

Interim Financial Report for the nine months ended
March 31, 2020 (Un-audited)

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AZGARD-9



AZGARD NINE LIMITED

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COMPANY INFORMATION

BOARD OF DIRECTORS

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

COMPANY SECRETARY

Mr. Muhammad Awais

CHIEF FINANCIAL OFFICER

Mr. Muhammad Zahid Rafiq, FCA

AUDIT COMMITTEE

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

HR & REMUNERATION COMMITTEE

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

AUDITORS

Deloitte Yousuf Adil
Chartered Accountants

SHARES REGISTRAR

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

REGISTERED OFFICE

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

BANKERS

Relationship with conventional side

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

PROJECT LOCATIONS

Textile & Apparel

Unit I

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

Unit II

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

Unit III

20 KM Off: 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

E-MAIL

info@azgard9.com

Directors' Review

The Directors of Azgard Nine Limited ("the Company") along with the management team hereby present the Company's Condensed Interim Financial Report for nine months' period ended 31 March 2020.

Principal Activities

The main business of your Company is the production and marketing of Denim focused Textile and Apparel products, starting from yarn to retail ready goods.

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

	Nine Months ended 31 March 2020 (Rupees)	Nine Months ended 31 March 2019 (Rupees)
Sales – Net	14,941,389,345	14,106,545,566
Operating profit	1,395,016,867	1,101,668,119
Other income	103,418,655	20,020,605
Other expenses	(118,027,099)	-
Finance Cost	(974,304,431)	(958,900,934)
Profit before Tax	406,103,992	162,787,790
Profit after Tax	260,661,370	25,998,490
Earnings per share	0.57	0.06

Review of business during this period and future outlook

During this nine months' period, the sales of the Company have increased by almost 5.9% as compared to the same period of the previous year. Due to the onset of the Coronavirus, results for the quarter have been negatively impacted.

Operating profit of these nine months is Rs. 1,395.02 million an increase of almost 27% when compared with the operating profit of same period of last year. The Company has been able to achieve before tax profit of Rs. 406.10 million as compared to profit before tax of Rs. 162.79 million during the same period of last year.

Implementation process of the scheme for Company's 2nd financial restructuring that was approved by Lahore High Court on July 31, 2019 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 subsequent to period end. 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.

Prior to the onset of the Coronavirus, the Company's overall performance has been slowly and gradually improving. However, at the moment it is unclear as to what to expect in the near future as the effect of the virus will be severe on the business of the company.

In the meantime, the management continues its efforts to try and manage the affairs of the company as best as possible through these uncertain times.

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Regarding Montebello S.R.L.(MBL) as mentioned in the financial statements for year ended June 30, 2019, an appeal by the Company has been filed in the Supreme Court of Italy regarding the position of the Company's claim. Their decision is now awaited regarding this matter. In addition to this, as mentioned in the financial statements for year ended June 30, 2019, based on the management's conclusion that the Company does not have the power to direct the activities of MBL, the financial statements of the Company are not being consolidated with MBL.

The board appreciates the cooperation, support and help of all the stakeholders. It hopes for their continued support in the future during these very trying and uncertain times.

On behalf of the Board of Directors



Chief Executive Officer



Director

Lahore

Date: April 29, 2020

ڈائریکٹرز کا جائزہ

ایڈکارڈنٹائن لمیٹڈ (کمپنی) ہمراہ انتظامیہ ٹیم کمپنی کی کٹیف عبوری مالیاتی رپورٹ برائے نو ماہی مختتمہ 31 مارچ 2020 پیش کرتے ہیں۔

اہم سرگرمیاں

آپ کی کمپنی کی توجہ دھاگہ، ڈینم کپڑا اور تیار ڈینم بلوسات کی مصنوعات کی پیداوار اور مارکیٹنگ پر مرکوز ہے۔
ایڈکارڈنٹائن لمیٹڈ (شینڈالون) کے عملی مالیاتی نتائج درج ذیل ہیں۔

نو ماہی مختتمہ 31 مارچ 2019 (روپے)	نو ماہی مختتمہ 31 مارچ 2020 (روپے)	
14,106,545,566	14,941,389,345	فروٹنگی (Net)
1,101,668,119	1,395,016,867	آپریٹنگ منافع
20,020,605	103,418,655	دیگر کمائی
-	(118,027,099)	دیگر اخراجات
(958,900,934)	(974,304,431)	مالیاتی اخراجات
162,787,790	406,103,992	منافع قبل از ٹیکس
25,998,490	260,661,370	منافع بعد از ٹیکس
0.06	0.57	منافع فی شیئر

اس معیار کے دوران کاروبار کا جائزہ اور مستقبل پر نظر

اس نو ماہی کے دوران کمپنی کی سبزی میں پچھلے سال کی اسی مدت کی نسبت تقریباً 5.9 فیصد کا اضافہ ہوا ہے۔ کرونا وائرس کے آغاز نے سہ ماہی کے نتائج پر منفی اثر ڈالا ہے۔

آپریٹنگ منافع اس نو ماہی کا 1,395.02 ملین روپے ہے جو کہ پچھلے سال اسی نو ماہی کی نسبت تقریباً 27 فیصد زیادہ ہے۔ کمپنی قبل از ٹیکس منافع 406.10 ملین روپے حاصل کرنے میں کامیاب رہی، جبکہ پچھلے سال کی اسی نو ماہی کے دوران قبل از ٹیکس منافع 162.79 ملین روپے تھا۔ کمپنی کی دوسری مالیاتی تنظیم نولا ہوور ہائیکورٹ نے 31 جولائی 2019 کو منظور کر لیا ہے۔ اب اس مالیاتی تنظیم نوکولا گو 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 ادا کیے گی۔ اس سلسلے میں، اس مدت کے اختتام پر، رائٹ ایشو کی سبسکریپشن کی مکمل رقم 365 ملین روپے حاصل ہو چکی ہے۔ بعد از مالیاتی تنظیم نو یہ امید کی جاتی ہے کہ کمپنی کے قرضہ جات پائیدار سطح پر آجائیں گے۔ سبیم پر پورا طرح عملدرآمد ہونے کے بعد امید کی جاتی ہے کہ کمپنی اپنے قرضہ جات کی بروقت ادا کیے کے قابل ہو جائے گی۔

کردنا وائرس کے آغاز سے پہلے کمپنی کی مجموعی کارکردگی مسلسل آہستہ آہستہ بہتر ہو رہی تھی۔ تاہم، فی الحال یہ غیر واقع ہے، جس کی مستقبل قریب میں توقع کی جاسکتی ہو۔ کیونکہ وائرس کے اثرات کمپنی کے کاروبار پر شدید ہوں گے۔

اس دوران، انتظامیہ اس غیر یقینی صورت حال میں کمپنی کے معاملات کو زیادہ سے زیادہ بہتر کرنے کی کوشش کر رہی ہے۔

(MBL) Montebello S.R.L. کے بارے میں جیسا کہ کمپنی کی مالیاتی سٹیٹمنٹس سال 30 جون 2019 میں بیان کیا گیا ہے کہ کمپنی نے دعویٰ کی نوعیت کے تعین کے لئے، اٹلی کی سپریم کورٹ میں اپیل دائر کی ہے۔ فی الحال عدالت کے فیصلے کا انتظار ہے۔ مزید جیسا کہ کمپنی کی مالیاتی سٹیٹمنٹس سال 30 جون 2019 میں بیان کیا گیا ہے کہ انتظامیہ نے نتیجہ اخذ کیا کہ کمپنی MBL کے معاملات پر کنٹرول کھوجی ہے، کمپنی کی مالیاتی سٹیٹمنٹس MBL کیساتھ یکجا نہیں کی جاسکتی۔

بورڈ اپنے تمام شراکت داروں کے تعاون اور مدد کو سراہتا ہے۔ اور مستقبل میں آزمائشی اور غیر یقینی صورت حال میں مسلسل تعاون کی امید کی جاتی ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے

سماء الحسنی
ڈائریکٹر

چیف ایگزیکٹو آفیسر
لاہور
29 اپریل 2020ء

Condensed Interim Statement of Financial Position (Un-audited)
As at Mar 31, 2020

		(Un-audited) March 31 2020 Rupees	(Audited) June 30 2019 Rupees
EQUITY AND LIABILITIES			
Authorized share capital		<u>15,000,000,000</u>	<u>15,000,000,000</u>
Issued, subscribed and paid up capital		4,548,718,700	4,548,718,700
Reserves		3,135,487,572	3,135,487,572
Surplus on revaluation of fixed assets		4,769,519,152	4,849,769,249
Accumulated loss		(11,129,510,310)	(11,470,421,777)
		<u>1,324,215,114</u>	<u>1,063,553,744</u>
Non-current liabilities			
Lease liabilities		7,983,557	7,568,143
Deferred liability		460,937,250	343,664,154
		<u>468,920,807</u>	<u>351,232,297</u>
Current liabilities			
Current portion of non-current liabilities		8,112,628,480	8,170,826,909
Short term borrowing		5,112,658,701	5,647,437,315
Trade and other payables		1,756,983,038	1,732,596,807
Contract Liabilities		57,008,396	43,666,216
Interest / mark-up accrued on borrowings		6,300,553,399	5,632,400,679
Dividend payable on preference shares		9,413,535	9,413,535
Unclaimed dividend on ordinary shares		3,763,905	3,763,905
Current taxation		4,254,584	31,594,839
		<u>21,357,264,038</u>	<u>21,271,700,205</u>
Contingencies and commitments	4	<u>23,150,399,959</u>	<u>22,686,486,246</u>
ASSETS			
Non-current assets			
Property, plant and equipment	5	10,268,411,489	10,167,664,715
Long term investments	6	12,608,052	231,864,928
Long term deposits and receivables		38,123,846	88,817,246
		<u>10,319,143,387</u>	<u>10,488,346,889</u>
Current assets			
Stores, spares and loose tools		140,724,315	130,500,130
Stock-in-trade		3,574,697,578	2,755,896,078
Trade debts		2,135,117,661	3,217,169,884
Advances, deposits, prepayments and other receivables	7	2,853,864,770	2,150,507,130
Short term investments	8	139,993,989	306,022,500
Receivable from National Bank of Pakistan (NBP)	9	306,022,500	-
Cash and bank balances		490,784,938	447,992,814
		<u>9,641,205,751</u>	<u>9,008,088,536</u>
Non-current assets held for sale		3,190,050,821	3,190,050,821
		<u>23,150,399,959</u>	<u>22,686,486,246</u>

The annexed notes from 1 to 16 form an integral part of this condensed interim unconsolidated financial information.

Lahore


 Chief Executive Officer


 Director


 Chief Financial Officer

Condensed Interim Statement of Profit or Loss (Un-audited)**For the nine months and quarter ended March 31, 2020**

		(Un-audited) July 2019 to March 2020	(Un-audited) January 2020 to March 2020	(Un-audited) July 2018 to March 2019	(Un-audited) January 2019 to March 2019
Note	Rupees	Rupees	Rupees	Rupees	Rupees
Sales - net	14,941,389,345	4,575,935,535	14,106,545,566	4,682,162,998	
Cost of sales	(12,352,199,617)	(3,826,170,862)	(11,940,595,179)	(3,969,028,452)	
Gross profit	2,589,189,728	749,764,673	2,165,950,387	713,134,546	
Selling and distribution expenses	(758,062,391)	(264,153,188)	(697,225,585)	(237,481,529)	
Administrative expenses	(436,110,470)	(141,355,781)	(367,056,683)	(118,949,085)	
Profit from operations	1,395,016,867	344,255,704	1,101,668,119	356,703,932	
Other income	103,418,655	40,152,781	20,020,605	12,624,995	
Other expenses	(23,325,208)	-	-	-	
Impairment loss on financial asset	(94,701,891)	-	-	-	
Finance cost	10 (974,304,431)	(391,279,645)	(958,900,934)	(285,062,515)	
Profit / (loss) before taxation	406,103,992	(6,871,160)	162,787,790	84,266,412	
Taxation	(145,442,622)	(45,093,071)	(136,789,300)	(45,357,487)	
Profit / (loss) after taxation	260,661,370	(51,964,231)	25,998,490	38,908,925	
Earnings / (loss) per share - basic and diluted	0.57	(0.11)	0.06	0.09	

The annexed notes from 1 to 16 form an integral part of this condensed interim unconsolidated financial information.

Lahore


 Chief Executive Officer


 Director


 Chief Financial Officer

Condensed Interim Statement of Comprehensive Income (Un-audited)**For the nine months and quarter ended March 31, 2020**

	(Un-audited)		(Un-audited)	
	July 2019 to March 2020	January 2020 to March 2020	July 2018 to March 2019	January 2019 to March 2019
	Rupees	Rupees	Rupees	Rupees
Profit / (loss) after taxation	260,661,370	(51,964,231)	25,998,490	38,908,925
<i>Items that may not be subsequently reclassified to statement of profit or loss</i>				
Other comprehensive income for the period	-	-	-	-
Total comprehensive income / (loss) for the period	260,661,370	(51,964,231)	25,998,490	38,908,925

The annexed notes from 1 to 16 form an integral part of this condensed interim unconsolidated financial information.

Lahore



 Chief Executive Officer



 Director



 Chief Financial Officer

Condensed Interim Statement of Cash Flows (Un-audited)**For the nine months ended March 31, 2020**

	July 2019 to March 2020	July 2018 to March 2019
	Rupees	Rupees
Cash flow from operating activities		
Profit before taxation	406,103,992	162,787,790
Adjustments	1,506,295,413	1,405,028,127
Operating profit before working capital changes	1,912,399,405	1,567,815,917
Changes in working capital	(396,670,291)	(1,536,659,442)
Cash generated from operations	1,515,729,115	31,156,475
Payments for:		
Finance cost	(356,516,145)	(286,212,412)
Income tax	(172,782,965)	(130,879,366)
Post retirement benefits	(16,954,498)	(12,559,420)
Net cash generated from / (used in) operating activities	969,475,507	(398,494,723)
Cash flows from investing activities		
Capital expenditure	(384,719,002)	(201,424,095)
Proceeds from disposal of fixed assets	264,780	170,670
Net cash used in investing activities	(384,454,222)	(201,253,425)
Cash flows from financing activities		
Repayment of long term finances	(8,418,294)	(25,254,882)
Lease liabilities	967,644	(37,380,013)
Short term borrowings-net	(534,778,511)	623,426,928
Dividend paid	-	(19,101)
Net cash (used in) / generated from financing activities	(542,229,161)	560,772,933
Net increase / (decrease) in cash and cash equivalents	42,792,124	(38,975,215)
Cash and cash equivalents at the beginning of period	447,992,814	142,395,327
Cash and cash equivalents at the end of period	490,784,938	103,420,112

The annexed notes from 1 to 16 form an integral part of this condensed interim unconsolidated financial information.

Lahore


 Chief Executive Officer


 Director


 Chief Financial Officer

**Condensed Interim Statement of Changes in Equity (Un-audited)
For the nine months ended March 31, 2020**

	Issued, subscribed and paid-up capital	Share premium	Reserve on merger	Reserves	Post retirement benefits obligation reserve	Surplus on revaluation of fixed assets	Accumulated loss	Total reserves	Total equity
As at July 01, 2018 - Audited	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 period	-	-	-	-	-	-	-	-	-
Income for the period ended March 31, 2019	-	-	-	-	-	-	-	-	-
Other comprehensive loss for the period ended March 31, 2019	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period ended March 31, 2019	-	-	-	-	-	-	-	-	-
Transfer of incremental depreciation from surplus on revaluation of fixed assets	-	-	-	-	-	(91,916,818)	91,916,818	-	-
As at March 31, 2019 - Unaudited	4,548,718,700	2,358,246,761	105,152,005	661,250,830	13,219,477	4,538,770,885	(11,770,625,341)	(4,093,985,383)	454,733,317
As at July 01, 2019 - Audited	4,548,718,700	2,358,246,761	105,152,005	661,250,830	10,837,976	4,849,769,249	(11,470,421,777)	(3,485,164,956)	1,063,553,744
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-
Income for the period ended March 31, 2020	-	-	-	-	-	-	-	-	-
Other comprehensive income for the period ended March 31, 2020	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period ended March 31, 2020	-	-	-	-	-	-	-	-	-
Transfer of incremental depreciation from surplus on revaluation of fixed assets	-	-	-	-	-	(80,250,097)	80,250,097	-	-
As at March 31, 2020 - Unaudited	4,548,718,700	2,358,246,761	105,152,005	661,250,830	10,837,976	4,769,519,152	(11,129,510,310)	(3,224,505,586)	1,324,715,114

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.



Lahore
Chief Executive Officer



Director



Chief Financial Officer

**Condensed Interim Selected Explanatory Notes to the Financial Statements (Un-audited)
For the nine months ended March 31, 2020****1 Reporting entity**

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

2 Basis of preparation**2.1 Separate financial statements**

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

2.2 Statement of compliance

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

This condensed interim financial information does not include all the information required for annual financial statements including financial risk management information and therefore should be read in conjunction with the annual financial statements for the year ended June 30, 2019.

Comparative statement of financial position is extracted from annual audited financial statements for the year ended June 30, 2019 whereas comparative statement of profit or loss, statement of changes in equity and statement of cash flows are stated from un-audited condensed interim financial information for the nine months and quarter ended on March 31, 2019.

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

2.3 Going concern assumption

During the period, current liabilities exceeded its current assets by Rs. 8,526.01 million, financial liabilities include Rs. 15,132.7 million relating to overdue principal and mark-up thereon, and its accumulated loss stood at Rs. 11,129.51 million. These conditions cast doubt about the Company's ability to continue as a going concern. This financial information has, however, been prepared on a going concern basis. The assumption that the Company would continue as a going concern is based on the fact that operationally the position of the Company is improving which is evident from the financial results of the Company for the period. These are attributable to utilization of better capacities, continuation of textile package by Government of Pakistan and cost controls by management and the Company expects to generate better results and maintain positive cash flows from operations in future.

In addition to above, the financial restructuring of the Company is underway which is expected to significantly reduce the debt burden and finance cost of the Company. Accordingly, in order to reorganize and restructure the obligations of the Company, towards its creditors, the creditors have prepared and filed scheme of arrangement in the Honorable Lahore High Court (LHC) for approval, on January 31, 2019, which has been approved by LHC vide its order dated July 31, 2019 and is currently in implementation phase.

During this scheme of restructuring, Unit II and III would be sold. Subscription money for the right issue for this scheme has been received subsequent to the current reporting period. Proceeds from sale of these units and right issue would be utilized for repayment of loans of the Company. Post restructuring, it is anticipated that the Company's debt levels shall be sustainable and resultantly the debt obligations of the Company would be met on time, subject to impact, if any, of uncontrollable external factors such as the local and global market conditions.

3 Accounting policies and estimates

3.1 The accounting policies and methods of computation adopted in the preparation of this condensed interim unconsolidated financial information are the same as those applied in the preparation of the financial statements for the year ended June 30, 2019.

3.2 Judgments and estimates made by the management in the preparation of the condensed interim financial information are the same as those applied in preparation of annual published financial statements of the Company for the year ended June 30, 2019.

4 Contingencies and commitments

4.1 Contingencies

There is no material change in the contingencies from preceding audited published financial statements of the Company for the year ended June 30, 2019.

		(Un-audited) March 31 2020	(Audited) June 30 2019
	Note	Rupees	Rupees
4.2 Commitments			
4.2.1 Commitments under irrevocable letters of credit for:			
- purchase of stores, spare and loose tools		10,336,963	-
- purchase of raw material		20,383,353	50,110,319
		<u>30,720,316</u>	<u>50,110,319</u>
4.2.2 Commitments for capital expenditure		<u>43,388,520</u>	<u>11,023,230</u>
		(Un-audited) March 31 2020	(Audited) June 30 2019
	Note	Rupees	Rupees
5 Property, plant and equipment			
Operating fixed assets	5.1	10,042,311,049	10,078,765,729
Capital work in progress		226,100,440	88,898,986
		<u>10,268,411,489</u>	<u>10,167,664,715</u>
5.1 Operating fixed assets			
Net book value as at the beginning of the period / year		10,078,765,729	13,163,865,121
Additions during the period / year	5.1.1	247,517,550	262,103,622
Surplus on revaluation during the period / year		-	302,830,477
Assets classified as held for sale			(3,190,050,821)
Disposals during the period / year - Net book value		(45,643)	(71,657)
Depreciation charged during the period / year		(283,926,587)	(459,911,013)
Net book value as at the end of the period / year		<u>10,042,311,049</u>	<u>10,078,765,729</u>
5.1.1 Additions- Cost			
<u>Assets owned by the Company</u>			
Building on freehold land		8,960,975	-
Plant and Machinery		155,101,566	247,610,968
Furniture, fixtures and office equipment		16,724,140	3,652,350
Vehicles		8,983,300	1,145,840
Tools and equipments		28,155,060	5,755,006
Electric installations		26,809,509	3,939,458
<u>Leased Assets</u>		<u>2,783,000</u>	-
		<u>247,517,550</u>	<u>262,103,622</u>

6 Long term investments

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

		(Un-audited) March 31, 2020	(Audited) June 30, 2019
	Note	Rupees	Rupees
Investment in Montebello s.r.l. ("MBL")	6.1	-	-
Investment in Agritech Limited TFCs	6.2	12,608,052	231,864,928
		12,608,052	231,864,928
6.1 Investment in Montebello s.r.l. ("MBL")			
6,700,000 ordinary shares with a capital of Euro 6,700,000			
Cost	6.1.1	2,625,026,049	2,625,026,049
Accumulated impairment		(2,625,026,049)	(2,625,026,049)
		-	-

6.1.1 As disclosed in the note 2.1, the management, based on advice from the Company's legal counsel, has determined that the MBL has ceased to be a subsidiary of the Company.

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 with the law, priority claims would be paid first and then unsecured and subordinated claims will be paid. The Company's claim aggregating to Euro 3,835,344 has been accepted on account of principal and interest as subordinated claim due to the Company being the parent of MBL.

The Company has contested with the Court that its claim should be accepted as at least unsecured claim rather than being subordinated claim. The Court has appointed an expert to decide whether claim of the Company should be accepted as unsecured claim or subordinated. 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.

		(Un-audited) March 31, 2020	(Audited) June 30, 2019
	Note	Rupees	Rupees
6.2 Other investments - unquoted			
<u>Agritech Limited</u>			
25,237 (2019 : 53,259) Term Finance Certificates of Rs. 5,000 each		126,080,519	266,074,508
Less: impairment allowance		(113,472,467)	(34,209,580)
	6.2.1	12,608,052	231,864,928

- 6.2.1** 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.

7 Advances, deposits, prepayments and other receivables

It includes accrued mark-up income related to investment in TFCs of AGL of Rs. 52.87 million (June 30, 2019: Rs. 68.31 million).

		(Un-audited) March 31, 2020	(Audited) June 30, 2019
	Note	Rupees	Rupees
8 Short term investments			
28,022 Term Finance Certificates (Rs. 5,000 each) of Agritech Limited	8.1	139,993,989	-
58,290,000 fully paid Preference Shares (Rs. 5.25 each) of Agritech Limited	8.2	-	306,022,500
		<u>139,993,989</u>	<u>306,022,500</u>

- 8.1** During the current period, the Company's creditors' scheme of arrangement for restructuring of liabilities have 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.

- 8.2** This represents investment in preference shares of Agritech Limited received as part consideration against sale of ordinary shares of Agritech Limited to National Bank of Pakistan.

		(Un-audited) March 31, 2020	(Audited) June 30, 2019
	Note	Rupees	Rupees
9 Receivable from National Bank of Pakistan (NBP)			
Against put option agreement for repurchase of preference shares of Agritech Limited	9.1	306,022,500	-

- 9.1** 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 recognised a receivable from NBP aggregating to Rs. 306.02 million.

	(Un-audited) July 2019 to March 2020	(Un-audited) July 2018 to March 2019
	Rupees	Rupees
10 Finance cost		
<i>Interest / mark-up on:</i>		
Redeemable capital & long term finances	430,128,944	363,125,314
Liabilities against assets subject to finance lease	952,727	3,038,716
Short term borrowings	341,516,853	296,987,456
	772,598,524	663,151,486
Amortization of transaction costs and unwinding effect of present value	7,383,526	14,214,415
Exchange (gain) / loss on foreign currency borrowings	(19,741,480)	115,287,434
Bank discounting and other charges	214,063,861	166,247,599
	974,304,431	958,900,934

11 Transactions and balances with related parties

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

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

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

	(Un-audited) July 2019 to March 2020	(Un-audited) July 2018 to March 2019
	Rupees	Rupees
11.1 Transactions with related parties		
11.1.1 Key management personnel		
Short-term employee benefits	270,539,079	223,866,917
	(Un-audited)	(Audited)
	March 31,	June 30,
	2020	2019
	Rupees	Rupees
11.2 Balances with related parties		
11.2.1 Key Management Personnel		
Short term employee benefits payable	20,020,948	16,635,125

12 Overdue debt finances

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

As at March 31, 2020			
	Principal	Preference dividend / Interest / mark-up	Total
-----Rupees-----			
Redeemable capital	5,799,172,148	2,297,551,023	8,096,723,171
Long term finances	2,137,546,535	1,351,919,124	3,489,465,659
Preference shares	148,367,255	9,413,535	157,780,790
Short term borrowings	474,015,216	2,247,113,180	2,721,128,396
Bills payable	337,503,037	330,170,012	667,673,049
	8,896,604,191	6,236,166,874	15,132,771,065
As at June 30, 2019			
	Principal	Preference dividend / Interest / mark-up	Total
-----Rupees-----			
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 payable	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, second round of financial restructuring is in process. The petition of the creditors for restructuring of the overdue principal as well as interest / mark-up accrued has been approved by LHC and is currently in implementation phase.

	Spinning segment		Weaving segment		Garment segment		Elimination		Total	
	March-20	June-19	March-20	June-19	March-20	June-19	March-20	June-19	March-20	June-19
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
13.1.4 Assets										
Total assets for reportable segments	4,317,659,102	4,761,899,330	9,214,911,331	9,198,182,947	8,637,432,107	7,705,319,196	(490,870,618)	(554,079,771)	21,679,131,923	21,111,321,701
Property, plant and equipment - common	-	-	-	-	-	-	-	-	1,012,643,495	1,032,271,117
Long term investments	-	-	-	-	-	-	-	-	12,608,652	231,864,928
Receivable from National Bank of Pakistan	-	-	-	-	-	-	-	-	306,022,500	-
Short term investments	4,317,659,102	4,761,899,330	9,214,911,331	9,198,182,947	8,637,432,107	7,705,319,196	(490,870,618)	(554,079,771)	139,993,989	306,022,500
									23,158,399,859	22,686,486,246
13.1.5 Liabilities										
Total liabilities for reportable segments	311,705,587	387,510,160	1,047,365,385	969,264,571	1,419,907,433	1,330,409,697	(490,870,618)	(554,079,771)	2,288,107,788	2,133,104,657
Corporate liabilities - common	-	-	-	-	-	-	-	-	19,438,077,658	19,489,827,846
	311,705,587	387,510,160	1,047,365,385	969,264,571	1,419,907,433	1,330,409,697	(490,870,618)	(554,079,771)	21,826,184,845	21,622,932,503
13.1.6 Geographical information										
The segments of the Company are managed on a worldwide basis, but operate manufacturing facilities and sales offices in Pakistan. In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.										
Revenue										
<u>Export revenue</u>										
Asia	1,257,908,538	1,935,673,992								
Europe	10,040,374,284	8,493,288,937								
North America	4,732,665	36,094,469								
Africa	8,850,084	6,883,980								
Other countries	2,367,741,177	1,953,081,640								
	13,679,606,748	12,425,025,018								
<u>Local revenue</u>										
Pakistan	866,401,565	1,276,053,505								
	14,546,008,113	13,701,076,523								
(Un-audited)										
March-20										
June-19										
Rupees										
13.1.7 Non-current assets										
Pakistan	10,319,143,387	10,488,346,889								
	10,319,143,387	10,488,346,889								

Nine months ended
March-20
Rupees

	Nine months ended March-19 Rupees
1,935,673,992	
8,493,288,937	
36,094,469	
6,883,980	
1,953,081,640	
12,425,025,018	

Nine months ended
March-19
Rupees

	Nine months ended March-19 Rupees
1,276,053,505	
13,701,076,523	
(Audited)	
10,488,346,889	
10,488,346,889	

14 Corresponding figures

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

15 Date of authorization

This condensed interim unconsolidated financial information was authorized for issue by the Board of Directors of the Company on April 29, 2020.

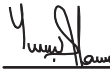
16 General

Figures have been rounded off to the nearest rupee.

Lahore



Chief Executive Officer



Director



Chief Financial Officer



AZGARD-9



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