices/information.

FINANCIAL HIGHLIGHTS

Six Years at a glance

Azgard Nine Limited	Year ended 30 June 2019	Year ended 30 June 2018	Year ended 30 June 2017	Year ended 30 June 2016	Year ended 30 June 2015	Year ended 30 June 2014
Operating performance (Rs. 000)						
Sales - net	20,214,971	15,982,435	12,802,374	13,176,284	10,701,888	13,301,847
Export sales-gross	18,064,934	14,143,354	11,186,121	11,737,168	9,087,740	11,140,090
Local sales-gross	1,557,833	984,078	1,213,012	1,323,912	1,534,400	2,085,594
Gross profit	3,488,280	2,591,076	1,885,660	1,499,159	1,063,159	962,331
Operating profit / (loss)	2,063,507	1,422,577	932,003	599,786	115,120	(31,003)
Profit / (loss) before tax	501,301	299,076	(43,093)	(683,602)	(2,828,250)	(1,992,912)
Profit / (loss) after tax	305,312	196,623	(133,565)	(814,147)	(2,934,239)	(2,125,556)
Financial position (Rs. 000)						
Total equity	(3,786,216)	(4,201,953)	(4,526,061)	(4,525,986)	(3,839,312)	(748,295)
Surplus on revaluation of property plant and equipment	4,849,769	4,630,688	4,753,666	4,879,014	4,568,030	4,703,688
Total equity with surplus	1,063,554	428,735	227,605	353,028	728,718	3,955,392
Long term debt	8,065,357	7,817,738	7,702,140	7,688,228	7,710,024	7,846,278
Property, plant and equipment	10,167,665	13,215,447	13,168,500	13,194,251	13,097,753	13,537,284
Financial analysis						
Current ratio (times)*	0.69	0.57	0.50	0.48	0.50	0.59
Debt to equity (ratio)	88:12	95:5	97:3	96:4	91:9	66:34
Profitability anlaysis						
Operating profit to sales (%)	10.21	8.84	7.28	4.55	1.08	(0.23)
Earnings per share (Rs.)	0.67	0.43	(0.29)	(1.79)	(6.45)	(4.67)

* (excluding current portion of long term debt)

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

Name of Company	**:**	**Azgard Nine Limited (the Company)**
Year ended	**:**	**30-06-2019**

The Company has complied with the requirements of Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) in the following manner:

1. The total numbers of Directors are eight (including Chief Executive Officer) as per the following:

   a) Male 7 b) Female 1

2. The composition of Board is as follows:

a)	Independent Directors	4	Mr. Zahid Mahmood
			Ms. Maliha Sarda Azam
			Mr. Nasir Ali Khan Bhatti
			Mr. Abid Hussain
b)	Other Non-Executive Directors	2	Mr. Usman Rasheed
			Mr. Abdul Hamid Ahmed Dagia
c)	Executive Directors	2	Mr. Ahmed H. Shaikh
			Mr. Munir Alam

3. The Directors have confirmed that none of them is serving as a Director on more than five listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).

4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the Act) and the Regulations.

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meetings of the Board.

8. The Board of Directors have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and the Regulations.

9. The Board has arranged Directors' Training program for the following Directors:

   Ms. Maliha Sarda Azam
   Mr. Nasir Ali Khan Bhatti
   Mr. Abid Hussain
   Mr. Abdul Hamid Ahmed Dagia – obtained exemption from the Commission
   Mr. Ahmed H. Shaikh – obtained exemption from the Commission

10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. CFO and CEO duly endorsed the financial statements before approval of the Board.

12. The Board has formed committees comprising of members given below:

a) Audit Committee

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

b) HR and Remuneration Committee

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

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.

14. The frequency of meetings (quarterly/half yearly/yearly) of the committees were as per following:

a)	Audit Committee	Quarterly - Four meetings were held during the financial year with at least one meeting in each quarter
b)	HR and Remuneration Committee	Yearly - One meeting was held during the financial year

15. The Board has set up an effective internal audit function.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, the Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations have been complied with.

On behalf of Board of Directors

AHMED H. SHAIKH	**ZAHID MAHMOOD**
Chief Executive Officer	**Chairman**

Date: September 28, 2019

Deloitte.

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INDEPENDENT AUDITORS' REVIEW REPORT
TO THE MEMBERS OF AZGARD NINE LIMITED

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Azgard Nine Limited for the year ended June 30, 2019 in accordance with the requirements of regulation 40 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2019.

Deloitte Yousuf Adil
Chartered Accountants

Engagement Partner:
Rana M. Usman Khan

Lahore
Dated: September 28, 2019

FINANCIAL STATEMENTS

AZGARD-9

Deloitte.

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INDEPENDENT AUDITORS' REPORT

To the members of Azgard Nine Limited
Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the annexed financial statements of Azgard Nine Limited (the Company) which comprise the statement of financial position as at June 30, 2019, and the statement of profit or loss, statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information, and we state that except as stated in paragraphs (a) to (d) below, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

Except for the possible effects of the matters discussed in paragraphs (a) to (d) in the Basis for Qualified Opinion section of our report, in our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2019 and of the profit, total comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Qualified Opinion

a) as stated in notes 2.4 and 40.2.2 to the financial statements, the Company could not make timely repayments of principal and interest / mark-up related to long term debts and as at reporting date certain financial and other covenants imposed by the lenders could not be complied with. International Accounting Standard on Presentation of financial statements (IAS - 1) requires that if an entity breaches a provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand, it should classify the liability as current. In these financial statements, for the current year, the Company has classified the long term debts as current and complied with the requirements of IAS 1, however, for the comparative period, these long term debts have been classified as non-current according to the individual loan repayment schedules. For the comparative period, had these liabilities been classified as per IAS - 1, current liabilities of the Company would have increased by Rs. 531.32 million;

b) the Company has investment in Term Finance Certificates ("TFC") of Agritech Limited ("AGL"), as per the latest available financial statements of AGL, its equity has completely eroded. Further, the Company has not received due amount of principal and mark-up since October 2012, against which aggregate impairment loss amounting to Rs. 66.39 million has been recorded in the financial statements. Accordingly, the carrying value of the Company's investment in TFCs of AGL as at June 30, 2019, amounting to Rs. 231.86 million and the related mark-up thereon amounting to Rs. 68.31 million as appearing in note 21.2 and 26 respectively of these financial statements also appear doubtful of recovery. We were unable to determine the extent to which the amounts are likely to be recovered, if any, and time frame over which such recovery will be made;

c) as stated in note 27.1 to the financial statements, the Company has investment in preference shares ("shares") of AGL, with cost of Rs. 5.25 per share, designated as fair value through other comprehensive income, and National Bank of Pakistan has agreed to repurchase these shares at Rs. 5.25 per share at a future date and subject to conditions as defined in the put option agreement. As per the latest available financial statements of AGL, it is in financial difficulties, is not able to timely service its long term debts and its equity has completely eroded. International Financial Reporting Standard on Financial Instruments: (IFRS 9) requires the investments classified as fair value through OCI to be re-measured, at market rate prevailing as at the reporting date, with the resultant gain or loss to be recognized in statement of comprehensive income and to account for the derivative at fair value. However, the Company has not complied with the requirements of IFRS 9 and has measured the investment and the derivative at the option price. We are unable to determine the respective fair values of the investment in preference shares and the derivative by alternative means, and consequently were unable to determine the amount of adjustments required; and

d) as stated in note 21.2.2 to the financial statements that on December 18, 2014, the Court of Vicenza, Italian Republic ("the Court") approved bankruptcy proposal of public prosecutor and appointed Trustee to manage the affairs of the wholly owned subsidiary, Montebello s.r.l. ("MBL"). The Company has recorded impairment aggregating to Rs. 2,625.03 million against its investment in MBL and Rs. 452.53 million against the trade receivables from MBL. The management has represented through its legal counsel that the MBL bankruptcy is currently in process with Italian Bankruptcy court and its appointed liquidator. Accordingly, the assets of MBL are being realized for satisfaction of the claims filed against MBL. In view of the absence of definite determination of the claims / recoveries expected by the Company, we are unable to satisfy ourselves as to the appropriateness of the amounts recorded and related disclosures made in the financial statement by the Company.

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Except as stated in (a) to (d) above, we conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material Uncertainty Related to Going Concern

We draw attention to note 2.3 to the financial statements which describes that during the year the current liabilities of the Company have exceeded its current assets by Rs. 12,263.61 million, and its accumulated losses stand at Rs. 11,470.42 million. These conditions, along with other matters as set forth in note 2.3 to the financial statements, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The management of the Company have assessed its ability to continue as going concern taking into consideration the improvement in results generated from operating activities and expected impact of ongoing financial restructuring. Our opinion is not qualified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in Basis for Qualified Opinion and the Material Uncertainty Related to Going Concern sections, we have determined the matters described below to be the Key Audit Matters to be communicated in our report:

Sr. No.	Key audit matter	How the matter was addressed in our audit
1	**Revenue Recognition**	
	The Company's sales mainly comprise of revenue from the export sale of garments and denim as has been disclosed in note 30 to the financial statements. Revenue from sale of goods is recognized when risks and rewards incidental to the ownership of goods are transferred to the buyer (note 3.12). We identified revenue recognition as key audit matter as it is one of the key performance indicators of the Company considering its monitory value, because of the potential risks that revenue transactions may not have been recognized based on transfer of risk and rewards to the customers, in line with the accounting policy adopted and in the appropriate period.	Our audit procedures to assess the recognition of revenue, amongst others, included the following: • obtaining an understanding of and assessing the design and operating effectiveness of controls designed to ensure that revenue is recognized in the appropriate accounting period and based on stated accounting policy; • assessing the appropriateness of the Company's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards; • comparing, on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue has been recognized in the appropriate accounting period; • checked on a sample basis the recorded sales transactions with underlying supporting documents; and • assessed the adequacy of related disclosures in the financial statements.

2	**Restructuring of financial liabilities and non-current assets held for sale**	
	Financial liabilities include redeemable capital, long term finances and short term borrowings and related markup thereon, aggregating to Rs. 14,412.857 million, where the Company has not been able to make timely repayments of principal or interest/mark-up. Additionally, the creditors' lead financial restructuring of the Company is in final stages and management expects it to significantly reduce the debt burden and finance cost for the Company. To partially settle the Company's restructured liabilities the disposal of its two secondary plants is planned. These assets have been classified as held for sale in the financial statements in accordance with the requirements of IFRS 5. See notes 2.3.1 and 5 to the financial statements. In view of the monetary value of the overdue financial liabilities and secondary plants classified as held for sale, management's anticipated impact of ongoing financial restructuring and judgements involved in determining of the adequacy of related disclosures in these financial statements, we have identified this area as a Key Audit Matter.	Our audit procedures included the following: • reviewed the minutes of Board's meetings; • made inquiries with the management and legal advisors to understand the status of ongoing restructuring processes; • reviewed the approved creditors' scheme of arrangement; • read relevant documents to verify facts and circumstances stated by management and legal advisors; • read and evaluated assessment prepared by management related to anticipated outcomes of restructuring; • checked classification of assets as non-current asset as 'held for sale'; and • obtained breakup of assets classified as held for sale and physically verifying the assets on sample basis.
3	**Revaluation of Property, plant and equipment (PPE)**	
	The Company uses revaluation model for PPE as explained in note 3.1 to the financial statements for freehold land, building on freehold land and plant & machinery representing 97% of the total PPE value. As at June 30, 2019, the Company has revalued these assets and recognized a gain of Rs. 331.89 million (Note 9), based on an independent, external valuation. Significant judgement is required in determining the revalued amounts of these assets, taking into considerations the plans for restructuring of financial liabilities accordingly, we have determined the revaluation of PPE as a Key Audit Matter.	Our audit procedures to address this KAM, included the following: • evaluated the competence and objectivity of the management's expert, obtaining an understanding of the work of the expert and evaluating the appropriateness of the expert's work as audit evidence for the valuation of assets. • obtained breakup of assets revalued and physically verifying the assets on sample basis. • assessed on a sample basis the value of assets (using the expert's assumptions, other available records) and compared those values with the values reported by the expert; and • assessed the adequacy of related disclosures in the financial statements.

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Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) except for the possible effects of the matters discussed in paragraphs (a) to (d) in the Basis for Qualified Opinion section of our report proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) except for the effect of the possible effects of the matters discussed in paragraphs (a) to (d) in the Basis for Qualified Opinion section of our report, the statement of financial position, the statement of profit or loss, statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no zakat was deductible at source under the Zakat and Usher Ordinance, 1980.

The engagement partner on the audit resulting in this independent auditors' report is Rana M. Usman Khan.

Deloitte Yousuf Adil

Chartered Accountants

Lahore
Date: September 28, 2019

STATEMENT OF FINANCIAL POSITION
As at June 30, 2019

	Note	2019 Rupees	2018 Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital	7	**15,000,000,000**	15,000,000,000
Issued, subscribed and paid up capital	7	**4,548,718,700**	4,548,718,700
Reserves	8	**3,135,487,572**	3,137,869,073
Surplus on revaluation of operating fixed assets	9	**4,849,769,249**	4,630,687,703
Accumulated losses		**(11,470,421,777)**	(11,888,540,649)
		1,063,553,744	428,734,827
Non-current liabilities			
Redeemable capital - secured	10	**-**	108,002,203
Long term finances - secured	11	**-**	381,987,672
Liabilities against assets subject to finance lease - secured	12	**7,568,143**	9,807,058
Deferred liability	13	**343,664,154**	232,042,381
		351,232,297	731,839,314
Current liabilities			
Current portion of non-current liabilities	14	**8,170,826,909**	7,439,381,488
Short term borrowings	15	**5,647,437,315**	4,590,852,774
Trade and other payables	16	**1,732,596,807**	1,811,392,722
Contract liabilities		**43,666,216**	35,162,390
Interest / mark-up accrued on borrowings	17	**5,632,400,679**	4,809,245,944
Dividend payable on preference shares	18	**9,413,535**	9,413,535
Unclaimed dividend on ordinary shares		**3,763,905**	3,783,005
Provision for taxation	28	**31,594,839**	7,374,778
		21,271,700,205	18,706,606,636
Contingencies and commitments	19		
		22,686,486,246	19,867,180,777
ASSETS			
Non-current assets			
Property, plant and equipment	20	**10,167,664,715**	13,215,447,217
Long term investments	21	**231,864,928**	231,864,928
Long term deposits and receivables	22	**88,817,246**	37,036,296
		10,488,346,889	13,484,348,441
Current assets			
Stores, spares and loose tools	23	**130,500,130**	138,204,200
Stock-in-trade	24	**2,755,896,078**	2,468,069,912
Trade debts	25	**3,217,169,884**	1,354,829,408
Advances, deposits, prepayments and other receivables	26	**2,150,507,130**	1,973,310,989
Short term investments	27	**306,022,500**	306,022,500
Cash and bank balances	29	**447,992,814**	142,395,327
		9,008,088,536	6,382,832,336
Non-current assets held for sale	5	**3,190,050,821**	-
		22,686,486,246	19,867,180,777

The annexed notes from 1 to 52 form an integral part of these financial statements.

Lahore	**Chief Executive Officer**	**Director**	**Chief Financial Officer**

STATEMENT OF PROFIT OR LOSS
For the year ended June 30, 2019

	Note	2019 Rupees	2018 Rupees
Sales - net	30	**20,214,970,742**	15,982,435,319
Cost of sales	31	**(16,726,690,730)**	(13,391,359,653)
Gross profit		**3,488,280,012**	2,591,075,666
Selling and distribution expenses	32	**(911,073,423)**	(674,269,971)
Administrative expenses	33	**(513,699,624)**	(494,229,046)
Profit from operations		**2,063,506,965**	1,422,576,649
Other income	34	**26,418,318**	46,480,602
Other expenses	35	**(60,320,842)**	(15,740,844)
Finance cost	36	**(1,528,303,279)**	(1,154,240,369)
Profit before taxation		**501,301,162**	299,076,038
Taxation	37	**(195,988,871)**	(102,453,416)
Profit after taxation		**305,312,291**	196,622,622
Earning per share - basic and diluted	38	**0.67**	0.43

The annexed notes from 1 to 52 form an integral part of these financial statements.

Lahore | **Chief Executive Officer** | **Director** | **Chief Financial Officer**

STATEMENT OF COMPREHENSIVE INCOME
For the year ended June 30, 2019

	2019	2018
	Rupees	Rupees
Profit after taxation	**305,312,291**	196,622,622
Items that may not be subsequently reclassified to profit or loss		
Re-measurement of post retirement benefits obligation	**(2,381,501)**	4,507,347
Surplus on revaluation of property plant and equipment	**331,888,127**	-
	329,506,626	4,507,347
Total comprehensive income for the year	**634,818,917**	201,129,969

The annexed notes from 1 to 52 form an integral part of these financial statements.

Lahore | **Chief Executive Officer** | **Director** | **Chief Financial Officer**

STATEMENT OF CASH FLOWS
For the year ended June 30, 2019

	Note	2019 Rupees	2018 Rupees
Cash flows from operating activities			
Cash (used in) / generated from operations	39	**(39,864,490)**	1,016,412,011
Interest / mark-up paid		**(133,329,393)**	(214,969,175)
Taxes paid		**(171,768,810)**	(151,204,593)
Long term deposits - net		**-**	(15,430,001)
Post retirement benefits paid		**(20,679,196)**	(15,566,544)
Net cash (used in) / generated from operating activities		**(365,641,890)**	619,241,698
Cash flows from investing activities			
Capital expenditure		**(299,420,511)**	(435,614,175)
Proceeds from disposal of property, plant and equipment		**170,670**	1,950,000
Net cash used in investing activities		**(299,249,841)**	(433,664,175)
Cash flows from financing activities	43		
Repayment of long term finances		**(33,673,178)**	(33,673,176)
Repayment of liabilities against assets subject to finance lease		**(52,403,046)**	(54,659,687)
Short term borrowings - net		**1,084,575,460**	(197,367,603)
Dividend paid		**(19,100)**	(219,032)
Net cash generated from / (used in) financing activities		**998,480,137**	(285,919,498)
Net increase / (decrease) in cash and cash equivalents		**333,588,406**	(100,341,975)
Cash and cash equivalents at beginning of the year		**(564,952,208)**	(464,610,233)
Cash and cash equivalents at end of the year	40	**(231,363,802)**	(564,952,208)

The annexed notes from 1 to 52 form an integral part of these financial statements.

Lahore | **Chief Executive Officer** | **Director** | **Chief Financial Officer**

STATEMENT OF CHANGES IN EQUITY
For the year ended June 30, 2019

	Issued, subscribed and paid-up capital	Capital reserves				Accumulated losses	Total reserves	Total equity
		Share premium	Reserve on merger	Preference share redemption reserve	Post retirement benefits obligation reserve	Surplus on revaluation of operating fixed assets			
	Rupees								
As at July 01, 2017	4,548,718,700	2,358,246,761	105,152,005	661,250,830	8,712,130	4,753,665,775	(12,208,141,343)	(4,321,113,842)	227,604,858
Total comprehensive income for the year									
Profit for the year ended June 30, 2018	-	-	-	-	-	-	196,622,622	196,622,622	196,622,622
Other comprehensive income for the year ended June 30, 2018	-	-	-	-	4,507,347	-	-	4,507,347	4,507,347
Total comprehensive income for the year	-	-	-	-	4,507,347	-	196,622,622	201,129,969	201,129,969
Transfer of incremental depreciation from surplus on revaluation of operating fixed assets	-	-	-	-	-	(122,978,072)	122,978,072	-	-
As at June 30, 2018	4,548,718,700	2,358,246,761	105,152,005	661,250,830	13,219,477	4,630,687,703	(11,888,540,649)	(4,119,983,873)	428,734,827
As at July 01, 2018	**4,548,718,700**	**2,358,246,761**	**105,152,005**	**661,250,830**	**13,219,477**	**4,630,687,703**	**(11,888,540,649)**	**(4,119,983,873)**	**428,734,827**
Total comprehensive income for the year									
Profit for the year ended June 30, 2019	-	-	-	-	-	-	305,312,291	305,312,291	305,312,291
Other comprehensive income for the year ended June 30, 2019	-	-	-	-	(2,381,501)	331,888,127	-	329,506,626	329,506,626
Total comprehensive income for the year	-	-	-	-	(2,381,501)	331,888,127	305,312,291	634,818,917	634,818,917
Transfer of incremental depreciation from surplus on revaluation of operating fixed assets	-	-	-	-	-	(112,806,581)	112,806,581	-	-
As at June 30, 2019	**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**

The annexed notes from 1 to 52 form an integral part of these financial statements.

Lahore | **Chief Executive Officer** | **Director** | **Chief Financial Officer**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2019

1 Legal status and nature of business

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-e-Science, off Shahrah-e-Roomi, Lahore. The Company has four production 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 Ferozepur Road, Mouza Atari Saroba, Tehseel Cantt, Lahore.

2 Basis of preparation

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

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

2.2 Investment in Montebello s.r.l. ("MBL")

The Company had the following subsidiary at the start of the year ended June 30, 2018.

Name of company	Country of incorporation	Shareholding
Montebello s.r.l. ("MBL")	Italy	100%

As mentioned in previous financial statements of the Company, during the year ended June 30, 2015, the Court of Vicenza, Italian Republic (the Court) granted bankruptcy proposal of the Italian Public Prosecutor and appointed trustee to manage affairs of MBL.

During the year, June 30, 2018, the management, based on advice from the Company's legal counsel, has concluded that as result of ongoing bankruptcy proceedings and management of affairs of 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 the power to direct the relevant activities of MBL. Resultantly, the Company has ceased recognizing and presenting MBL as its subsidiary. Accordingly, the Company's investment in MBL has been presented as other investment-unquoted (note 21.2).

2.3 Going concern assumption

During the year the current liabilities of the Company have exceeded current assets by Rs. 12,263.612 million (2018: Rs. 12,323.77 million), financial liabilities include Rs. 14,412.86 million (2018: Rs. 13,250.74 million) relating to overdue principal and mark-up thereon, and the accumulated losses stand at Rs. 11,470.42 million (2018: Rs. 11,888.54 million). These conditions cast doubt about the Company's ability to continue as a going concern. The financial statements for the year ended June 30, 2019 have, however, been prepared on the going concern basis. The assumption that the Company would continue as a going concern is based on the following factors:

2.3.1 Financial restructuring

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 arrangement, the Company is required to dispose / sell its two secondary units as mentioned in note 5.

2.3.2 Cash flows from operations

As part of assessing the Company's ability to continue as going concern, the management has analyzed the projected impact of financial restructuring on the financial position and cash flows of the Company. It is anticipated that the Company's restructured debt levels will be sustainable and resulting obligations would be met on time subject to impact, if any, of uncontrollable external factors such as the local and global market conditions.

The Company's operational results and cash flows have continued to improve as evident from the financial results of the Company. These are attributable to enhanced capacity utilizations, improved sales in the international markets, continuation of textile package by Government of Pakistan for exporters and cost controls by management and the Company expects to generate strong results and maintain positive cash flows from operations in future.

2.4 Financial Liabilities

The Company has not been able to make timely repayments of principal and related interest / mark-up for its redeemable capital, long term finances and certain of its short term borrowings. As at the balance sheet date, the total redeemable capital, long term finances and short term borrowings with overdue principal repayments aggregate to Rs. 8,879.46 million. Further, as at the reporting date, the Company could not comply with certain financial and other covenants imposed by the lenders. As per the agreed terms of long term debts the lenders have unconditional right to call the loans if timely repayments are not made or covenants are not complied.

However, in the financial statements, debts of Rs. Nill (2018: Rs. 531.52 million) as detailed below, have been classified as long term in accordance with respective debt repayment schedules as the Company was in discussion with its lenders for reprofiling of its long term debts:

Principal net of current maturity

	2019 Rupees	2018 Rupees
Redeemable capital		
Privately Placed Term Finance Certificates	-	81,614,046
Privately Placed Term Finance Certificates	-	54,300,000
Long Term Finances		
Deutsche Investitions - Und MBH (Germany)	-	395,602,401
	-	**531,516,447**

2.5 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain financial instruments measured at fair value and / or amortized cost and certain items of property, plant and equipment at revalued amounts. In these financial statements, except for the amounts reflected in the cash flow statement, all transactions have been accounted for on accrual basis.

2.6 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Judgments made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a risk of material adjustment in subsequent years are as follows:

2.6.1 Depreciation method, rates and useful lives of property, plant and equipment

The management of the Company reassesses useful lives, depreciation method and rates for each item of property, plant and equipment annually by considering expected pattern of economic benefits that the Company expects to derive from that item and the maximum period up to which such benefits are expected to be available. The rates of depreciation are specified in note 20.1.

2.6.2 Recoverable amount of assets / cash generating units and impairment

The management of the Company reviews carrying amounts of its assets and cash generating units for possible impairment and makes formal estimates of recoverable amount if there is any such indication.

2.6.3 Fair values based on inputs from other than active market

Fair values of financial instruments, which are based on inputs from other than active market are determined using valuation techniques which incorporate all factors that market participants would consider in setting a price and use inputs that reasonably represent market expectations and measure of the risk return factors inherent in the financial instrument.

2.6.4 Taxation

The Company takes into account the current income tax law and decisions taken by appellate authorities while estimating its tax liabilities.

2.6.5 Provisions

Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Company would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.

2.6.6 Revaluation of fixed assets

Revaluation of fixed assets is carried out by independent professional valuer. Revalued amounts of non-depreciable items are determined by reference to local market values and that of depreciable items are determined by reference to present depreciated replacement values.

The frequency of revaluation depends upon the changes in fair values of the items of property, plant and equipment being revalued. When the fair value of a revalued asset differs materially from its carrying amount, a further revaluation is required. Such frequent revaluations are unnecessary for items of property, plant and equipment with only insignificant changes in fair value. Instead, it may be necessary to revalue the item only every three or five years.

2.6.7 Contingencies

The Company has disclosed its contingent liabilities for the pending litigations and claims against the Company based on its judgment and the advice of the legal advisors for the estimated financial outcome. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the balance sheet date. However, based on the best judgment of the Company and its legal advisors, the likely outcome of these litigations and claims is remote and there is no need to recognize any liability at the balance sheet date.

2.6.8 Provision for doubtful debts, advances and other receivables

The Company reviews the recoverability of trade debts, advances and other receivables at each reporting date to assess whether provision should be recorded in profit or loss account. In particular, judgment by management is required in estimates of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on certain assumptions about a number of factors and actual results may differ, resulting in future changes to the provision.

2.6.9 Stores, spare parts, loose tools and stock in trade

The Company reviews the stores, spare parts, loose tools and stock in trade for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of stores, spare parts, loose tools and stock in trade with a corresponding affect on the provision.

2.7 Functional currency

These financial statements have been prepared in Pak Rupees which is the Company's functional currency.

3 Summary of significant accounting policies

Significant accounting policies set out below have been applied consistently in the presentation of these financial statements.

3.1 Property, plant and equipment

Owned

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses with the exception of freehold land, which is measured at revalued amount less accumulated impairment losses, plant and machinery and building which are measured at revalued amount less accumulated depreciation and accumulated impairment losses and capital work in progress, which is stated at cost less accumulated impairment losses. Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition or construction, erection and installation.

Parts of an item of property, plant and equipment having different useful lives are recognized as separate items.

Major renewals and improvements to an item of property, plant and equipment are recognized in the carrying amount of the item if it is probable that the embodied future economic benefits will flow to the Company and the cost of renewal or improvement can be measured reliably. The cost of the day-to-day servicing of property, plant and equipment are recognized in profit or loss account as incurred.

The Company recognizes depreciation in profit and loss account by applying reducing balance method over the useful life of each item of property, plant and equipment using rates specified in note 20.1 to the financial statements. Depreciation on additions to property, plant and equipment is charged from the month in which the item becomes available for use. Depreciation is discontinued from the month in which it is disposed or classified as held for disposal.

An item of property, plant and equipment is de-recognized when permanently retired from use. Any gain or loss on disposal of property, plant and equipment is recognized in profit or loss account.

Leased

Assets held under finance lease arrangements are initially recorded at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets. Subsequently, these assets are carried at initially recorded amount less accumulated depreciation and accumulated impairment. Depreciation on leased assets is charged by applying reducing balance method at the rates used for similar owned assets, so as to depreciate the assets over their estimated useful lives in view of certainty of ownership of assets at end of the lease term.

3.2 Surplus / (deficit) arising on revaluation of fixed assets

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

3.3 Stores, spare parts and loose tools

These are stated at lower of cost and net realizable value. Cost is determined using the weighted average method. Items in transit are valued at cost comprising invoice value and other charges paid thereon.

3.4 Stock-in-trade

These are valued at lower of cost and net realizable value, with the exception of stock of waste which is valued at net realizable value. Cost is determined using the following basis:

Raw materials	Weighted average cost
Work in process	Average manufacturing cost
Finished goods	Average manufacturing cost
Stock in transit	Invoice price plus related expense incurred up to the reporting date

Average manufacturing cost in relation to work in process and finished goods consists of direct material, labor and a proportion of appropriate manufacturing overheads based on normal operating capacity.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

3.5 Employee benefits

Short-term employee benefits

The Company recognizes the undiscounted amount of short term employee benefits to be paid in exchange for services rendered by employees as a liability after deducting amount already paid and as an expense in profit or loss account unless it is included in the cost of inventories or property, plant and equipment as permitted or required by the approved accounting standards. If the amount paid exceeds the undiscounted amount of benefits, the excess is recognized as an asset to the extent that the prepayment would lead to a reduction in future payments or cash refund.

Post-employment benefits

Defined benefit plan

The Company operates an unfunded gratuity scheme for all employees according to the terms of employment subject to a minimum qualifying period of service. Annual provision is made on the basis of actuarial valuation to cover obligations under the scheme for all employees eligible to gratuity benefits irrespective of the qualifying period.
The latest actuarial valuation for gratuity scheme was carried out as at June 30, 2019.

3.6 Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3.6.1 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

a) **Debt instruments measured at amortised cost**

Debt instruments that meet the following conditions are measured subsequently at amortised cost.

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

As at reporting date, the Company carries cash and cash equivalents, trade debts, due from related parties and employees' advances at amortized cost.

b) **Debt instruments measured at fair value through other comprehensive income (FVTOCI):**

Debt instruments that meet specified conditions and are measured subsequently FVTOCI.

As at reporting date, the Company does not hold any debt instrument classified as at FVTOCI.

c) **Equity instruments designated as at FVTOCI**

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI.

As at reporting date, the Company does not hold any equity instruments designated as at FVTOCI.

d) **Financial assets measured subsequently at fair value through profit or loss (FVTPL)**

By default, all other financial assets are measured subsequently FVTPL.

As at reporting date, the Company does not possess any financial assets classified as at FVTPL.

Impairment of financial assets

The Company recognises a loss allowance for Expected Credit Losses (ECL) on trade debts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company recognises lifetime ECL for trade debts using simplified approach. The expected credit losses on these financial assets are determined using probability based estimation of future expected cash flows under different scenarios, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money, where appropriate.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Definition of default:

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 180 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(ii) Credit-impaired financial assets:

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;

- a breach of contract, such as a default or past due event;

- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or

- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Company writes off financial assets when there is information indicating that the amount is not recoverable due to the conflict in invoices with customer. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made against financial assets written-off are recognised in profit or loss.

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

3.6.2 Financial liabilities

Subsequent measurement of financial liabilities

Financial liabilities that are not

- contingent consideration of an acquirer in a business combination,

- held-for-trading, or
- designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3.7 Offsetting of financial assets and liabilities

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

3.8 Loans and borrowings

Loans and borrowings are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost with any difference between cost and value at maturity recognized in the profit or loss account over the period of the borrowings on an effective interest basis.

3.9 Leases

Leases are classified as finance lease whenever terms of the lease transfer substantially all risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The liability to the lessor is included in the balance sheet as liabilities against assets subject to finance lease. The liabilities are classified as current and non-current liabilities depending upon the timing of payment. Lease payments are apportioned between finance charges and reduction of the liabilities against assets subject to finance lease so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss account, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on borrowing costs.

Rentals payable under operating leases are charged to profit or loss account on a straight line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

3.10 Trade and other payables

Liabilities for creditors and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for the goods and/or services received, whether or not billed to the Company.

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

3.11 Provisions and contingencies

Provisions are recognized when the Company has a legal and constructive obligation as a result of past events and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provision is recognized at an amount that is the best estimate of the expenditure required to settle the present obligation at the reporting date. Where outflow of resources embodying economic benefits is not probable, or where a reliable estimate of the amount of obligation cannot be made, a contingent liability is disclosed, unless the possibility of outflow is remote.

3.12 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business.

Revenue from local sales is recognized when goods are dispatched to customers and export sales are recognized on shipment of goods. Export rebate is recognized on accrual basis at the time of making the export sales.

Dividend income from investment is recognized when the Company's right to receive dividend is established.

3.13 Income tax

Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in profit or loss account except to the extent that it relates to items recognized directly in other comprehensive income, in which case it is recognized in other comprehensive income.

Current tax

Current tax is the amount of tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

Deferred taxation

Since the income of the Company is subject to tax under Final Tax Regime, no deferred tax liability has been accounted for in these financial statements as the Company's tax liability will be assessed under the said regime, hence, no temporary differences are likely to arise in respect of sales whereas, temporary differences in respect of other income are expected to be negligible.

3.14 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

3.15 Cash and cash equivalents

Cash and cash equivalents comprise running finances, cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

3.16 Segment reporting

Segment reporting is based on the operating (business) segments of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to the transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the chief executive officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the chief executive officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those incomes, expenses, assets, liabilities and other balances which can not be allocated to a particular segment on a reasonable basis are reported as unallocated.

The Company has three reportable business segments. Spinning (production of different qualities of yarn using natural and artificial fibers), Weaving (production of different qualities of fabric using yarn), and Garments (manufacturing of garments using processed fabric).

3.17 Foreign currency transactions and balances

Transactions in foreign currencies are translated to the respective functional currencies of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

3.18 Dividend distribution

Dividend is recognized as a liability in the period in which it is declared. However, there is a restriction on dividend declaration under Master Restructuring and Inter creditor Agreement.

3.19 Non-current assets held for sale

Non-current assets held for sale are presented separately in the statement of financial position when the following criteria are met: the Company is committed to selling the assets, an active plan of sale has commenced, and in the judgement of the Management it is highly probable that the sale will be completed within 12 months. Assets held for sale are measured at the lower of their carrying amount and fair value less cost to sell. Non current assets classified as held for sale would no longer be depreciated from July 1, 2019. As of June 30, 2019, assets held for sale mainly comprise of the assets geographically located at Muzaffargarh and Ferozpur Road, Lahore. These assets have been classified as held for sale considering the factors explained in note 5. The Company is expecting to dispose off these assets in the coming year.

4 Adoption of new accounting standards

The following changes in standards have taken place effective from July 01, 2018:

4.1 Impact of IFRS 9 - Financial Instruments

IFRS 9 replaces certain provisions of IAS 39 - "Financial Instruments: Recognition and Measurement" that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. Under IFRS 9 the financial instruments, excluding derivatives, are accounted for at amortised cost, fair value through other comprehensive income or fair value through profit or loss depending on the nature of the relevant contractual cash flows and the business model in which it is held.

The adoption of IFRS 9 from July 01, 2018 has resulted in changes in relevant accounting policies and adjustment to the trade debts amounts recognised in the financial statements. IFRS 9 requires implementation of a new impairment model based on expected credit losses (ECL), resulting in transition adjustment summarised below. In accordance with the transition provisions of IFRS 9, the Company has followed modified retrospective transitional method, taking into consideration the exemption allowing it not to restate comparative information of prior periods.

Financial assets	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
			Rupees	Rupees
Long term investments	Available for sale	Fair value through OCI	231,864,928	231,864,928
Long term deposits and receivables	Loans and receivables	At amortized cost	37,036,296	37,036,296
Trade debts	Loans and receivables	At amortized cost	1,354,829,408	1,354,829,408
Advances, deposits, prepayments and other receivables	Loans and receivables	At amortized cost	1,633,177,057	1,633,177,057
Short term investments	Available for sale	Fair value through OCI	306,022,500	306,022,500
Cash and bank balances	Loans and receivables	At amortized cost	142,395,327	142,395,327

Financial liabilities	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
			Rupees	Rupees
Redeemable capital - secured	Other Financial liabilities	At amortized cost	108,002,203	108,002,203
Long term finances - secured	Other Financial liabilities	At amortized cost	381,987,672	381,987,672
Liabilities against assets subject to finance lease	Other Financial liabilities	At amortized cost	9,807,058	9,807,058
Current portion of non-current	Other Financial liabilities	At amortized cost	7,439,381,488	7,439,381,488
Short term borrowings	Other Financial liabilities	At amortized cost	4,590,852,774	4,590,852,774
Trade and other payables	Other Financial liabilities	At amortized cost	1,811,392,722	1,811,392,722
Contract liabilities	Other Financial liabilities	At amortized cost	35,162,390	35,162,390
Interest / mark-up accrued on	Other Financial liabilities	At amortized cost	4,809,245,944	4,809,245,944
Dividend payable on preference	Other Financial liabilities	At amortized cost	9,413,535	9,413,535
Unclaimed dividend on ordinary	Other Financial liabilities	At amortized cost	3,783,005	3,783,005

4.2 Revenue from contracts with customers

Effective July 1, 2018, the Company has applied IFRS 15 "Revenue from Contracts with Customers" for determining its revenue recognition policy. IFRS 15 replaces IAS 18 "Revenue" and IAS 11 “Construction Contracts” and related interpretations. IFRS 15 addresses revenue recognition for contracts with customers as well as treatment of incremental costs incurred in acquiring a contract with a customer.

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Specifically, the standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.
Step 4: Allocate the transaction price to the performance obligations in the contract.
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

IFRS 15 permits either a full retrospective or a modified retrospective approach for adoption. The Company has adopted the standard using the modified retrospective approach, which means that the cumulative impact of the adoption, if any, is recognized in unappropriated profit in the period of initial application and comparatives are not restated.

The application of IFRS 15 does not have any material impact on revenue recognition policy of the Company and therefore, the cumulative impact of the adoption on unappropriated profit is not material and accordingly the unappropriated profit as of July 1, 2018 is not adjusted.

The adoption of IFRS 15 also resulted in reclassification of "Advance payments from customers", previously grouped under trade and other payables, to the statement of financial position as 'Contract liabilities'. The affect of which is presented below:

	2018		
	As previously reported	**Reclassification**	**As restated**
	---------------------- Rupees --------------------------		
As at June 30, 2018			
Trade and other payable	1,846,555,112	(35,162,390)	1,811,392,722
Contract liabilities	-	35,162,390	35,162,390

5 Non-current assets held for sale

As mentioned in note 2.3.1, the creditor's scheme of arrangement for the Company was approved on July 31, 2019 by the Honorable Lahore High Court . Through this financial restructuring, two secondary units of the Company i.e.; Spinning Unit at Alipur Road, Muzaffargarh and Stitching Unit at Ferozepur Road, Lahore, would be sold and proceeds would be utilized to settle restructured liabilities of the Company. The assets located at the aforementioned units, majorly comprising of freehold land, building thereon and plant & machinery, have been classified as non-current assets held for sale in accordance with IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations".

In accordance with the approved scheme of arrangement, the disposal of these units would be done through biding process. As per scheme of arrangement, this sales process be targeted to be completed in 6 months and 15 days from the date of submission of the approved scheme with the Registrar of Companies.

The carrying amount of asset as at 30 June 2019 are:

	Rupees
Property, plant and equipment	**3,190,050,821**

Details of Property, plant and equipment is as follows:

Freehold land	**1,308,796,000**
Buildings on freehold land	**691,287,516**
Plant and machinery	**1,128,586,901**
Furniture, fixtures and office equipment	**8,160,034**
Vehicles	**1,257,355**
Tools and equipment	**31,783,674**
Electrical installations	**20,179,341**
	3,190,050,821

6 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2019

6.1 The following standards, amendments and interpretations are effective for the year ended June 30, 2019.

Standards or Interpretations	Effective from annual period beginning on or after:
- Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions.	January 01, 2018
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.	January 01, 2018
Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property.IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.	January 01, 2018

Certain annual improvements have also been made to a number of IFRSs.

The following new standards become applicable for the year ended June 30, 2019 which have required changes to the Company's accounting policies:

Standards impacting financial statements	Effective from annual period beginning on or after:
IFRS 9 'Financial Instruments' - This standard supersedes IAS 39 Financial Instruments: Recognition and Measurement upon its effective date.	July 01, 2018
IFRS 15 'Revenue' - This standard supersedes IAS 18, IAS 11, IFRIC 13, 15 and 18 and SIC 31 upon its effective date.	January 01, 2018

The impact of adoption of these new standards is disclosed in note 4.

6.2 New accounting standards / amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the dates mentioned.

Standards or Interpretations with no significant impact	Effective from annual period beginning on or after:
Amendments to IFRS 3 'Business Combinations' - Amendments regarding the definition of business.	January 01, 2020
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities.	January 01, 2019
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture.	Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted.
Amendments to References to the Conceptual Framework in IFRS Standards.	January 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Amendments regarding the definition of material.	January 01, 2020

Amendments to IAS 19 'Employee Benefits' - Amendments regarding plan amendments, curtailments or settlements.	January 01, 2019
Amendments to IAS 28 'Investments in Associates and Joint Ventures' - Amendments regarding long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	January 01, 2019
IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	January 01, 2019

Certain annual improvements have also been made to a number of IFRSs.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 17 – Insurance Contracts

Standard impacting financial statements

SECP has notified implementation of IFRS 16 'Leases' for annual reporting period beginning on or after January 01, 2019. IFRS 16 will supersede IAS 17 'Leases', IFRIC 4, SIC 15 and SIC 27 upon its effective date. The Company is yet to assess the full impact of the standard.

	2019	2018
7 Share capital	**Rupees**	Rupees
Authorized share capital		
Ordinary shares of Rs. 10 each		
900,000,000 (2018: 900,000,000) voting shares	**9,000,000,000**	9,000,000,000
300,000,000 (2018: 300,000,000) non-voting shares	**3,000,000,000**	3,000,000,000
	12,000,000,000	12,000,000,000
Preference shares of Rs. 10 each		
300,000,000 (2018: 300,000,000) non-voting shares	**3,000,000,000**	3,000,000,000
	15,000,000,000	15,000,000,000
Issued, subscribed and paid-up capital		
Voting ordinary shares of Rs. 10 each		
323,712,733 (2018: 323,712,733) shares fully paid in cash	**3,237,127,330**	3,237,127,330
62,548,641 (2018: 62,548,641) shares issued as paid bonus shares	**625,486,410**	625,486,410
12,276,073 (2018: 12,276,073) shares issued as consideration for machinery	**122,760,730**	122,760,730
50,811,992 (2018: 50,811,992) shares issued as consideration on merger	**508,119,920**	508,119,920
	4,493,494,390	4,493,494,390
Non-voting ordinary shares of Rs. 10 each		
4,753,719 (2018: 4,753,719) shares fully paid in cash	**47,537,190**	47,537,190
768,712 (2018: 768,712) shares issued as fully paid bonus shares	**7,687,120**	7,687,120
	55,224,310	55,224,310
	4,548,718,700	4,548,718,700

8 Reserves

	Note	2019 Rupees	2018 Rupees
Share premium	8.1	**2,358,246,761**	2,358,246,761
Merger reserve	8.2	**105,152,005**	105,152,005
Redemption of preference shares	8.3	**661,250,830**	661,250,830
Post retirement benefits obligation reserve	8.4	**10,837,976**	13,219,477
		3,135,487,572	3,137,869,073

8.1 Share premium

This represents excess of consideration received on issue of ordinary shares over face value of ordinary shares issued.

8.2 Merger reserve

This represents reserve arising on merger of Nafees Cotton Mills Limited into Legler Nafees Denim Mills (presently Azgard Nine Limited) on December 19, 2002.

8.3 Preference shares redemption reserve

This reserve has been created for redemption of preference shares issued by the Company as required to be created and maintained under the terms of issue and Companies Act, 2017.

8.4 Post retirement benefits obligation reserve

This represents surplus on revaluation of defined benefit plan comprising an un-funded gratuity scheme for its permanent employees during the year.

9 Surplus on revaluation of operating fixed assets

	2019 Rupees	2018 Rupees
As at beginning of the year	**4,630,687,703**	4,753,665,775
Add: Surplus on revaluation during the year	**331,888,127**	-
Less: incremental depreciation transferred to accumulated losses	**(112,806,581)**	(122,978,072)
As at end of the year	**4,849,769,249**	4,630,687,703

The Company's freehold land, buildings on freehold land and plant & machinery were revalued by M.Y.K Associates (Pvt) Limited, an independent valuer not connected with the Company and approved by Pakistan Banks' Association (PBA) in "any amount" category, on June 30, 2019.

The basis of revaluaion of property, plant and equipment were as follows:

Freehold land

Property brokers, dealers and estate agents were contacted to ascertain the asking and selling prices for properties of the same nature in the immediate neighbourhood and adjoining areas. Neighbouring properties which have been recently sold or purchased, were investigated to ascertain a reasonable selling / buying price. Properties that were up for sale were examined for asking price. An average of the above values was then assigned to the property.

Buildings on freehold land

Construction specifications were noted for each building and structure and new construction rates / GI sheet with iron structure were used to obtain replacement values of buildings, to which a depreciation formula was applied, based upon our estimates of balance life to arrive at the current assessed value.

Plant and machinary

Plant and machinery have been evaluated / assessed by keeping in view their present physical condition, the remaining useful life / economic life and technological obsolescence. Further, new replacement values for the similar type of plant and machinery were inquired from various dealers / vendors and manufacturers of plant accessories. The new replacement values were depreciated using reducing balance method of depreciation to determine the best estimates of the assessed / depreciated replacement values.

10 Redeemable capital - *secured*	**Note**	**2019 Rupees**	2018 Rupees
Term Finance Certificates - *II*	10.1	**651,066,836**	651,066,836
Privately Placed Term Finance Certificates - *IV*	10.2	**957,494,118**	991,167,294
Term Finance Certificates - *V*	10.3	**527,682,637**	527,682,637
Privately Placed Term Finance Certificates - *VI*	10.4	**3,218,300,030**	3,218,300,030
Privately Placed Term Finance Certificates	10.5	**326,456,184**	326,456,184
Privately Placed Term Finance Certificates	10.6	**217,200,000**	217,200,000
		5,898,199,805	5,931,872,981
Less: transaction costs	10.7	**(26,735,194)**	(27,911,843)
		5,871,464,611	5,903,961,138
Less: current maturity presented under current liabilities	14	**(5,871,464,611)**	(5,795,958,935)
		-	108,002,203

10.1 These Term Finance Certificates - II ("TFC - II") have been issued by way of private placements and public subscription and are listed on Pakistan Stock Exchange Limited. The total issue comprises of 428,734 certificates of Rs. 5,000 each out of which 28,550 certificates were converted into Ordinary shares in 2008 and at reporting date the outstanding certificates are 400,184. The terms and conditions of the issue as per Amendment no. 1 to Master Restructuring and Intercreditor Agreement ("MRA-1") dated April 11, 2012 are as follows:

Principal redemption

The principal redemption of TFC - II is structured to be in ten unequal installments. First installement amounting to Rs. 847.582 million was settled by the Company during the year ended June 30, 2013. Remaining nine installments are to be paid semi-annually starting from September 20, 2013 and ending on September 20, 2017."

Return on TFC - II

The issue carries return as per the following applicable mark-up rates, payable semi-annually:

Six months KIBOR plus 1.00% per annum in 2010 - 2011
Six months KIBOR plus 1.25% per annum in 2012 - 2015
Six months KIBOR plus 1.75% per annum in 2016 onwards

Trustee

In order to protect the interests of TFC - II holders, Faysal Bank Limited has been appointed as trustee under a trust deed with power to enforce the Company's obligations in case of default and to distribute the proceeds of any such enforcement, in accordance with the terms of the trust deed and Master Restructuring and Intercreditor Agreement ("MRA").

Security

For detail of securities, refer to note 10.8.

Overdue status

At the reporting date, principal amounting to Rs. 651.07 million (2018 : Rs. 651.07 million) and interest / mark-up amounting to Rs. 525.81 million (2018 : Rs. 458.32 million) were overdue.

10.2 These Privately Placed Term Finance Certificates - IV ("PPTFC - IV") have been issued by way of private placements. The total issue comprises of 500,000 certificates of Rs. 5,000 each. The terms and conditions of the issue as per MRA-1 dated April 11, 2012 are as follows:

Principal redemption

The principal redemption of PPTFC - IV is structured to be in ten unequal installments. First installment amounting to Rs. 1,414.231 million was settled by the Company during the year ended June 30, 2013, and there was also a settlement of Rs. 33.673 million (2018: Rs. 33.673) in the reporting period. Remaining nine installments are to be paid semi-annually starting from December 04, 2013 and ending on December 04, 2017.

Return on PPTFC - IV

The issue carries return as per the following applicable mark-up rates, payable semi-annually;

Six months KIBOR plus 1.00% per annum in 2010 - 2011
Six months KIBOR plus 1.25% per annum in 2012 - 2015
Six months KIBOR plus 1.75% per annum in 2016 onwards

Trustee

In order to protect the interests of PPTFC - IV holders, Pak Brunei Investment Company has been appointed trustee of the issue, with power to enforce the Company's obligations, in case of default and to distribute the proceeds of any such enforcement, in accordance with the terms of the trust deed and MRA.

Security

For detail of securities refer to note 10.8

Overdue status

At the reporting date, principal amounting to Rs. 957.49 million (2018: Rs. 991.17 million) and interest / mark-up amounting to Rs. 848.20 million (2018: Rs. 744.12 million) were overdue.

10.3 These Term Finance Certificates - V ("TFC - V") represent restructuring of various short term facilities amounting to Rs. 825 million. The total issue comprised of 165,000 TFCs having face value of Rs. 5,000 each. The terms and conditions of the issue as per MRA-1 dated April 11, 2012 are as follows:

Principal redemption

The principal redemption of TFC - V is structured to be in nine unequal installments. First installement amounting to Rs. 297.317 million was settled by the Company during the year ended June 30, 2013. Remaining eight installments were to be paid quarterly starting from February 18, 2014 and ending on November 18, 2015.

Return on TFC - V

The issue carries return as per the following applicable mark-up rates, payable quarterly:

Twelve months KIBOR plus 1.00% per annum from May 18, 2010 till May 18, 2011
Three months KIBOR plus 1.00% per annum from May 18, 2011 till November 18, 2011
Three months KIBOR plus 1.25% per annum from November 18, 2011 onwards

Trustee

In order to protect the interests of TFC - V holders, Faysal Bank Limited has been appointed as trustee under a trust deed, with power to enforce the Company's obligations, in case of default and to distribute the proceeds of any such enforcement, in accordance with the terms of the trust deed and MRA.

Security

For detail of securities refer to note 10.8

Overdue status

At the reporting date, principal amounting to Rs. 527.68 million (2018 : Rs. 527.68 million) and interest / mark-up amounting to Rs. 386.84 million (2018 : Rs. 331.53 million) were overdue.

10.4 These Privately Placed Term Finance Certificates - VI ("PPTFC - VI") represent restructuring of outstanding mark-up amounting to Rs. 3,218.670 million related to long term debts and short term borrowings till March 31, 2012. The total issue comprises of 643,734 TFCs having face value of Rs. 5,000 each. The terms and conditions of the issue are as follows:

Principal redemption

The principal redemption of PPTFC - VI was structured to be in seven unequal semi annual installments starting from March 31, 2014 and ending on March 31, 2017.

Call option

The Company shall be allowed to call the PPTFC - IV in full or in part. Call option will be exercisable at any time after the expiry of one year from the issue date and upon giving to the PPTFC - VI holders not less than thirty days notice in writing, to redeem on the following redemption date.

Return on PPTFC - VI

The issue carries nill return.

Trustee

In order to protect the interests of PPTFC - VI holders, Faysal Bank Limited has been appointed as trustee under a trust deed, with power to enforce the Company's obligations, in case of default and to distribute the proceeds of any such enforcement, in accordance with the terms of the trust deed and MRA.

Security

The issue is secured by:

- Ranking hypothecation charge in favor of the Trustee over the hypothecated assets in the amount of up to Rs. 4,666.667 million; and

- Ranking mortgage charge over the mortgaged properties in the amount of up to Rs. 4,666.667 million.

Overdue status

At the reporting date principal amounting to Rs. 3,218.30 million (2018 : Rs. 3,218.30 million) was overdue.

10.5 These represent restructuring of outstanding principal amounting to Rs. 256.020 million and outstanding mark-up along with preference dividend and other charges amounting to Rs. 70.436 million related to preference shares into fresh issue of Privately Placed Term Finance Certificates ("PPTFCs") by way of Settlement Agreement ("the Agreement") between the Company and JS Global Capital Limited dated October 22, 2012 effective from October 19, 2012. The total issue comprised of 12 PPTFCs having face value of Rs. 27.205 million each. The terms and conditions of the issue are as follows:

Principal redemption

The principal redemption of PPTFCs is structured to be in twelve equal installments amounting to Rs. 27.205 million each. Installments are to be paid semi-annually starting from April 19, 2015 and ending on October 19, 2020.

Return on PPTFCs

The issue carries a fixed mark-up rate at 11.00% per annum.

Trustee

In order to protect the interests of PPTFC holders, JS Bank Limited has been appointed as Trustee under a Trust Deed for the issue of PPTFCs entered on October 23, 2012, with power to enforce the Company's obligations, in case of default and to distribute the proceeds of any such enforcement, in accordance with the terms of the Trust Deed.

Security

The issue is secured by personal guarantee of Sponsor Director.

Overdue status

At the reporting date principal amounting to Rs. 326.46 million (2018 : Rs. 190.43 million) and interest / mark-up amounting to Rs. 161.65 million (2018 : Rs. 125.73 million) were overdue. Refer to note 42.2.2.

10.6 These represent restructuring of outstanding principal amounting to Rs. 170.132 million and outstanding mark-up along with preference dividend and other charges amounting to Rs. 47.068 million related to preference shares into fresh issue of Privately Placed Term Finance Certificates ("PPTFCs") by way of Settlement Agreement ("the Agreement") between the Company and Lenders dated October 22, 2012 effective from October 19, 2012. The total issue comprised of 21,720 PPTFCs having face value of Rs. 10,000 each. The terms and conditions of the issue are as follows:

Principal redemption

The principal redemption of PPTFCs is structured to be in twelve equal installments amounting to Rs. 18.100 million each. Installments are to be paid semi-annually starting from April 19, 2015 and ending on October 19, 2020.

Return on PPTFCs

The issue carries a fixed mark-up rate at 11.00% per annum.

Trustee

In order to protect the interests of PPTFC holders, JS Bank Limited has been appointed as Trustee under a Trust Deed for the issue of PPTFCs entered on October 23, 2012, with power to enforce the Company's obligations, in case of default and to distribute the proceeds of any such enforcement, in accordance with the terms of the Trust Deed.

Security

The issue is secured by personal guarantee of Sponsor Director.

Overdue status

At the reporting date, principal amounting to Rs. 217.20 million (2018 : Rs. 126.70 million) and interest / mark-up amounting to Rs. 107.55 million (2018 : Rs. 83.65 million) were overdue. Refer to note 42.2.2.

			2019 Rupees	2018 Rupees
10.7	**Transaction costs**			
	As at beginning of the year		**27,911,843**	26,727,482
	Capitalised during the year		**8,659,243**	11,146,189
	Less: amortized during the year	36	**(9,835,892)**	(9,961,828)
	As at end of the year		**26,735,194**	27,911,843

10.8 Common security

All redeemable capital and long term finances except for TFC - VI and PPTFCs have been secured by way of common security which is as follows:

First charge in favor of National Bank of Pakistan, as security trustee for the benefit of the financers, on all present and future assets and properties of the Company.

Personal guarantee of Sponsor Director.

11 Long term finances - *secured*	**Note**	**2019 Rupees**	**2018 Rupees**
Deutsche Investitions - Und MBH (Germany)	11.1	**1,313,686,607**	994,591,224
Saudi Pak Industrial and Agricultural Company Limited	11.2	**43,251,155**	43,251,155
Meezan Bank Limited	11.3	**234,568,765**	234,568,765
Citi Bank N.A (Pakistan)	11.4	**565,781,488**	565,781,488
		2,157,288,015	1,838,192,632
Less: transaction costs	11.6	**(8,593,908)**	(13,614,729)
		2,148,694,107	1,824,577,903
Less: current maturity presented under current liabilities	14	**(2,148,694,107)**	(1,442,590,231)
		-	381,987,672

11.1 This represents Euros 15 million obtained from Deutsche Investitions - Und MBH (Germany) ("DEG") to finance the setup of new textile and apparel project.

Principal repayment

As per the rescheduling terms of the MRA, dated December 01, 2010, the loan is payable in twenty-one unequal installments. During year ended June 30, 2013, first installment amounting to Rs. 641.221 million was settled by the Company. Remaining twenty installments are to be paid quarterly starting from July 15, 2015.

Return on facility

As per rescheduling agreement, the finance carries mark-up as per the following applicable mark-up rates, payable quarterly:

Six months EURIBOR plus 3.25% per annum.
Three months EURIBOR plus 0.75% per annum from date of sale of AGL to July 14, 2015.
Three months EURIBOR plus 1.00% per annum from July 15, 2015 onwards.

In addition to the above, additional interest of 2% per annum will be levied if principal and mark-up are not paid on due dates.

Security

For detail of securities refer to note 10.8

Overdue status

At the reporting date, principal amounting to Rs. 1,313.69 million (2018 : Rs. 994.59 million) and interest / mark-up amounting to Rs. 502.99 million (2018 : Rs. 320.78 million) were overdue. Refer to note 42.2.2.

11.2 This finance has been obtained from Saudi Pak Industrial and Agricultural Company Limited for long term working capital requirements.

Principal repayment

As per MRA-1 dated April 11, 2012, loan is payable in eighteen unequal installments. First installment amounting to Rs. 56.749 million was settled by the Company during year ended June 30, 2013. Remaining seventeen installments are to be paid quarterly starting from November 13, 2013 and ending on November 13, 2017.

Return on facility

As per rescheduling agreement, the finance carries mark-up as per the following applicable mark-up rates, payable quarterly:

Six months KIBOR plus 1.00% per annum in 2010 - 2011
Six months KIBOR plus 1.25% per annum in 2012 - 2015
Six months KIBOR plus 1.75% per annum in 2016 onwards

Security

For detail of securities refer to note 10.8.

Overdue status

At the reporting date, principal amounting to Rs. 43.25 million (2018 : Rs. 43.25 million) and interest / mark-up amounting to Rs. 24.55 million (2018 : Rs. 44.97 million) were overdue. Refer to note 42.2.2.

11.3 This finance has been obtained from Meezan Bank Limited for long term working capital requirements.

Principal repayment

As per MRA-1 dated 11 April 2012, the loan was payable in nine unequal installments. First three installments amounting to Rs. 37.51 million was settled by the Company during year 2013 and 2014 and further Rs. 0.033 million was paid in 2016. Remaining six installments were to be paid semi-annually starting from May 01, 2013 and ending on November 01, 2016.

Return on facility:

As per rescheduling agreement, the finance carries mark-up as per the following applicable mark-up rates, payable semi-annually:

Six months KIBOR plus 1.00% per annum in 2010 - 2012
Six months KIBOR plus 1.25% per annum in 2013 onwards

Security

For detail of securities refer to note 10.8

Overdue status

At the reporting date, principal amounting to Rs. 234.57 million (2018: Rs. 234.57 million) and interest / mark-up amounting to Rs. 168.93 million (2018: Rs. 145.29 million) were overdue. Refer to note 42.2.2.

11.4 As part of the overall debt restructuring, the finance was converted from various short term borrowings

Principal repayment

As per MRA-1 dated 11 April 2012, the loan was payable in six unequal installments. Installment were to be paid semi-annually starting from May 01, 2014 and ending on November 01, 2016.

Return on facility:

As per rescheduling agreement, the finance carries mark-up as per the following applicable mark-up rates, payable semi-annually:

Six months KIBOR plus 1.00% per annum in 2010 - 2012
Six months KIBOR plus 1.25% per annum in 2013 onwards

Security

For detail of securities refer to note 10.8

Overdue status

At the reporting date, principal amounting to Rs. 565.78 million (2018: Rs. 565.78 million) and interest / mark-up amounting to Rs. 394.08 million (2018: Rs. 337.05 million) were overdue. Refer to note 42.2.2.

11.5 At the reporting date, interest / mark-up amounting to Rs. 83.894 million (2018: Rs. 83.894 million) related to long term loans which were fully settled by the Company in the previous years was overdue. Refer to note 42.2.2.

11.6 Transaction costs	**Note**	**2019 Rupees**	2018 Rupees
As at beginning of the year		**13,614,729**	17,056,368
Capitalised during the year		**2,683,194**	3,453,811
Less: amortized during the year	36	**(7,704,015)**	(6,895,450)
As at end of the year		**8,593,908**	13,614,729

12 Liabilities against assets subject to finance lease - secured

Present value of minimum lease payments	12.1 & 12.2	**9,869,079**	62,272,125
Less: current maturity presented under current liabilities	14	**(2,300,936)**	(52,465,067)
		7,568,143	9,807,058

12.1 This represents vehicles, plant and machinery acquired under finance lease arrangements. The leases are secured by 20% to 25% down payment, insurance in lessor's favor and post dated cheques in favor of lessor for entire principal along with markup amount. Rentals are payable monthly / annually. The leases are priced at six month KIBOR plus 3% to 4% per annum (2018: six month KIBOR plus 3% to 4% per annum). Under the terms of agreement, taxes, repairs, replacements and insurance costs in respect of assets subject to finance lease are borne by the Company. The Company also has the option to acquire these assets at the end of the respective lease terms and intends to exercise the option.

12.2 The amount of future payments under the lease arrangements and the period in which these payments will become due are as follows:

	2019 Rupees	2018 Rupees
Not later than one year	**3,195,465**	57,457,533
Later than one year but not later than five years	**8,211,428**	10,852,999
Total future minimum lease payments	**11,406,893**	68,310,532
Less: finance charge allocated to future periods	**(1,537,814)**	(6,038,407)
Present value of future minimum lease payments	**9,869,079**	62,272,125
Not later than one year	**(2,300,936)**	(52,465,067)
Later than one year but not later than five years	**7,568,143**	9,807,058

13 Deferred Liability

Gratuity payable	**343,664,154**	232,042,381

The Company operates a defined benefit plan comprising an un-funded gratuity scheme for its permanent employees.

13.1.1 Amounts recognized in the balance sheet	2019 Rupees	2018 Rupees
Present value of the defined benefit obligation	**368,530,545**	235,291,330
Benefits due but not paid	**(24,866,391)**	(3,248,949)
Net liability recognized in the balance sheet	**343,664,154**	232,042,381

13.1.2 Movement in the present value of the defined benefit obligation	2019 Rupees	2018 Rupees
Obligation at the beginning of the year	**235,291,330**	144,180,249
Current service cost	**132,556,444**	100,850,933
Interest cost	**18,980,466**	10,334,039
Benefits paid during the year	**(20,679,196)**	(15,566,544)
Actuarial losses during the year	**6,770,093**	1,155,509
Experience adjustments	**(4,388,592)**	(5,662,856)
Obligation at the end of the year	**368,530,545**	235,291,330

13.1.3 Movement in liability	2019 Rupees	2018 Rupees
Staff gratuity fund at the beginning of the year	**235,291,330**	144,180,249
Charge for the year	**151,536,910**	111,184,972
Remeasurements chargeable in other comprehensive income	**2,381,501**	(4,507,347)
Benefits paid	**(20,679,196)**	(15,566,544)
Net liability	**368,530,545**	235,291,330

13.1.4 Amount recognized in profit and loss

Current service cost	**132,556,444**	100,850,933
Interest cost	**18,980,466**	10,334,039
	151,536,910	111,184,972

13.1.5 Amount chargeable to other comprehensive income

Actuarial losses from changes in financial assumptions	**6,770,093**	1,155,509
Experience adjustments	**(4,388,592)**	(5,662,856)
	2,381,501	(4,507,347)

Expense recognized in following line items in profit and loss account	2019	2018
Cost of sales	**120,722,991**	88,927,626
Selling and distribution expenses	**23,425,702**	5,477,104
Administrative expenses	**7,388,217**	16,780,242
	151,536,910	111,184,972

13.1.6 Principal actuarial assumptions used were as follows	2019	2018
Discount rate used for interest cost in profit and loss account	**9.00%**	7.75%
Discount rate used for year end obligation	**14.25%**	9.00%
Future salary increase per annum	**13.25%**	8.00%
Mortality rates	**SLIC 2001-2005**	SLIC 2001-2005
Withdrawal factor	**Age Based**	Age Based
Retirement age of the employee	**60 years**	60 years

13.1.7 The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	2019	
	Impact on defined benefit obligation	
	1% Increase in assumption	**1% Decrease in assumption**
Discount rate	**321,590,207**	**369,117,048**
Salary growth rate	**370,217,861**	**320,200,543**

	2018	
	Impact on defined benefit obligation	
	1% Increase in assumption	1% Decrease in assumption
Discount rate	216,702,921	249,876,072
Salary growth rate	250,674,175	215,696,709

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability recognized within the statement of financial position.

14 Current portion of non-current liabilities	**Note**	**2019 Rupees**	2018 Rupees
Preference shares of Rs.10 each (2018 : Rs.10 each)	14.1	**148,367,255**	148,367,255
Redeemable capital - *secured*	10	**5,871,464,611**	5,795,958,935
Long term finances - *secured*	11	**2,148,694,107**	1,442,590,231
Liabilities against assets subject to finance lease - secured	12	**2,300,936**	52,465,067
		8,170,826,909	7,439,381,488

14.1 These represent non-voting, non-participatory, partly convertible and cumulative preference shares which were redeemable upto September 24, 2010.

At the reporting date, entire outstanding amount of preference shares was overdue. Refer to note 42.2.2 for details. The Company intends to settle its remaining liability towards preference shares through conversion into a fresh issue of financial instruments, cash or other settlement options.

15 Short term borrowings

Secured

These represent short term finances utilized under interest / mark-up arrangements from banking companies and financial institutions.

	Note	2019 Rupees	2018 Rupees
Running finance	15.1&15.3	**679,356,616**	707,347,535
Term loan	15.1&15.3	**4,329,019,061**	3,318,845,961
Morabaha / LPO	15.1&15.3	**158,490,103**	158,490,103
Bills payable	15.3&15.4	**480,571,535**	406,169,175
		5,647,437,315	4,590,852,774

15.1 These facilities have been obtained from various banking companies and financial institutions for working capital requirements and are secured by common security, lien over documents of title of imported goods, lien over firm export orders, trust receipts, demand promissory notes, counter guarantees, pledge of stocks, ranking charge amounting to Rs. 750 million on current and future assets of the Company.

Mark-up on these finances is payable quarterly / semi-annually. Local currency finances carry mark-up at rates ranging from one to twelve months KIBOR plus 1.00% per annum (2018: one to twelve months KIBOR plus 1.00% per annum). Foreign currency finances carry mark up at LIBOR of matching tenure plus 4.00% per annum (2018: LIBOR of matching tenor plus 4.00% per annum). Mark-up on pre / post shipment finances refinanced by the State Bank of Pakistan is payable at SBP refinance rate of 2.00% per annum plus banks' spread of 1.00% per annum (2018: 2.00% per annum plus banks' spread of 1.00% per annum). Morabaha / LPO carry mark-up at rates ranging from six to twelve months KIBOR plus 1.00% to 3.00% per annum (2018: six to twelve months KIBOR plus 1.00% to 3.00% per annum). Letters of credit / guarantee carry commission at rates ranging from 0.10% to 0.40% per quarter (2018: 0.10% to 0.40% per quarter). Certain finances also carry a penalty interest / mark-up.

At the reporting date, interest / mark-up amounting to Rs. 281.95 million (2018: Rs. 253.53 million), Rs. 1,381.62 million (2018: Rs. 1,245.19 million) and Rs. 180.61 million (2018: Rs. 155.91 million) were overdue in respect of running finance, term loan and morabaha / LPO respectively. Further, principal amounting to Rs. 19.94 million (2018: Rs. 19.94 million), and Rs. 454.08 million (2018: Rs. 454.08 million) were overdue in respect of running finance and term loan respectively. Refer to note 42.2.2 for details.

15.2 At the reporting date, interest / mark-up amounting to Rs. 62.18 million (2018: Rs. 62.18 million) related to bridge finance, which was settled in the prior years, was overdue. Refer to note 42.2.2 for details.

15.3 The aggregate available short term funded facilities amounts to Rs. 6,330.27 million (2018: Rs. 5,939 million) out of which Rs. 1,163.40 million (2018: Rs. 1,754.32 million) remained unavailed as at the reporting date. Limits available for opening of letters of credit amounts to Rs. 638.48 million (2018: Rs. 588.48 million) of which the limits remaining unutilized as at the reporting date amounts to Rs. 195.75 million (2018: Rs. 182.32 million).

15.4 At the reporting date, bills payable amounting to Rs. 337.50 million (2018: Rs. 337.50 million) and interest / mark-up amounting to Rs. 290.34 million (2018:Rs. 235.95 million) were overdue. Refer to note 42.2.2 for details.

		Note	2019 Rupees	2018 Rupees
16	**Trade and other payables**			
	Trade and other creditors		**1,116,615,040**	1,253,182,003
	Accrued liabilities		**557,833,297**	513,033,612
	Tax deducted at source		**15,007,911**	18,253,943
	Workers' profits participation fund	16.1	**26,384,272**	15,740,844
	Other payables		**16,756,287**	11,182,320
			1,732,596,807	1,811,392,722
16.1	**Workers' profits participation fund**			
	Balance at the beginning of the year		**15,740,844**	-
	Allocation for the year	35	**26,384,272**	15,740,844
			42,125,116	15,740,844
	Less: Payments during the year		**(15,740,844)**	-
	Balance at the end of the year		**26,384,272**	15,740,844
17	**Interest / mark-up accrued on borrowings**			
	Redeemable capital - *secured*		**2,165,057,560**	1,865,108,725
	Long term finances - *secured*		**1,174,209,075**	931,987,306
	Short term borrowings - *secured*		**2,293,134,044**	2,012,149,913
			5,632,400,679	4,809,245,944

The overdue amounts of mark-up / interest are disclosed under their respective financing notes.

18 Dividend payable on preference shares

Preference dividend was due for payment on November 21, 2010, however no payments have been made up to the reporting date. In the year 2013, the Company had partially adjusted the preference dividend against the new issue of PPTFCs. The management intends to settle this amount along with the settlement of outstanding overdue preference shares.

19 Contingencies and commitments

19.1 Contingencies

19.1.1 Several ex-employees of former subsidiary of the Company, Agritech Limited ("AGL"), have filed a petition against the Company demanding terminal benefits including those under the golden hand shake scheme. The claim, valued at Rs. 8.0 million, is pending before the Honorable Lahore High Court and the Company expects a favorable outcome.

19.1.2 The Company has not accrued expense relating to Gas Infrastructure Development Cess ("GIDC"). Total amount billed to the Company till June 30, 2019 is Rs. 158.375 million (2018: Rs. 146.373 million). This practice was followed by the Company, in lieu of stay orders granted by Honorable High Court of Lahore against GIDC arrears in SNGPL bills. Also, as per legal advisor, the Company prima facie has arguable case and a favourable decision is expected.

19.1.3 The Company has issued indemnity bonds amounting to Rs. 1,062.020 million (2018: Rs. 928.781 million) in favour of Collector of Customs and Sales Tax department in lieu of levies under various statutory notifications and these are likely to be released after the fulfillment of the terms of related notifications.

19.1.4 Counter guarantees given by the Company to its bankers as at the reporting date amount to Rs. 187.721 million (2018: Rs. 171.328 million).

19.1.5 Bills discounted as at reporting date aggregated to Rs. 1,777.692 million (2018: Rs. 2,602.935 million).

19.1.6 NAB Court reference has been filed on September 9, 2017, in relation to the earlier settlement (first restructuring) of the Company's financing arrangements in 2012, whereby eighteen financial institutions had partially rescheduled / settled the Company's liabilities against its investment in the shares of Agritech Limited. The Company's management, based on legal councel opinion, is of the view that the matter is not expected to have any adverse consequences.

	Note	**2019**	2018
19.2 Commitments		**Rupees**	Rupees
19.2.1 Commitments under irrevocable letters of credit for:			
- purchase of raw material		**50,110,319**	15,229,387
		50,110,319	15,229,387
19.2.2 Commitments for capital expenditure		**11,023,230**	16,103,163
20 Property, plant and equipment			
Operating fixed assets	20.1	**10,078,765,729**	13,163,865,121
Capital work in progress - *at cost*	20.2	**88,898,986**	51,582,096
		10,167,664,715	13,215,447,217

20.1 Operating fixed assets

Particulars	Cost / Revalued amount: As at July 01, 2018	Revaluation Surplus/(Deficit)	Additions	Transfers	Disposals	Assets classified as held for sale	As at June 30, 2019	Rate %	Depreciation: As at July 01, 2018	For the year	Transfers	Disposals	Assets classified as held for sale	As at June 30, 2019	Net Book Value as at June 30, 2019
	Rupees								Rupees						
Owned assets															
Freehold land	2,154,390,000	413,576,000	-	-	-	(1,308,796,000)	1,259,170,000	-	-	-	-	-		-	1,259,170,000
Buildings on freehold land	4,230,746,115	(148,973,664)	-	-	-	(1,295,277,361)	2,786,495,090	2.5	1,264,404,291	74,158,540	-	-	(603,989,845)	734,572,986	2,051,922,104
Plant and machinery	14,484,342,974	38,228,141	247,610,968	158,434,751	-	(3,268,449,799)	11,660,167,036	4-5	6,986,422,073	337,783,633	7,183,222	-	(2,139,862,898)	5,191,526,030	6,468,641,006
Furniture, fixtures and office equipment	218,154,415	-	3,652,350	-	-	(33,803,573)	188,003,192	10	144,848,358	7,512,598	-	-	(25,643,539)	126,717,417	61,285,775
Vehicles	63,297,261	-	1,145,840	-	(682,690)	(18,507,562)	45,252,849	20	54,645,896	1,933,710	-	(611,034)	(17,250,207)	38,718,365	6,534,484
Tools and equipment	480,335,838	-	5,755,006	-	-	(98,432,732)	387,658,112	10	267,618,252	21,440,204	-	-	(66,649,058)	222,409,398	165,248,714
Electrical installations	213,318,462	-	3,939,458	-	-	(65,010,264)	152,247,656	10	131,555,713	8,311,677	-	-	(44,830,923)	95,036,467	57,211,189
	21,844,585,066	302,830,477	262,103,622	158,434,751	(682,690)	(6,088,277,291)	16,478,993,935		8,849,494,583	451,140,362	7,183,222	(611,034)	(2,898,226,470)	6,408,980,662	10,070,013,273
Assets subject to finance lease															
Plant and machinery	158,434,751	-	-	(158,434,751)	-	-	-	4-5	600,715	6,582,507	(7,183,222)	-	-	-	-
Vehicles	14,785,000	-	-	-	-	-	14,785,000	20	3,844,400	2,188,144	-	-	-	6,032,544	8,752,456
	173,219,751	-	-	(158,434,751)	-	-	14,785,000		4,445,115	8,770,651	(7,183,222)	-	-	6,032,544	8,752,456
Grand Total	22,017,804,817	302,830,477	262,103,622	-	(682,690)	(6,088,277,291)	16,493,778,935		8,853,939,697	459,911,013	-	(611,034)	(2,898,226,470)	6,415,013,206	10,078,765,729

Particulars	Cost / Revalued amount					Rate %	Depreciation					Net Book Value as
	2018											
	As at July 01, 2017	Additions	Transfers	Disposals	As at June 30, 2018		As at July 01, 2017	For the year	Transfers	Disposals	As at June 30, 2018	at June 30, 2018
	Rupees						Rupees					
Owned assets												
Freehold land	2,154,390,000	-	-	-	2,154,390,000	-	-	-	-	-	-	2,154,390,000
Buildings on freehold land	4,130,488,649	100,257,466	-	-	4,230,746,115	2.5	1,189,408,332	74,995,959	-	-	1,264,404,291	2,966,341,824
Plant and machinery	14,097,635,259	327,964,970	58,742,746	-	14,484,342,975	4-5	6,637,154,630	336,563,578	12,703,864	-	6,986,422,072	7,497,920,903
Furniture, fixtures and office equipment	210,073,896	8,080,519	-	-	218,154,415	10	137,068,586	7,779,772	-	-	144,848,358	73,306,057
Vehicles	65,275,688	1,535,475	-	(3,513,902)	63,297,261	20	55,416,819	2,151,034	-	(2,921,958)	54,645,895	8,651,366
Tools and equipment	456,769,450	23,566,388	-	-	480,335,838	10	245,216,056	22,402,196	-	-	267,618,252	212,717,586
Electrical installations	204,149,404	9,169,058	-	-	213,318,462	10	123,122,959	8,432,754	-	-	131,555,713	81,762,749
	21,318,782,346	470,573,876	58,742,746	(3,513,902)	21,844,585,066		8,387,387,382	452,325,293	12,703,864	(2,921,958)	8,849,494,581	12,995,090,485
Assets subject to finance lease												
Plant and machinery	58,742,746	158,434,751	(58,742,746)	-	158,434,751	4-5	12,703,864	600,716	(12,703,864)	-	600,716	157,834,036
Vehicles	14,785,000	-	-	-	14,785,000	20	1,109,250	2,735,150	-	-	3,844,400	10,940,600
	73,527,746	158,434,751	(58,742,746)	-	173,219,751		13,813,114	3,335,866	(12,703,864)	-	4,445,116	168,774,636
Grand Total	21,392,310,092	629,008,627	-	(3,513,902)	22,017,804,817		8,401,200,496	455,661,159	-	(2,921,958)	8,853,939,697	13,163,865,121

20.1.1 The forced sale for Land and Building based on fair value measurement as at June 30, 2019 was Rs. 1,070.294 million and Rs. 1,744.134 million respectively while the forced sale of Plant & Machinery based on fair value measurement as at June 30, 2019 was Rs. 5,176.650 million

20.1.2 Particulars of immovable property (i.e. land and building) in the name of the Company are as follows:

Location	**Usage of immovable property**	**Total area (in acres)**	**Covered area (in sq.ft)**
Manga	Manufacturing facility	71.54	1,389,022
Muzaffar Garh	Manufacturing facility	59.19	595,918
FPR Unit	Manufacturing facility	24.56	187,760

20.1.3 The depreciation charge for the year has been allocated as follows:	**Note**	**2019 Rupees**	2018 Rupees
Cost of sales	31	**448,277,542**	442,996,274
Administrative expenses	33	**11,633,471**	12,664,885
		459,911,013	455,661,159

20.1.4 The Company follows the revaluation model for its Freehold land, Building on freehold land and Plant & Machinery. The fair value measurement of Freehold land, Building on freehold land and Plant & Machinery as at June 30, 2019 was performed by MYK Associates (Pvt) Limited, independent valuer not related to the Company. MYK Associates (Pvt) Limited is on panel of Pakistan Banks Association as 'any amount' asset valuator. It is also on panel of State Bank of Pakistan and possesses appropriate qualification and recent experience in the fair value measurements in the relevant locations.

The fair value of the assets was determined using the comparable price method after performing detailed enquiries and verification from various estate agents, brokers, builders and importers / agents of machinery suppliers keeping in view the location of the property/project, condition, size, utilization and other relevant factors. The fair value of assets at Manga Unit have been considered being the fair market value while fair value of assets at Muzafar Garh and FPR Unit have been considered being disposal value as per valuation report.

Had there been no revaluation the cost, accumulated depreciation and net book value of the revalued property, plant and equipment as at June 30, 2019 would be as follows:

	Cost	**Accumulated depreciation**	**Net book value**
	-----------------------------	**Rupees**	-----------------------------
Freehold land	190,982,598	-	190,982,598
Buildings on freehold land	1,950,705,408	581,342,092	1,369,363,316
Plant and machinery	8,327,232,466	3,881,839,656	4,445,392,810

Refer to note 42.4 for fair values. Details of the Company's assets and information about fair value hierarchy as at June 30, 2019 are as follows:

	Level 1	Level 2	Level 3	Total
	-----	Rupees	-----	
Land	-	1,259,170,000	-	1,259,170,000
Building	-	2,051,922,104	-	2,051,922,104
Plant and machinery	-	6,468,641,006	-	6,468,641,006
Total	-	9,779,733,110	-	9,779,733,110

20.2 Capital work in progress

	2019			
	As at July 01, 2018	**Additions**	**Transfers**	**As at June 30, 2019**
	-----	**Rupees**	-----	
Building	**7,410,871**	**14,954,230**	**(9,052,865)**	**13,312,236**
Plant and machinery	**44,171,225**	**206,344,811**	**(174,929,286)**	**75,586,750**
	51,582,096	**221,299,041**	**(183,982,151)**	**88,898,986**

	2018			
	As at July 01, 2017	Additions	Transfers	As at June 30, 2018
	-----	Rupees	-----	
Building	89,970,516	18,558,760	(101,118,406)	7,410,871
Plant and machinery	87,419,850	324,019,643	(367,268,268)	44,171,225
	177,390,366	342,578,403	(468,386,674)	51,582,096

21 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:

	Note	**2019 Rupees**	2018 Rupees
Investments in related parties			
Unquoted	21.1	**-**	-
Other investments			
Unquoted	21.2	**231,864,928**	231,864,928
		231,864,928	231,864,928

	2019 Rupees	2018 Rupees
21.1 Investment in related party - unquoted		
Montebello s.r.l. ("MBL")		
6,700,000 ordinary shares with a capital of Euro 6,700,000		
Proportion of capital held: 100%		
Activity: Textile and Apparel		
Relationship: Subsidiary		
Cost	**-**	-
Accumulated impairment	**-**	-
	-	-

21.1.1 As disclosed in the note 2.2 the management, based on advice from the Company's legal counsel, has concluded that the MBL has ceased to be a subsidiary of the Company. Accordingly, the investment in MBL has been presentend in note 21.2 as other investment-unquoted.

21.2 Other investments - *unquoted*	**Note**	**2019 Rupees**	2018 Rupees
Agritech Limited	**21.2.1**		
53,259 (2018: 53,259) Term Finance Certificates of Rs. 5,000 each			
Cost		**266,074,508**	266,074,508
Less: impairment allowance		**(34,209,580)**	(34,209,580)
		231,864,928	231,864,928
Montebello s.r.l. ("MBL")	**21.2.2**		
6,700,000 ordinary shares with a capital of Euro 6,700,000			
Cost		**2,625,026,049**	2,625,026,049
Accumulated impairment		**(2,625,026,049)**	(2,625,026,049)
		-	-
		231,864,928	231,864,928

21.2.1 These represent Term Finance Certificates ("TFCs") issued by AGL and carry return at six months KIBOR plus 1.75% and were redeemable in thirteen unequal semi-annual installments starting from July 14, 2013. Since majority of TFCs are pledged as security with providers of debt finance, therefore these have been presented as long term investment. For details of investments pledged as security, refer to note 46 to the financial statements.

These are secured by charge over property, plant and equipment of AGL.

21.2.2 MBL has gone into liquidation process and the Court of Vicenza has appointed a trustee to manage the affairs of MBL.

During the bankruptcy proceedings, 48 parties filed their claims with the Court and all have been accepted by the Court aggregating to Euro 7,893,794.48. 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 to 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 subordinate claim due to Company being the parent of MBL.

The Company has contested with the Court that its claim should be accepted as at least unsecured claim rather than being subordinate claim. The Court has appointed an expert to decide whether claim of the Company should be accepted as unsecured claim or subordinate. The expert has given his opinion that claim of the Company should be subordinated. The Company questioned the decision of expert in the Court and lodged its defense regarding the classification of its claim. On 15 July 2019, the Court rejected the defense of the Company and has upheld the decision of expert. The Company has filed appeal in Italian Supreme Court.

22 Long term deposits and receivables

	Note	2019 Rupees	2018 Rupees
Utility companies, regulatory authorities and others	22.1	**34,134,296**	34,134,296
Financial institutions	22.2	**2,902,000**	2,902,000
Sales tax refund bonds	22.3	**51,780,950**	-
		88,817,246	37,036,296

22.1 These have been deposited with various utility companies and regulatory authorities. These are classified as amortized cost under IFRS 09 'Financial Instruments - Recognition and Measurement'. However, these, being held for an indefinite period with no fixed maturity date, are carried at cost as its amortized cost is impracticable to determine.

22.2 These have been deposited with financial institutions.

22.3 These bonds have been issued by Govt. of Pakistan against sales tax refundable for a tenure of three years and carry a profit of 10% per annum.

23 Stores, spare parts and loose tools

	2019 Rupees	2018 Rupees
Stores, spare parts and loose tools	**130,500,130**	138,204,200

24 Stock-in-trade

	2019 Rupees	2018 Rupees
Raw material	**802,226,955**	717,700,982
Work in process	**1,280,854,360**	1,186,321,061
Finished goods	**672,814,763**	564,047,869
	2,755,896,078	**2,468,069,912**

24.1 Details of stock in trade pledged as security are referred to in note 46 to the financial statements.

24.2 Finished goods include stock in transit amounting to Rs. 140.96 million (2018: Rs. 160.75 million).

25 Trade debts

	Note	2019 Rupees	2018 Rupees
Local			
- secured	25.1	**145,728,902**	87,308,626
- unsecured, considered good		**201,136,093**	38,389,702
- unsecured, considered doubtful		**9,557,835**	4,678,918
		356,422,830	130,377,246
Foreign			
- secured	25.1	**2,474,617,362**	995,117,693
- unsecured, considered good		**395,687,527**	234,013,386
- unsecured, considered doubtful		**452,529,563**	452,529,561
		3,322,834,452	1,681,660,640
	25.3	**3,679,257,282**	1,812,037,886
Less: provision against trade debts	25.2	**(462,087,398)**	(457,208,478)
		3,217,169,884	1,354,829,408

	Note	2019 Rupees	2018 Rupees

25.1 These are secured against letters of credit.

25.2 Movement in provision of trade debts

		2019 Rupees	2018 Rupees
As at beginning of the year		**457,208,478**	1,071,665,240
Provision recognized / (reversed) during the year		**4,878,920**	(25,849,717)
Less: provision written off		**-**	(588,607,045)
As at end of the year		**462,087,398**	457,208,478

25.3 This includes an amount of Rs. 452.529 million (2018: 452.529 million) receivable from MBL, a related party, and this amount have been fully provided for due to the facts mentioned in note 21.1.

26 Advances, deposits, prepayments and other receivables

	Note	2019 Rupees	2018 Rupees
Advances to suppliers - *unsecured, considered good*		**498,485,906**	362,888,911
Advances to employees - *unsecured, considered good*			
- against salaries and post employment benefits	26.1	**18,844,167**	12,163,791
- against purchases and expenses		**34,847,037**	30,676,023
Security deposits		**12,066,186**	13,866,138
Margin deposits	26.2	**37,364,557**	35,710,668
Rebate receivable		**1,063,968,282**	1,000,951,413
Sales Tax / FED recoverable		**388,844,732**	391,739,341
Accrued profit on sales tax refund bonds		**1,589,674**	-
Due from AGL		**100,492,120**	100,492,120
Less: impairment allowance		**(32,179,608)**	(32,179,608)
		68,312,512	68,312,512
Letters of credit		**24,031,147**	47,649,550
Insurance claims		**682,903**	718,085
Other receivables - *unsecured, considered good*		**1,470,027**	8,634,557
		2,150,507,130	1,973,310,989

26.1 These includes advances to employees against future salaries and post employment benefits in accordance with the Company policy. Reconciliation of carrying amount of advances to executive employees against salaries is as follows:

	2019 Rupees	2018 Rupees
As at beginning of the year	**2,741,064**	3,151,864
Additions during the year	**6,528,330**	3,998,290
Less: receipts / adjustments during the year	**(5,756,589)**	(4,409,090)
As at end of the year	**3,512,805**	2,741,064

26.2 These represent deposits against bank guarantees.

27 Short term investments

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

	Note	2019 Rupees	2018 Rupees
Other Investments			
Quoted	27.1	**306,022,500**	306,022,500

27.1 Agritech Limited:
58,290,000 (2018: 58,290,000) fully paid Preference shares of Rs. 5.25 each

	2019	2018
Cost	**306,022,500**	306,022,500
Fair value adjustment	**-**	-
	306,022,500	306,022,500

This represents investment in preference shares of Agritech Limited received as part consideration against sale of ordinary shares of Agritech Limited to National Bank of Pakistan. The Company has a put option to sell these shares to NBP at the purchase price i.e. Rs. 5.25 per share.

28 Provision for taxation	Note	2019 Rupees	2018 Rupees
As at beginning of the year		**7,374,778**	56,125,955
Provision for the year		**195,988,871**	102,453,416
Paid / adjusted during the year		**(171,768,810)**	(151,204,593)
As at end of the year		**31,594,839**	7,374,778

29 Cash and bank balances

	Note	2019	2018
Cash in hand		**2,878,502**	2,045,303
Cash at banks:			
- current accounts in local currency		**274,950,572**	51,421,726
- deposit accounts in local currency	29.1	**169,473,418**	88,409,159
- deposit accounts in foreign currency	29.2	**690,322**	519,139
		445,114,312	140,350,024
		447,992,814	142,395,327

29.1 These carry return under mark-up arrangement at 4.50% to 11.25% per annum (2018 : 4.5% to 6.0% per annum).

29.2 These carry return under mark-up arrangement at prevailing LIBOR per annum (2018 : prevailing LIBOR per annum).

30 Sales - *net*	Note	2019 Rupees	2018 Rupees
Local	30.1	**1,557,832,910**	984,077,501
Export	30.2 & 30.3	**18,064,934,407**	14,143,353,566
		19,622,767,317	15,127,431,067
Rebate on exports		**616,083,641**	876,330,779
Discount		**(23,880,216)**	(21,326,527)
		20,214,970,742	15,982,435,319

		2019 Rupees	2018 Rupees
30.1	**Local**		
	Sales	**1,515,884,173**	968,651,984
	Processing income	**26,564,792**	5,084,526
	Waste	**25,443,163**	16,818,597
		1,567,892,128	990,555,107
	Less: sales tax	**(10,059,218)**	(6,477,606)
		1,557,832,910	984,077,501

30.2 These include indirect exports, taxable under Section 154 (3b) of the Income Tax Ordinance, 2001, amounting to Rs. 2,863.860 million (2018 : Rs. 1,733.284 million)

30.3 Export Development Surcharge applicable under SRO 10(1)/2003 dated January 04, 2003 amounting Rs. 33.415 million (2018: Rs. 30.438 million) has been deducted from gross export sales.

31 Cost of sales	**Note**	**2019 Rupees**	2018 Rupees
Raw and packing materials consumed		**11,645,926,840**	9,275,477,461
Salaries, wages and benefits	31.1	**2,982,745,873**	2,475,918,268
Fuel and power		**935,760,748**	867,911,446
Store, spares and loose tools consumed		**249,179,094**	230,902,522
Traveling, conveyance and entertainment		**163,365,974**	139,712,382
Rent, rates and taxes		**65,147,533**	34,644,816
Insurance		**29,580,400**	32,320,999
Repair and maintenance		**32,901,528**	22,587,829
Processing charges		**356,225,317**	341,735,116
Depreciation	20.1.3	**448,277,542**	442,996,274
Printing and stationery		**9,762,557**	9,094,341
Communications		**7,509,926**	6,176,859
Miscellaneous		**3,607,591**	1,483,272
		16,929,990,923	13,880,961,585
Work in process:			
As at beginning of the year		**1,186,321,061**	841,189,875
As at end of the year		**(1,280,854,360)**	(1,186,321,061)
		(94,533,299)	(345,131,186)
Cost of goods manufactured		**16,835,457,624**	13,535,830,399
Finished goods:			
As at beginning of the year		**564,047,869**	419,577,123
As at end of the year		**(672,814,763)**	(564,047,869)
		(108,766,894)	(144,470,746)
		16,726,690,730	13,391,359,653

31.1 These include charge in respect of employees retirement benefits amounting Rs. 120.72 million (2018: Rs. 88.93 million).

32 Selling and distribution expenses	Note	2019 Rupees	2018 Rupees
Salaries and benefits	32.1	**230,545,759**	190,487,281
Traveling, conveyance and entertainment		**73,613,256**	55,182,969
Repair and maintenance		**1,879,441**	1,832,055
Rent, rates and taxes		**3,418,939**	3,441,176
Insurance		**2,280,187**	4,260,647
Freight and other expenses		**323,768,389**	195,813,687
Communication		**2,484,102**	1,793,797
Advertisement and marketing		**108,903,476**	82,300,997
Fee and subscription		**1,758,351**	5,197,349
Commission		**161,697,733**	133,455,265
Miscellaneous		**723,790**	504,748
		911,073,423	674,269,971

32.1 These include charge in respect of employees retirement benefits amounting Rs. 23.43 million (2018: Rs. 5.48 million).

33 Administrative expenses	Note	2019 Rupees	2018 Rupees
Salaries and benefits	33.1	**338,734,254**	318,980,123
Traveling, conveyance and entertainment		**51,558,346**	36,951,357
Fuel and power		**13,785,590**	10,984,052
Repair and maintenance		**29,834,913**	22,704,059
Rent, rates and taxes		**7,789,632**	7,550,482
Insurance		**1,727,211**	2,980,801
Printing and stationery		**2,834,443**	2,849,211
Communication		**7,543,083**	22,773,931
Legal and professional charges	33.2	**12,451,461**	15,680,594
Depreciation	20.1.3	**11,633,471**	12,664,885
Fee and subscription		**29,936,029**	34,286,264
Miscellaneous		**5,871,191**	5,823,287
		513,699,624	494,229,046

33.1 These include charge in respect of employees retirement benefits amounting Rs 7.39 million (2018: Rs. 16.78 million).

	2019 Rupees	2018 Rupees
33.2 These include following in respect of auditors' remuneration		
Annual statutory audit	**2,539,110**	2,373,000
Half yearly review	**820,000**	780,000
Review report under Code of Corporate Governance	**260,652**	243,600
Certification and other services	**53,500**	50,000
Out of pocket expenses	**357,428**	320,400
	4,030,690	3,767,000

		Note	2019 Rupees	2018 Rupees
34	**Other income**			
	Return on bank deposits		**23,909,667**	15,697,124
	Profit on sales tax refund bonds		**1,589,674**	-
	Reversal of provision for trade debts		**-**	25,849,717
	Gain on disposal of property, plant and equipment	20.1.3	**99,014**	1,358,056
	Miscellaneous		**819,963**	3,575,705
			26,418,318	46,480,602
35	**Other expenses**			
	Provision against trade debts	25.2	**4,878,920**	-
	Deficit on revaluation of assets		**29,057,650**	-
	Workers' profits participation fund	16.1	**26,384,272**	15,740,844
			60,320,842	15,740,844

		Note	2019 Rupees	2018 Rupees
36	**Finance cost**			
	Interest / mark-up on:			
	- Redeemable capital		**277,208,119**	245,970,945
	- Long term finances		**267,143,017**	161,361,676
	- Liabilities against assets subject to finance lease		**3,327,721**	3,357,027
	- Short term borrowings		**408,805,271**	378,755,057
			956,484,128	789,444,705
	Amortization of transaction costs and unwinding effect of present value	10.7 & 11.6	**17,539,907**	16,857,278
	Exchange loss on foreign currency borrowings		**319,095,383**	164,154,809
	Bank discounting and other charges		**235,183,861**	183,783,577
			1,528,303,279	1,154,240,369

		Note	2019 Rupees	2018 Rupees
37	**Taxation**			
	Income tax			
	- current tax	37.1	**195,988,871**	102,453,416
	- deferred tax	37.5	**-**	-
			195,988,871	102,453,416

37.1 Provision for current tax has been made in accordance with section 154 of the Income Tax Ordinance, 2001 ("the Ordinance") and Circular No. 20 of 1992.

37.2 The assessments of the Company up to and including tax year 2018 have been completed except for tax years 2003, 2007, 2008 and 2009 which are referred by the Income Tax Department in Honorable High Court of Lahore ("Court"). However, orders of CIR Appeal and Appellate Tribunal Inland Revenue (ATIR) for mentioned tax years are in the favor of the Company. Even in case of unfavorable decision of the Court, there will be no material impact is expected on the financial statements.

37.3 Other cases involving point of law are subject to adjudication before Honorable Lahore High Court.

37.4 In the year 2012, the Company claimed refund of an amount of Rs. 40.320 million in the sales tax return for the month of November 2012. This relates to payment of FED in sale tax mode to National Bank of Pakistan. The claim was rejected by DCIR, however the Commissioner Appeals has accepted the appeal filed by the Company. The Commissioner Zone-I filed an appeal before the ATIR which has upheld the decision of Commissioner Appeals in favor of the Company. Consequent to this decision, the management is expecting to receive the refund in due course of time.

37.5 Export sales, including proposed claims for indirect exports of the Company are expected to achieve the threshold for the Company, with the option to be taxed under the Final Tax Regime. This trend is expected to continue in foreseeable future. Accordingly, no provision for deferred tax has been made.

	2019 Rupees	2018 Rupees
37.6 Relationship between tax expense and accounting profit		
Profit before tax	**501,301,162**	299,076,038
Tax calculated at the rate of 29% (2018: 30%)	**145,377,337**	89,722,811
Effect of taxes applicable on the basis other than profit	**50,611,534**	12,730,605
Tax charge for the year	**195,988,871**	102,453,416

38 Earning per share - basic and diluted

	Unit	**2019**	2018
38.1 Basic earning per share			
Profit attributable to ordinary shareholders	Rupees	**305,312,291**	196,622,622
Weighted average number of ordinary shares outstanding during the year	No. of shares	**454,871,870**	454,871,870
Earning per share	Rupees	**0.67**	0.43

38.2 Diluted earning per share

There is no dilutive effect on the basic earning per share as the Company does not have any convertible instruments in issue as at June 30, 2019 and June 30, 2018.

39 Cash (used in) / generated from operations	Note	2019 Rupees	2018 Rupees
Profit before tax		**501,301,162**	299,076,038
Adjustments for non-cash and other items			
Interest / mark-up expense	36	**956,484,128**	789,444,705
Gain on disposal of fixed assets	20.1.3	**(99,014)**	(1,358,056)
Provision recognised / (reversed) for bad debts	35	**4,878,920**	(25,849,717)
Profit on sales tax refund bonds		**(1,589,674)**	-
Foreign exchange loss - *net*		**319,095,383**	153,391,825
Deficit on revaluation of operating assets	35	**29,057,650**	-
Depreciation	20.1.3	**459,911,013**	455,661,159
Provision for workers' profit participation fund	35	**26,384,272**	15,740,844
Provision for employee benefits	13.1.4	**151,536,910**	111,184,972
Amortization of transaction costs and deferred notional income	36	**17,539,907**	16,857,278
		1,963,199,495	1,515,073,010
Operating profit before changes in working capital		**2,464,500,657**	1,814,149,048
Changes in working capital			
(Increase) / decrease in current assets:			
Stores, spares and loose tools		**7,704,070**	(5,658,457)
Stock in trade		**(287,826,166)**	(609,056,398)
Trade debts		**(1,867,219,396)**	(77,247,938)
Advances, deposits, prepayments and other receivables		**(227,387,417)**	(403,068,547)
		(2,374,728,909)	(1,095,031,340)
(Decrease) / increase in current liabilities:			
Trade and other payables		**(129,636,238)**	297,294,303
Cash (used in) / generated from operations		**(39,864,490)**	1,016,412,011

40 Cash and cash equivalents at the year end	Note	2019 Rupees	2018 Rupees
Short term borrowings - *running finance - secured*	15	**(679,356,616)**	(707,347,535)
Cash and bank balances	29	**447,992,814**	142,395,327
		(231,363,802)	(564,952,208)

41 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 with the exceptions as approved by the Board of Directors.

During the third quarter ended March 31, 2019, the holding of Jahangir Siddiqui and Company Limited (JSCL) in the Company has decreased from 24.96% to 19.96% and consequently JSCL and its group companies are not considered as related parties as at June 30, 2019. Disclosure of transactions and balances with related parties have been amended accordingly.

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

41.1 Transactions with related parties

41.1.1 Key management personnel

The remuneration paid to chief executive, directors, executive and key management personnel in terms of their employment is disclosed in note 47 to the financial statements.

	2019	2018
41.2 Balances with related parties	**Rupees**	Rupees
41.2.1 Key management personnel		
Short term employee benefits payable	**16,635,125**	13,732,805

42 Financial risk management

The Company's activities expose it to a variety of financial risks which affect its revenues, expenses, assets and liabilities. These risks are as follows:

- Credit risk
- Liquidity risk; and
- Market risk (including currency risk, interest rate risk and price risk)

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Company's Board of Directors ("the Board") has overall responsibility for establishment and oversight of the Company's risk management framework. The Board of Directors has developed a risk policy that sets out fundamentals of risk management framework.

Risk Management Framework

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes shall be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks.

The Company's audit committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. Audit committee is assisted in its oversight role by internal audit department. Internal audit department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

42.1 Credit risk and concentration of credit risk

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment in debt securities. To manage credit risk the Company maintains procedures covering the application for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes the financial viability of all counterparties is regularly monitored and assessed.

42.1.1 Exposure to credit risk

Credit risk of the Company arises principally from the investments, trade debts, trade deposits and other receivables. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk the Company has developed a formal approval process whereby credit limits are applied to its customers. The management continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery. The maximum exposure to credit risk at the reporting date is as follows:

	Note	**2019**	2018
Fair value through OCI		**Rupees**	Rupees
Long term investments	21	**231,864,928**	231,864,928
Short term investments	27	**306,022,500**	306,022,500
At amortized cost			
Long term deposit and receivables			
utility companies, regulatory authorities and others	22	**85,915,246**	34,134,296
Long term deposit - financial institutions	22	**2,902,000**	2,902,000
Trade debts	25	**3,217,169,884**	1,354,829,408
Due from Agritech Limited	26	**68,312,512**	68,312,512
Other receivables - *unsecured, considered good*	26	**1,470,027**	8,634,557
Security deposits	26	**12,066,186**	13,866,138
Margin deposits	26	**37,364,557**	35,710,668
Insurance claims	26	**682,903**	718,085
Cash at banks	29	**445,114,312**	140,350,024
		3,870,997,627	1,659,457,688
		4,408,885,055	2,197,345,116

42.1.2 Concentration of credit risk

The Company identifies concentrations of credit risk by reference to type of counter party. Maximum exposure to credit risk by type of counter party is as follows:

	2019	2018
	Rupees	Rupees
Customers	**3,217,169,884**	1,354,829,408
Banking companies and financial institutions	**482,478,869**	176,060,692
Others	**709,236,302**	666,455,016
	4,408,885,055	2,197,345,116

42.1.3 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates. All counterparties, with the exception of customers, have external credit ratings determined by various credit rating agencies. Credit quality of customers is assessed by reference to historical defaults rates and present ages.

42.1.3(a) Counterparties with external credit ratings

These include banking companies and financial institutions, which are counterparties to cash deposits, security deposits, margin deposits and insurance claims. These are neither past due nor impaired. Credit risk is considered minimal since the counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company. Following are the credit ratings of counterparties with external credit ratings:

Bank	Rating Short term	Rating Long term	Rating agency	2019	2018
				Rupees	Rupees
Bank balances					
Albaraka Bank (Pakistan) Limited	A-1	A	PACRA	**41,070**	41,070
Askari Bank Limited	A-1+	AA+	PACRA	**30**	30
Bank Al-Habib Limited	A1+	AA+	PACRA	**54,296,612**	34,433,051
Bank Alfalah Limited	A-1+	AA+	PACRA	**155,548**	1,009,095
Bank Islami Pakistan Limited	A-1	A+	PACRA	**42,530**	42,530
Faysal Bank Limited	A-1+	AA	PACRA	**859,709**	887,235
Habib Bank Limited	A-1+	AAA	JCR-VIS	**4,074**	4,074
Habib Metropolitan Bank Limited	A-1+	AA+	PACRA	**-**	22,027
JS Bank Limited	A-1+	AA-	PACRA	**10,471,783**	9,811,292
MCB Bank Limited	A-1+	AAA	PACRA	**87,127,803**	53,121,445
Meezan Bank Limited	A-1+	AA+	JCR-VIS	**16,468**	16,468
National Bank of Pakistan	A-1+	AAA	PACRA	**15,960,448**	1,564,883
Silk Bank Limited	A-2	A-	JCR-VIS	**111,613,844**	1,687,327
Soneri Bank Limited	A-1+	AA-	PACRA	**6,274**	4,564
Standard Chartered Bank (Pakistan) Limited	A-1+	AA-	PACRA	**141,357**	141,357
Summit Bank Limited	A-3	BBB-	JCR-VIS	**111,555,357**	36,111,404
Samba Bank Limited	A-1	AA	JCR-VIS	**15,302**	13,960
The Bank of Punjab	A-1+	AA	PACRA	**677**	677
United Bank Limited	A-1+	AAA	JCR-VIS	**1,437,139**	1,437,139
Bank of Khyber	A-1	AA	PACRA	**51,368,287**	396
				445,114,312	140,350,024
Margin deposits					
Summit Bank Limited	A-3	BBB-	JCR-VIS	**37,364,557**	35,710,668

42.1.3(b) Counterparties without external credit ratings

These mainly include customers which are counterparties to trade debts. The Company is exposed to credit risk in respect of trade debts. The Company allows 15 to 180 days credit period to its customers. The analysis of ages of trade debts of the Company as at the reporting date is as follows:

	2019 Gross carrying amount	2019 Accumulated impairment	2018 Gross carrying amount	2018 Accumulated impairment
	Rupees	Rupees	Rupees	Rupees
Not yet due	**3,075,997,290**	**-**	1,065,569,500	-
Past due by 0 to 6 months	**100,564,537**	**-**	157,247,503	-
Past due by 6 to 12 months	**6,651,255**	**-**	44,995,990	-
Past due by more than one year	**496,044,200**	**(462,087,398)**	544,224,893	(457,208,478)
	3,679,257,282	**(462,087,398)**	1,812,037,886	(457,208,478)

42.1.3(c) The Company's five significant customers account for Rs. 1,580.336 million (2018: Rs. 610.062 million) of trade receivables as at the reporting date, apart from which, exposure to any single customer does not exceed 14.75% (2018: 8.5%) of trade receivables as at the reporting date. Further, trade receivables amounting to Rs. 2620.346 million (2018: Rs. 1,082.426 million) secured through confirmed letters of credit and thus do not carry any significant credit risk.

The Board has formulated a policy to create provision allowance for trade debts on a time based criteria. Provision allowance on closing trade receivable balances has adequately been created in accordance with the approved policy. Further, based on historical default rates, the Company believes that no impairment allowance other than already provided is necessary in respect of trade receivables not past due or those past due by less than one year, since these relate to customers who have had good payment record with the Company.

The Company at the time of making investments performs detailed due diligence process to mitigate the risk of failure of the counter party.

42.1.4 Collateral held

The Company does not hold any collateral to secure its financial assets with the exception of trade debts, which are partially secured through confirmed letters of credit and investment in debt securities which are secured by charge over issuer's operating assets.

42.1.5 Credit risk management

As mentioned in note 42.1.3(b) to the financial statements, the Company's financial assets do not carry significant credit risk, with the exception of trade debts, which are exposed to losses arising from any non-performance by counterparties. In respect of trade debts, the Company manages credit risk by limiting significant exposure to any single customer. Formal policies and procedures of credit management and administration of receivables are established and executed. In monitoring customer credit risk, the ageing profile of total receivables and individually significant balances, along with collection activities are reviewed on a regular basis. High risk customers are identified and restrictions are placed on future trading, including suspending future shipments and administering dispatches on a prepayment basis or confirmed letters of credit.

42.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets, or that such obligations will have to be settled in a manner unfavorable to the Company. Management closely monitors the Company’s liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customers.

42.2.1 Exposure to liquidity risk

42.2.1(a) Contractual maturities of financial liabilities, including estimated interest payments

The following are the remaining contractual maturities at the reporting date. The amounts are grossed and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

	Note	2019				
		Carrying amount	**Contractual cash flows**	**One year or less**	**One to three years**	**More than three years**
		Rupees				
Non-derivative financial liabilities						
Redeemable capital	10	**5,898,199,805**	**5,920,687,064**	**5,920,687,064**	**-**	**-**
Long term finances	11	**2,157,288,015**	**2,160,626,968**	**2,160,626,968**	**-**	**-**
Liabilities against assets subject to finance lease	12	**9,869,079**	**11,406,893**	**3,195,465**	**8,211,428**	**-**
Preference shares	14	**148,367,255**	**157,780,790**	**157,780,790**	**-**	**-**
Short term borrowings	15	**5,647,437,315**	**5,730,948,607**	**5,730,948,607**	**-**	**-**
Trade creditors	16	**1,116,615,040**	**1,116,615,017**	**1,116,615,017**	**-**	**-**
Contract liabilities		**43,666,216**	**43,666,216**	**43,666,216**	**-**	**-**
Accrued liabilities	16	**557,833,297**	**557,833,297**	**532,949,464**	**-**	**-**
Gratuity payable	13	**343,664,154**	**343,664,154**	**343,664,154**	**-**	
Workers' profits participation fund	16	**26,384,272**	**26,384,272**	**26,384,272**	**-**	
Other payables	16	**16,756,287**	**16,756,287**	**16,756,287**	**-**	**-**
Mark-up accrued on borrowings	17	**5,632,400,679**	**5,632,400,679**	**5,632,400,679**	**-**	**-**
Dividend payable	18	**13,177,440**	**13,177,439**	**13,177,439**	**-**	**-**
		21,611,658,854	**21,731,947,683**	**21,698,852,422**	**8,211,428**	**-**

	Note	2018				
		Carrying amount	Contractual cash flows	One year or less	One to three years	More than three years
		Rupees				
Non-derivative financial liabilities						
Redeemable capital	10	5,931,872,981	5,981,776,399	5,823,375,095	158,401,304	-
Long term finances	11	1,838,192,632	1,836,939,578	1,438,809,260	398,130,318	-
Liabilities against assets subject to finance lease	12	62,272,125	65,188,096	57,237,097	5,976,894	1,974,105
Preference shares	7	148,367,255	157,780,790	157,780,790	-	-
Short term borrowings	15	4,590,852,774	4,911,397,691	4,911,397,691	-	-
Trade creditors	16	1,253,182,003	1,253,182,003	1,253,182,003	-	-
Contract liabilities		35,162,390	35,162,390	35,162,390		
Accrued liabilities	16	513,033,612	513,033,613	513,033,613	-	-
Gratuity payable	16	232,042,381	232,042,381	232,042,381		
Worker's proit participation fund	16	15,740,844	15,740,844	15,740,844		
Other payables	16	11,182,320	11,182,320	11,182,320	-	-
Mark-up accrued on borrowings	17	4,809,245,944	4,809,245,940	4,809,245,940	-	-
Dividend payable	18	13,196,540	13,196,557	13,196,557	-	-
		19,454,343,801	19,835,868,602	19,271,385,981	562,508,516	1,974,105

42.2.2 Liquidity risk management

The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company is facing a temporary 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:

	2019		
	Principal	**Preference dividend / interest / mark-up**	**Total**
	---------- Rupees ----------		
Nature of liability			
Redeemable capital	**5,762,285,760**	**2,030,033,464**	**7,792,319,224**
Long term finances	**2,157,288,015**	**1,174,209,075**	**3,331,497,090**
Preference shares	**148,367,255**	**9,413,535**	**157,780,790**
Short term borrowings	**474,015,216**	**2,029,402,870**	**2,503,418,086**
Bills payables	**337,503,037**	**290,339,100**	**627,842,137**
	8,879,459,283	**5,533,398,044**	**14,412,857,327**

	2018		
	Principal	Preference dividend / interest / mark-up	Total
	---------- Rupees ----------		
Nature of liability			
Redeemable capital	5,705,349,572	1,743,363,497	7,448,713,069
Long term finances	1,838,192,632	931,987,305	2,770,179,937
Preference shares	148,367,255	9,413,535	157,780,790
Short term borrowings	474,015,217	1,826,598,019	2,300,613,235
Bills payables	337,503,037	235,949,100	573,452,137
	8,503,427,712	4,747,311,456	13,250,739,168

As mentioned in note 2.3, the financial restructuring is in process. For the said purpose, the Honarable Lahore High Court has approved the scheme of arrangement filed by the creditors for restructuring of over due principal as well as interest / mark-up accrued.

42.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return.

42.3.1 Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currency of the Company. The functional currency of the Company is Pak Rupee. The currencies in which these transactions are primarily denominated are Euros and US dollars.

42.3.1(a) Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows:

	2019		
	EURO	**USD**	**Total**
	Rupees		
Assets			
Trade debts	**591,450,110**	**2,731,384,340**	**3,322,834,450**
Cash and bank balances	**494,551**	**195,770**	**690,321**
	591,944,661	**2,731,580,110**	**3,323,524,771**
Liabilities			
Long term finances	**(1,313,686,606)**	**-**	**(1,313,686,606)**
Mark-up accrued on borrowings	**(502,635,152)**	**-**	**(502,635,152)**
Trade creditors	**(17,381,188)**	**(100,579,330)**	**(117,960,518)**
Bills payable	**(960,472)**	**(142,412,126)**	**(143,372,598)**
	(1,834,663,418)	**(242,991,456)**	**(2,077,654,874)**
Net balance sheet exposure	**(1,242,718,757)**	**2,488,588,654**	**1,245,869,897**

	2018		
	EURO	USD	Total
	Rupees		
Assets			
Trade receivables	319,101,365	1,362,559,275	1,681,660,640
Cash and bank balances	374,424	144,715	519,139
	319,475,789	1,362,703,990	1,682,179,779
Liabilities			
Long term finances	(994,591,224)	-	(994,591,224)
Mark-up accrued on borrowings	(320,779,097)	-	(320,779,097)
Trade creditors	(24,860,584)	(91,582,344)	(116,442,928)
Bills payable	-	(215,249,507)	(215,249,507)
	(1,340,230,905)	(306,831,851)	(1,647,062,756)
Net balance sheet exposure	(1,020,755,116)	1,055,872,139	35,117,023

42.3.1(b) Exchange rates applied during the year

The following significant exchange rates have been applied during the year:

	2019			2018		
	Reporting date spot rate		**Average rate**	Reporting date spot rate		Average rate
	Buying	**Selling**	**for the year**	Buying	Selling	for the year
	Rupees			Rupees		
EURO	186.37	186.99	156.63	141.33	141.57	131.13
USD	164.00	164.50	137.29	121.40	121.60	109.97

42.3.1(c) Sensitivity analysis

A reasonably possible strengthening / (weakening) of 10% in Pak Rupee against the following currencies would have affected the measurement of financial instruments denominated in foreign currency and affected equity and profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	2019	2018
	Profit	Profit
	------ **Rupees** ------	
EURO	**(124,271,876)**	(102,075,512)
USD	**248,858,865**	105,587,214
	124,586,989	3,511,702

42.3.1(d) Currency risk management

The Company manages its exposure to currency risk through continuous monitoring of expected / forecast committed and non-committed foreign currency payments and receipts. Reports on forecast foreign currency transactions, receipts and payments are prepared on monthly basis, exposure to currency risk is measured and appropriate steps are taken to ensure that such exposure is minimized while optimizing return. This includes matching of foreign currency liabilities / payments to assets / receipts, using source inputs in foreign currency. The Company maintains foreign currency working capital lines in order to finance production of exportable goods. Proceeds from exports are used to repay / settle / rollover the Company's obligations under these working capital lines which substantially reduces exposure to currency risk in respect of such liabilities. Balances in foreign currency are also maintained in current and saving / deposits accounts with banking companies.

42.3.2 Interest rate risk

Interest rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in interest rates. Sensitivity to interest rate risk arises from mismatch of financial assets and financial liabilities that mature or re-price in a given period.

42.3.2(a) Interest / mark-up bearing financial instruments

The effective interest / mark-up rates for interest / mark-up bearing financial instruments are mentioned in relevant notes to the financial statements. The Company's interest / mark-up bearing financial instruments as at the reporting date are as follows:

	2019		2018	
	Financial asset	**Financial liability**	Financial asset	Financial liability
	-------------- **Rupees** ----------------		---------------- Rupees -------------	
Non-derivative financial instruments				
Fixed rate instruments	**170,163,740**	**692,023,439**	88,928,298	692,023,439
Variable rate instruments	**266,074,508**	**9,950,837,987**	266,074,508	8,661,234,298

42.3.2(b) Fair value sensitivity analysis for fixed rate instruments

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

42.3.2(c) Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit by amounts shown below. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant.

	2019 Rupees	2018 Rupees
Increase of 100 basis points	**(96,847,635)**	(83,951,598)
Decrease of 100 basis points	**96,847,635**	83,951,598

42.3.2(d) Interest rate risk management

The Company manages interest rate risk by analyzing its interest rate exposure on a dynamic basis. Cash flow interest rate risk is managed by simulating various scenarios taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Company calculates impact on profit after taxation and equity of defined interest rate shift, mostly 100 basis points.

As mentioned in note 2.3, the financial restructuring is in process. It is anticipated that on completion of financial restructuring, there would be decrease in liabilities and interest cost.

42.3.3 Price risk

Price risk represents the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments.

42.4 Fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date plus an adequate credit spread. For instruments carried at amortized cost, since the majority of the interest bearing investments are variable rate based instruments, there is no difference in carrying amount and the fair value. Further, for fixed rate instruments, since there is no significant difference in market rate and the rate of instrument and therefore most of the fixed rate instruments are short term in nature, fair value significantly approximates to carrying value.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)

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

The following table presents the Funds/Company's financial assets which are carried at fair value:

	2019			
	Level 1	**Level 2**	**Level 3**	**Total**
	------ **Rupees** ------			
Financial assets - at fair value				
FVTOCI - Listed Securities				
Agritech Limited	**-**	**231,864,928**	**306,022,500**	**537,887,428**
	-	**231,864,928**	**306,022,500**	**537,887,428**

	2018			
	------ Rupees ------			
Financial assets - at fair value				
FVTOCI - Listed Securities				
Agritech Limited	-	231,864,928	306,022,500	537,887,428
	-	231,864,928	306,022,500	537,887,428

42.4.1 Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non–financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods.

Debt investments - level 2

Debt investments are fair valued using a discounted cash flow approach, which discounts the contractual cash flows using discount rates derived from observable market prices of other quoted debt instruments of the counterparties

Long term investments - level 3

The amount of Rs.306 million in level 3 represents 58,290,000 preference shares of agritech Limited (June 2018: Rs. 306 million) received as part consideration against sale of ordinary shares of Agritech Limited to National Bank of Pakistan. The Company has a put option to sell these shares to NBP at the purchase price of Rs. 5.25, depending on certain underlying conditions being met. The Company has recognised these shares at Rs. 5.25 instead of their quoted market value.

42.4.2 Significance of fair value accounting estimates to the Company's financial position and performance

The Company uses fair value accounting for its financial instruments in determining its overall financial position and in making decisions about individual financial instruments. This approach reflects the judgment of the Company about the present value of expected future cash flows relating to an instrument. The management believes that fair value information is relevant to many decisions made by users of financial statements as it permits comparison of financial instruments having substantially the same economic characteristics and provides neutral basis for assessing the management's stewardship by indicating effects of its decisions to acquire, sell or hold financial assets and to incur, maintain or discharge financial liabilities.

42.5 Financial liabilities at amortised cost

	2019 Rupees	2018 Rupees
Redeemable capital - secured	**5,871,464,611**	5,903,961,138
Long term finances - secured	**2,148,694,107**	1,824,577,903
Preference shares	**148,367,255**	148,367,255
Liabilities against assets subject to finance lease - secured	**9,869,079**	62,272,125
Deferred liability	**343,664,154**	232,042,381
Trade and other payables	**1,732,596,807**	1,811,392,722
Contract liabilities	**43,666,216**	35,162,390
Interest / mark-up accrued on borrowings	**5,632,400,679**	4,809,245,944
Short-term borrowings	**5,647,437,315**	4,590,852,774
Dividend payable on preference shares	**9,413,535**	9,413,535
Unclaimed dividend on ordinary shares	**3,763,905**	3,783,005
Provision for taxation	**31,594,839**	7,374,778
	21,622,932,502	19,438,445,950

43 Reconciliation of liablities arising from financing activities

	June 30, 2018	**Availed during the year**	**Repaid during the year**	**Foreign exchange losses-Non cash changes**	**June 30, 2019**
Redeemable capital - secured	**5,931,872,981**	**-**	**(33,673,176)**	**-**	**5,898,199,805**
Long term finance	**1,838,192,632**	**-**	**-**	**319,095,383**	**2,157,288,015**
Liabilities against assets subject to finance lease - secured	**62,272,125**		**(52,403,046)**	**-**	**9,869,079**
Short term borrowing	**4,590,852,774**	**3,779,116,441**	**(2,722,531,900)**	**-**	**5,647,437,315**
	12,423,190,512	**3,779,116,441**	**(2,808,608,122)**	**319,095,383**	**13,712,794,214**

	June 30, 2017	Availed during the year	Repaid during the year	Foreign exchange losses-Non cash changes	June 30, 2018
Redeemable capital - secured	5,965,546,157	-	(33,673,176)	-	5,931,872,981
Long term finance	1,687,637,499	-	-	150,555,133	1,838,192,632
Liabilities against assets subject to finance lease - secured	48,956,812	67,975,000	(54,659,687)	-	62,272,125
Short term borrowing	4,691,105,238	2,107,398,094	(2,221,250,234)	13,599,676	4,590,852,774
	12,393,245,706	2,175,373,094	(2,309,583,097)	164,154,809	12,423,190,512

44 Segment information

44.1 Information about reportable segments

	Spinning segment		Weaving segment		Garment segment		Elimination		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	Rupees	Rupees	**Rupees**	Rupees	**Rupees**	Rupees	**Rupees**	Rupees	**Rupees**	Rupees
44.1.1 Segment revenues and results										
Revenue										
External revenues	**2,231,770,220**	1,583,031,631	**6,751,557,498**	6,344,194,748	**11,231,643,024**	8,055,208,940			**20,214,970,742**	15,982,435,319
Inter-segment revenues	**408,615,537**	321,871,535	**3,213,800,636**	2,414,064,491	**10,861,694**	4,643,523	**(3,633,277,867)**	(2,740,579,549)	**-**	-
Reportable segment revenue	**2,640,385,757**	1,904,903,166	**9,965,358,135**	8,758,259,239	**11,242,504,717**	8,059,852,463	**(3,633,277,867)**	(2,740,579,549)	**20,214,970,742**	15,982,435,319
Cost of sales										
-intersegment	**(408,615,537)**	(321,871,535)	**(3,213,800,636)**	(2,414,064,491)	**(10,861,694)**	(4,643,523)	**3,633,277,867**	2,740,579,549	**-**	-
-external	**(2,087,677,581)**	(1,539,936,506)	**(5,495,469,313)**	(5,247,214,691)	**(9,143,543,836)**	(6,604,208,455)	**-**	-	**(16,726,690,730)**	(13,391,359,653)
	(2,496,293,119)	(1,861,808,041)	**(8,709,269,949)**	(7,661,279,182)	**(9,154,405,530)**	(6,608,851,978)	**3,633,277,867**	2,740,579,549	**(16,726,690,730)**	(13,391,359,653)
Gross profit	**144,092,638**	43,095,125	**1,256,088,186**	1,096,980,057	**2,088,099,188**	1,451,000,485	**-**	-	**3,488,280,012**	2,591,075,666
Selling and distribution expenses	**(34,961,840)**	(29,832,015)	**(323,036,993)**	(312,888,223)	**(553,074,590)**	(331,549,733)	**-**	-	**(911,073,423)**	(674,269,971)
Administrative expenses	**(96,360,964)**	(84,113,631)	**(172,247,476)**	(202,634,077)	**(245,091,184)**	(207,481,337)	**-**	-	**(513,699,624)**	(494,229,046)
	(131,322,803)	(113,945,646)	**(495,284,470)**	(515,522,300)	**(798,165,774)**	(539,031,070)	**-**	-	**(1,424,773,047)**	(1,168,499,017)
Segment results	**12,769,835**	(70,850,521)	**760,803,716**	581,457,756	**1,289,933,414**	911,969,414	**-**	-	**2,063,506,965**	1,422,576,649
Other income									**26,418,318**	46,480,602
Other expenses									**(60,320,842)**	(15,740,844)
Finance cost									**(1,528,303,279)**	(1,154,240,369)
Taxation									**(195,988,871)**	(102,453,416)
Profit after taxation									**305,312,291**	196,622,622

44.1.2 Inter-segment sales and purchases

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

44.1.3 Basis of inter-segment pricing

All inter-segment transfers are made at negotiated rates.

	Spinning segment		Weaving segment		Garment segment		Elimination		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	Rupees	Rupees	**Rupees**	Rupees	**Rupees**	Rupees	**Rupees**	Rupees	**Rupees**	Rupees
44.1.4 Assets										
Total assets for reportable segments	**4,761,899,330**	4,716,652,742	**9,198,182,947**	8,622,533,078	**7,705,319,196**	5,629,085,189	**(554,079,771)**	(398,939,133)	**21,111,321,701**	18,569,331,876
Property, plant and equipment - common									**1,037,277,117**	759,961,473
Long term investments									**231,864,928**	231,864,928
Short term investments									**306,022,500**	306,022,500
	4,761,899,330	4,716,652,742	**9,198,182,947**	8,622,533,078	**7,705,319,196**	5,629,085,189	**(554,079,771)**	(398,939,133)	**22,686,486,246**	19,867,180,777
44.1.5 Liabilities										
Total liabilities for reportable segments	**387,510,160**	344,937,891	**969,264,571**	806,033,777	**1,330,409,697**	1,339,761,498	**(554,079,771)**	(398,939,133)	**2,133,104,657**	2,091,794,033
Corporate liabilities - common	-	-	-	-	-	-	-	-	**19,489,827,846**	17,346,651,911
	387,510,160	344,937,891	**969,264,571**	806,033,777	**1,330,409,697**	1,339,761,498	**(554,079,771)**	(398,939,133)	**21,622,932,503**	19,438,445,944

44.1.6 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.

	2019 Rupees	2018 Rupees
Revenue		
Foreign revenue		
Asia	**2,643,966,746**	2,455,304,310
Europe	**12,025,146,362**	9,632,074,693
South America	**2,466,869**	1,342,733
North America	**42,108,558**	10,579,276
Africa	**6,914,126**	125,262,189
Other countries	**3,344,331,746**	1,918,790,365
	18,064,934,407	14,143,353,566
Local revenue		
Pakistan	**1,557,832,910**	984,077,501
	19,622,767,317	15,127,431,067
44.1.7 Non-current assets		
Pakistan	**10,488,346,889**	13,484,348,441
	10,488,346,889	13,484,348,441

45 Capital management

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

i. to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
ii. to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

	Unit	2019	2018
Total debt	Rupees	**8,065,356,899**	7,817,737,737
Total equity including revaluation surplus	Rupees	**1,063,553,744**	428,734,827
Total capital employed	Rupees	**9,128,910,643**	8,246,472,564
Gearing	Percentage	**88.35%**	94.80%

Total debt comprises of redeemable capital, long term finances and liabilities against assets subject to finance lease.

There were no changes in the Company's approach to capital management during the year. However, defaults / overdue relating to financial obligations of the Company may cause changes in the Company's approach to capital management. The Company is not subject to externally imposed capital requirements, except those, related to maintenance of debt covenants including restriction on dividend declaration, imposed by the providers of debt finance which the Company could not comply as at the reporting date. The consequences of non-compliance are narrated in note 2.4.

	2019	2018
46 Restriction on title and assets pledged as security	**Rupees**	Rupees
Mortgages and charges		
First		
Hypothecation of all present and future assets and properties	**27,000,000,000**	27,000,000,000
Mortgage over land and building	**27,000,000,000**	27,000,000,000
Ranking		
Hypothecation of all present and future assets and properties	**4,666,666,667**	4,666,666,667
Mortgage over land and building	**4,666,666,667**	4,666,666,667
Hypothecation of all present and future assets and properties	**750,000,000**	750,000,000
Mortgage over land and building	**750,000,000**	750,000,000
Pledge		
Raw material	**346,284,810**	361,208,710
Finished goods	**331,302,450**	351,832,350
Investments in debt securities	**126,080,519**	126,080,519

47 Remuneration of chief executive, directors and executives

The aggregate amount in respect of chief executive, directors and executives on account of managerial remuneration, perquisites and benefits, post employment benefits and the number of such directors and executives are as follows:

	2019			
		Directors		
	Chief Executive	**Executive**	**Non-executive**	**Executives**
	Rupees			
Managerial remuneration	**18,000,000**	**5,333,332**	**-**	**176,288,167**
Medical	**1,800,000**	**533,332**	**-**	**17,628,846**
Utilities and house rent	**7,200,000**	**2,233,336**	**-**	**76,143,517**
Post employment benefits	**1,500,000**	**444,444**	**-**	**14,690,681**
	28,500,000	**8,544,444**	**-**	**284,751,211**
Number of persons as at year end	**1**	**1**	**6**	**80**

	2018			
		Directors		
	Chief Executive	Executive	Non-executive	Executives
	Rupees			
Managerial remuneration	15,999,996	4,966,665	-	143,826,994
Medical	1,599,996	496,665	-	14,382,701
Utilities and house rent	6,400,008	2,036,670	-	59,864,325
Post employment benefits	1,333,333	413,889	-	11,985,583
	25,333,333	7,913,889	-	230,059,603
Number of persons as at year end	1	1	6	68

47.1 The Chief Executive is provided with free use of Company maintained car.

47.2 Aggregate amount charged in the financial statements for meeting fee to six directors (2018: six directors) was Rs. 3.980 million (2018: Rs 1 million).

48 Plant capacity and actual production

Spinning	**Unit**	**2019**	2018
Number of rotors installed	No.	**3,304**	3,304
Annual installed capacity			
converted into 10s count	Kgs	**12,184,435**	12,184,435
Actual production converted into 10s count for the year	Kgs	**9,205,399**	8,025,873
Number of spindles installed	No.	**54,888**	54,888
Annual installed capacity			
converted into 20s count	Kgs	**14,668,821**	14,668,821
Weaving			
Number of looms installed	No.	**242**	242
Annual installed capacity			
converted into 48.5 picks	Mtrs.	**40,037,984**	40,037,984
Actual production converted into 48.5 picks	Mtrs.	**28,282,616**	30,427,617
Garments			
Number of stitching machines installed	No.	**2,996**	2,824
Annual installed capacity	Pcs	**14,280,000**	13,680,000
Actual production for the year	Pcs	**10,479,097**	9,812,931

It is difficult to precisely describe production capacity and the resultant production converted into base count in the textile industry since it fluctuates widely depending on various factors such as count of yarn spun, raw materials used, spindle speed and twist, picks etc. It would also vary according to the pattern of production adopted in a particular year.

49 Number of employees

The average and total number of employees are as follows:

	2019	2018
Average number of employees during the year	**6,763**	5,992
Total number of employees as at end of year	**6,973**	6,438

50 Corresponding figures

Corresponding figures have been re-arranged, where necessary, for the purpose of comparison. Significant reclassifications for better presentation include foreign exchange gain amounting to Rs. 10.76 million previously included in Other income - Foreign exchange gain now presented in Sales while communication expense included in the head of Selling and Distribution expenses has been reclassified to advertisement and marketing expense of the same head amounting Rs. 46.52 million.

51 Date of authorization for issue

These financial statements were authorized for issue on September 28, 2019 by the Board of Directors of the Company.

52 General

Figures have been rounded off to the nearest rupee.

Lahore	Chief Executive Officer	Director	Chief Financial Officer

FORM 34

THE COMPANIES ACT, 2017
THE COMPANIES (GENERAL PROVISIONS AND FORMS) REGULATIONS, 2018
[Section 227(2)(f)]

PATTERN OF SHAREHOLDING
(ORDINARY SHARES)

PART-I

1.1 Name of the Company: **AZGARD NINE LIMITED**

PART-II

2.1 Pattern of holding of the shares held by the Shareholders as at: 30 06 2019

2.2

Number of Shareholders	Shareholdings from		to		Total Shares held
381	1	-	100	Shares	13,162
687	101	-	500	Shares	270,012
721	501	-	1000	Shares	657,235
1297	1001	-	5000	Shares	3,598,390
458	5001	-	10000	Shares	3,645,739
127	10001	-	15000	Shares	1,663,314
109	15001	-	20000	Shares	2,008,211
76	20001	-	25000	Shares	1,811,707
40	25001	-	30000	Shares	1,148,457
20	30001	-	35000	Shares	663,048
35	35001	-	40000	Shares	1,351,596
14	40001	-	45000	Shares	606,500
34	45001	-	50000	Shares	1,671,522
10	50001	-	55000	Shares	529,921
12	55001	-	60000	Shares	709,500
13	60001	-	65000	Shares	809,526
13	65001	-	70000	Shares	893,869
8	70001	-	75000	Shares	587,061
3	75001	-	80000	Shares	238,500
5	80001	-	85000	Shares	416,948
4	85001	-	90000	Shares	352,500
3	90001	-	95000	Shares	275,244
18	95001	-	100000	Shares	1,794,000
5	100001	-	105000	Shares	510,714
2	105001	-	110000	Shares	216,200
6	110001	-	115000	Shares	676,750
1	115001	-	120000	Shares	117,500
7	120001	-	125000	Shares	864,000
1	125001	-	130000	Shares	130,000
4	130001	-	135000	Shares	531,400

2	135001 -	140000	Shares	276,000
3	140001 -	145000	Shares	429,500
8	145001 -	150000	Shares	1,200,000
1	150001 -	155000	Shares	152,000
2	160001 -	165000	Shares	330,000
5	165001 -	170000	Shares	845,500
2	170001 -	175000	Shares	347,000
4	175001 -	180000	Shares	707,197
1	185001 -	190000	Shares	187,000
1	190001 -	195000	Shares	195,000
6	195001 -	200000	Shares	1,200,000
3	200001 -	205000	Shares	611,500
1	205001 -	210000	Shares	210,000
1	210001 -	215000	Shares	215,000
2	220001 -	225000	Shares	446,500
1	225001 -	230000	Shares	226,000
2	230001 -	235000	Shares	466,500
1	235001 -	240000	Shares	239,000
1	240001 -	245000	Shares	242,500
2	245001 -	250000	Shares	500,000
1	250001 -	255000	Shares	253,000
1	290001 -	295000	Shares	291,000
3	295001 -	300000	Shares	900,000
1	300001 -	305000	Shares	301,500
2	320001 -	325000	Shares	650,000
1	325001 -	330000	Shares	330,000
2	330001 -	335000	Shares	668,854
1	335001 -	340000	Shares	336,102
2	345001 -	350000	Shares	700,000
1	350001 -	355000	Shares	355,000
1	360001 -	365000	Shares	364,000
1	365001 -	370000	Shares	369,500
2	395001 -	400000	Shares	800,000
1	475001 -	480000	Shares	478,523
1	495001 -	500000	Shares	500,000
2	505001 -	510000	Shares	1,012,500
1	535001 -	540000	Shares	537,000
1	545001 -	550000	Shares	550,000
1	555001 -	560000	Shares	558,000
1	575001 -	580000	Shares	580,000
1	615001 -	620000	Shares	620,000
1	620001 -	625000	Shares	624,500
1	650001 -	655000	Shares	655,000
1	720001 -	725000	Shares	723,722
1	735001 -	740000	Shares	736,455
1	795001 -	800000	Shares	799,000

1	895001	-	900000	Shares	900,000
1	910001	-	915000	Shares	914,000
1	995001	-	1000000	Shares	1,000,000
1	1020001	-	1025000	Shares	1,024,500
1	1045001	-	1050000	Shares	1,050,000
1	1155001	-	1160000	Shares	1,155,500
1	1185001	-	1190000	Shares	1,187,500
1	1350001	-	1355000	Shares	1,351,000
1	1355001	-	1360000	Shares	1,359,000
1	1450001	-	1455000	Shares	1,453,500
1	1795001	-	1800000	Shares	1,800,000
1	1805001	-	1810000	Shares	1,805,500
1	1940001	-	1945000	Shares	1,942,000
1	1995001	-	2000000	Shares	2,000,000
1	2125001	-	2130000	Shares	2,126,500
1	2230001	-	2235000	Shares	2,235,000
1	2275001	-	2280000	Shares	2,279,000
1	2380001	-	2385000	Shares	2,380,260
1	2575001	-	2580000	Shares	2,577,500
1	2975001	-	2980000	Shares	2,980,000
1	3095001	-	3100000	Shares	3,100,000
1	3595001	-	3600000	Shares	3,600,000
1	3895001	-	3900000	Shares	3,900,000
1	3910001	-	3915000	Shares	3,913,972
1	3995001	-	4000000	Shares	4,000,000
1	4095001	-	4100000	Shares	4,096,000
1	4145001	-	4150000	Shares	4,150,000
1	4585001	-	4590000	Shares	4,586,819
1	5595001	-	5600000	Shares	5,600,000
1	6045001	-	6050000	Shares	6,050,000
1	6525001	-	6530000	Shares	6,528,418
1	7465001	-	7470000	Shares	7,470,000
1	7495001	-	7500000	Shares	7,500,000
1	8400001	-	8405000	Shares	8,401,344
1	9165001	-	9170000	Shares	9,167,500
1	9495001	-	9500000	Shares	9,500,000
1	9735001	-	9740000	Shares	9,735,883
1	11625001	-	11630000	Shares	11,628,500
1	11660001	-	11665000	Shares	11,663,656
1	14520001	-	14525000	Shares	14,521,500
1	15370001	-	15375000	Shares	15,373,845
1	19220001	-	19225000	Shares	19,222,500
1	19585001	-	19590000	Shares	19,586,000
1	22395001	-	22400000	Shares	22,400,000
1	22505001	-	22510000	Shares	22,510,000
1	35445001	-	35450000	Shares	35,450,000
1	89690001	-	89695000	Shares	89,690,363
4243			**TOTAL**		**449,349,439**

2.3	Categories of Shareholders	Shares held	Percentage
2.3.1	Directors, Chief Executive Officer, and their spouse and minor children	35,628,088	7.93%
2.3.2	Associated Companies, undertakings and related parties	-	0.00%
2.3.3	NIT and ICP	8,398	0.00%
2.3.4	Banks, Development Financial Institutions, Non-Banking Financial Institutions	12,317,627	2.74%
2.3.5	Insurance Companies	6,967,079	1.55%
2.3.6	Modarabas and Mutual Funds	-	0.00%
2.3.7	Shareholders holding 10%	89,690,363	19.96%
2.3.8	General Public		
	a. Local	208,064,148	46.30%
	b. Foreign	6,638,335	1.48%
2.3.9	Others		
	Investment Companies	89,739,139	19.97%
	Joint Stock Companies	84,783,923	18.87%
	Provident/Pension Funds and Misc.	5,202,702	1.16%

Form of Proxy
Azgard Nine Limited

I/We ____

son/daughter of/wife of ____

a member of Azgard Nine Limited and holder of ______________________ ordinary shares as

per Registered Folio No.______________ do hereby appoint Mr./Ms./Mrs. ______________

son/daughter of/wife of______________________________________ or failing him/her

Mr./Ms./Mrs.____

son/daughter of/wife of ____

who is also member of the Company vide Registered Folio No. ______________________

as my/our proxy to attend, speak and vote for me/us and on my/our behalf at the 26th Annual General Meeting of the Company to be held on Monday, the 28th October 2019 at 11:00 a.m. at the Registered Office of the Company, Ismail Aiwan-i-Science, Off: Shahrah-i-Roomi, Lahore and at any adjournment thereof.

In witness whereof on this__________day of __________ 2019

WITNESSES

1. Signature ______________

   Name ______________

   Address ______________

   CNIC ______________

2. Signature ______________

   Name ______________

   Address ______________

   CNIC ______________

Affix Revenue Stamp Member's Signature Over Revenue Stamp

NOTE:

1. The Form of Proxy should be deposited at the Registered Office of the Company not later than 48 hours before the time for holding the meeting.

2. CDC Shareholders, entitled to attend and vote at this meeting, must bring with them their National Identity Cards/Passport in original to provide his/her identity, and in case of Proxy, must enclosed as attested copy of his/her CNIC or Passport. Representative of corporate members should bring the usual documents for such purpose.

AFFIX
CORRECT
POSTAGE

The Company Secretary
AZGARD NINE LIMITED
Ismail Aiwan-e-Science
Off: Shahrah-i-Roomi
Lahore-54600, Pakistan.

پراکسی فارم

ایز گارڈ نائن لمیٹڈ

میں/ہم ....

ولد/دختر/ازوجہ ....

ایز گارڈ نائن لمیٹڈ کاممبراورہولڈر ....

عمومی شیئرزاوررجسٹرڈفولیونمبر .... جناب/محترمہ ....

ولد/دختر/ازوجہ ....

کاتقرر کرتا/کرتی ہوں یااس کے ناکام ہونے پر ....

ولد/دختر/ازوجہ ....

جوکہ خودبھی کمپنی کا/کی رجسٹرڈفولیونمبر .... کے تحت ممبر ہے میرے/ہمارے پروکسی کے طور پرشرکت کرے،تقریر/بیان کرے،

میرے/ہمارے لئے ووٹ دے کمپنی کے چھبیویں سالانہ اجلاس عام جوکہ بروز پیر 28 اکتوبر 2019 بوقت 11:00 بجے صبح

بمقام کمپنی کے رجسٹرڈ آفس: اسماعیل ایوان سائنس، آف شاہراہ رومی، لاہور میں منعقد ہوگا اوراسکے کسی التواء کی صورت میں۔

مورخہ .... 2019 کوروبروگواہان تحریر کیا ہے۔

گواہ شد	گواہ شد	ریونیوٹکٹ لگائیں
دستخط	دستخط	ریونیوٹکٹ پر ممبر کے دستخط
نام	نام	
پتہ	پتہ	
شناختی کارڈنمبر	شناختی کارڈنمبر	

نوٹ:

1۔ پراکسی فارم کولازمی طور پرکمپنی کے رجسٹرڈ آفس میں اجلاس سے 48 گھنٹے قبل جمع کروائیں۔

2۔ CDC شیئر ہولڈرز اجلاس میں شامل ہونے اورووٹ دینے کے اہل اپنا شناختی کارڈ/سپورٹ اپنے شناخت کے طور پر پیش کریں گےاور پراکسی کی صورت میں لازمی تصدیق شدہ شناختی کارڈیاپاسپورٹ کی کاپی منسلک کریں گے کارپوریٹ ممبرز کے نمائندگان اس مقصد کیلئے عمومی کاغذات ہمراہ لائیں گے۔

AFFIX
CORRECT
POSTAGE

The Company Secretary
AZGARD NINE LIMITED
Ismail Aiwan-e-Science
Off: Shahrah-i-Roomi
Lahore-54600, Pakistan.

AZGARD-9

Contact info:
Registered/Head Office:
AZGARD NINE LIMITED
Ismail Aiwan-i-Science,
Off: Shahrah-i-Roomi,
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