



2020

# Azgard Nine Limited

Corporate Briefing Session

For the Financial Year Ended on June 30, 2020

# 2020

## Briefing Agenda

### 01 Company Brief

- Plant Location and Capacities
- Strength, Weaknesses, Opportunities, Threats (SWOT) Matrix.

### 02 Developments

- Updates for the Year 2019-20
- Creditors' Scheme of Arrangement

### 03 Financial results

- Six Years at a Glance
- Graphical presentation of Financial Results
- Future Prospects

### 04 Questions & Answers

- Q/A session

# PLANT CAPACITY ANALYSIS

	2020	2019	2018
<b>Open End Spinning:</b>			
No. of Rotors	3,544	3,304	3,304
Installed Capacity - Kgs.	13,069,503	12,184,435	12,184,435
Actual Production - Kgs.	6,941,355	9,205,399	8,025,873
Capacity Utilized %	53%	76%	66%
<b>Ring Spinning:</b>			
No. of Spindles	54,888	54,888	54,888
Installed Capacity - Kgs.	14,668,821	14,668,821	14,668,821
Actual Production - Kgs.			
Capacity utilized %	0%	0%	0%
<b>Denim:</b>			
No. of Loom	242	242	242
Installed Capacity - Mtrs.	40,037,984	40,037,984	40,037,984
Actual Production - Mtrs.	21,928,243	28,282,616	30,427,617
Capacity utilized %	55%	71%	76%
<b>Garments:</b>			
Stitching Machines	3,135	2,996	2,824
Installed Capacity - Pcs.	14,942,532	14,280,000	13,680,000
Actual Production - Pcs.	9,226,098	10,479,097	9,812,931
Capacity utilized %	62%	73%	72%

# SWOT ANALYSIS

## Strengths

- Increasing demand as seen through growth in Sales from years 2015 to 2019 on average 22% per year.
- Maintaining competitiveness through cost reduction.
- Internationally recognized certifications on quality and environment.



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## Weaknesses

- Liquidity issues due to pending DLTL/Sales tax refunds.
- Competitiveness issues due to tough Competition within region.
- Availability of financing to company.



## SWOT Matrix

As on June 30, 2020

## Opportunities

- Financial Restructuring having been in final stage will positively change the Balance Sheet.
- Decline in Interest rates (13.93% to 7.26%)



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## Threats

- Second wave of corona expected.
- Deteriorating Local Economy as seen through -0.38% GDP growth rate and decline in Large Scale Manufacturing (-7.78% for 2020).
- Slow opening up of European economies after COVID-19.
- USA/China Trade Wars.
- Unstable Turkish Market.



# Updates for the Year 2019-20

## Material Information:

As communicated to Pakistan stock Exchange (PSX) during the year 2019-20.



**July 30, 2019**

EOGM - Sale/Disposal of a spinning unit located at Muzaffargarh and a stitching unit at FPR



**July 31, 2019**

Honorable Lahore High Court verbally Approved Creditors' Led Scheme of Arrangement in Court.



**August 09, 2019**

Certified copy of Honorable Lahore High Court's Judgement about creditor's scheme of arrangement delivered to PSX.



**October 16, 2019**

Certified copy of creditor's scheme of arrangement delivered to PSX.

# Updates for the Year 2019-20

## Material Information:

As communicated to Pakistan stock Exchange (PSX) during the year 2019-20.



**April 01, 2020**  
Temporary suspension in production facilities due to COVID-19.



**April 15, 2020**  
Rs. 365M received through 8.025% Right shares.



**April 16, 2020**  
Resumption of Partial Operations/Production.



**April, 29, 2020**  
Financial results of Nine Months of 2019-20:  
Sales Growth 6% , PAT 260.7M (25.99M: 2018-19)

# Updates for the Year 2019-20

## Material Information:

As communicated to Pakistan stock Exchange (PSX) during the year 2019-20.



**April 29, 2020**

Closing of operations at rented facility of Irfan Textiles due to cancellation/reduction of export orders.



**October 01, 2020**

Extension in Date for Implementation of Creditors' Scheme of Arrangement.



**Oct. 28, 2020**

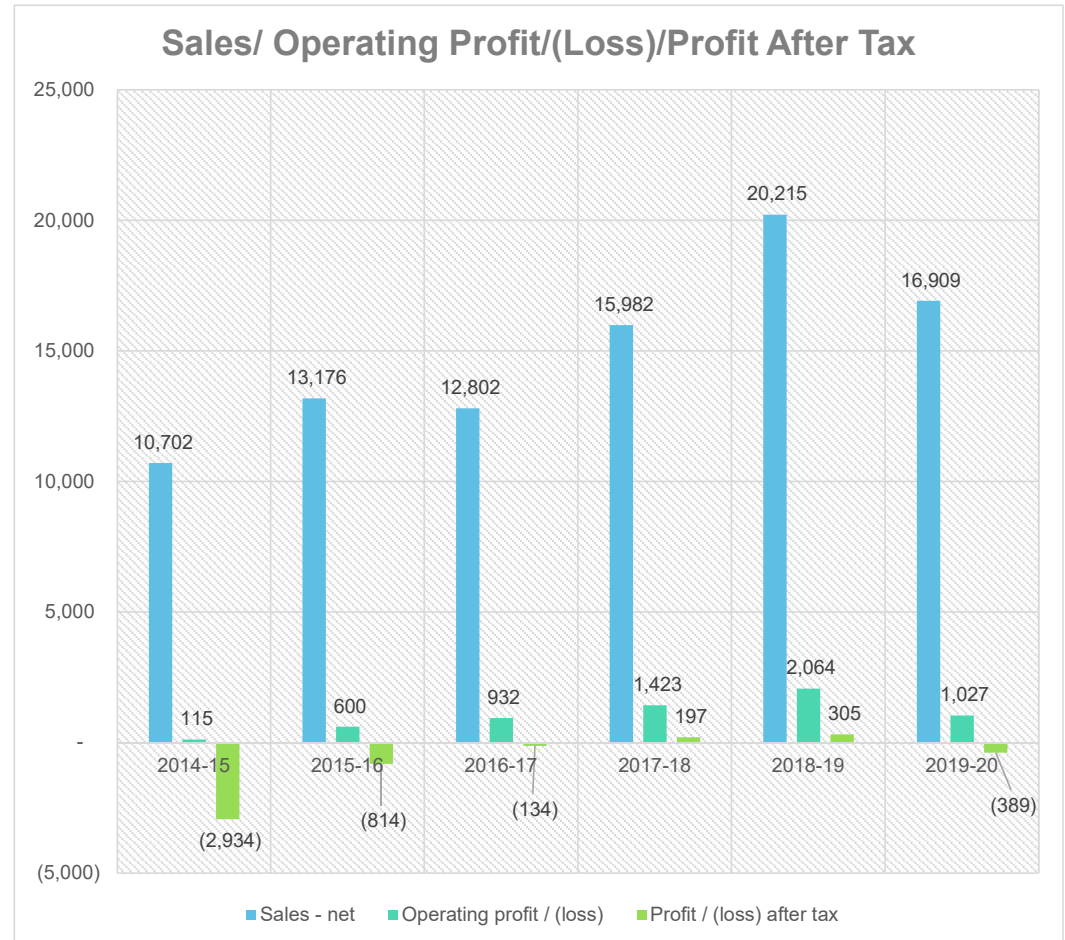
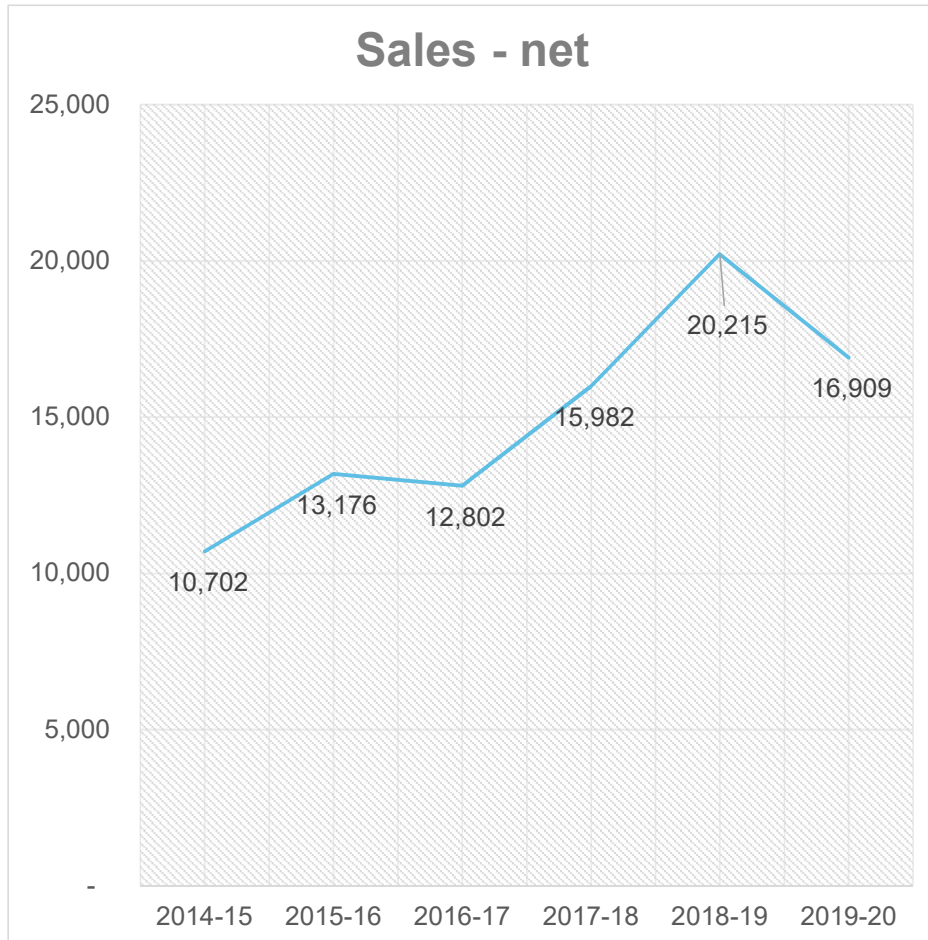
Financial results of First Quarter of 2019-20:  
Sales Growth 24% , PAT 219 M (130.8M: 2018-19 1Q)



**Nov. 27 , 2020**

Corporate Briefing Session.

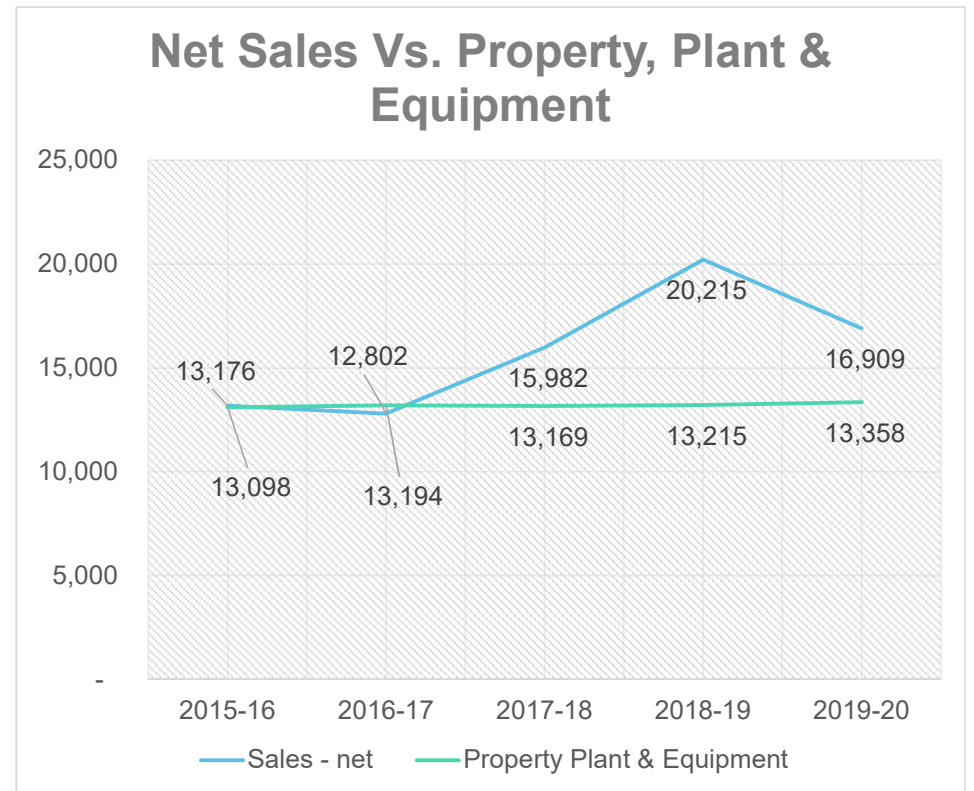
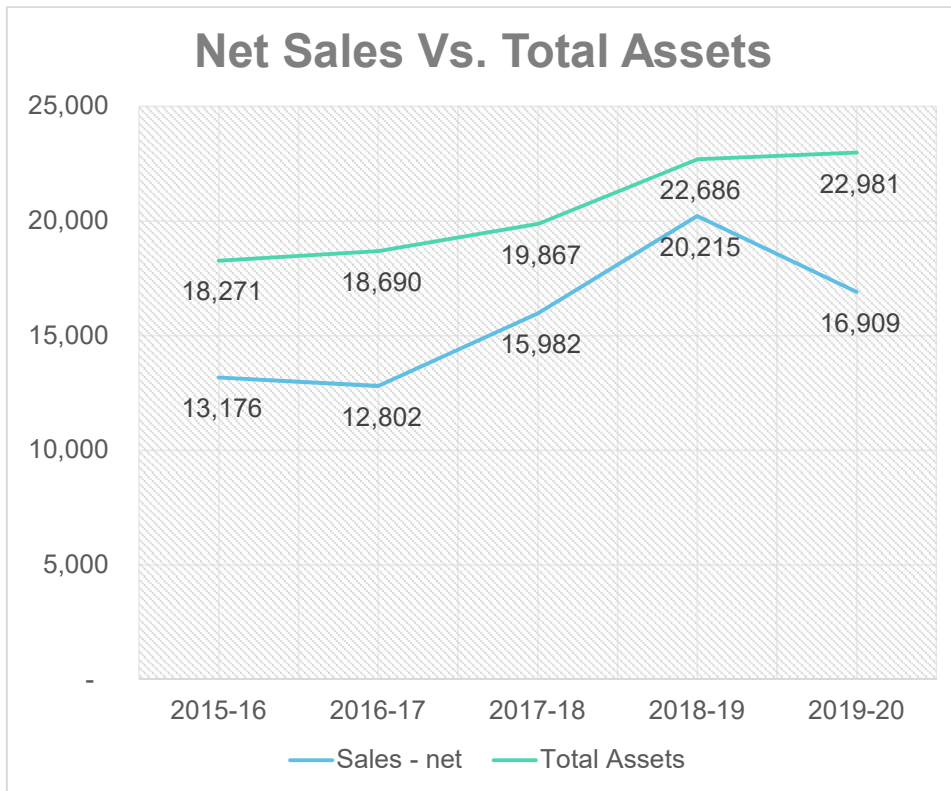
# Six Years at a glance – Rs. Million



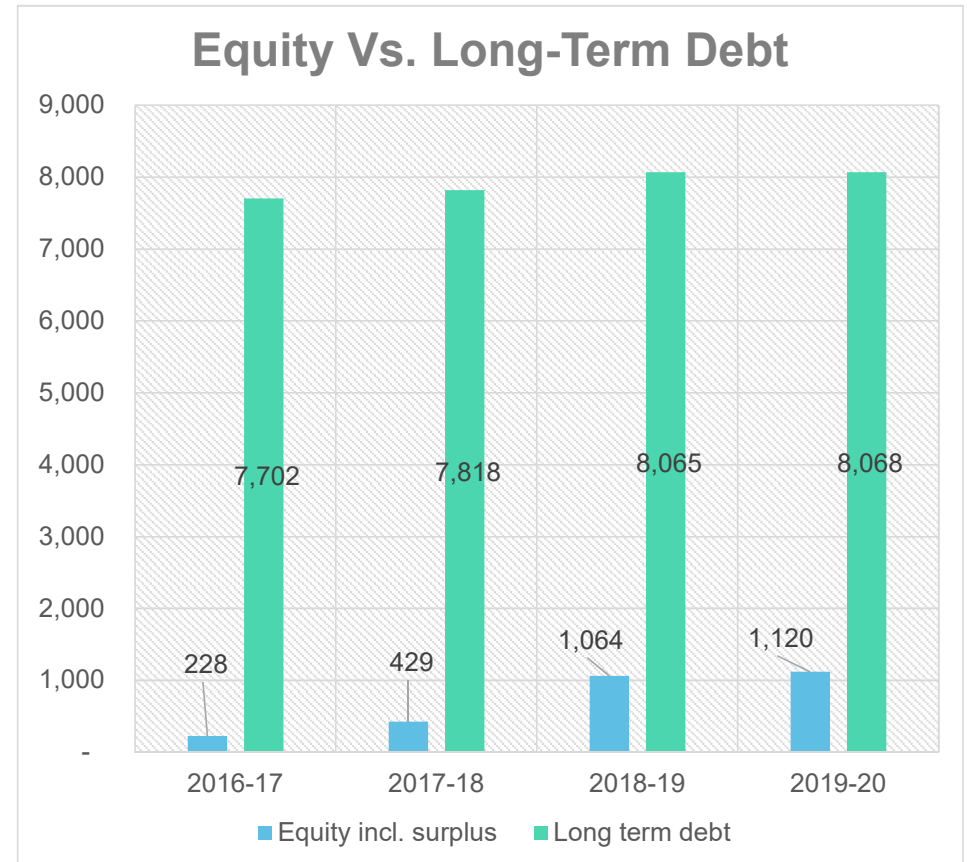
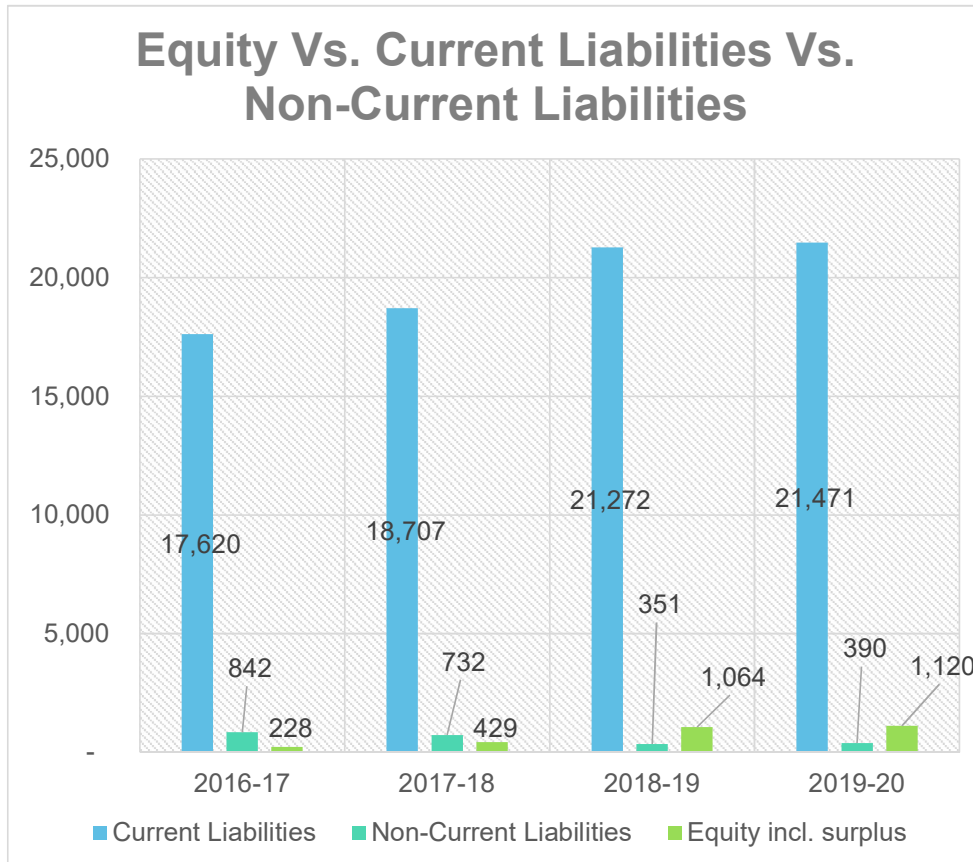


# Sales Versus Assets

Rs. Million



# Financial Position – Rs. Million



## Future Outlook – Creditors' Scheme of Arrangement

- Scheme of Arrangement provides for raising of finance to completely/partially pay-off the financial creditors and reprofiling of remaining debt.
- These finances will be raised by way of:
  - A) Sale of Two non-core units of the company.
  - B) Issuance of shares as right issue.
  - C) Sale/Adjustment of some Old TFCs.

## Future Outlook – Creditors' Scheme of Arrangement

As per scheme, the Company's liabilities and how they are proposed to be restructured are as follows:

- Company's **Total Liability**: Rs. 17,392,993,398/- (As on 30.06.2017)
- Total **Amount to be restructure** under the scheme: Rs. 13,120,622,467/-
- Total Amount that will **not to be restructured**: Rs. 4,272,370,931/-

## Future Outlook – Creditors' Scheme of Arrangement

Lenders have selected from following three options:

### **Option “A”**

Lenders will :

- Receive 15% of their outstanding principal amount and write-off the remaining 85% principal amount
- Receive 10% of their outstanding Mark-up (till the settlement date i.e. Time Zero date) + Zero Coupon PPTFCs exposure and waive-off the remaining 90%

## Future Outlook – Creditors' Scheme of Arrangement

### Option “B”

Lenders will :

- Receive approximately 20% to 30% of their outstanding principal amount within 2 years. A certain %age of their outstanding principal will be converted into Sub PPTFCs with repayment in 10 years with 2 years' grace period. The remaining principal (if any) will be restructured for maximum 10 years as per terms of Scheme of arrangement
- Receive 10% of their outstanding Mark-up (till the settlement date i.e. Time Zero date) + Zero Coupon PPTFCs exposure and waive-off the remaining 90%

## Future Outlook – Creditors' Scheme of Arrangement

### Option “C”

Lenders will :

- Receive approximately 20% to 30% of their outstanding principal amount within 2 years. A certain %age of their outstanding principal will be converted into Sub PPTFCs with repayment in 10 years with 2 years' grace period. The remaining principal (if any) will be restructured for maximum 10 years as per terms of Scheme of arrangement
- Get New Zero Coupon PPTFCs against their outstanding Mark-up (till the settlement date i.e. Time Zero date) and Zero coupon exposure. These New Zero coupon PPTFCs will be redeemed through one bullet payment at the end of 10<sup>th</sup> year from settlement date i.e. time zero date.

Corporate Briefing  
Session

2020

Thank You

Questions & Answers

