

ANNUAL REPORT 2020

AZGARD9
TOMORROW'S DENIM. TODAY!



There's pride before fashion.
Commitment before fashion.
Courage imagination and passion
before fashion.
There's innovation. There's trust.
There's an entire world out there that
needs us to care... before fashion.
We come before fashion.
And because we do, the future comes
too.

AZGARD9. Future Before Fashion.

Index

VISION AND MISSION STATEMENT	03
COMPANY INFORMATION	04
CHAIRMAN'S REVIEW	06
DIRECTORS' REPORT (ENGLISH)	07
DIRECTORS' REPORT (URDU)	16
CORPORATE SOCIAL RESPONSIBILITY	24
NOTICE OF ANNUAL GENERAL MEETING	33
FINANCIAL HIGHLIGHTS	35
STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019	36
REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE	38
FINANCIAL STATEMENTS	39
AUDITORS' REPORT TO THE MEMBERS	40
STATEMENT OF FINANCIAL POSITION	44
STATEMENT OF PROFIT OR LOSS	45
STATEMENT OF COMPREHENSIVE INCOME	46
STATEMENT OF CASH FLOWS	47
STATEMENT OF CHANGES IN EQUITY	48
NOTES TO THE FINANCIAL STATEMENTS	49
PATTERN OF SHARE HOLDING	104
PROXY FORM (ENGLISH)	
PROXY FORM (URDU)	

VISION

To become a major global Fashion Apparel Company

MISSION

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, Muzaffargarh.
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

I feel honoured to present to you the annual review of the audited financial statements for the year ended June 30, 2020 and the overall performance of the Board. I would like to take this opportunity to invite you for the 27th Annual General Meeting of the Company.

Review of the Company's performance

This year seemed to be going reasonably well until March 2020. With start of Covid-19, all the planning was disturbed. The Company seemed to be on track to achieve sales of more than Rs. 20 billion until the impacts of Covid-19 hit. As a result, the sales for the year ended June 30, 2020 were only Rs. 16.91 billion. This Decrease in sales while fixed costs remained the same has resulted in loss for the year.

This was a “one of a kind” situation never before seen in the history of the world. In this situation the survival of the Company was the most important thing to achieve. I would like to commend that efforts of management who have worked tirelessly through this very difficult period and indeed it appears that the Company is out of the danger zone. Although it is a volatile period that lies ahead so we have to continue to be very careful.

The process of the second financial restructuring of the Company has also been delayed due to Covid-19. However, it is hoped that this process should be completed in the near future. Once this scheme is implemented its benefits would be reaped by all the stakeholders of the Company.

Review of the Board's performance

During the very difficult conditions of Covid-19 pandemic, the Board has performed diligently and performed all its duties in the best interest of the Company. The Board and each of individual Board member is committed to perform for the betterment of the Company and is focused towards the values and mission of the Company. The Board acknowledges its responsibility for Corporate and Financial reporting framework and is committed to good corporate governance. The Board is aware of the importance of its role in achieving the objectives of the Company. The Board is devoted and Board members have the suitable knowledge, variety of expertise and experience that is required to successfully govern the business.

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, 2020. 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 and continues. The overall assessment is based on an evaluation of the integral components including the Board's structure & composition, compliance of statutory limitation & ascendancy, strategy & planning, operations & effectiveness, monitoring & evaluation of performance, risk management & risk contingency planning, transparency & disclosures and relationship with stakeholders. Individual Directors' performance evaluation is based on qualification, competence, integrity, commitment and teamwork. Board Committees' performance evaluation is based on competence, task efficiency, effectiveness of meetings, facilitation and support to the Board.

On behalf of the Board, I would like to say a big thank to all our customers for their continued confidence on the Company. I would like to thank all the management, staff and workers for their hard work and finally I would like to thank all the financial institutions who have stuck with us and supported us through very difficult times.

September 30, 2020


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, 2020.

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, 2020 (standalone):

	Year ended June 30, 2020 (Rupees)	Year ended June 30, 2019 (Rupees)
Sales – net	16,909,299,380	20,214,970,742
Operating profit	1,027,353,373	2,063,506,965
Finance cost	(1,282,483,682)	(1,528,303,279)
(Loss) / Profit before tax	(223,263,771)	501,301,162
(Loss) / Profit after tax	(389,449,153)	305,312,291
(Loss) / Earnings per share	(0.84)	0.67



Review for the year

This year has been a unique year for all of us. The whole world has been affected by the Corona Virus. This pandemic resulted in massive lock downs in most of the world's big cities/ countries, destroying demand, damaging businesses and lead to a global recession. Due to this pandemic, many of our customers cancelled or delayed their orders, raw material prices became unstable with very large volatility in prices. As per Pakistan Economic Survey 2019-20, GDP growth rate remained negative 0.38% while large scale manufacturing sector's growth remained at negative 7.78% for the financial year 2020.

The Company's sales were growing during the first half of the year. However, due to the Corona Virus the sales of the Company were badly affected from March 2020 onwards. As a result, the Company closed its sales for the year at Rs. 16.9 billion registering a decrease of 16% as compared to sales of the previous year. Profit from operations for the year was 1,027.35 million, a decrease of 49% as compared to the previous year. During this year, there is loss after tax of Rs. 389.45 million, as compared to profit of Rs. 305.31 million for the previous year.

Due to Covid-19, the growth target of 10% for sales was not achieved, resultantly, drawback of local taxes and levies is also much less this year.

During the year, KIBOR rates peaked at 13.93% in August 2019. From start of March 2020, it began to decline and came to 7.26% as on June 30, 2020.

Funds of Rs. 306.02 million due from National Bank of Pakistan still have not been released. Once received, it would improve the liquidity position of the Company.

Disclosure in respect of Montebello S.R.L. (MBL) and consolidation of financial statements is provided in note 2.2 and note 22.1 to the financial statements.

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 approval of Lahore High Court on July 31, 2019, implementation process of the scheme for Company's 2nd financial restructuring is ongoing. Through this scheme, it is anticipated that a major portion of the principal and related mark-up of debt would be settled through sale of certain assets and rights issue of the Company's share capital. In this regard, the full subscription amount of Rs. 365 million has been received against right issue. Sale of assets was expected to be completed by June 30, 2020 however due to Covid-19, the process has been delayed. Once these non-core assets are sold then the post-sale completion of other formalities, such as settlement of debt obligations would start. Post restructuring, it is expected that the Company's debt levels will become sustainable. Once this scheme has been fully implemented, it is hoped that the Company will be able to meet its debt obligations in a timely manner.

Future Business Outlook

For year 2020-21, with the slow opening up of European economies we hope to get back to a sustainable level of business volumes soon. The year ahead is expected to be very challenging and it's very hard to forecast what it will bring, especially in light of the growing infections rate of COVID-19 in the developed world. We believe that the best we can say is that it's a year to be cautious about as things are highly uncertain. Survival is the main goal during this difficult period.

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.

The 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 high standards for labor welfare and keeping the environment clean for sustainable planet.

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, 2020 is negative Rs. 0.84 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, 2020.

Unpaid/unclaimed dividend

Upon promulgation of the Companies Act, 2017 (Act) in year 2017, the Company completed all requirements under Section 244 of the Act and requested the Securities and Exchange Commission of Pakistan (Commission) to advise in respect of deposit of unclaimed/unpaid dividends and shares with the Federal Government. The Commission informed that the matter is under review and the Company will be updated once review is completed. There after, upon promulgation of the Companies (Amendment) Ordinance, 2020 (Ordinance) on April 30, 2020 amending, *inter alia*, Section 244 of the Act, the Company commenced process of deposit of unpaid/unclaimed dividends in separate bank account(s) as required under the amended Section 244. However, subsequently the said Ordinance has also lapsed and the previous Section 244 has been restored. The Company is, however, taking all possible steps to make payments of unpaid/unclaimed dividends to the respective shareholders.

Principal Risks and Uncertainties

Performance of the Company has gradually been 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. The management continues its efforts to try and manage the affairs of the Company as best as possible through these uncertain times of Covid-19. Although the situation appears to be improving somewhat, the recent increase in COVID-19 cases in the West could negatively affect business conditions again. This is a difficult and challenging year and very hard to forecast what is likely to happen.
2. Lahore High Court has approved the scheme of arrangement for financial restructuring of debts of the Company. Now this financial restructuring is at its implementation stage. Post completion of restructuring it is hoped that Company's debt levels would be at a sustainable level and the Company would be making timely debt payments. Any delay or stoppage in this restructuring could impact the future profitability/ viability of the Company.

3. Growing competition domestically and from neighboring countries can impact the 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 43 to the annexed financial statements for the year ended June 30, 2020.

Corporate briefing session

The Company has carried out a corporate briefing session during the year.

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 from them 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, 2020 except for those disclosed in the financial statements.
- Following transactions in shares of the Company were carried out during the year by Directors, Executives and their spouses and minor children:

Name	Designation	Nature of transaction	No. of ordinary shares
Mr. Zahid Mahmood	Director	Right subscription	6
Mr. Ahmed H. Shaikh	CEO	Right subscription*	12,106,336
Mr. Abdul Hamid Ahmed Dagia	Director	Right subscription	441
Mr. Abid Hussain	Director	Right subscription	40

Name	Designation	Nature of transaction	No. of non-voting ordinary shares
Mr. Ahmed H. Shaikh	CEO	Right subscription*	313,456

* Subscription of right shares offered to CEO, his father, mother, brother, spouse and from unsubscribed portion.

- The following Directors have acquired Certification of Directors' Training program:

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, 2019 is provided in this annual report.

Board of Directors

The Board of directors of the Company is predominantly independent/non-executive which ensures transparency and good corporate governance. 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 is information/composition of directors that served on the Board during the year and names of members of the Board's Committees.

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

- a) Male 7 b) Female 1

The composition of Board is as follows:

a.	Independent Directors	Mr. Zahid Mahmood
		Ms. Maliha Sarda Azam
		Mr. Nasir Ali Khan Bhatti
		Mr. Abid Hussain
b.	Non-executive Directors	Mr. Usman Rasheed
		Mr. Abdul Hamid Ahmed Dagia
c.	Executive Directors	Mr. Ahmed H. Shaikh – CEO
		Mr. Munir Alam
d.	Female Director	Ms. Maliha Sarda Azam

The names of members of the Board's Committees are as follows:

a.	Audit Committee	Mr. Nasir Ali Khan Bhatti - Chairman
		Ms. Maliha Sarda Azam - Member
		Mr. Usman Rasheed - Member
b.	Human Resource and Remuneration Committee	Ms. Maliha Sarda Azam - Chairperson
		Mr. Usman Rasheed - Member
		Mr. Ahmed H. Shaikh – Member

Following are number of Board and Committees' meetings held during the year ended June 30, 2020 and status of attendance by each director:

Board of Directors' Meetings

Six (6) meetings were held during the period from July 1, 2019 to June 30, 2020

Name of Directors	Eligibility	Attended
Mr. Zahid Mahmood	6	6
Mr. Ahmed H. Shaikh	6	6
Mr. Nasir Ali Khan Bhatti	6	6
Mr. Usman Rasheed	6	6
Mr. Munir Alam	6	4
Ms. Maliha Sarda Azam	6	6
Mr. Abdul Hamid Ahmed Dagia	6	6
Mr. Abid Hussain	6	6

Human Resource and Remuneration Committee (HRRC) Meetings

One (1) meeting was held during the period from July 1, 2019 to June 30, 2020

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, 2019 to June 30, 2020

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, 2020. 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, 2019 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 and Independent/Non-Executive) and members of senior management 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 policy aims to make Directors and senior management accountable for their governance and performance vis-à-vis determination and payment of compensation.

Following is detail of remuneration of Chief Executive and one executive Director:

	Chief Executive	Executive
Managerial remuneration	15,525,000	5,203,337
Medical	1,552,500	520,337
Utilities and house rent	6,210,000	1,940,701
Post-employment benefits	1,725,000	466,667
Bonus	20,222,512	-
	45,235,012	8,131,042

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 also disclosed in Note 49 to the annexed financial statements.

Auditors' observations

The auditors qualified their opinion of audit report due to non availability of details regarding MBL. As mentioned in note 22.1.2, 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 have been improving over the last several years however, due to the Covid-19 pandemic, the results of the Company have been negatively impacted for this year. In spite of this the Company has earned profit from operations of Rs. 1,027.35 million during the year. In addition to this, as mentioned above the second financial restructuring is in process. Once completed it is envisaged that the liquidity issues of the Company should be addressed.

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. The audit committee has authorized the Board to fix the remuneration of auditors. Further, the Board has recommended to authorize Chief Executive Officer for the same.

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 determined by the Board of Directors in accordance with the Listed Companies (Code of Corporate Governance) Regulations, 2019, 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.

Risk framework and internal control system

There is a Board's approved 'Governance of Risks and Internal Control Measures' policy that sets out how the Company manages risk throughout the organisation and how the risk and internal controls framework will be maintained.

The policy is intended to:

- Outline the risk management framework that The Company operates in pursuit of its business objectives;
- Provide the tools, processes and procedures to support the management of risk within the company's risk appetite;
- Create clear ownership and accountability for risk management throughout the organization;
- Set out the Company's risk policy categorization and enterprise-wide approach to managing risk;
- Identify the governance structures that will provide oversight of the risk management process.

Shareholding pattern

The shareholding pattern as at June 30, 2020 is annexed.

Classes/kinds of share capital

The Company's paid up/issued share capital consist of ordinary shares and non-voting ordinary shares. Ordinary shares have all rights and privileges including voting rights as provided in the applicable laws. Non-voting ordinary shares do not have any voting rights and any right to receive notice of, attend, or vote at any general meeting of the Company except as otherwise provided in the applicable laws. However, non-voting ordinary shares have all other rights of ordinary shares including the right to dividend and to share in the assets of the Company upon winding up.

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

We would like to acknowledge the continued confidence of our valued customers, the support and cooperation of the financial institutions, the hard work of the management, staff and workers. We would like to thank all of these as well as any and all stakeholders of the Company.

It is hoped that with the continued backing of all stakeholders, the Company's financial position may continue to improve.

On behalf of the Board of Directors



Chief Executive Officer



Chairman

Lahore

Date: September 30, 2020



ممبران کیلئے ڈائریکٹرز رپورٹ:-

ایزگارڈ نائن لمیٹڈ (کمپنی) کے ڈائریکٹرز انتظامی ٹیم کے ہمراہ کمپنی کی سالانہ رپورٹ ساتھ آڈیٹڈ فنانشل اسٹیٹمنٹس برائے سال 30 جون 2020 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، ڈینیم کپڑا اور تیار ڈینیم ملبوسات کی مصنوعات کی پیداوار اور مارکیٹنگ پر مرکوز ہے۔ ایزگارڈ نائن لمیٹڈ (کمپنی) کے آپریٹنگ مالیاتی نتائج برائے سال 30 جون 2020 درج ذیل ہیں۔

تفصیلات	سال ختمہ 30 جون 2020 (روپے)	سال ختمہ 30 جون 2019 (روپے)
فروختگی (Net)	16,909,299,380	20,214,970,742
آپریٹنگ منافع	1,027,353,373	2,063,506,965
مالیاتی اخراجات	(1,282,483,682)	(1,528,303,279)
(نقصان) / منافع قبل از ٹیکس	(223,263,771)	501,301,162
(نقصان) / منافع بعد از ٹیکس	(389,449,153)	305,312,291
(نقصان) / منافع فی شیئر	(0.84)	0.67

سالانہ جائزہ

یہ سال سب کے لئے ایک منفرد سال تھا۔ تمام دنیا کو کرونا وائرس سے متاثر ہوئی ہے۔ اس وبا کی وجہ سے دنیا کے بڑے شہر / ممالک میں بڑے پیمانے پر لاک ڈاؤن نے، مانگ والے کاروبار کو ختم اور عالمی کساد بازاری کا باعث بنا دیا ہے۔ اس وبا کی وجہ سے بہت سے ہمارے خریداروں نے اپنے آرڈر منسوخ یا تاخیر کر دی، خام مال کی قیمتوں میں اتار چڑھاؤ نے قیمتوں کو غیر مستحکم کر دیا۔ پاکستان اکنامک سروے 2019-20 کے مطابق، جی ڈی پی گروتھ ریٹ منفی 0.38 فیصد جبکہ بڑے پیمانے والے مینوفیکچرنگ شعبہ کی گروتھ ریٹ مالی سال 2020 کے لئے منفی 7.78 فیصد رہا ہے۔

کمپنی کی سیلز نصف سال تک بڑھ رہی تھیں، البتہ، کرونا وائرس کی وجہ سے کمپنی کی سیلز مارچ 2020 سے شدید متاثر ہوئی ہیں، جس کی وجہ سے، کمپنی کی سیلز پچھلے سال کے مقابلے 16 فیصد کمی کے بعد اس سال کی سیلز 16.9 بلین روپے رہی، اس سال آپریٹنگ منافع پچھلے سال کے مقابلے 49 فیصد کمی کے بعد 1,027.35 ملین روپے رہا۔ اس سال کے دوران، پچھلے سال کے 305.31 ملین روپے منافع کے مقابلے اس سال 389.45 ملین روپے کا نقصان ہوا ہے۔

کووڈ 19 کی وجہ سے سیلز میں 10 فیصد کا اضافہ کا حدف حاصل نہیں ہو سکا، جس کی وجہ سے اس سال مقامی ٹیکسز اور لیوریج بھی کم وصول ہوئی ہیں۔ اس سال کے دوران اگست 2019 میں KIBOR ریٹ 13.93 فیصد کی بلند ترین سطح پر گیا، مارچ 2020 سے اس میں کمی شروع ہوئی اور 30 جون 2020 کو یہ 7.26 فیصد پر آ گیا۔

نیشنل بینک آف پاکستان سے قابل وصول 306.02 ملین روپے ابھی تک وصول نہیں ہوئے، فنڈ وصولی کی صورت میں یہ امید کی جاتی ہے کہ کمپنی کی مالی حالت میں بہتری آئے گی۔

Montebello S.R.L اور کیجا مالیاتی ٹیسٹمنٹس کے بارے میں انکشافات مالیاتی ٹیسٹمنٹس کے نوٹس 2.2 اور 22.1 مہیا کئے گئے ہیں۔

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 پارہی۔ نتیجہ میں سال 2014ء میں دوسری مالیاتی تنظیم نو کا آغاز کیا گیا۔ 31 جولائی 2019 کو لاہور ہائی کورٹ سے دوسری مالیاتی تنظیم نو کی منظوری کے بعد اب دوسری مالیاتی تنظیم نو کو لاگو کرنے کا عمل شروع ہو چکا ہے۔ اس مالیاتی تنظیم نو سے، 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 رائٹ ایشو کے ذریعے ادائیگی کی جاسکے گی۔ اس سلسلے میں، اس مدت کے اختتام پر، رائٹ ایشو کی سبسکریپشن کی مکمل رقم 365 ملین روپے حاصل ہو چکی ہے۔ اثاثوں کی فروخت 30 جون 2020 تک متوقع تھی لیکن کووڈ 19 کی وجہ سے اس پر عمل درآمد میں تاخیر ہو گئی ہے۔ ایک دفعہ ان غیر کلیدی اثاثوں کی فروخت ہو جائے تو بعد از فروخت دیگر معاملات مکمل ہونے پر، جیسا کہ قرض واجبات کی ادائیگی شروع ہو جائے گی۔ بعد از مالیاتی تنظیم نو یہ امید کی جاتی ہے کہ کمپنی کے قرضہ جات پائیدار سطح پر آجائیں گے۔ 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۔

مستقبل کے نقطہ نظر سے ٹیکسٹائل کاروبار

سال 2020-21 میں سست روی سے کھلتی ہوئی یورپین اکاؤنٹس سے امید کی جاسکتی ہے کہ کمپنی واپس کاروبار میں استحکام پر آجائے گی۔ آنے والے سال میں شدید چیلنجز متوقع ہیں، اور اس کے بارے میں صورت حال کا اندازہ لگانا مشکل ہے۔ خاص طور پر ترقی یافتہ دنیا کووڈ 19 سے متاثرین کا اضافہ غیر متوقع حالات پیدا کر سکتا ہے۔ ہمیں یقین ہے کہ اگلا سال احتیاط کا سال ہے۔ اس مشکل وقت میں بقا ہی اولین مقصد ہے۔

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 قیادی 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۔ اضافی 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۔

کمائی فی شیئر

مختتمہ سال 30 جون 2020 میں کمپنی کی کمائی فی شیئر منفی مبلغ 0.84 روپے ہے۔

منافع

بورڈ آف ڈائریکٹرز نے مختتمہ سال 30 جون 2020 کے لئے مندرجہ بالا وجوہات اور مجموعی نقصان کی بناء پر کوئی منافع تجویز نہیں کیا۔

غیر وصول ادعوہ شدہ منافع

سال 2017 میں کمپنیز ایکٹ، 2017 لاگو ہونے پر، کمپنی نے ایکٹ کی دفعہ 244 کی تمام ضروریات کو پورا کرتے ہوئے سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (کمیشن) سے غیر وصول ادعوہ شدہ منافع اور حصص کے بارے میں رائے طلب کی، کمیشن نے جواب دیا کہ معاملے کے بارے میں جائزہ لیا جا رہا ہے، جائزہ مکمل

ہونے پر کمپنی کو مطلع کر دیا جائے گا، بعد میں 30 اپریل 2020 کو کمپنیز (ترمیمی) آرڈیننس، 2020 (آرڈیننس) لاگو ہونے پر، ایکٹ کی دفعہ 244 کے تحت کمپنی نے غیر وصول/دعوہ شدہ منافع علیحدہ بینک اکاؤنٹ میں منتقل کرنے کا عمل شروع کر دیا، بعد میں زیر بحث آرڈیننس بھی غیر فعال ہو گیا اور سابقہ دفعہ 244 بحال ہو گئی۔ البتہ کمپنی نے متعلقہ حصص داران کو غیر وصول/دعوہ شدہ منافع کی ادائیگی کے لئے تمام ممکن اقدامات کر رہی ہے۔

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- کووڈ 19 کی غیر یقینی صورت حال میں انتظامیہ کمپنی کے معاملات کو بہتری کے لئے ممکن طریقہ سے کوشش جاری رکھے ہوئے ہے، اگرچہ حالات میں کسی حد تک بہتری آئی ہے۔ مغرب میں حالیہ کووڈ 19 کی وبا میں آصفہ کاروباری حالات پر دوبارہ منفی اثر ڈال سکتی ہیں۔ یہ شدید مشکل سال ہے اور کیا ہونے جا رہا ہے کا اندازہ لگانا مشکل ہے۔
- 2- لاہور ہائی کورٹ نے مالیاتی تنظیم نو کو منظور کر لیا ہے۔ اب مالیاتی تنظیم نو پر عملدرآمد ہو رہا ہے۔ بعد از 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 اثر انداز ہو سکتی ہے۔
- 3- مقامی اور ہمسائیہ ممالک سے مقابلہ کی صورت میں مستقبل میں کمپنی کے منافع میں اثر ہو سکتا ہے۔

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 ڈائریکٹرز کے سامنے پیش کیا۔ تمام لین دین کو متعلقہ آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز کے اجلاس میں منظور کیا گیا ہے۔ متعلقہ پارٹیز کے ساتھ لین دین کی تفصیلات منسلک شدہ سال ختمہ 30 جون 2020 کے مالیاتی اسٹیٹمنٹس کے نوٹ 43 میں مہیا کی گئی ہیں۔

کارپوریٹ بریفنگ سیشن

کمپنی نے اس سال کے دوران کارپوریٹ بریفنگ سیشن کا انعقاد کیا ہے۔

کارپوریٹ گورننس، مالیاتی رپورٹنگ اور انٹرنل کنٹرول سسٹمز

ہم رپورٹ پیش کرنے میں خوشی محسوس کرتے ہیں:

- ☆ کمپنی کی انتظامیہ کی طرف سے تیار شدہ مالیاتی اسٹیٹمنٹس معاملات کی حالت، اس آپریشن کے نتائج، کیش فلو اور ایکویٹی 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 تاکہ کمپنی کی پالیسیز و طریقہ کار پر قابو پانے کو یقینی بنانے پر زور دیا ہے تاکہ 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 مد نظر رکھا گیا ہے۔ وجوہات مالیاتی اسٹیٹمنٹس میں بیان کی گئی ہیں۔

- ☆ پچھلے چھ سال کے قلمی آپریٹنگ اور مالیاتی اعداد و شمار منسلک کئے گئے ہیں۔
- ☆ 30 جون 2020 تک ٹیکسز، ڈیوٹیز، لیویز اور بقایا جات کی مد میں کوئی ادائیگی بقایا نہیں ہے ماسوائے ان کے جو مالیاتی انسٹیٹیٹمنٹس میں بیان کی گئی ہیں۔
- ☆ کمپنی کے شیئرز میں ڈائریکٹرز، ایگزیکٹو اور ان کی بیگمات اور نابالغ بچوں نے سال کے دوران مندرجہ ذیل لین دین کیا ہے:

نام	عہدہ	لین دین کی نوعیت	عمومی حصص کی تعداد
جناب زاہد محمود	ڈائریکٹر	رائٹ سبسکرپشن	6
جناب احمد ایچ شیخ	چیف ایگزیکٹو آفیسر*	رائٹ سبسکرپشن	12,106,336
جناب عبدالحمید احمد داگیا	ڈائریکٹر	رائٹ سبسکرپشن	441
جناب عابد حسین	ڈائریکٹر	رائٹ سبسکرپشن	40
نام	عہدہ	لین دین کی نوعیت	نان دوئنگ عمومی حصص کی تعداد
جناب احمد ایچ شیخ	چیف ایگزیکٹو آفیسر*	رائٹ سبسکرپشن	313,456

* رائٹ حصص کی سبسکرپشن چیف ایگزیکٹو آفیسر، ان کے والد، والدہ، بھائی، بہن، بیوی کو پیش کئے گئے اور ان سبسکرپشن حصے سے۔

☆ مندرجہ ذیل ڈائریکٹرز نے ڈائریکٹرز ٹریڈنگ پروگرام کی سرٹیفیکیشن حاصل کی ہے۔

محترمہ ملیحہ صاردہ اعظم

جناب ناصر علی خان بھٹی

جناب عابد حسین

جناب عبدالحمید احمد داگیا۔ کمیشن سے چھوٹ حاصل کی

جناب احمد ایچ شیخ۔ کمیشن سے چھوٹ حاصل کی

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشن 2019 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 انان ایگزیکٹو ہیں جو کہ ٹرانسپیرنسی اور اچھی کارپوریٹ گورننس کی وجہ بنتے ہیں۔ نان ایگزیکٹو ڈائریکٹرز کمپنی کیلئے کاروبار، گورننس اور قانون کا وسیع تجربہ رکھتے ہیں۔ قیمتی مشورے دیتے ہیں اور کمپنی کے اونچے درجے کے معاملات کے قانونی اصولوں اور کارپوریٹ کمپلائنس کو یقینی بناتے ہیں

بورڈ آف ڈائریکٹرز کی سال کے دوران خدمات سرانجام دینے اور بورڈ کمیٹی کے ممبران کی تفصیل اور ترتیب مندرجہ ذیل ہے۔

بورڈ آف ڈائریکٹرز کی مجموعی تعداد آٹھ ہے (بشمول چیف ایگزیکٹو آفیسر) تفصیل مندرجہ ذیل ہے۔

(اے) مرد 7 (بی) خاتون 1

بورڈ کی ترتیب مندرجہ ذیل ہے:

اے	آزاد ڈائریکٹرز	جناب زاہد محمود محترمہ ملیحہ صارفہ اعظم جناب ناصر علی خان بھٹی جناب عابد حسین
بی	نان ایگزیکٹو ڈائریکٹرز	جناب عثمان رشید جناب عبدالحمید احمد داگیا
سی	ایگزیکٹو ڈائریکٹرز	جناب احمد ایچ شیخ
ڈی	خاتون ڈائریکٹر	محترمہ ملیحہ صارفہ اعظم

بورڈ کمیٹیوں کے ممبران کے نام مندرجہ ذیل ہیں:

اے	آڈٹ کمیٹی	جناب ناصر علی خان بھٹی۔ چیئرمین محترمہ ملیحہ صارفہ اعظم۔ ممبر جناب عثمان رشید۔ ممبر
بی	ہیومن ریسورس اینڈ معاوضہ کمیٹی	محترمہ ملیحہ صارفہ اعظم۔ چیئر پرسن جناب عثمان رشید۔ ممبر جناب احمد ایچ شیخ۔ ممبر

سال مختتمہ 30 جون 2020 کے دوران ڈائریکٹرز کے نام بورڈ اور کمیٹیوں کے مینٹننگز کی تعداد اور ہر ڈائریکٹر کی حاضری کی تفصیل مندرجہ ذیل ہے۔

بورڈ آف ڈائریکٹرز کی مینٹننگز

بورڈ آف ڈائریکٹرز کی سال کے دوران چیئر مینٹننگز 01 جولائی 2019 تا 30 جون 2020 تک منعقد ہوئی ہیں۔

نام	اہلیت	حاضری
جناب زاہد محمود	6	6
جناب احمد ایچ شیخ	6	6
جناب ناصر علی خان بھٹی	6	6
جناب عثمان رشید	6	6
جناب منیر عالم	6	4
محترمہ ملیحہ صارفہ اعظم	6	6
جناب عبدالحمید احمد داگیا	6	6
جناب عابد حسین	6	6

ہیومن ریسورس اور معاوضہ کمیٹی (HRRC) کی میٹنگز

سال 01 جولائی 2019 تا 30 جون 2020 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 2019 تا 30 جون 2020 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

جوڈائری کیکٹرز 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۔ (PKF) M/S PKF F.R.A.N.T.S۔ چارٹرڈ اکائونٹنٹس کو 30 جون 2020 کے لئے آزادانہ کارکردگی کے جائزہ کیلئے مقرر کیا گیا ہے۔ PKF کا آئی کیپ کے QCR میں تسلی بخش درجہ ہے اور آڈٹ اور سائیٹ بورڈ میں رجسٹرڈ ہے جس کا تقرر کیا گیا ہے تاکہ بورڈ کی کارکردگی مجموعی طور پر اور بورڈ ممبران کی کارکردگی انفرادی طور پر اور بورڈ کمیٹیوں (آڈٹ کمیٹی اور HRR کمیٹی) کی طے کردہ اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے وضع کردہ طریقہ کار کے مطابق کارکردگی کا جائزہ لیں اور اپنی سفارشات کے ساتھ اپنی رپورٹ پیش کریں تاکہ کمپنی کے گورننگ سٹرکچر میں بہتری لائی جاسکے۔

بورڈ کی مجموعی کارکردگی کے اوپر چیئر مین کی جائزہ رپورٹ منسلک ہے۔

ڈائریکٹرز کا مشاہرہ

کمپنی میں اپنے ایگزیکٹو اور نان ایگزیکٹو 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۔ تاکہ وہ کمپنی کے ساتھ منسلک رہیں اور اس کو بہتر انداز میں چلا سکیں اور ڈائریکٹرز، ایگزیکٹوز اور حصہ داران کے درمیان رابطہ کا باعث بنیں۔ پالیسی کا مقصد ڈائریکٹرز اور سینئر انتظامیہ کو گورننس اور کارکردگی کے لئے جواب دہ بنانا ہے جس میں معاوضہ کا تعین اور ادائیگی شامل ہے۔ چیف ایگزیکٹو اور ایک ایگزیکٹو ڈائریکٹر کے مشاہرے کی تفصیلات مندرجہ ذیل ہیں۔

ایگزیکٹو ڈائریکٹر	چیف ایگزیکٹو	
5,203,337	15,525,000	مینیجرل مشاہرہ
520,337	1,552,500	میڈیکل
1,940,701	6,210,000	یوٹیلیٹی اور ہاؤس ریٹ
466,667	1,725,000	بعد از ملازمت فوائد
-	20,222,512	بونس
8,131,042	45,235,012	

کمپنی اپنے نان ایگزیکٹو ڈائریکٹرز کو بورڈ اور کمیٹیوں کی میٹنگز میں شرکت کیلئے معاوضہ ادا کر رہی ہے۔ متعلقہ مشاہرہ/میٹنگ فیس کی معلومات جو ڈائریکٹرز کو ادا کی گئیں منسلک شدہ مالیاتی اسٹیٹمنٹس 30 جون 2020 کے نوٹ 49 میں بھی بیان کی گئی ہیں۔

آڈیٹرز کے مشاہدات

آڈیٹرز نے آڈٹ رپورٹ کے پیرا d میں اپنی رائے دی کہ MBL کے بارے میں تفصیلات موجود نہیں ہیں۔ جیسا کہ نوٹ 22.1.2 میں بیان کیا گیا ہے کہ کمپنی کا دعویٰ Vicenza کی عدالت میں قبول کر لیا گیا ہے اور جب بینک دیوالیہ کارروائی مکمل ہوگی تو تفصیل دستیاب ہوگی۔

آڈیٹرز کی آڈٹ رپورٹ میں مشاہدے کے مطابق لیکو ڈیٹی ایٹو کی وجہ سے کمپنی کی حیثیت کہ یہ کام کرتی رہے گی، غیر یقینی ہے۔ پچھلے کچھ سالوں سے کمپنی کی آپریٹنگ صلاحیت میں بہتری آرہی تھی، کرونا 19 وبا کی وجہ سے کمپنی کے اس سال کے نتائج پر منفی اثر ڈالا ہے۔ اس سب کے باوجود کمپنی نے اس سال کے دوران آپریٹنگ منافع Rs. 1,027.35 ملین حاصل کیا ہے۔ 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 ریگولر آڈیٹ ہو جائے گا جس وجہ سے لیکو ڈیٹی ایٹو کا مسئلہ حل ہو جائے گا۔

آڈیٹرز کی تعیناتی

میسرز یوسف عادل، چارٹرڈ اکاؤنٹنٹس، (Deloitte) ممبرز 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 آڈیٹرز کے طور پر Deloitte کا نام تجویز کیا ہے۔ آڈٹ کمیٹی نے بورڈ آف ڈائریکٹرز کو آڈیٹرز کو اور مزید بورڈ آف ڈائریکٹرز نے چیف ایگزیکٹو آفیسر کو آڈیٹرز کے مشاہرہ کے تعین کے لئے مجاز 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 ٹرمز آف ریفرنس، لٹیکمینیٹر (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے مطابق بورڈ آف ڈائریکٹرز کے وضع کردہ، 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 تواناء انٹرنل کنٹرول سسٹم ہمراہ آپریٹنگ، 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۔

رسک فریم ورک اور انٹرنل کنٹرول سسٹم

رسک گورننس اینڈ انٹرنل کنٹرول اقدامات کی پالیسی بورڈ آف ڈائریکٹرز سے منظور شدہ ہے جو کہ تعین کرتی ہے کہ تمام تنظیم میں کمپنی کیسے رسک اور انٹرنل کنٹرول فریم ورک کو لاگو کئے ہوئے ہے۔

پالیسی کا مقصد مندرجہ ذیل ہے۔

- ☆ رسک مینجمنٹ کا ڈھانچا ایسا ہے کہ کمپنی اپنے کاروباری مقاصد حاصل کر سکے۔
- ☆ ایسا طریقہ کار رسک انتظامیہ کو وضع کرنا، جس کی کمپنی کو خطرہ پر قابو کرنے کے لئے ضرورت ہو۔
- ☆ تنظیم میں رسک انتظامیہ کے لئے واضح ملکیت اور جوابدہی پیدا کرنا۔
- ☆ کمپنی کی رسک پالیسی کی نوعیت کا تعین اور رسک مینجمنٹ کے لئے وسیع سوچ۔
- ☆ ایسے گورننس ڈھانچے کی تشخیص جو کہ رسک مینجمنٹ عمل کا احاطہ کرے۔

شیر ہولڈنگ پیٹرن

شیر ہولڈنگ پیٹرن 30 جون 2020 منسلک کیا گیا ہے۔

شیر کیپیٹل کی نوعیت اور اقسام

کمپنی نے ادا شدہ حصص سرمایہ عمومی حصص اور نان ووٹنگ عمومی حصص پر مشتمل ہے۔ عمومی حصص کو تمام حقوق اور مراعات، بشمول حق رائے دہی لاگو قوانین کے مطابق حاصل ہیں۔ نان ووٹنگ عمومی حصص داران کو حق رائے دہی، حاضری اور اجلاس کا نوٹس وصول کرنے کا حق حاصل نہیں، سوائے وہ حقوق جو کسی اور قوانین میں مہیا کیے گئے ہیں۔ البتہ نان ووٹنگ حصص داران کو تمام عمومی حصص والے دیگر حقوق حاصل ہیں، بشمول منافع کا حق اور کمپنی کے اثاثوں میں حصہ کا حق، وائڈنگ اپ پر۔

ویب موجودگی

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

اعتراف

ہم اپنے قابل قدر خریداروں کے مسلسل اعتماد، مالیاتی اداروں کی مدد اور تعاون، انتظامیہ، عملہ اور کارکنوں کی ان تھک محنت اور کمپنی کے تمام شراکت داروں کے شکر گزار ہیں۔

یہ امید کی جاتی ہے کہ شراکت داروں کی حمایت سے کمپنی میں مالی بہتری آئے گی۔

بورڈ آف ڈائریکٹرز کی جانب سے



چیرمین



چیف ایگزیکٹو آفیسر

30 ستمبر 2020

CORPORATE SOCIAL RESPONSIBILITY



Caring for the Future:

Azgard Nine Limited ('ANL' or 'the Company') is committed to ensure greener & prosperous future for our coming generations since its inception. These beliefs were inculcated by the founders. Socially responsible and ethical business practices are the defining tenets of ANL corporate and social philosophy.

The Company has also taken a lead in environment protection by minimizing environmental impact through prevention of pollution, ensuring appropriate Waste & Chemicals Management and conserving natural resources.

ISO 14001:2015

The Company has established an ENVIRONMENTAL MANAGEMENT SYSTEM under the umbrella of ISO 14001:2015 which provide tools and guideline to maintain the environmental balance. Company is fully cognizant of its contribution toward better future and it is devoting resources to fulfill its obligations.

Consistent with the organization's environmental policy, the intended outcomes of an environmental management system include:

- Enhancement of Environmental Performance
- Fulfillment of Compliance Obligations
- Achievement of Environmental Objectives
- Happy vicinity and satisfied customers.



Proud to state that more than 68% of our energy need is through renewable resources. Which will increase further in coming years.

QMS ISO 9001-2015 (QUALITY MANAGEMENT SYSTEM)

Customers confidence in our product is our real asset. To maintain that confidence we have established a quality management system under umbrella of international standard organization, we are ISO 9001 certified company.



Effective implementation of QMS not only give our customers confidence in our product but it also provides baseline for most efficient operation thus minimizing the resources consumptions and reducing stress on ecosystem.

BENEFITS:

- Defining, Improving, and Controlling Processes
- Reducing Waste
- Minimizing rejection
- Lowering Costs
- Training of Staff
- Less stress on environment.



ANL IS PROUD HOLDER OF FOLLOWING CERTIFICATION:

1. GOTS (GLOBAL ORGANIC TEXTILE STANDARD)

The Company is GOTS certified company. This Standard covers all aspects of the production of natural fibers including processing, manufacturing, packaging, labeling, exportation, importation and distribution.



2. OCS (ORGANIC CONTENT STANDARD)

This Standard is to ensure Trust in Organic Cotton Claims. The OCS accomplishes this Goal by verifying the presence and amount of Organic Material in a final product.



3. GRS: (GLOBAL RECYCLED STANDARD)

This standard addresses input material verification, chain of custody, environmental principles, social requirements, and labeling for textile products made from recycled materials. By using recycled material stress on eco system and carbon foot prints is curtailed.



4. RCS (RECYCLED CONTENT STANDARD)

This 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.



5. CCS (CONTENT CLAIM STANDARD)

The CCS (Content Claim Standard) provides companies with a tool to verify the content of specific input materials. Each organization along the supply chain is checked by an independent third party. Any type of input material may be claimed.

The CCS is the foundation for all of Textile Exchange's chain of custody standards. The CCS verifies the presence and amount of a given material in a final product.



BENEFITS OF THESE PRESTIGIOUS CERTIFICATION:

- Enhance customer's confidence in our Product
- Improved Eco-Efficiency through GOTS Waste Water Management & other requirements
- Improved Socio-Efficiency through GOTS Social Compliance Management Requirements.
- Facilitation of Sustainable Supply Chain Management, cutting Companies costs as they do not need to trace the whole supply chain themselves.
- Improved Product & Environmental Safety through effective Chemical Management System Requirements



BETTER COTTON INITIATIVE (BCI)

The Company 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 million cotton grower in 21 countries.



BENEFITS:

- Environmental Betterment
- Economic Benefit of the Stakeholders
- Efficient use of resources.
- Provide an objective towards sustainability



ANL IS PROUDLY CERTIFIED BY HIGG INDEX.

It is developed by the Sustainable Apparel Coalition, a very effective tool to measure the performance of company in environmental and social sectors. It has two Modules:

FEM (FACILITY ENVIRONMENTAL MODULE)

The HIGG Facility Environmental Module (HIGG FEM) this module caters for the environmental performance of facility. It has very wide ranging scope and cover all important areas which could affects/damage eco system. It encompasses:

- Energy Use & Green House Gas Emissions
- Water Use
- Waste Water
- Emissions to Air
- Chemicals Use & Management



FSLM (FACILITY SOCIAL & LABOUR MODULE):

The HIGG FSLM is a tool dedicated to promoting safe and fair social and labor conditions for value chain workers globally. It enables manufacturing facilities to measure their social impacts across the value chain. It encompasses:

- Recruitment & Hiring
- Compensation
- Hours of Work
- Worker Involvement & Communications
- Worker Treatment & Development
- Health & Safety
- Termination & Retrenchment
- Value Chain Performance
- External Engagement, Community Impact, Transparency and Public Disclosure



OEKOTEX STANDARD 100 (TESTED FOR HARMFUL SUBSTANCES)

The OEKO TEX STANDARD 100 Certificate provides confidence to the customer that the product is free from use of any injurious/hazardous chemical/substance in making of this product. Use of the OEKO-TEX STANDARD 100 certificate documents compliance with human-ecological requirements to subsequent production levels and consumers.

SUSTAINABLE TEXTILE PRODUCTION (STEP) BY OEKO-TEX®

Progressing on the path of sustainability, ANL is in process to qualify for OEKO-TEX step certification. This is very stringent certification vis a vis sustainability and health and safety. This certification ensures the efficient use of resources along with minimum impact on the eco system. Area covered are depicted in logo.



BSCI (BUSINESS SOCIAL COMPLIANCE INITIATIVE)

The Business Social Compliance Initiative (BSCI) is a broad based business-driven platform for social compliance monitoring and qualification of the supply chain. ANL is proud holder of this certificate.



Few more certifications assuring our customers about our commitment to work safely, ethically, fairly & freely.

WRAP (WORLDWIDE RESPONSIBLE ACCREDITED PRODUCTION)

WRAP has 12 working principle, all dedicated to ensure the wellbeing of work force and conducive working environment.



SEDEX (SUPPLIER ETHICAL DATA EXCHANGE)

SEDEX is one of the world's leading ethical trade service providers, working to improve working conditions in global supply chains. It provides practical tools, services and a community network to help companies improve their responsible and sustainable business practices, and source responsibly.



SEDEX audits are conducted on the basis of SMETA guidelines.

SA-8000 (SOCIAL ACCOUNTABILITY)

The worldwide recognized certification to the SA8000 standard involves the development and auditing of management systems that promote socially acceptable working practices bringing benefits to the complete supply chain. The Company certification of SA 8000 proves a responsible approach to social and ethical issues which provides a vital competitive edge and builds confidence in our clients, investors, local communities and consumers.



CTPAT (CUSTOMS TRADE PARTNERSHIP AGAINST TERRORISM)

As a responsible exporter we are not only concern about the safety and wellbeing our own workforce but equally concerned about the safety of our products end users. That is why we also obtain CTPAT certification. This program ensures safety and security of our product throughout the whole supply chain.



SALIENT FEATURE OF THIS PROGRAM BASED ON C-TPAT SECURITY CRITERIA ARE:

- Business Partners Requirements
- Container Security
- Physical Access Controls
- Personnel Security
- Security Training & Threat Awareness
- Information Technology Security



INITIATIVES OF AZGARD NINE LIMITED FOR SUSTAINABILITY & ENVIRONMENTAL BETTERMENT:

- Installation of low liquor ratio machines in washing.
- Installation of laser machine in Special Effect department.
- By effective use of eco applicator on Mercerizing which result in reduce of water.
- Optimization of water in cooling cane at different machine.
- 40% of the steam condensate is returned and reused in boilers.
- Cooling towers are closed-circuit using soft water and blow down is almost ZERO.
- Jacket water in engines is reused after exchange of heat to produce hot water.
- Recycling of Fabric Waste to produce Denim Fabric.
- Usage of BCI Cotton
- Usage of Organic Fibers



COVID-19 MANAGEMENT & RESPONSE PLAN

The Company followed and successfully implemented all directives and SOP as issued by GOP to help the fight against Novel COVID-19. Following are some of the measures:

- Staff has been rotated as to overcome the spread of this Virus.
- Company has given many fully paid rest days to the workers and Staff.
- Every worker is checked at gate by temperature guns.
- Masks are being provided at gate for every entering person.
- Disinfectant spray booths are also available at gate.
- Hand sanitizers are available at every place in facility.
- The premises are being disinfected invariably at the start of every shift.
- The premises are being equipped with sanitizers, soaps, mask, towel tissues and temperature thermal scanners.
- The premises are being staffed with trained clinical staff/ doctor.
- Entry of unauthorized persons to the premises are being banned forthwith.
- Encouraging staff to work from home.
- Display of standard SOPs of COVID-19 at Factory premises in Urdu with pictorials each and every person is being communicated these instructions through sessions and other means.
- Ventilation of air is being ensured. This is being carried out by keeping doors, and windows open.
- All washrooms are kept sanitized and disinfected and are being re-sanitized and disinfected after each use including drying.
- Disposable cups, glasses and plates for drinks and meals are being ensured.
- General chlorination spray in complete premises are being carried out once every day.
- Monitoring teams at each unit level are carried out inspections on compliance every shift.
- If a worker shows symptoms of COVID-19 he/she will be sent to isolation room which is available in facility. Then he/she will be sent to social security hospital for treatment with paid leaves until he/she recovers fully.



RATION DISTRIBUTION:

- Responding to the national duty call, ANL distributed ration among families suffering from the COVID-19 and other deserving people in the local community. Setting an example for the other industries in vicinity.
- During shut down time ANL managed to take care of its own work force.
- The Company supplied masks and other protectives gadgets for the front line Covid fighters on request from local administration.



HEALTH SURVEILANCE PROGRAM:

A fully functional health and safety department in working which is taking care of both men and machines.

- Safety and wellbeing of our staff and workers is of prime importance to ANL. A state of the art dispensary is working 24/7, which provide first aid and minor treatment to worker. A well-equipped ambulance is stationed to shift worker to hospital.
- Workforce is provided with PPE to ensure safe and accident free working environment.
- Regular testing of staff against various occupational hazards is done, which include, spirometry test, audiometry test, complete medical testing of food handlers.
- If a person is found positive for Hepatitis his vaccination and treatment is done freely.
- Company carries out contiguous diseases Vaccination activity for workers on bi-annual basis.
- All stitching workers are providing with ergonomic chairs for their safety and wellbeing & anti fatigue mat to worker doing job is standing position.
- A pressurized fire hydrant system and alarms system encompassing whole covered area.



COMMUNITY PROGRAMS

The Company is actively involved in Community Betterment programs. Many Events are organized in this regard which benefit the community.

BLOOD DONATION CAMP

In continuation of its Community Welfare Projects, a blood donation camp is regularly organized for patients of thalassemia and for others who needs regular blood for lives. Camps are arranged at site in collaboration with different NGOs.

HSE TRAINING PROGRAM

Trained workforce is a real asset of any organization. In order to meet the business challenges & to be competitive in your field learning of new concepts/techniques is must. Company has established a comprehensive training program which caters to all layers of staff and management.

More than 4,000 employees went through various training programs. Training was imparted through in-house trainers as well as outsourced arrangements.

KEY TRAINING AREA WERE:

- Hazards & Risk Assessment
- Chemicals Management System
- 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
- emergency preparedness.



PUNJAB SKILLED DEVELOPMENT PROGRAM:

The Company 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 was continued with the same spirit for year 2020

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.



LEAN PROJECT

Lean production program has been initiated at ANL in order to improve work place, reduce process waste, and reduce production cost and increase profitability. Different teams are formed and their training by the specialists was arranged. Now teams are endeavoring for on ground implementation. Enthusiasm of participant was very encouraging. CEO himself was actively engaged in this program.

Lean Teams are:

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



6GV GRANDEVENT

6GV Grand Event was organized on 4th March, 2020 at factory main ground. CEO ANL Mr. Ahmed Humayun Shaikh participated in this ceremony and appreciated the efforts of the Teams for Lean Project and Distributed Shields as well.



INDEPENDENCE DAY CELEBRATIONS-2020:

The Company Celebrated the Independence Day of Pakistan with fervor. CEO Mr. Ahmed Humayun Shaikh, along with the Top Management Participated in this Celebration. National Anthem was played and Cake Cutting Ceremony took Place as well. CEO in his address emphasized on the hard work to make this country more prosperous and stable. Hard work and dedication will help our industry to play its part in nation building.



LONG SERVICE AWARD CEREMONY:

This year ANL in order to recognize and celebrate the longevity of the employee that has served an appreciated length of time with the organization organized a graceful ceremony on March 4th, 2020. Mr. Ahmed Hymayun Shaikh, CEO ANL, all operation heads of plants and higher management graced the ceremony with their presence.

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. The Long Service Awardees were given a recognition shield as well.



RECREATIONAL FACILITIES & ACTIVITIES

The Company has a firm belief 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. ANL contributes in this activity with different sports activities.

A badminton tournament was conducted on 1st January 2020 and all divisions were also involved in this activity. All members took a very keen and enthusiastic part in tournament. There were 24 teams of employees. Tournament exhibit an atmosphere healthy competition and sportsman spirit.

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



EID UL ADHA CELEBRATIONS:

- All religious events are enthusiastically celebrated in ANL with full participant of management and worker, without any discrimination of cast or creed.
- Eid Ul Adha has been celebrated in the Company an animal were slaughtered and to commemorate the sacrifice of Hazarat Ibrahim (AS) and Bara Khana was served to employees.
- Company fully participates in the happiness and festivals of other communities. Ester and Christmas are celebrated with same festivity & fervor.



SUBSIDIZED FOOD:

ANL is facilitating workers with Quality Food at Subsidized rates. The food is completely hygienic with proper nutritional values so that the workforce gets energy to perform their routine tasks. Canteen ambience is very pleasant and Canteen Staff is totally professional and their hygienic tests are also performed on regular basis.



DORMITORIES:

ANL has provided the workers with free of cost accommodation equipped with recreational facilities and healthy living environment. This is totally safe and secure residence with proper Safety Measures including Security.



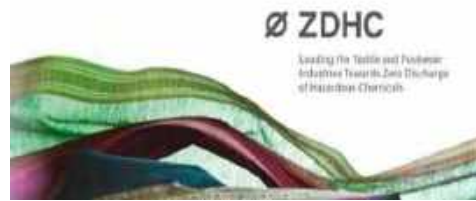
TRANSPORTATION FACILITY:

The Company provides free of cost transport facility to its worker, thus saving them from lot of stress and botheration which daily commuters are passing through.



EFFLUENT TREATMENT PLANT (ETP)

- In compliance with ISO standard and to demonstrate our commitment to Environmental protection, we have a state of the art Waste Water Treatment plant. The Effluent treatment plants at site have the capability to clean all the effluents generating in factory and its outlet water is safe and eco-friendly.
- In line with our valued customer we have targeted to reduce the stress on resources by improving our consumption ratios.
- Actively involved in joint life ZARA water program and GTW program.
- Ban on use of any chemical outside MSRL list, only REACH certified chemical are used in production process.
- We are successfully implementing ZDHC (Zero Discharge of Hazardous Chemicals) program.



GREEN PAKISTAN:

- The Company is actively engaged to make Pakistan greener. Both management staff and workers equally participated in this noble cause. This year we have planted more than 15000 trees of various varieties in our factory and outside.
- Handed over more than a thousand trees to civil authorities for plantation of tree at state land elsewhere. District administration encouraged & appreciated our efforts by also planting trees in side our premises.
- Improved landscaping of factory premises to give pleasant ambience which make the working environment conducive.



NON RETALIATION POLICY:

At ANL 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 SEVENTH ANNUAL GENERAL MEETING

Notice is hereby given that Twenty Seventh Annual General Meeting of the Members of AZGARD NINE LIMITED ('the Company') will be held on Wednesday, October 28, 2020 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 Twenty Sixth Annual General Meeting of the Company held on October 28, 2019;
2. To receive, consider, approve and adopt the audited financial statements of the Company for the financial year ended June 30, 2020, 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, 2021 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 05, 2020

NOTES:

1. The Share Transfer Books of the Company will remain closed for the period from October 22, 2020 to October 28, 2020 (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, 2020 will be considered in time to attend and vote at the Meeting.
2. Financial Statements for the year ended June 30, 2020 will be available at the website of the Company www.azgard9.com twenty one days before the date of meeting.

Further, the Company is transmitting Annual Report for the year ended June 30, 2020 through email to those members whose email addresses are available with the Company and through CD/DVD to those members whose email addresses are not available with the Company. However, the members may request a hard copy of Annual Report free of cost and in this respect standard request form is available at the website of the Company www.azgard9.com for convenience of members.

3. The Preference Shareholders are not entitled to attend the meeting.
4. 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.
5. All possible safety measures shall be taken in respect of COVID-19 and relevant SOPs shall be strictly followed including checking of temperature, wearing of face masks, use of hand sanitizer and maintenance of proper social/physical distance. All members attending the meeting are requested and expected to cooperate in this respect.
6. 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.
7. Members may avail video conference facility for this Annual General Meeting at Karachi, provided the Company receives consent (standard format is given below) at least 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 27th Annual General Meeting of the Company.

Signature of Member"

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

IMPORTANT NOTICES TO SHAREHOLDERS

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, at the address given herein above, by quoting their folio numbers and name of the Company, if not earlier notified/submitted:

- **Change in Address:** Change in their addresses, if any.
- **Submission of copy of CNIC/NTN:** 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 payment of cash dividend and in the absence of this information payment of dividend shall be withheld.
- **Dividend Mandate Information:** 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. For convenience, a Standard Request Form has also been made available on the Company's website www.azgard9.com.
- **Email Address:** Valid email addresses as pursuant to Section 223 of the Companies Act, 2017, the Company is allowed to send audited financial statements and reports to its members electronically. For convenience, a Standard Request Form has also been made available on the Company's website www.azgard9.com.

Unclaimed Dividend/Shares

Information of unclaimed dividend/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.

Deposit of Physical Shares into CDC Account

As per Section 72 of the Companies Act, 2017; after the commencement of Act from a date notified by the Commission, a company having share capital, shall have shares in book-entry form only. Every existing company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of this Act (i.e. May 31, 2017). Therefore, members having shares in physical form are informed to make necessary arrangements to replace their physical shares with book-entry form in CDS.

FINANCIAL HIGHLIGHTS

Six Years at a glance

	Year ended 30 June 2020	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
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Operating performance (Rs. 000)

Sales - net	16,909,299	20,214,971	15,982,435	12,802,374	13,176,284	10,701,888
Export sales-gross	15,574,022	18,064,934	14,143,354	11,186,121	11,737,168	9,087,740
Local sales-gross	1,046,623	1,557,833	984,078	1,213,012	1,323,912	1,534,400
Gross profit	2,462,318	3,488,280	2,591,076	1,885,660	1,499,159	1,063,159
Operating profit	1,027,353	2,063,507	1,422,577	932,003	599,786	115,120
Profit / (loss) before tax	(223,264)	501,301	299,076	(43,093)	(683,602)	(2,828,250)
Profit / (loss) after tax	(389,449)	305,312	196,623	(133,565)	(814,147)	(2,934,239)

Financial position (Rs. 000)

Equity without surplus	(3,622,304)	(3,786,216)	(4,201,953)	(4,526,061)	(4,525,986)	(3,839,312)
Surplus on revaluation of property plant and equipment	4,742,276	4,849,769	4,630,688	4,753,666	4,879,014	4,568,030
Equity with surplus	1,119,972	1,063,554	428,735	227,605	353,028	728,718
Long term debt	8,067,856	8,065,357	7,817,738	7,702,140	7,688,228	7,710,024
Property, plant and equipment	10,254,009	10,167,665	13,215,447	13,168,500	13,194,251	13,097,753

Financial analysis

Current ratio (times)*	0.71	0.69	0.57	0.50	0.48	0.50
Debt to equity (ratio)	88:12	88:12	95:5	97:3	96:4	91:9

Profitability analysis

Operating profit to sales (%)	6.08	10.21	8.84	7.28	4.55	1.08
Earnings per share (Rs.)	(0.84)	0.67	0.43	(0.29)	(1.79)	(6.45)

* (excluding current portion of long term debt)

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

Name of Company : **Azgard Nine Limited (the Company)**
Year ended : **30-06-2020**

The Company has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) in the following manner:

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

a) Male 7 b) Female 1

- The composition of Board is as follows:

i.	Independent Directors	Mr. Zahid Mahmood
		Ms. Maliha Sarda Azam
		Mr. Nasir Ali Khan Bhatti
		Mr. Abid Hussain
ii.	Non-executive Directors	Mr. Usman Rasheed
		Mr. Abdul Hamid Ahmed Dagia
iii.	Executive Directors	Mr. Ahmed H. Shaikh
		Mr. Munir Alam
iv.	Female Directors	Ms. Maliha Sarda Azam

- The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company.
- 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.
- The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of significant policies along with their date of approval or updating is maintained by the Company.
- All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the Act) and these Regulations.
- 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 meeting of Board.
- The Board have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations.
- The following Directors have acquired certification under a Directors' Training Program or have obtained exemption from Securities and Exchange Commission of Pakistan (the Commission):
 - 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 Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.
12. The Board has formed committees comprising of members given below:
- a) Audit Committee
 Mr. 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 Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of Regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.



AHMED H. SHAIKH
Chief Executive Officer



ZAHID MAHMOOD
Chairman

Dated: September 30, 2020

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, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **AZGARD NINE LIMITED** (the Company) for the year ended June 30, 2020 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2020.

Deloitte Yousuf Adil

Chartered Accountants

Engagement Partner:

Rana M. Usman Khan

Lahore

Dated: October 01, 2020



FINANCIAL STATEMENTS

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, 2020, 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 Basis for Qualified Opinion section of our report, 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 effect of the matter discussed 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, 2020 and of the loss, total comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Qualified Opinion

As stated in note 22.1.2 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.

Except as stated in Basis for Qualified Opinion 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 as at the year end, the current liabilities of the Company have exceeded its current assets by Rs. 8,794.36 million, and its accumulated losses stand at Rs. 11,752.38 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	<p>Revenue Recognition</p> <p>The Company's sales mainly comprise of revenue from the export sale of garments and denim as has been disclosed in note 32 to the financial statements.</p> <p>Revenue from sale of goods is recognized control of goods is transferred to the buyer (note 3.12).</p> <p>We identified revenue recognition as key audit matter as it is one of the key performance indicators of the Company considering its monetary 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.</p>	<p>Our audit procedures to assess the recognition of revenue, amongst others, included the following:</p> <ul style="list-style-type: none"> • 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	<p>Restructuring of financial liabilities and non-current assets held for sale</p> <p>The Company has not been able to make timely repayments of principal and of its interest/mark-up relating to redeemable capital, long term finances and certain of its short term borrowings, aggregating to Rs. 15,406.37 million. The creditors' scheme of arrangement of the Company, though the timeline of which has been extended due to COVID-19 situation, is in final stage and management expects it to significantly reduce the debt burden and finance cost for the Company.</p> <p>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.</p> <p>In view of the monetary value of the overdue financial liabilities and secondary plants classification 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.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • 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.

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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

We communicate with the board of directors regarding, among other matters, the planned scope and timing of 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:

- except for the possible effects of the matter discussed in 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);
- except for the possible effects of the matter discussed 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;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- 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: October 01, 2020

STATEMENT OF FINANCIAL POSITION

As at June 30, 2020

	Note	2020 Rupees	2019 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	4,913,753,370	4,548,718,700
Reserves	8	3,216,320,430	3,135,487,572
Surplus on revaluation of operating fixed assets	9	4,742,276,247	4,849,769,249
Accumulated losses		(11,752,377,928)	(11,470,421,777)
		1,119,972,119	1,063,553,744
Non-current liabilities			
Redeemable capital - secured	10	-	-
Long term finances - secured	11	-	-
Lease liabilities	12	7,117,689	7,568,143
Deferred liability	13	383,204,296	343,664,154
		390,321,985	351,232,297
Current liabilities			
Current portion of non-current liabilities	14	8,139,942,728	8,170,826,909
Short term borrowings	15	5,067,529,093	5,647,437,315
Trade and other payables	16	1,474,806,412	1,732,596,807
Contract liabilities	17	254,630,353	43,666,216
Interest / mark-up accrued on borrowings	18	6,520,946,044	5,632,400,679
Dividend payable on preference shares	19	9,413,535	9,413,535
Unclaimed dividend on ordinary shares		3,763,905	3,763,905
Provision for taxation	29	-	31,594,839
		21,471,032,070	21,271,700,205
Contingencies and commitments			
	20	22,981,326,174	22,686,486,246
ASSETS			
Non-current assets			
Property, plant and equipment	21	10,254,008,713	10,167,664,715
Long term investments	22	12,608,052	231,864,928
Long term deposits and receivables	23	38,034,396	88,817,246
		10,304,651,161	10,488,346,889
Current assets			
Stores, spares and loose tools		128,358,354	130,500,130
Stock-in-trade	24	3,190,805,924	2,755,896,078
Trade debts	25	2,225,064,263	3,217,169,884
Advances, deposits, prepayments and other receivables	26	2,147,978,705	2,150,507,130
Income tax recoverable	29	880,794	-
Short term investments	27	139,993,989	306,022,500
Receivable from National Bank of Pakistan	28	306,022,500	-
Funds for restructuring scheme	30	571,284,720	-
Cash and bank balances	31	787,189,396	447,992,814
		9,497,578,645	9,008,088,536
Non-current assets held for sale			
	5	3,179,096,368	3,190,050,821
		22,981,326,174	22,686,486,246

The annexed notes from 1 to 55 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, 2020

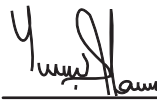
		2020	2019
	Note	Rupees	Rupees
Sales - net	32	16,909,299,380	20,214,970,742
Cost of sales	33	(14,446,980,920)	(16,726,690,730)
Gross profit		2,462,318,460	3,488,280,012
Selling and distribution expenses	34	(884,982,511)	(911,073,423)
Administrative expenses	35	(549,982,576)	(513,699,624)
Profit from operations		1,027,353,373	2,063,506,965
Other income	36	142,232,161	26,418,318
Other expenses	37	(15,663,732)	(60,320,842)
Impairment loss on financial asset		(94,701,891)	-
Finance cost	38	(1,282,483,682)	(1,528,303,279)
(Loss) / profit before taxation		(223,263,771)	501,301,162
Taxation	39	(166,185,382)	(195,988,871)
(Loss) / profit after taxation		(389,449,153)	305,312,291
(Loss) / earning per share - basic and diluted	40	(0.84)	0.67

The annexed notes from 1 to 55 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, 2020

	2020	2019
	Rupees	Rupees
(Loss) / profit after taxation	(389,449,153)	305,312,291
Items that will not be subsequently reclassified to profit or loss account		
Re-measurement of post retirement benefits obligation	80,832,858	(2,381,501)
Surplus on revaluation of property, plant and equipment	-	331,888,127
	80,832,858	329,506,626
Total comprehensive (loss) / income for the year	(308,616,295)	634,818,917

The annexed notes from 1 to 55 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, 2020

		2020	2019
	Note	Rupees	Rupees
<u>Cash flows from operating activities</u>			
Cash generated from / (used in) operations	41	1,714,523,247	(39,864,490)
Interest / mark-up paid		(121,574,875)	(133,329,394)
Taxes paid		(197,780,221)	(171,768,810)
Post retirement benefits paid		(52,246,799)	(20,679,196)
Net cash generated from / (used in) operating activities		1,342,921,352	(365,641,890)
<u>Cash flows from investing activities</u>			
Capital expenditure		(468,938,279)	(299,420,511)
Long term deposits - net		50,782,850	-
Advance against sale of asset		206,250,000	-
Proceeds from disposal of property, plant and equipment		5,230,778	170,670
Net cash used in investing activities		(206,674,651)	(299,249,841)
<u>Cash flows from financing activities</u>			
Repayment of long term finances	45	(8,418,294)	(33,673,178)
Repayment of lease liabilities	45	(2,473,553)	(52,403,046)
Short term borrowings - net	45	(242,548,444)	1,084,575,459
Proceeds from issue of new shares		365,034,670	-
Dividend paid		-	(19,100)
Net cash generated from financing activities		111,594,379	998,480,137
Net increase in cash and cash equivalents		1,247,841,080	333,588,406
Cash and cash equivalents at beginning of the year		(231,363,802)	(564,952,208)
Cash and cash equivalents at end of the year	42	1,016,477,278	(231,363,802)

The annexed notes from 1 to 55 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, 2020

	Issued, subscribed and paid-up capital	Share premium	Capital reserves			Surplus on revaluation of operating fixed assets	Accumulated losses	Total reserves	Total equity
			Reserve on merger	Preference share redemption reserve	Post retirement benefits obligation reserve				
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 (loss) / 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
Total comprehensive income for the year:									
Loss for the year ended June 30, 2020	-	-	-	-	-	-	(389,449,153)	(389,449,153)	(389,449,153)
Other comprehensive income for the year ended June 30, 2020	-	-	-	-	80,832,858	-	-	80,832,858	80,832,858
Total comprehensive loss for the year	-	-	-	-	80,832,858	-	(389,449,153)	(308,616,295)	(308,616,295)
Transaction with owners:									
Issue of right shares	365,034,670	-	-	-	-	-	-	-	365,034,670
Transfer of incremental depreciation from surplus on revaluation of operating fixed assets	-	-	-	-	-	(107,493,002)	107,493,002	-	-
As at June 30, 2020	4,913,753,370	2,358,246,761	105,152,005	661,250,830	91,670,834	4,742,276,247	(11,752,377,978)	(3,793,781,251)	1,119,972,119

The annexed notes from 1 to 55 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, 2020

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 Ferozpur Road, Mouza Atari Saroba, Tehseel Cantt, Lahore. Unit IV is rented facility. Unit I is operational while Unit IV remained operational till April 29, 2020. Unit II and III are non-operational and are being held for sale.

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) 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, 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 22.1.2).

2.3 Going concern assumption

During the year the current liabilities of the Company have exceeded current assets by Rs. 8,794.36 million (2019: Rs. 9,073.56 million), financial liabilities include Rs. 15,406.37 million (2019: Rs. 14,412.86 million) relating to overdue principal and mark-up thereon, and the accumulated losses stand at Rs. 11,752.38 million (2019: Rs. 11,470.42 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, 2020 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. The financial restructuring was due to be finalized during the current year however the time period has been extended due to COVID-19 and lockdown situation and is currently in the implementation phase (refer note 52). In accordance with the court approved scheme of the arrangement, the Company is required to raise funds through right issue and disposal of its two secondary units as mentioned in note 5. In this respect proceeds from right issues have been received as mentioned in note 7.1 and advance for sale of one of the units is also received as mentioned in note 17.

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.

Due to the factors mentioned in note 52, the Company's cashflow has deteriorated in current period due to COVID-19 and lockdown. The Company faced problems in collection of receivables however with opening up of European countries and restoration of business activities, recoveries were back to normal.

As business is getting back on track, management is hopeful that during year 2020-21, sales and profitability targets would be achieved. With recovery starting from June 2020, there is no going concern uncertainty due to COVID-19. 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. 8,972.26 million (2019: 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.

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 21.1.

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 statement of profit or loss account as incurred.

The Company recognizes depreciation in statement of 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 21.1 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 statement of profit or loss account.

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

Increases in the carrying amounts arising on revaluation of property, plant and equipment are recognized, net of tax, in other comprehensive income and accumulated in revaluation surplus in shareholders' equity. To the extent that increase reverses a decrease previously recognized in the statement of profit or loss, the increase is first recognized in the statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to the statement of profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of profit or loss and depreciation based on the asset's original cost, net of 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 statement of 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, 2020.

3.6 Financial instruments

Financial assets and financial liabilities are recognized 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 recognized immediately in statement of profit or loss.

3.6.1 Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized 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 recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

a) Debt instruments measured at amortized cost

Debt instruments that meet the following conditions are measured subsequently at amortized 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 amortized 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 amortized cost of a financial asset before adjusting for any loss allowance.

The effective interest method is a method of calculating the amortized 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 recognizes 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 recognizes 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 recognized in statement of 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 recognizes 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 recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in statement of 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 amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized 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 amortized 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 derecognized and the consideration paid and payable is recognized in statement of 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 recognized amount and the Company intends either to settle on a net basis or to realize 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 statement of profit or loss account over the period of the borrowings on an effective interest rate basis.

3.9 Leases

3.9.1 Right-of-use asset

The Company recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

3.9.2 Lease liability

The lease liability is initially measured at present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise of the following:

- fixed payments, including in substance fixed payments;
- variable lease payments that depend on an index, or a rate, initially measured using the index or rate as at commencement date;
- amount expected to be payable under a residual guarantee; and
- the exercise under purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate or if there is a change in Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in the statement of profit or loss if the carrying amount of the right of use asset has been reduced to zero.

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 recognized 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 statement of 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 values, 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 Intercreditor 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 are no longer depreciated from July 01, 2019. As of June 30, 2020, assets held for sale mainly 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 new and revised relevant IFRSs effective in the current period had no significant impact on the amounts reported and disclosures in these condensed interim financial statements except the following:

4.1 Impact of IFRS 16 - 'Leases'

IFRS 16 replaces existing guidance on accounting for leases, including IAS 17, 'Leases', IFRIC 4, 'Determining whether an Arrangement contains a Lease', SIC-15, 'Operating Leases- Incentive', and SIC-27, 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces an on balance sheet lease accounting model for long term operating leases (short-term leases and leases where the underlying assets are of low value continue to be treated as off-balance sheet operating leases). A lessee recognizes a 'right of use' asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments.

'Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as either finance or operating leases.

IFRS 16 - Leases was issued by the IASB on January 13, 2016 and is effective for periods beginning on or after January 01, 2019, with earlier adoption permitted. The Company has adopted IFRS 16 from July 01, 2019. The Company has assessed that there is no impact of IFRS 16 on the Company's financial statements except nomenclature change which is summarized below:

Previously used nomenclature	Current nomenclature	Amount as per IAS 17 <u>Rupees</u>	Amount as per IFRS 16 <u>Rupees</u>
Assets subject to finance lease	Right of use asset	9,367,534	9,367,534
Liabilities against assets subject to finance lease	Lease liabilities	10,178,526	10,178,526

5. Non-current assets held for sale

As mentioned in note 2.3.1, the creditors' 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 bidding process. As per scheme of arrangement, this sale process was targeted to be completed in 6 months and 15 days from the date of submission of the approved scheme with the Registrar of Companies i.e April 30, 2020. Due to the recent global development on account of COVID-19 and lockdown the time period for exercise of this scheme of arrangement has been extended and is currently in implementation phase.

During the year fair value of these assets has been reassessed 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 as at June 30, 2020.

The carrying amount of assets are as follows:

	2020 <u>Rupees</u>	2019 <u>Rupees</u>
Freehold land	1,341,000,800	1,308,796,000
Buildings on freehold land	669,532,163	691,287,516
Plant and machinery	1,107,183,001	1,128,586,901
Furniture, fixtures and office equipment	8,160,034	8,160,034
Vehicles	1,257,355	1,257,355
Tools and equipment	31,783,674	31,783,674
Electrical installations	20,179,341	20,179,341
	<u>3,179,096,368</u>	<u>3,190,050,821</u>

6. Standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan which are effective in current period

6.1 The following standards, amendments and interpretations are effective for the year ended June 30, 2020. These standards, interpretations and amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

Standards or Interpretations with no significant impact	Effective from annual period beginning on or after:
- 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
- Amendments to IFRS 9 'Financial Instruments' - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities.	January 01, 2019
-IFRS 14 'Regulatory deferral accounts.	July 01, 2019
-Annual improvements to IFRS standards 2015-2017 cycle amendments to: IFRS 3 Business Combinations; IFRS 11 Joint Arrangements; and IAS 12 Income Taxes IAS 23 Borrowing Costs.	January 01, 2019

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

The following new accounting standards, interpretations and amendments to accounting and reporting standards are effective for accounting periods, beginning on or after the date mentioned against each of them. These amendments, interpretations and standards are, either not relevant to the Company's operations, or are not expected to have a significant impact on the Company's financial statements other than certain additional disclosures.

Standards or Interpretations	Effective from annual period beginning on or after:
-Amendments to References to the Conceptual Framework in IFRS Standards.	January 01, 2020
-Amendments to IFRS 3 'Business Combinations' - Amendments regarding the definition of business.	January 01, 2020
-Amendments to IAS 39, IFRS 7 and IFRS 9 – The amendments will affect entities that apply the hedge accounting requirements of IFRS 9 or IAS 39 to hedging relationships directly affected by the interest rate benchmark reform.	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
Amendment to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Amendment regarding Definition of Material.	January 01, 2020

-Amendment to IFRS 16 'Leases' - Provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.	June 01, 2020
Amendments to IAS 16 'Property, Plant and Equipment', prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use.	January 01, 2022
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1).	January 01, 2023
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.	January 01, 2020
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' regarding the costs to include when assessing whether a contract is onerous.	January 01, 2022
Amendments to the Conceptual Framework for Financial Reporting, including amendments to references to the Conceptual Framework in IFRS Standards.	January 01, 2020

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 17 – Insurance Contracts

7	Share capital	Note	2020 Rupees	2019 Rupees
	<u>Authorized share capital</u>			
	Ordinary shares of Rs. 10 each			
	900,000,000 (2019: 900,000,000) voting shares		9,000,000,000	9,000,000,000
	300,000,000 (2019: 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 (2019: 300,000,000) non-voting shares		3,000,000,000	3,000,000,000
			15,000,000,000	15,000,000,000
	<u>Issued, subscribed and paid-up capital</u>			
	Voting ordinary shares of Rs. 10 each			
	359,773,025 (2019: 323,712,733) shares fully paid in cash	7.1	3,597,730,250	3,237,127,330
	62,548,641 (2019: 62,548,641) shares issued as paid bonus shares		625,486,410	625,486,410
	12,276,073 (2019: 12,276,073) shares issued as consideration for machinery		122,760,730	122,760,730
	50,811,992 (2019: 50,811,992) shares issued as consideration on merger		508,119,920	508,119,920
			4,854,097,310	4,493,494,390
	Non-voting ordinary shares of Rs. 10 each			
	5,196,894 (2019: 4,753,719) shares fully paid in cash	7.1	51,968,940	47,537,190
	768,712 (2019: 768,712) shares issued as fully paid bonus shares		7,687,120	7,687,120
			59,656,060	55,224,310
		7.2	4,913,753,370	4,548,718,700

7.1 During the year, as part of Creditors' scheme of arrangement (refer note 2.3.1) a right issue of 36,060,292 ordinary shares and 443,175 non-voting ordinary shares was approved by the Board of Directors of the Company at their meeting held on January 18, 2020 in proportion of 8.025 ordinary shares for every 100 ordinary shares at par value of Rs. 10 per share.

On April 09, 2020 a total of 36,503,567 right shares were issued and an amount of Rs. 365.035 million was raised in respect of ordinary share capital. This amount is currently held in right shares subscription account and will be utilized for settlement of liabilities under Creditors' scheme of arrangement.

7.2 As at June 30, 2020, Jahangir Siddiqui & Co. Limited (JSCL) holds 120,657,363 (2019: 89,690,363) number of voting ordinary shares of the Company.

8.	Reserves	Note	2020 Rupees	2019 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	91,670,834	10,837,976
			3,216,320,430	3,135,487,572

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	Note	2020 Rupees	2019 Rupees
	As at beginning of the year		4,849,769,249	4,630,687,703
	Add: Surplus on revaluation during the year		-	331,888,127
	Less: incremental depreciation transferred to accumulated losses		(107,493,002)	(112,806,581)
	As at end of the year		4,742,276,247	4,849,769,249
10	Redeemable capital - secured			
	Term Finance Certificates - II	10.1	651,066,836	651,066,836
	Privately Placed Term Finance Certificates - IV	10.2	949,075,824	957,494,118
	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
			5,889,781,511	5,898,199,805
	Less: transaction costs	10.7	(53,187,020)	(26,735,194)
			5,836,594,491	5,871,464,611
	Less: current maturity presented under current liabilities	14	(5,836,594,491)	(5,871,464,611)
			-	-

- 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 instalment amounting to Rs. 847.582 million was settled by the Company during the year ended June 30, 2013. Remaining nine installments were 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 (2019 : Rs. 651.07 million) and interest / mark-up amounting to Rs. 620.15 million (2019 : Rs. 525.81 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. 8.418 million (2019: Rs. 33.673) in the reporting period. Remaining nine installments were 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. 949.07 million (2019: Rs. 957.49 million) and interest / mark-up amounting to Rs. 986.95 million (2019: Rs. 848.20 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 instalment 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 (2019 : Rs. 527.68 million) and interest / mark-up amounting to Rs. 460.83 million (2019 : Rs. 386.84 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 nil 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 (2019 : 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. 299.25 million (2019 : Rs. 244.84 million) and interest / mark-up amounting to Rs. 197.65 million (2019 : Rs. 161.65 million) were overdue. Refer to note 44.2.2.

- 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. 199.10 million (2019 : Rs. 162.90 million) and interest / mark-up amounting to Rs. 131.50 million (2019 : Rs. 107.55 million) were overdue. Refer to note 44.2.2.

10.7	Transaction costs	Note	2020 Rupees	2019 Rupees
	As at beginning of the year		26,735,194	27,911,843
	Capitalized during the year		31,753,452	8,659,243
	Less: amortized during the year	38	(5,301,626)	(9,835,892)
	As at end of the year		53,187,020	26,735,194

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 financiers, on all present and future assets and properties of the Company.
- Personal guarantee of Sponsor Director.

11	Long term finances - secured	Note	2020 Rupees	2019 Rupees
	Deutsche Investitions - Und MBH (Germany)	11.1	1,324,295,017	1,313,686,607
	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
			2,167,896,425	2,157,288,015
	Less: transaction costs	11.6	(15,976,280)	(8,593,908)
			2,151,920,145	2,148,694,107
	Less: current maturity presented under current liabilities	14	(2,151,920,145)	(2,148,694,107)
			-	-

- 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 were 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. 1,324.29 million (2019 : Rs. 1,313.69 million) and interest / mark-up amounting to Rs. 587.40 million (2019 : Rs. 502.99 million) were overdue. Refer to note 44.2.2.

- 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 were 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 (2019 : Rs. 43.25 million) and interest / mark-up amounting to Rs. 24.55 million (2019 : Rs. 24.55 million) were overdue. Refer to note 44.2.2.

- 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 last year. 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 (2019: Rs. 234.57 million) and interest / mark-up amounting to Rs. 199.37 million (2019: Rs. 168.93 million) were overdue. Refer to note 44.2.2.

- 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 (2019: Rs. 565.78 million) and interest / mark-up amounting to Rs. 452.26 million (2019: Rs. 394.08 million) were overdue. Refer to note 44.2.2.

- 11.5** At the reporting date, interest / mark-up amounting to Rs. 83.894 million (2019: 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 44.2.2.

11.6 Transaction costs	Note	2020 Rupees	2019 Rupees
As at beginning of the year		8,593,908	13,614,729
Capitalised during the year		9,839,275	2,683,194
Less: amortized during the year	38	(2,456,903)	(7,704,015)
As at end of the year		15,976,280	8,593,908

12	Lease liabilities	Note	2020 Rupees	2019 Rupees
	Present value of lease liabilities	12.1 & 12.2	10,178,526	9,869,079
	Less: current maturity presented under current liabilities	14	(3,060,837)	(2,300,936)
			7,117,689	7,568,143
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 (2019: 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 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:			
			2020 Rupees	2019 Rupees
	Not later than one year		3,839,632	3,195,465
	Later than one year but not later than five years		7,625,706	8,211,428
	Total future lease liabilities		11,465,338	11,406,893
	Less: finance charge allocated to future periods		(1,286,812)	(1,537,814)
	Present value of future lease liabilities		10,178,526	9,869,079
	Not later than one year		(3,060,837)	(2,300,936)
	Later than one year but not later than five years		7,117,689	7,568,143
12.3	Total cashflows pertaining to lease liabilities amounts to Rs. 2.47 million (2019: Rs. 52.40 million.)			
			2020 Rupees	2019 Rupees
13.	Deferred Liability			
	Gratuity payable		383,204,296	343,664,154
	The Company operates a defined benefit plan comprising an un-funded gratuity scheme for its permanent			
13.1	Amounts recognized in the balance sheet		2020 Rupees	2019 Rupees
	Present value of the defined benefit obligation		419,524,491	368,530,545
	Benefits due but not paid - recognized as current liability		(36,320,195)	(24,866,391)
	Net liability recognized in the balance sheet		383,204,296	343,664,154
13.2	Movement in the present value of the defined benefit obligation			
	Obligation at the beginning of the year		368,530,545	235,291,330
	Current service cost		139,640,129	132,556,444
	Interest cost		44,433,474	18,980,466
	Benefits paid during the year		(52,246,799)	(20,679,196)
	Actuarial (gain) / losses during the year		(8,204,946)	6,770,093
	Experience adjustments		(72,627,912)	(4,388,592)
	Obligation at the end of the year		419,524,491	368,530,545

	2020 Rupees	2019 Rupees
13.3 Movement in liability		
Staff gratuity fund at the beginning of the year	368,530,545	235,291,330
Charge for the year	184,073,603	151,536,910
Remeasurements chargeable in other comprehensive income	(80,832,858)	2,381,501
Benefits paid	(52,246,799)	(20,679,196)
Net liability	419,524,491	368,530,545
13.4 Amount recognized in profit and loss		
Current service cost	139,640,129	132,556,444
Interest cost	44,433,474	18,980,466
	184,073,603	151,536,910
13.5 Amount chargeable to other comprehensive income		
Actuarial losses from changes in financial assumptions	(8,204,946)	6,770,093
Experience adjustments	(72,627,912)	(4,388,592)
	(80,832,858)	2,381,501
Expense recognized in following line items in statement of profit and loss account		
Cost of sales	148,884,773	120,722,991
Selling and distribution expenses	12,930,714	7,388,217
Administrative expenses	22,240,683	23,425,702
	184,056,170	151,536,910
13.6 Principal actuarial assumptions used were as follows	2020 Rupees	2019 Rupees
Discount rate used for interest cost in profit and loss account	14.25%	9.00%
Discount rate used for year end obligation	8.50%	14.25%
Future salary increase per annum	7.50%	13.25%
Mortality rates	SLIC 2001-2005	SLIC 2001-2005
Withdrawal factor	Age Based	Age Based
Retirement age of the employee	60 years	60 years
13.7 The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:		
	2020	
	Impact on defined benefit obligation	
	1% Increase in assumption	1% Decrease in assumption
Discount rate	356,492,902	414,194,540
Salary growth rate	415,428,293	354,886,404
	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

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	2020 Rupees	2019 Rupees
Preference shares of Rs.10 each (2019 : Rs.10 each)	14.1	148,367,255	148,367,255
Redeemable capital - <i>secured</i>	10	5,836,594,491	5,871,464,611
Long term finances - <i>secured</i>	11	2,151,920,145	2,148,694,107
Lease liabilities	12	3,060,837	2,300,936
		8,139,942,728	8,170,826,909

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

At the reporting date, entire outstanding amount of preference shares were overdue. Refer to note 44.2.2 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	2020 Rupees	2019 Rupees
Running finance	15.1&15.3	341,996,838	679,356,616
Term loan	15.1&15.3	4,114,601,624	4,329,019,061
Morabaha / LPO	15.1&15.3	158,490,103	158,490,103
Bills payable	15.3&15.4	452,440,528	480,571,535
		5,067,529,093	5,647,437,315

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 (2019: one to twelve months KIBOR plus 1.00% 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 (2019: 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 (2019: 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 (2019: 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. 330.97 million (2019: Rs. 281.95 million), Rs. 1,586.92 million (2019: Rs. 1,381.62 million) and Rs. 205.31 million (2019: Rs. 180.61 million) were overdue in respect of running finance, term loan and morabaha / LPO respectively. Further, principal amounting to Rs. 19.94 million (2019: Rs. 19.94 million) and Rs. 454.08 million (2019: Rs. 454.08 million) were overdue in respect of running finance and term loan respectively. Refer to note 44.2.2 for details.

- 15.2** At the reporting date, interest / mark-up amounting to Rs. 62.18 million (2019: Rs. 62.18 million) related to bridge finance, which was settled in the prior years, was overdue. Refer to note 44.2.2 for details.
- 15.3** The aggregate available short term funded facilities amounts to Rs. 6,637.27 million (2019: Rs. 6,330.27 million) out of which Rs. 1,210.49 million (2019: Rs. 1,163.40 million) remained unavailed as at the reporting date. Limits available for opening of letters of credit amounts to Rs. 602.18 million (2019: Rs. 638.48 million) of which the limits remaining unutilized as at the reporting date amounts to Rs. 149.74 million (2019: Rs. 195.75 million).
- 15.4** At the reporting date, bills payable amounting to Rs. 337.50 million (2019: Rs. 337.50 million) and interest / mark-up amounting to Rs. 343.34 million (2019: Rs. 290.34 million) were overdue. Refer to note 44.2.2 for details.

16. Trade and other payables	Note	2020 Rupees	2019 Rupees
Trade and other creditors		894,882,806	1,116,615,040
Accrued liabilities		548,267,855	557,833,297
Tax deducted at source		17,429,571	15,007,911
Workers' profits participation fund	16.1	-	26,384,272
Other payables		14,226,180	16,756,287
		1,474,806,412	1,732,596,807
16.1 Workers' profits participation fund			
Balance at the beginning of the year		26,384,272	15,740,844
Allocation for the year	37	-	26,384,272
		26,384,272	42,125,116
Less: payments during the year		(26,384,272)	(15,740,844)
Balance at the end of the year		-	26,384,272

17. Contract liabilities

It includes Rs. 206.250 million (2019: Rs. nil) received from the buyer as advance for purchase of stitching unit at Ferozpur Road, Lahore classified as held for sale. For details refer note 5.

18. Interest / mark-up accrued on borrowings	2020 Rupees	2019 Rupees
Redeemable capital - <i>secured</i>	2,545,432,052	2,165,057,560
Long term finances - <i>secured</i>	1,362,728,165	1,174,209,075
Short term borrowings - <i>secured</i>	2,612,785,827	2,293,134,044
	6,520,946,044	5,632,400,679

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

19. 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.

20. Contingencies and commitments

20.1 Contingencies

- 20.1.1** The Company has not accrued expense relating to Gas Infrastructure Development Cess ("GIDC") amounting to Rs. 123.841 million (2019: Rs. 120.222 million). Honourable Supreme Court of Pakistan has passed an order dated August 13, 2020, requiring the Company to pay off the liability to SNGPL relating to GIDC. The Company has filed an appeal before the Honourable Supreme Court of Pakistan against this order for which, as per legal advisor, the Company prima facie has arguable case and a favourable decision is expected.
- 20.1.2** The Company has issued indemnity bonds amounting to Rs. 1,288.648 million (2019: Rs. 1,062.020 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.
- 20.1.3** Counter guarantees given by the Company to its bankers as at the reporting date amount to Rs. 201.488 million (2019: Rs. 187.721 million).
- 20.1.4** Bills discounted as at reporting date aggregated to Rs. 868.980 million (2019: Rs. 1,777.692 million).
- 20.1.5** 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 counsel opinion, is of the view that the matter is not expected to have any adverse consequences.
- 20.1.6** Other cases involving point of law are subject to adjudication before Honorable Lahore High Court and other forums.

20.2 Commitments	Note	2020 Rupees	2019 Rupees
20.2.1 Commitments under irrevocable letters of credit for:			
- purchase of raw material		27,599,517	50,110,319
- purchase of stores, spare and loose tools		33,199,186	-
		60,798,703	50,110,319
20.2.2 Commitments for capital expenditure		57,177,007	11,023,230
21 Property, plant and equipment			
Operating fixed assets	21.1	9,996,709,467	10,070,013,273
Right of use asset	21.2	9,367,534	8,752,456
Capital work in progress - <i>at cost</i>	21.3	247,931,712	88,898,986
		10,254,008,713	10,167,664,715

21.1 Operating fixed assets - Owned

Particulars	2020										2019																			
	Cost / Revalued amount					Depreciation					Net Book Value as at June 30, 2020					Cost / Revalued amount					Depreciation					Net Book Value as at June 30, 2019				
	As at July 01, 2019	Revaluation Surplus/(Deficit)	Additions	Transfers	Disposals	Assets classified as held for sale	As at June 30, 2020	Rate %	As at July 01, 2019	For the year	Transfers	Disposals	Assets classified as held for sale	As at June 30, 2020	As at July 01, 2018	Revaluation Surplus/(Deficit)	Additions	Transfers	Disposals	Assets classified as held for sale	As at June 30, 2019	Rate %	As at July 01, 2018	For the year	Transfers	Disposals	Assets classified as held for sale	As at June 30, 2019		
Freehold land	1,259,170,000	-	-	-	-	-	1,259,170,000	-	-	-	-	-	-	-	1,259,170,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,259,170,000	
Buildings on freehold land	2,786,495,090	-	23,751,887	-	-	-	2,810,246,977	2.5	734,572,986	51,496,897	-	-	-	786,069,883	2,024,177,094	(148,973,664)	-	-	-	-	-	-	-	74,158,540	-	-	(603,989,845)	734,572,986	2,051,922,104	
Plant and machinery	11,660,167,036	-	187,980,912	-	(8,597,727)	-	11,839,550,221	4.5	5,191,526,030	291,824,686	-	(4,197,747)	-	5,479,152,969	6,360,397,252	38,228,141	247,610,968	158,434,751	-	-	-	-	337,783,633	7,183,222	-	(2,139,862,898)	5,191,526,030	6,468,641,006		
Furniture, fixtures and office equipment	188,063,192	-	17,223,139	-	-	-	205,226,331	10	126,717,417	7,258,607	-	-	-	133,976,024	71,250,307	218,154,415	3,652,350	-	-	-	-	-	7,512,598	-	-	(25,643,539)	126,717,417	61,285,775		
Vehicles	45,252,849	-	8,983,301	-	(1,720,960)	-	52,515,190	20	38,718,365	2,112,685	-	(1,621,745)	-	39,209,305	13,305,885	63,297,261	1,145,840	-	(682,690)	-	-	(611,034)	1,933,710	-	-	(17,250,207)	38,718,365	6,534,484		
Tools and equipment	387,658,112	-	28,815,060	-	-	-	416,473,172	10	222,409,398	18,473,854	-	-	-	240,883,252	175,589,920	480,335,838	5,755,006	-	-	-	-	-	21,440,204	-	-	(66,649,058)	222,409,398	165,248,714		
Electrical installations	152,247,656	-	43,151,236	-	-	-	195,398,892	10	95,036,467	7,543,416	-	-	-	102,579,883	92,919,009	215,318,462	3,939,458	-	-	-	-	-	8,311,677	-	-	(44,830,923)	95,036,467	57,211,189		
	16,478,993,935	-	309,905,535	-	(10,318,687)	-	16,778,580,783		6,408,980,662	378,710,145	-	(5,819,492)	-	6,781,871,316	9,996,709,467	21,844,585,066	262,103,622	158,434,751	(682,690)	-	(6,088,277,291)	16,478,993,935	451,140,362	7,183,222	(611,034)	(2,898,226,470)	6,408,980,662	10,070,013,273		

21.1.1 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.

21.1.2 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

21.1.3 The depreciation charge for the year has been allocated as follows:	Note	2020 Rupees	2019 Rupees
Cost of sales	33	369,764,082	448,277,542
Administrative expenses	35	11,113,985	11,633,471
		380,878,067	459,911,013

21.1.4 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 importer of machinery supplier keeping in view the location of the property/project, condition, size, utilization and other relevant factors.

Had there been no revaluation the cost, accumulated depreciation and net book value of the revalued property plant and equipment as at June 30, 2020 would be as follows:

	Cost	Accumulated depreciation	Net book value
	-----Rupees-----		
Freehold land	190,982,598	-	190,982,598
Buildings on freehold	1,974,457,295	615,726,253	1,358,731,042
Plant and machinery	8,506,722,071	4,079,192,752	4,427,529,319

As disclosed in note 44.4, details of the Company's assets and information about fair value hierarchy as at June 30, 2020 are as follows :

	Level 1	Level 2	Level 3	Total
	-----Rupees-----			
Land	-	1,259,170,000	-	1,259,170,000
Building	-	2,024,177,094	-	2,024,177,094
Plant and machinery	-	6,360,397,252	-	6,360,397,252
Total	-	9,643,744,346	-	9,643,744,346

21.2 Right of use asset

Particulars	2020										Net Book Value as at June 30, 2020	
	Cost					Depreciation						
	As at July 01, 2019	Additions	Transfers	Disposals	As at June 30, 2020	Rate %	As at July 01, 2019	For the year	Transfers	Disposals		As at June 30, 2020
	Rupees											
Vehicles	14,785,000	2,783,000	-	-	17,568,000	20	6,032,544	2,167,922	-	-	8,200,466	9,367,534
	14,785,000	2,783,000	-	-	17,568,000		6,032,544	2,167,922	-	-	8,200,466	9,367,534
Particulars	2019										Net Book Value as at June 30, 2019	
	Cost					Depreciation						
	As at July 01, 2018	Additions	Transfers	Disposals	As at June 30, 2019	Rate %	As at July 01, 2018	For the year	Transfers	Disposals		As at June 30, 2019
	Rupees											
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

21.3 Capital work in progress

	2020			
	As at July 01, 2019	Additions	Transfers	As at June 30, 2020
	----- Rupees -----			
Building	13,312,236	66,894,263	(33,897,229)	46,309,270
Plant and machinery	75,586,750	291,859,164	(165,823,472)	201,622,442
	88,898,986	358,753,427	(199,720,701)	247,931,712

	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

22. 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	2020 Rupees	2019 Rupees
<u>Other investments</u>			
Unquoted	22.1	12,608,052	231,864,928
22.1 Other investments - unquoted			
<u>Agritech Limited</u>			
25,237 (2019: 53,259) Term Finance Certificates of Rs. 5,000 each			
Cost	22.1.1	126,080,519	266,074,508
Less: impairment allowance		(113,472,467)	(34,209,580)
		12,608,052	231,864,928
<u>Montebello s.r.l. ("MBL")</u>			
6,700,000 ordinary shares with a capital of Euro 6,700,000			
Cost	22.1.2	2,625,026,049	2,625,026,049
Accumulated impairment		(2,625,026,049)	(2,625,026,049)
		-	-
		12,608,052	231,864,928

22.1.1 These represent Term Finance Certificates ("TFCs") issued by AGL and carry return at six months KIBOR plus 1.75% and are redeemable in thirteen unequal semi-annual instalments 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. During the current period, the Company has recognized an impairment loss of Rs. 79.26 million as per the Expected Credit Loss model of IFRS 9 - 'Financial Instruments'.

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

22.1.2 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 presented as other investment-unquoted. 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 and the proceedings are still underway.

23. Long term deposits and receivables

	Note	2020 Rupees	2019 Rupees
Utility companies, regulatory authorities and others	23.1	34,575,796	34,134,296
Financial institutions	23.2	3,458,600	2,902,000
Sales tax refund bonds	23.3	-	51,780,950
		38,034,396	88,817,246

23.1 These have been deposited with various utility companies and regulatory authorities and are being held for an indefinite period with no fixed maturity date.

23.2 These have been deposited with financial institutions.

23.3 These bonds were issued by Government of Pakistan against sales tax refundable for a tenure of three years and carries a profit of 10% per annum. During the year, these bonds have been redeemed by the Government.

24. Stock-in-trade

	2020 Rupees	2019 Rupees
Raw material	964,602,202	802,226,955
Work in process	1,552,708,246	1,280,854,360
Finished goods	673,495,476	672,814,763
	3,190,805,924	2,755,896,078

24.1 Details of stock in trade pledged as security are referred to in note 48 to the financial statements.

24.2 Finished goods include stock in transit amounting to Rs. 95.11 million (2019: Rs. 140.96 million).

25. Trade debts	Note	2020 Rupees	2019 Rupees
<i>Local</i>			
- secured	25.1	42,052,155	145,728,902
- unsecured, considered good		177,284,676	201,136,093
- unsecured, considered doubtful		12,677,447	9,557,835
		232,014,278	356,422,830
<i>Foreign</i>			
- secured	25.1	1,650,487,979	2,474,617,362
- unsecured, considered good		355,239,445	395,687,527
- unsecured, considered doubtful		452,529,563	452,529,563
		2,458,256,987	3,322,834,452
	25.3	2,690,271,265	3,679,257,282
Less: provision against trade debts	25.2	(465,207,002)	(462,087,398)
		2,225,064,263	3,217,169,884
25.1	These are secured against letters of credit.		
25.2	Movement in provision of trade debts		
		2020	2019
		Rupees	Rupees
As at beginning of the year		462,087,398	457,208,478
Provision recognized during the year		3,119,604	4,878,920
As at end of the year		465,207,002	462,087,398
25.3	This includes an amount of Rs. 452.529 million (2019: Rs. 452.529 million) receivable from MBL and this amount have been fully provided for due to the facts mentioned in note 22.1.2.		
26	Advances, deposits, prepayments and other receivables		
	Note	2020 Rupees	2019 Rupees
Advances to suppliers - <i>unsecured, considered good</i>		634,276,920	498,485,906
Advances to employees - <i>unsecured, considered good</i>			
- against salaries and post employment benefits	26.1	14,661,449	18,844,167
- against purchases and expenses		39,567,868	34,847,037
Security deposits		23,014,186	12,066,186
Margin deposits	26.2	73,336,468	37,364,557
Rebate receivable		405,524,351	1,063,968,282
Sales tax / FED recoverable		903,473,516	388,844,732
Accrued profit on sales tax refund bonds		-	1,589,674
Due from AGL - <i>secured</i>		100,492,120	100,492,120
Less: impairment allowance		(47,618,612)	(32,179,608)
		52,873,508	68,312,512
Letters of credit		206,057	24,031,147
Insurance claims		142,236	682,903
Other receivables - <i>unsecured, considered good</i>		902,146	1,470,027
		2,147,978,705	2,150,507,130

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:

	2020 Rupees	2019 Rupees
As at beginning of the year	3,512,805	2,741,064
Additions during the year	8,227,532	6,528,330
Less: receipts / adjustments during the year	(6,278,685)	(5,756,589)
As at end of the year	5,461,652	3,512,805

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	2020 Rupees	2019 Rupees
58,290,000 fully paid Preference shares of Rs. 5.25 each of Agritech Limited	27.1 & 28	-	306,022,500
28,022 Term Finance Certificates (Rs. 5,000 each) of Agritech Limited	27.2	139,993,989	-
		139,993,989	306,022,500

27.1 This represented investment in preference shares of Agritech Limited received as part consideration against sale of ordinary shares of Agritech Limited to National Bank of Pakistan.

27.2 During the year, the Company's creditors' scheme of arrangement for restructuring of liabilities has been approved and its implementation is in process. 28,022 TFCs amounting to Rs. 139.99 million are due to be settled with the lenders and these TFCs have been classified as short term investments.

28	Receivable from National Bank of Pakistan (NBP)	Note	2020 Rupees	2019 Rupees
	Put option agreement for repurchase of preference shares of AGL	28.1	306,022,500	-

28.1 This represents receivable from The National Bank of Pakistan ("NBP") against a put option exercised by the Company on July 12, 2019, under an agreement, dated June 25, 2014, for the repurchase of preference shares of Agritech Limited. Under the agreement 58.29 million preference shares of Agritech Limited were transferred to the Company as security by NBP to be repurchased at an agreed price of Rs. 5.25 per share upon exercise of put option by the Company. As the Company has exercised the put option as stipulated in the agreement which has been duly acknowledged / accepted by NBP, the Company has derecognized its investment in preference shares of Agritech Limited and has recognized a receivable from NBP aggregating to Rs. 306.02 million.

29. Provision for taxation

As at beginning of the year	31,594,839	7,374,778
Provision for the year	166,185,382	195,988,871
Paid / adjusted during the year	(198,661,015)	(171,768,810)
Transferred to income tax recoverable	880,794	-
As at end of the year	-	31,594,839

			2020 Rupees	2019 Rupees
30. Funds for restructuring scheme	Note			
Cash in escrow account against sale of assets	30.1		206,250,000	-
Funds in right share subscription account	7.1		365,034,720	-
			571,284,720	-
30.1		This amount has been received from the buyer as advance for purchase of stitching unit at Ferozpur Road, Lahore classified as held for sale. For details refer note 2.3.1, 5 and 17.		
31. Cash and bank balances	Note		2020 Rupees	2019 Rupees
Cash in hand			6,786,308	2,878,502
Cash at banks:				
- current accounts in local currency			493,787,064	274,950,572
- deposit accounts in local currency	31.1		285,916,606	169,473,418
- deposit accounts in foreign currency	31.2		699,418	690,322
			780,403,088	445,114,312
			787,189,396	447,992,814
31.1		These carry return under mark-up arrangement at 6.50% to 12.25% per annum (2019 : 4.50% to 11.25% per annum).		
31.2		These carry return under mark-up arrangement at prevailing LIBOR per annum (2019 : prevailing LIBOR per annum).		
32. Sales - Net	Note		2020 Rupees	2019 Rupees
Local	32.1		1,046,623,341	1,557,832,910
Export	32.2 & 32.3		16,046,895,580	18,064,934,407
Less: Sales Tax on indirect export Sales			(472,873,903)	-
			15,574,021,677	18,064,934,407
			16,620,645,018	19,622,767,317
Rebate on exports			290,761,229	616,083,641
Discount			(2,106,867)	(23,880,216)
			16,909,299,380	20,214,970,742
32.1 Local				
Sales			1,141,082,867	1,515,884,173
Processing Income			52,885,792	26,564,792
Waste			30,965,344	25,443,163
			1,224,934,003	1,567,892,128
			(178,310,662)	(10,059,218)
Less: Sales Tax on local sales			1,046,623,341	1,557,832,910

32.2 These include indirect exports, taxable under Section 154 (3b) of the Income Tax Ordinance, 2001, amounting to Rs. 2,781.611 million (2019 : Rs. 2,863.860 million).

32.3 Export Development Surcharge applicable under SRO 10(1)/2003 dated January 04, 2003 amounting Rs. 34.286 million (2019: Rs. 33.415 million) has been deducted from gross export sales.

33. Cost of sales	Note	2020 Rupees	2019 Rupees
Raw and packing materials consumed		9,786,611,282	11,645,926,840
Salaries, wages and benefits	33.1	2,972,713,646	2,982,745,873
Fuel and power		862,788,643	935,760,748
Store, spares and loose tools consumed		237,634,179	249,179,094
Traveling, conveyance and entertainment		149,218,655	163,365,974
Rent, rates and taxes		65,745,659	65,147,533
Insurance		33,625,310	29,580,400
Repair and maintenance		22,731,367	32,901,528
Processing charges		198,226,011	356,225,317
Depreciation	21.1.3	369,764,082	448,277,542
Printing and stationery		9,679,234	9,762,557
Communications		6,523,815	7,509,926
Fee and subscription		3,610,141	2,198,122
Miscellaneous		643,495	1,409,469
		14,719,515,519	16,929,990,923
<i>Work in process:</i>			
As at beginning of the year		1,280,854,360	1,186,321,061
As at end of the year		(1,552,708,246)	(1,280,854,360)
		(271,853,886)	(94,533,299)
Cost of goods manufactured		14,447,661,633	16,835,457,624
<i>Finished goods:</i>			
As at beginning of the year		672,814,763	564,047,869
As at end of the year		(673,495,476)	(672,814,763)
		(680,713)	(108,766,894)
		14,446,980,920	16,726,690,730

33.1 These include charge in respect of employees retirement benefits amounting Rs. 148.88 million (2019: Rs. 120.72 million).

34. Selling and distribution expenses	Note	2020 Rupees	2019 Rupees
Salaries and benefits	34.1	278,909,309	230,545,759
Traveling, conveyance and entertainment		76,307,935	73,613,256
Repair and maintenance		2,911,576	1,879,441
Rent, rates and taxes		6,269,281	3,418,939
Insurance		2,068,961	2,280,187
Freight and other expenses		191,907,759	323,768,389
Communication		2,142,899	2,484,102
Advertisement and marketing		125,471,926	108,903,476
Fee and subscription		6,190,131	1,758,351
Commission		192,242,825	161,697,733
Miscellaneous		559,909	723,790
		884,982,511	911,073,423

34.1 These include charge in respect of employees retirement benefits amounting Rs. 12.93 million (2019: Rs. 7.39 million).

35. Administrative expenses	Note	2020 Rupees	2019 Rupees
Salaries and benefits	35.1	364,110,885	338,734,254
Traveling, conveyance and entertainment		58,439,695	51,558,346
Fuel and power		15,754,293	13,785,590
Repair and maintenance		32,503,836	29,834,913
Rent, rates and taxes		7,810,588	7,789,632
Insurance		4,290,470	1,727,211
Printing and stationery		3,271,332	2,834,443
Communication		8,024,146	7,543,083
Legal and professional charges	35.2	13,412,030	12,451,461
Depreciation	21.1.3	11,113,985	11,633,471
Fee and subscription		26,255,598	29,936,029
Miscellaneous		4,995,718	5,871,191
		549,982,576	513,699,624

35.1 These include charge in respect of employees retirement benefits amounting Rs 22.24 million (2019: Rs. 23.43 million).

35.2	Note	2020 Rupees	2019 Rupees
These include following in respect of auditors' remuneration			
Annual statutory audit		2,666,066	2,539,110
Half yearly review		861,000	820,000
Review report under Code of Corporate Governance		273,685	260,652
Certification and other services		245,175	53,500
Out of pocket expenses		375,299	357,428
		4,421,225	4,030,690

36. Other income

Return on bank deposits		140,741,854	23,909,667
Profit on sales tax refund bonds		-	1,589,674
Gain on disposal of property, plant and equipment		731,565	99,014
Miscellaneous		758,742	819,963
		142,232,161	26,418,318

37. Other expenses

Provision against trade debts	25.2	3,119,604	4,878,920
Deficit on revaluation of operating assets		-	29,057,650
Workers' profits participation fund	16.1	-	26,384,272
Reversal of profit on sales tax refund bonds		1,589,674	-
Impairment loss on non current assets held for sale	5	10,954,454	-
		15,663,732	60,320,842

	Note	2020 Rupees	2019 Rupees
38. Finance cost			
Interest / mark-up on:			
- Redeemable capital		380,912,363	277,208,119
- Long term finances		188,519,088	267,143,017
- Lease liabilities		1,229,298	3,327,721
- Short term borrowings		439,459,491	408,805,271
		1,010,120,240	956,484,128
Amortization of transaction costs and unwinding effect of present value	10.7 & 11.6	7,758,527	17,539,907
Exchange loss on foreign currency borrowings		10,608,411	319,095,383
Bank discounting and other charges		253,996,504	235,183,861
		1,282,483,682	1,528,303,279
39. Taxation			
<i>Income tax</i>			
- current tax	39.1	166,185,382	195,988,871
- deferred tax	39.5	-	-
		166,185,382	195,988,871
39.1	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.		
39.2	The assessments of the Company up to and including tax year 2019 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, no material impact is expected on the financial statements.		
39.3	Other cases involving point of law are subject to adjudication before Honorable Lahore High Court.		
39.4	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 and High Court 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.		
39.5	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.		
39.6 Relationship between tax expense and accounting profit		2020 Rupees	2019 Rupees
(Loss) / profit before tax		(223,263,771)	501,301,162
Tax calculated at the rate of 29% (2019: 29%)		(64,746,494)	145,377,337
Effect of taxes applicable on the basis other than profit		230,931,876	50,611,534
Tax charge for the year		166,185,382	195,988,871

40	(Loss) / earning per share - basic and diluted	Unit	2020	2019
40.1	Basic earning per share			
	(Loss) / profit attributable to ordinary shareholders	Rupees	(389,449,153)	305,312,291
	Weighted average number of ordinary shares outstanding during the year	No. of shares	463,149,979	454,871,870
	(Loss) / earning per share	Rupees	(0.84)	0.67
40.2	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, 2020 and June 30, 2019.				
41	Cash generated from / (used in) operations	Note	2020 Rupees	2019 Rupees
	(Loss) / profit before tax		(223,263,771)	501,301,162
	Interest / mark-up expense	38	1,010,120,240	956,484,128
	Gain on disposal of fixed assets		(731,565)	(99,014)
	Provision recognized for bad debts	37	3,119,604	4,878,920
	Reversal of profit on sales tax refund bonds		1,589,674	(1,589,674)
	Foreign exchange loss - net		10,608,411	319,095,383
	Deficit on revaluation of operating assets	37	-	29,057,650
	Depreciation	21.1.3	380,878,067	459,911,013
	Provision for workers' profit participation fund	37	-	26,384,272
	Provision for employee benefits	13.4	184,073,603	151,536,910
	Amortization of transaction costs and deferred notional income	38	7,758,527	17,539,907
	Impairment on non current assets held for sale		10,954,454	-
	Impairment of long term investment		94,701,891	-
			1,703,072,906	1,963,199,495
	Operating profit before changes in working capital		1,479,809,135	2,464,500,657
	<u>Changes in working capital</u>			
	<i>Decrease / (Increase) in current assets:</i>			
	Stores, spares and loose tools		2,141,776	7,704,070
	Stock in trade		(434,909,846)	(287,826,166)
	Trade debts		988,986,017	(1,867,219,396)
	Advances, deposits, prepayments and other receivables		(15,381,047)	(227,387,417)
			540,836,900	(2,374,728,909)
	<i>Decrease in current liabilities:</i>			
	Trade and other payables		(306,122,788)	(129,636,238)
	Cash generated from / (used in) operations		1,714,523,247	(39,864,490)
42	Cash and cash equivalents at the year end			
	Short term borrowings - running finance - secured	15	(341,996,838)	(679,356,616)
	Cash and bank balances	31	787,189,396	447,992,814
	Funds for restructuring scheme	30	571,284,720	-
			1,016,477,278	(231,363,802)

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

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

43.1	Transactions with related parties	Note	2020 Rupees	2019 Rupees
43.1.1 Other related parties				
JS Bank Limited				
	Mark-up expense	38	27,946,175	42,054,987
	Trusteeship fee paid	10	1,500,000	1,500,000
	Mark-up paid	18	28,290,849	31,234,755
JS Value Fund Limited				
	Mark-up expense	38	2,844,924	2,023,511
Unit Trust of Pakistan				
	Mark-up expense	38	4,495,270	3,362,563
JS Large Cap Fund				
	Mark-up expense	38	9,172,662	9,147,600
JS Global Capital Limited				
	Mark-up expense	38	36,008,564	35,910,180
JS Principal Secure Fund				
	Mark-up expense	38	3,692,890	3,682,800
JS Income Fund				
	Mark-up expense	38	5,569,229	4,126,438
JS Growth Fund				
	Mark-up expense	38	9,452,118	8,748,259
43.1.2 Key management personnel				

The remuneration paid to chief executive, directors, executive and key management personnel in terms of their employment is disclosed in note 49 to the financial statements.

43.2	Balances with related parties	Note	2020 Rupees	2019 Rupees
43.2.1 Other related parties				
JS Bank Limited				
	Redeemable capital - TFC IV	10	65,021,777	65,021,777
	Short term borrowing	15	-	333,978,077
	Mark-up payable	18	57,983,213	63,265,923
JS Value Fund Limited				
	Redeemable capital - TFC II	10	19,523,024	19,523,024
	Redeemable capital - TFC VI	10	12,900,000	12,900,000
	Mark-up payable	18	18,665,687	15,820,763
Unit Trust of Pakistan				
	Redeemable capital - TFC V	10	31,980,766	31,980,766
	Redeemable capital - PPTFC VI	10	19,265,000	19,265,000
	Mark-up payable	18	27,935,389	23,440,118
JS Large Cap Fund				
	Redeemable capital - PPTFCs	10	83,160,000	83,160,000
	Mark-up payable	18	50,349,393	41,176,731
JS Global Capital Limited				
	Redeemable capital - PPTFCs	10	326,456,184	326,456,184
	Mark-up payable	18	197,653,567	161,645,003
JS Principal Secure Fund				
	Redeemable capital - PPTFCs	10	33,480,000	33,480,000
	Mark-up payable	18	20,270,535	16,577,645
JS Pension Savings Fund				
	Redeemable capital - PPTFC VI	10	3,850,000	3,850,000
JS Income Fund				
	Redeemable capital - TFC II	10	7,369,942	7,369,942
	Redeemable capital - TFC V	10	31,980,766	31,980,766
	Redeemable capital - TFC VI	10	24,135,000	24,135,000
	Mark-up payable	18	34,981,685	29,412,456
JS Growth Fund				
	Redeemable capital - TFC II	10	16,269,187	16,269,187
	Redeemable capital - PPTFC VI	10	10,750,000	10,750,000
	Redeemable capital - PPTFCs	10	64,200,000	64,200,000
	Mark-up payable	18	54,424,761	44,972,643
43.2.2 Key management personnel				
	Short term employee benefits payable		17,105,095	16,635,125

44. 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.

44.1 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.

44.1.1 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:

<u><i>Fair value through OCI</i></u>	Note	2020 Rupees	2019 Rupees
Long term investments	22	12,608,052	231,864,928
Short term investments	27	139,993,989	306,022,500
<u><i>At amortized cost</i></u>			
Long term deposit and receivable- <i>utility companies, regulatory authorities and others</i>	23	34,575,796	85,915,246
Long term deposit - financial institutions	23	3,458,600	2,902,000
Trade debts	25	2,225,064,263	3,217,169,884
Due from Agritech Limited - <i>unsecured, considered good</i>	26	52,873,508	68,312,512
Other receivables - <i>unsecured, considered good</i>	26	902,146	1,470,027
Security deposits	26	23,014,186	12,066,186
Margin deposits	26	73,336,468	37,364,557
Insurance claims	26	142,236	682,903
Cash at banks	31	780,403,088	445,114,312
Funds for restructuring scheme	30	571,284,720	-
		3,765,055,011	3,870,997,627
		3,917,657,052	4,408,885,055

44.1.2 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 counterparty is as follows:

	2020 Rupees	2019 Rupees
Customers	2,225,064,263	3,217,169,884
Banking companies and financial institutions	1,425,024,276	482,478,869
Others	267,568,513	709,236,302
	3,917,657,052	4,408,885,055

44.1.3 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.

44.1.3(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		Rating agency	2020	2019
	Short term	Long term		Rupees	
<i>Bank balances</i>					
Albaraka Bank (Pakistan) Limited	A-1	A+	PACRA	41,070	41,070
Askari Bank Limited	A-1+	AA+	JCR-VIS	3,062,919	30
Bank Al-Habib Limited	A-1+	AA+	PACRA	378,185,695	54,296,612
Bank Alfalah Limited	A-1+	AA+	PACRA	151,024	155,548
Bank Islami Pakistan Limited	A-1	A+	PACRA	425,685	42,530
Faysal Bank Limited	A-1+	AA	PACRA	869,709	859,709
Habib Bank Limited	A-1+	AAA	JCR-VIS	26,357	4,074
JS Bank Limited	A-1+	AA-	PACRA	42,626,365	10,471,783
MCB Bank Limited	A-1+	AAA	PACRA	102,389,497	87,127,803
Meezan Bank Limited	A-1+	AA+	JCR-VIS	16,468	16,468
National Bank of Pakistan	A-1+	AAA	PACRA	27,802,344	15,960,448
Silk Bank Limited	A-2	A-	JCR-VIS	6,223,357	111,613,844
Soneri Bank Limited	A-1+	AA-	PACRA	6,224	6,274
Standard Chartered Bank (Pakistan) Limited	A-1+	AAA	PACRA	1,060,601	141,357
Summit Bank Limited	A-3	BBB-	JCR-VIS	756,367,127	111,555,357
Samba Bank Limited	A-1	AA	JCR-VIS	15,595	15,302
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	A	PACRA	30,979,955	51,368,287
				1,351,687,808	445,114,312
<i>Margin deposits</i>					
Summit Bank Limited	A-3	BBB-	JCR-VIS	73,336,468	37,364,557

44.1.3(b) Counterparties without external credit ratings

These mainly include customers which are counter parties 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:

	2020		2019	
	Gross carrying amount	Accumulated impairment	Gross carrying amount	Accumulated impairment
	Rupees		Rupees	
Not yet due	1,932,151,657	-	3,075,997,292	-
Past due by 0 to 6 months	262,476,313	-	100,564,535	-
Past due by 6 to 12 months	958,364	-	6,651,255	-
Past due by more than one year	494,684,931	(465,207,002)	496,044,200	(462,087,398)
	2,690,271,265	(465,207,002)	3,679,257,282	(462,087,398)

44.1.3(c) The Company's five significant customers account for Rs. 1,153.340 million (2019: Rs. 1,580.336 million) of trade receivables as at the reporting date, apart from which, exposure to any single customer does not exceed 14.72% (2019: 14.75%) of trade receivables as at the reporting date. Further, trade receivables amounting to Rs. 1,692.540 million (2019: Rs. 2,620.346 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.

44.1.4 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.

44.1.5 Credit risk management

As mentioned in note 44.1.3(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.

44.2 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.

44.2.1 Exposure to liquidity risk

44.2.1(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.

		2020				
		Carrying amount	Contractual cash flows	One year or less	One to three years	More than three years
Note		Rupees				
<i>Non-derivative financial liabilities</i>						
Redeemable capital	10	5,889,781,511	5,894,778,680	5,894,778,680	-	-
Long term finances	11	2,167,896,425	2,167,896,425	2,167,896,425	-	-
Lease liabilities	12	10,178,526	11,465,338	3,839,632	7,625,706	-
Preference shares	14	148,367,255	157,780,790	157,780,790	-	-
Short term borrowings	15	5,067,529,093	5,081,960,637	5,081,960,637	-	-
Trade creditors	16	894,882,806	894,882,806	894,882,806	-	-
Contract liabilities	17	254,630,353	254,630,353	254,630,353	-	-
Accrued liabilities	16	548,267,855	548,267,855	548,267,855	-	-
Workers' profits participation fund	16	-	-	-	-	-
Other payables	16	14,226,180	14,226,180	14,226,180	-	-
Mark-up accrued on borrowings	18	6,520,946,044	6,520,946,044	6,520,946,044	-	-
Dividend payable	19	13,177,440	13,177,439	13,177,439	-	-
		21,529,883,488	21,560,012,547	21,552,386,841	7,625,706	-
		2019				
		Carrying amount	Contractual cash flows	One year or less	One to three years	More than three years
		Rupees				
<i>Non-derivative financial liabilities</i>						
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	-	-
Lease liabilities	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	17	43,666,216	43,666,216	43,666,216	-	-
Accrued liabilities	16	557,833,297	557,833,297	557,833,297	-	-
Worker's profit 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	18	5,632,400,679	5,632,400,679	5,632,400,679	-	-
Dividend payable	19	13,177,440	13,177,439	13,177,439	-	-
		21,267,994,700	21,388,283,529	21,380,072,101	8,211,428	-

44.2.2 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:

2020			
	Principal	Preference dividend / interest / mark-up	Total
----- Rupees -----			
<i>Nature of liability</i>			
Redeemable capital	5,844,476,830	2,397,092,713	8,241,569,543
Long term finances	2,167,896,426	1,362,494,844	3,530,391,270
Preference shares	148,367,250	9,413,535	157,780,785
Short term borrowings	474,015,216	2,321,757,645	2,795,772,861
Bills payables	337,503,037	343,348,334	680,851,371
	8,972,258,759	6,434,107,071	15,406,365,830
----- Rupees -----			
2019			
	Principal	Preference dividend / interest / mark-up	Total
----- Rupees -----			
<i>Nature of liability</i>			
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

As mentioned in note 2.3, the financial restructuring is in process. For the said purpose, the Honorable 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.

44.3 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.

44.3.1 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.

44.3.1(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:

	2020		
	EURO	USD	Total
	In Rupees		
<i>Assets</i>			
Trade debts	542,641,740	1,915,615,245	2,458,256,985
Cash and bank balances	499,126	200,292	699,418
	543,140,866	1,915,815,537	2,458,956,403
<i>Liabilities</i>			
Long term finances	(1,324,295,017)	-	(1,324,295,017)
Mark-up accrued on borrowings	(587,409,794)	-	(587,409,794)
Trade creditors	(26,660,478)	(101,931,142)	(128,591,620)
Bills payable	-	(170,308,933)	(170,308,933)
	(1,938,365,289)	(272,240,075)	(2,210,605,364)
Net balance sheet exposure	<u>(1,395,224,423)</u>	<u>1,643,575,462</u>	<u>248,351,039</u>
	2019		
	EURO	USD	Total
	In Rupees		
<i>Assets</i>			
Trade receivables	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
<i>Liabilities</i>			
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	<u>(1,242,718,757)</u>	<u>2,488,588,654</u>	<u>1,245,869,897</u>

44.3.1(b) Exchange rates applied during the year

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

	2020			2019		
	Reporting date spot rate		Average rate for the year	Reporting date spot rate		Average rate for the year
	Buying	Selling		Buying	Selling	
	Rupees			Rupees		
EURO	187.90	188.50	175.28	186.37	186.99	156.63
USD	168.00	168.30	158.28	164.00	164.50	137.29

44.3.1(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.

	2020	2019
	Profit	Profit
	----- Rupees -----	
EURO	(139,522,442)	(124,271,876)
USD	164,357,546	248,858,865
	24,835,104	124,586,989

44.3.1(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.

44.3.2 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.

44.3.2(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:

	2020		2019	
	Financial asset	Financial liability	Financial asset	Financial liability
	----- Rupees -----		----- Rupees -----	
<i>Non-derivative financial instruments</i>				
Fixed rate instruments	286,616,024	692,023,439	170,163,740	692,023,439
Variable rate instruments	126,080,519	9,374,024,792	266,074,508	9,950,837,987

44.3.2(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 statement of profit or loss. Therefore, a change in profit / mark-up / interest rates at the reporting date would not affect profit or loss.

44.3.2(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.

	2020	2019
	Rupees	Rupees
Increase of 100 basis points	(92,479,443)	(96,847,635)
Decrease of 100 basis points	92,479,443	96,847,635

44.3.2(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 anticipating that on completion of financial restructuring, there would be decrease in liabilities and interest cost.

44.3.3 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.

44.4 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:

	2020			
	Level 1	Level 2	Level 3	Total
	----- Rupees -----			
<i>Long term investment</i>	-	12,608,052	-	12,608,052
<i>Short term investment</i>	-	139,993,989	-	139,993,989
	-	152,602,041	-	152,602,041

	2019			
	Level 1	Level 2	Level 3	Total
	----- Rupees -----			
<i>Long term investment</i>	-	231,864,928	-	231,864,928
<i>Short term investment</i>	-	-	306,022,500	306,022,500
	-	231,864,928	306,022,500	537,887,428

44.4.1 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.

44.4.2 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.

44.5 Financial liabilities at amortised cost

	2020 Rupees	2019 Rupees
Redeemable capital - secured	5,836,594,491	5,871,464,612
Long term finances - secured	2,151,920,145	2,148,694,107
Preference shares	148,367,255	148,367,255
Lease liabilities	10,178,526	9,869,079
Trade and other payables	1,474,806,412	1,732,596,807
Contract liabilities	254,630,353	43,666,216
Interest / mark-up accrued on borrowings	6,520,946,044	5,632,400,679
Short-term borrowings	5,067,529,093	5,647,437,315
Dividend payable on preference shares	9,413,535	9,413,535
Unclaimed dividend on ordinary shares	3,763,905	3,763,905
	21,478,149,759	21,247,673,510

45. Reconciliation of liabilities arising from financing activities

	June 30, 2019	Availed during the year	Repaid during the year	Foreign exchange losses-Non cash changes	June 30, 2020
Redeemable capital - secured	5,898,199,805	-	(8,418,294)	-	5,889,781,511
Long term finance	2,157,288,015	-	-	10,608,410	2,167,896,425
Lease liabilities	9,869,079	2,783,000	(2,473,553)	-	10,178,526
Short term borrowing	5,647,437,315	1,921,009,690	(2,500,917,912)	-	5,067,529,093
	<u>13,712,794,214</u>	<u>1,923,792,690</u>	<u>(2,511,809,759)</u>	<u>10,608,410</u>	<u>13,135,385,555</u>
	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
Lease liabilities	62,272,127	-	(52,403,048)	-	9,869,079
Short term borrowing	4,590,852,774	3,779,116,441	(2,722,531,900)	-	5,647,437,315
	<u>12,423,190,514</u>	<u>3,779,116,441</u>	<u>(2,808,608,124)</u>	<u>319,095,383</u>	<u>13,712,794,214</u>

46 Segment information
46.1 Information about reportable segments

	Spinning segment		Weaving segment		Garment segment		Elimination		Total	
	2020 Rupees	2019 Rupees	2020 Rupees	2019 Rupees	2020 Rupees	2019 Rupees	2020 Rupees	2019 Rupees	2020 Rupees	2019 Rupees
46.1.1 Segment revenues and results										
Revenue										
External revenues	1,676,337,398	2,231,770,220	5,640,215,242	6,751,557,498	9,592,746,740	11,231,643,024	-	-	16,909,299,380	20,214,970,742
Inter-segment revenues	464,850,152	408,615,537	2,708,206,531	3,213,800,636	14,761,278	10,861,694	(3,187,817,961)	(3,633,277,867)	-	-
	2,141,187,550	2,640,385,757	8,348,421,773	9,965,358,134	9,607,508,018	11,242,504,718	(3,187,817,961)	(3,633,277,867)	16,909,299,380	20,214,970,742
Cost of sales										
- intersegment	(464,850,152)	(408,615,537)	(2,708,206,531)	(3,213,800,636)	(14,761,278)	(10,861,694)	3,187,817,961	3,633,277,867	-	-
- external	(1,557,088,603)	(2,087,677,581)	(4,493,981,267)	(5,495,469,313)	(8,395,911,050)	(9,143,543,836)	-	-	(14,446,980,920)	(16,726,690,730)
	(2,021,938,755)	(2,496,293,118)	(7,202,187,798)	(8,709,269,949)	(8,410,672,328)	(9,154,405,530)	3,187,817,961	3,633,277,867	(14,446,980,920)	(16,726,690,730)
Gross profit	119,248,795	144,092,639	1,146,233,975	1,256,088,185	1,196,835,690	2,088,099,188	-	-	2,462,318,460	3,488,280,012
Selling and distribution expenses	(36,978,063)	(34,961,840)	(303,805,836)	(323,036,993)	(544,198,612)	(553,074,590)	-	-	(884,982,511)	(911,073,423)
Administrative expenses	(102,260,868)	(96,360,964)	(213,115,548)	(172,247,476)	(234,606,160)	(245,091,184)	-	-	(549,982,576)	(513,699,624)
	(139,238,931)	(131,322,804)	(516,921,384)	(495,284,469)	(778,804,772)	(798,165,774)	-	-	(1,434,965,087)	(1,424,773,047)
Segment results	(19,990,136)	12,769,835	629,312,591	760,803,716	418,030,918	1,289,933,414	-	-	1,027,353,373	2,063,506,965
Other income									142,232,161	26,418,318
Other expenses									(15,663,732)	(60,320,842)
Impairment loss on financial asset									(94,701,891)	-
Finance cost									(1,282,483,682)	(1,528,303,279)
Taxation									(166,185,382)	(195,988,871)
Profit after taxation									(389,449,153)	305,312,291
46.1.2 Inter-segment sales and purchases										
Inter-segment sales and purchases have been eliminated from total figures.										
46.1.3 Basis of inter-segment pricing										
All inter-segment transfers are made at negotiated rates.										
46.1.4 Assets										
Total assets for reportable segments	4,072,911,649	4,761,899,330	9,127,739,013	9,198,182,947	8,205,168,666	7,705,319,196	(456,307,547)	(554,079,771)	20,949,511,781	21,111,321,701
Property, plant and equipment - common	-	-	-	-	-	-	-	-	1,001,905,132	1,037,277,117
Long term investments	-	-	-	-	-	-	-	-	12,608,052	231,864,928
Receivable from National Bank of Pakistan	-	-	-	-	-	-	-	-	306,022,500	-
Short term investments	-	-	-	-	-	-	-	-	139,993,989	306,022,500
Funds for restructuring scheme	-	-	-	-	-	-	-	-	571,284,720	-
	4,072,911,649	4,761,899,330	9,127,739,013	9,198,182,947	8,205,168,666	7,705,319,196	(456,307,547)	(554,079,771)	22,981,326,174	22,686,486,246
46.1.5 Liabilities										
Total liabilities for reportable segments	248,173,024	387,510,160	1,138,085,473	969,264,571	1,195,867,553	1,330,409,697	(456,307,547)	(554,079,771)	2,125,818,503	2,133,104,656
Corporate liabilities - common	-	-	-	-	-	-	-	-	19,735,535,552	19,489,827,846
	253,639,974	387,510,160	1,138,085,473	969,264,571	1,195,867,553	1,330,409,697	(456,307,547)	(554,079,771)	21,861,354,055	21,622,932,502

46.1.6 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.

	2020 Rupees	2019 Rupees
Revenue		
<u>Foreign revenue</u>		
Asia	1,488,337,813	2,643,966,746
Europe	11,369,192,309	12,025,146,362
South America	-	2,466,869
North America	4,732,665	42,108,558
Africa	10,461,071	6,914,126
Other countries	2,701,297,819	3,344,331,746
	15,574,021,677	18,064,934,407
<u>Local revenue</u>		
Pakistan	1,046,623,341	1,557,832,910
	16,620,645,018	19,622,767,317
46.1.7 Non-current assets		
Pakistan	10,304,651,161	10,488,346,889
	10,304,651,161	10,488,346,889

47. 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	2020	2019
Total debt	Rupees	8,067,856,462	8,065,356,899
Total equity including revaluation surplus	Rupees	1,119,972,119	1,063,553,744
Total capital employed	Rupees	9,187,828,581	9,128,910,643
Gearing	Percentage	87.81%	88.35%

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.

48. Restriction on title and assets pledged as security	2020 Rupees	2019 Rupees
<u>Mortgages and charges</u>		
<u>First</u>		
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
<u>Ranking</u>		
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
<u>Pledge</u>		
Raw material	306,136,670	346,284,810
Finished goods	291,152,030	331,302,450
Investments in debt securities	126,080,519	126,080,519

49. 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:

	2020			
	Directors			Executives
	Chief Executive	Executive	Non-executive	
	----- Rupees -----			
Managerial remuneration	15,525,000	5,203,337	-	181,829,799
Medical	1,552,500	520,337	-	18,451,234
Utilities and house rent	6,210,000	1,940,701	-	77,012,065
Post employment benefits	1,725,000	466,667	-	15,377,733
Bonus	20,222,512	-	-	-
	45,235,012	8,131,042	-	292,670,831
Number of persons as at year end	1	1	6	83

	2019			
	Directors			Executives
	Chief Executive	Executive	Non-executive	
	----- 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

- 49.1 The Chief Executive is provided with free use of Company maintained car.
- 49.2 Aggregate amount charged in the financial statements for meeting fee to six directors (2019: six directors) was Rs. 3.880 million (2019: Rs 3.980 million).

50. Plant capacity and actual production

<i>Spinning</i>	Unit	2020	2019
Number of rotors installed	No.	3,544	3,304
Annual installed capacity converted into 10s count	Kgs	13,069,503	12,184,435
Actual production converted into 10s count	Kgs	6,941,355	9,205,399
Number of spindles installed	No.	54,888	54,888
Annual installed capacity converted into 20s count	Kgs	14,668,821	14,668,821
<i>Weaving</i>			
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.	21,928,243	28,282,616
<i>Garments</i>			
Number of stitching machines installed	No.	3,135	2,996
Annual installed capacity	Pcs	14,942,532	14,280,000
Actual production for the year	Pcs	9,226,098	10,479,097

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.

51. Number of employees	2020	2019
The average and total number of employees are as follows:		
Average number of employees during the year	6,971	6,763
Total number of employees as at end of year	5,605	6,973

52. Impact of COVID-19 on the financial statements:

COVID-19 was declared a pandemic worldwide at the start of the year 2020 which followed lockdowns across the world. Pakistan also declared a complete lockdown in the mid of March this year. Due to COVID-19, during the last quarter of the current financial year, production and sales were negatively impacted.

Sales reported for half year ended December 31, 2019 were Rs. 10,365.45 million while for nine months ended sales were Rs. 14,941.39 million. The Company was en route to achieve sales of more than Rs. 20,000 million however due to the impact of COVID-19, sales for the year ended June 30, 2020 remained at Rs. 16,909.30 million. Decrease in sales coupled with fixed costs resulted in loss for the year. In the beginning of periods affected by COVID-19, the company faced problems in collection of receivables however with opening up of european countries and restoration of business activities, recoveries were done and stuck receivable have been received.

COVID-19 has also impacted the ongoing financial restructuring of the Company under the creditors' scheme of arrangement which was due to be completed in the current year but with the pandemic and subsequent lockdowns, the timeline for completion of the financial restructuring has been extended and is expected to be completed in the following months as mentioned in note 2.3.1.

As business is getting back on track, management is hopeful that during year 2020-21, sales and profitability targets would be achieved. With recovery starting from July 2020, there is no going concern uncertainty due to COVID-19.

The management has evaluated and concluded that there are no material implications of COVID-19 that require any specific disclosure in the financial statements.

53. Corresponding figures

Corresponding figures have been re-arranged, where necessary, for the purpose of better presentation.

54. Date of authorization for issue

These financial statements were authorized for issue on September 30, 2020 by the Board of Directors of the Company.

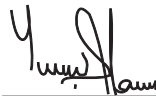
55. General

Figures have been rounded off to the nearest rupee.

Lahore



Chief Executive Officer



Director



Chief Financial Officer

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

3	0	0	6	2	0	2	0
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2.2	Number of Shareholders	Shareholdings			Total Shares held
		from	to		
	373	1 -	100	Shares	12,386
	649	101 -	500	Shares	251,744
	657	501 -	1000	Shares	594,112
	1178	1001 -	5000	Shares	3,271,877
	371	5001 -	10000	Shares	2,921,167
	105	10001 -	15000	Shares	1,356,521
	76	15001 -	20000	Shares	1,398,325
	55	20001 -	25000	Shares	1,281,842
	27	25001 -	30000	Shares	762,056
	18	30001 -	35000	Shares	597,702
	26	35001 -	40000	Shares	996,596
	9	40001 -	45000	Shares	392,210
	26	45001 -	50000	Shares	1,281,916
	7	50001 -	55000	Shares	370,933
	6	55001 -	60000	Shares	353,413
	8	60001 -	65000	Shares	502,526
	8	65001 -	70000	Shares	554,369
	8	70001 -	75000	Shares	589,561
	5	75001 -	80000	Shares	397,000
	6	80001 -	85000	Shares	497,948
	2	85001 -	90000	Shares	178,000
	5	90001 -	95000	Shares	457,544
	14	95001 -	100000	Shares	1,400,000
	3	100001 -	105000	Shares	306,714
	4	105001 -	110000	Shares	429,052
	4	110001 -	115000	Shares	449,250
	1	115001 -	120000	Shares	116,500
	4	120001 -	125000	Shares	495,500
	4	130001 -	135000	Shares	530,900
	2	135001 -	140000	Shares	271,031
	1	140001 -	145000	Shares	142,000

6	145001 -	150000	Shares	896,500
1	150001 -	155000	Shares	150,500
2	165001 -	170000	Shares	339,000
3	170001 -	175000	Shares	522,000
1	175001 -	180000	Shares	176,197
1	180001 -	185000	Shares	184,500
5	195001 -	200000	Shares	1,000,000
1	205001 -	210000	Shares	210,000
1	215001 -	220000	Shares	216,000
2	220001 -	225000	Shares	447,000
3	225001 -	230000	Shares	680,000
1	245001 -	250000	Shares	245,062
1	280001 -	285000	Shares	283,500
1	285001 -	290000	Shares	286,000
1	290001 -	295000	Shares	291,000
2	295001 -	300000	Shares	600,000
2	300001 -	305000	Shares	602,000
1	315001 -	320000	Shares	317,000
1	330001 -	335000	Shares	333,854
1	335001 -	340000	Shares	336,102
2	360001 -	365000	Shares	725,861
2	395001 -	400000	Shares	800,000
1	430001 -	435000	Shares	430,500
1	450001 -	455000	Shares	455,000
1	475001 -	480000	Shares	478,523
1	500001 -	505000	Shares	501,000
1	555001 -	560000	Shares	558,000
1	645001 -	650000	Shares	650,000
1	665001 -	670000	Shares	666,000
1	700001 -	705000	Shares	705,000
1	735001 -	740000	Shares	736,455
1	750001 -	755000	Shares	752,500
2	795001 -	800000	Shares	1,599,861
1	950001 -	955000	Shares	953,500
1	995001 -	1000000	Shares	1,000,000
1	1000001 -	1005000	Shares	1,001,500
1	1070001 -	1075000	Shares	1,075,000
1	1085001 -	1090000	Shares	1,087,500
1	1095001 -	1100000	Shares	1,100,000
1	1185001 -	1190000	Shares	1,187,500
1	1440001 -	1445000	Shares	1,443,500
1	1620001 -	1625000	Shares	1,621,000
1	1655001 -	1660000	Shares	1,657,637
1	2165001 -	2170000	Shares	2,166,500
1	2410001 -	2415000	Shares	2,413,500
1	2430001 -	2435000	Shares	2,430,500
1	2445001 -	2450000	Shares	2,450,000

1	2570001 -	2575000	Shares	2,571,275
1	2745001 -	2750000	Shares	2,747,500
1	2945001 -	2950000	Shares	2,950,000
1	3040001 -	3045000	Shares	3,042,000
1	3190001 -	3195000	Shares	3,195,000
1	3445001 -	3450000	Shares	3,449,000
1	3595001 -	3600000	Shares	3,600,000
1	3895001 -	3900000	Shares	3,900,000
1	3910001 -	3915000	Shares	3,913,972
1	4585001 -	4590000	Shares	4,586,819
1	5595001 -	5600000	Shares	5,600,000
1	6525001 -	6530000	Shares	6,528,418
1	7495001 -	7500000	Shares	7,500,000
1	8400001 -	8405000	Shares	8,401,344
1	9495001 -	9500000	Shares	9,500,000
1	13890001 -	13895000	Shares	13,893,656
1	19220001 -	19225000	Shares	19,222,500
1	19585001 -	19590000	Shares	19,586,000
1	24195001 -	24200000	Shares	24,197,600
1	24315001 -	24320000	Shares	24,316,427
1	25750001 -	25755000	Shares	25,750,009
1	26995001 -	27000000	Shares	26,996,765
1	29820001 -	29825000	Shares	29,824,500
1	47555001 -	47560000	Shares	47,556,336
1	120655001 -	120660000	Shares	120,657,363

3754	TOTAL	485,409,731
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2.3	Categories of Shareholders	Shares held	Percentage
2.3.1	Directors, Chief Executive Officer, and their spouse and minor children	47,734,911	9.83%
2.3.2	Associated Companies, undertakings and related parties	120,657,363	24.86%
2.3.3	NIT and ICP	8,398	0.00%
2.3.4	Banks, Development Financial Institutions, Non-Banking Financial Institutions	9,505,127	1.96%
2.3.5	Insurance Companies	7,158,094	1.47%
2.3.6	Modarabas and Mutual Funds	145,800	0.03%
2.3.7	Shareholders holding 10%	120,657,363	24.86%
2.3.8	<u>General Public</u>		
	a. Local	231,861,592	47.77%
	b. Foreign	6,638,335	1.37%
2.3.9	<u>Others</u>		
	Investment Companies	48,776	0.01%
	Joint Stock Companies	56,715,602	11.68%
	Provident/Pension Funds and Misc.	4,935,733	1.02%



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 27th Annual General Meeting of the Company to be held on Wednesday, the 28th October 2020 at 11:00 a.m. at the Registered Office of the Company, Ismail Aiwani-Science, Off: Shahrah-i-Roomi, Lahore and at any adjournment thereof.

In witness whereof on this _____ day of _____ 2020

WITNESSES

1. Signature _____

Name _____

Address _____

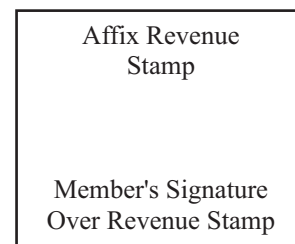
CNIC _____

2. Signature _____

Name _____

Address _____

CNIC _____



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 authenticate his/her identity, and in case of Proxy, must enclose an 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

ایزگارڈنائٹن لمیٹڈ

میں / ہم
ولد / دختر / زوجہ
ایزگارڈنائٹن لمیٹڈ کا ممبر اور ہولڈر
عمومی شیئر ز اور رجسٹرڈ فوئیو نمبر جناب / محترمہ
ولد / دختر / زوجہ
کا تقرر کرتا / کرتی ہوں یا اس کے ناکام ہونے پر
ولد / دختر / زوجہ
جو کہ خود بھی کمپنی کا / کی رجسٹرڈ فوئیو نمبر کے تحت ممبر ہے میرے / ہمارے پروکسی کے طور پر شرکت کرے، تقریر / بیان کرے،
میرے / ہمارے لئے ووٹ دے کمپنی کے ستائیسویں سالانہ اجلاس عام جو کہ بروز بدھ 28 اکتوبر 2020 بوقت 11:00 بجے صبح
بمقام کمپنی کے رجسٹرڈ آفس: اسماعیل ایوان سائنس، آف شاہراہ رومی، لاہور میں منعقد ہوگا اور اسکے کسی التواء کی صورت میں -
مورخہ 2020 کو روبرو گواہان تحریر کیا ہے۔

ریونیونگٹ لگائیں
ریونیونگٹ پر
ممبر کے دستخط

گواہ شد
دستخط
نام
پتہ
شناختی کارڈ نمبر
گواہ شد
دستخط
نام
پتہ
شناختی کارڈ نمبر

نوٹ:

- 1- پراکسی فارم کو لازمی طور پر کمپنی کے رجسٹرڈ آفس میں اجلاس سے 48 گھنٹے قبل جمع کروائیں۔
- 2- CDC شیئر ہولڈرز اجلاس میں شامل ہونے اور ووٹ دینے کے اہل اپنا شناختی کارڈ / پاسپورٹ اپنی شناخت کے طور پر پیش کریں گے اور پراکسی کی صورت میں لازمی تصدیق شدہ شناختی کارڈ یا پاسپورٹ 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.

AZGARD9

AZGARD NINE LIMITED
ISMAIL AIWAN-I-SCIENCE, OFF: SHAHRAH-I-ROOMI,
LAHORE-54600, PAKISTAN.
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azgard9Ltd

