



Making  
Conscious  
Denim  
PRESERVING PLANET

**AZGARD9**

Changing Perspective With Process

AZGARD NINE LIMITED

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Interim Financial Report  
for the nine months ended  
March 31, 2022 (Un-audited)

## Contents

Company Information	2
Directors' Review - English	3
Directors' Review - Urdu	5
Condensed Interim Statement of Financial Position	7
Condensed Interim Statement of Profit or Loss (Un-audited)	8
Condensed Interim Statement of Comprehensive Income (Un-audited)	9
Condensed Interim Statement of Cash Flows (Un-audited)	10
Condensed Interim Statement of Changes in Equity (Un-audited)	11
Condensed Interim Selected Explanatory Notes to the Financial Statements (Un-audited)	12

## COMPANY INFORMATION

### BOARD OF DIRECTORS

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

### COMPANY SECRETARY

Mr. Muhammad Awais

### CHIEF FINANCIAL OFFICER

Mr. Muhammad Zahid Rafiq, FCA

### AUDIT COMMITTEE

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

### HR & REMUNERATION COMMITTEE

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

### AUDITORS

Grant Thornton Anjum Rahman  
Chartered Accountants

### SHARES REGISTRAR

M/s. Hameed Majeed Associates (Pvt.) Ltd.  
H. M. House, 7-Bank Square, Lahore.  
Ph: +92(0)42 37235081-82  
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  
Faysal Bank Limited  
Habib Bank Limited  
United Bank Limited  
National Bank of Pakistan  
Silkbank Limited  
Summit Bank Limited  
Askari Bank Limited  
Bank Al Habib Limited  
Bank of Khyber

#### Relationship with Islamic window operations

Al Baraka Bank Pakistan Limited

### 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

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](http://www.azgard9.com)

### E-MAIL

[info@azgard9.com](mailto: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 the nine months' period ending on 31 March 2022.

### 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 2022 (Rupees)	Nine Months ended 31 March 2021 (Rupees)
Sales – Net	23,431,558,368	15,634,159,606
Operating profit	1,449,529,026	1,145,467,614
Other income	68,098,264	92,265,031
Other expenses	(81,051,685)	(217,023,980)
Finance Cost	(542,030,911)	(716,572,364)
Profit before Tax	894,544,694	304,136,301
Profit after Tax	661,888,294	152,582,655
Earnings per share	1.35	0.31

### Review of business during this period and future outlook

During this nine months' period, the sales of the Company have increased by 50% as compared to the same period of the previous year. Operating profit of these nine months closed at Rs. 1,449.53 million, an increase of more than 26% when compared with the operating profit of same period last year. The Company has been able to achieve a after tax profit of Rs. 661.88 million for the nine months of the year 2021-22 as compared to profit of Rs. 152.58 million during the same period last year.

There has been some resurgence of demand subsequent to COVID-19. At the moment, the whole textile industry is in a growth phase primarily on the back of higher prices but not so much increased volumes. However, the increase in all types of input costs such as raw materials, energy, freight etc. have not allowed profitability margins to be maintained in the downstream industries. Spinning margins have on the other hand benefitted greatly. The prices and margins of export market are still under pressure. Margin compression can be observed from our numbers.

Recently certain policy changes have also had a negative impact on the Company. The gas price at captive connection has increased from 6.5 USD/MMBTU to 9 USD/MMBTU w.e.f. November 15, 2021. Moreover, due to low pressure of gas in January and February of 2022, we could not fully utilize our gas engines. This meant intermittent electricity supply, loss of production and thus loss of profit. The ECC and the Federal cabinet has already approved the new textile policy that includes DLT scheme – duty drawback on local levies and taxes. However, official notification is still pending. Consequently, the Company has not recognised the expected positive effect of DLT on its income as it was able to do in previous periods.

## 4 | Azgard Nine Limited

During the period, a bid pertaining to spinning unit located at Alipur road, Muzaffargarh has been finalized by the agent banks, as part of the scheme of arrangement. A part of the advance proceeds that were payable under the accepted bid have been received.

Future outlook of the Company depends upon political and economic stability not only in Pakistan but also in Europe. The impact of the Russian/Ukraine conflict is hurting our sales in the coming periods as many of our customers had retail outlets in Russia and Ukraine which they have closed. This war is also affecting shipping. Many times space is not available on the planned ships, which is delaying shipments. Moreover, there is increasing expectation of a recession especially in the USA and the developed countries which could further hinder the whole world economy and may also affect our business.

The measures taken by the government of Pakistan increasing policy rate by 250 basis points would further increase interest costs for the Company in the coming periods. It is also not clear if the new government will continue to ensure uninterrupted and regionally competitive gas and electricity supply to the entire value chain. This may have very great consequences on the performance of the company in times to come.

Disclosure in respect of Montebello S.R.L is provided in note 2.2, 5.1.5 and 7.1 to the condensed interim financial report.

The Board would like to acknowledge and thank all the stakeholders for their support through these trying and uncertain times and it is hoped that with their continued support in the future, the Company's performance may continue to improve.

### On behalf of the Board of Directors



Chief Executive Officer

Lahore

Date: April 28, 2022



Director

## ڈائریکٹرز کا جائزہ

ایزگارڈ نائن لمیٹڈ (کمپنی) ہمراہ انتظامیہ ٹیم کمپنی کی کثیف عبوری مالیاتی رپورٹ برائے نو ماہی مختتمہ 31 مارچ 2022 پیش کرتے ہیں۔

### اہم سرگرمیاں

آپ کی کمپنی کی توجہ دھاگہ، ڈنیم کپڑا اور تیار ڈنیم بلوسات کی مصنوعات کی پیداوار اور مارکیٹنگ پر مرکوز ہے۔ ایزگارڈ نائن لمیٹڈ (سٹینڈ لون) کے عملی مالیاتی نتائج درج ذیل ہیں۔

نو ماہی مختتمہ 31 مارچ 2021 (روپے)	نو ماہی مختتمہ 31 مارچ 2022 (روپے)	
15,634,159,606	23,431,558,368	فروٹنگی (Net)
1,145,467,614	1,449,529,026	آپریٹنگ منافع
92,265,031	68,098,264	دیگر کمائی
(217,023,980)	(81,051,685)	دیگر اخراجات
(716,572,364)	(542,030,911)	مالیاتی اخراجات
304,136,301	894,544,694	منافع قبل از ٹیکس
152,582,655	661,888,294	منافع بعد از ٹیکس
0.31	1.35	منافع فی شیئر

### اس معیاد کے دوران کاروبار کا جائزہ اور مستقبل پر نظر

اس نو ماہی کی مدت کے دوران، کمپنی کی کیلنڈر میں پچھلے سال کی اسی مدت کی نسبت 50 فیصد کا اضافہ ہوا ہے۔ آپریٹنگ منافع اس نو ماہی کا 1,449.53 ملین روپے ہے جو کہ پچھلے سال اسی نو ماہی کی نسبت تقریباً 26 فیصد زیادہ ہے۔ کمپنی سال 2021-22 کی نو ماہی میں پچھلے سال اسی مدت کے دوران 152.58 ملین روپے کے مقابلے 661.88 ملین روپے منافع بعد از ٹیکس حاصل کرنے میں کامیاب ہوئی ہے۔

کووڈ-19 کے بعد مانگ میں کچھ اضافہ ہوا ہے۔ اس وقت، ٹیکسٹائل انڈسٹری بنیادی طور پر زیادہ قیمتوں کی وجہ سے ترقی کے مرحلے میں ہے لیکن حجم میں اتنا اضافہ نہیں ہوا۔ تاہم، خام مال، توانائی، مال برداری وغیرہ جیسے اخراجات میں اضافے نے نیچے کے دھارے کی صنعتوں میں منافع کے مارجن کو برقرار رکھنے کی اجازت نہیں دی ہے۔ دوسری طرف اسپننگ مارجن میں اضافہ نے بہت فائدہ دیا ہے۔ برآمدی منڈی کی قیمتیں اور مارجن اب بھی دباؤ میں ہیں۔ ہمارے اعداد و شمار سے مارجن کی کمی کا اندازہ لگایا جاسکتا ہے۔

حال میں بعض پالیسی تبدیلیوں نے بھی کمپنی پر منفی اثر ڈالا ہے۔ کیپیٹل کٹکشن پر گیس کی قیمت 15 نومبر 2021 سے 6.5 USD/MMBTU سے بڑھ کر 9 USD/MMBTU ہو گئی ہے۔ مزید یہ کہ، جنوری اور فروری 2022 میں گیس کے کم پریشری کی وجہ سے ہم اپنے گیس انجنوں کو مکمل طور پر استعمال نہیں کر سکے۔ اس کا مطلب وقفے وقفے سے بجلی کی فراہمی، پیداوار کا نقصان اور اس طرح منافع کا نقصان تھا۔ اسی سی سی اور وفاقی کابینہ نے پہلے ہی نئی ٹیکسٹائل

پالیسی کی منظوری دے دی ہے جس میں DLTL اسکیم شامل ہے، مقامی ٹیکسوں اور لیویز پر ڈیوٹی ڈرا ہیک، تاہم سرکاری نوٹیفیکیشن ابھی باقی ہے۔ لہذا، کمپنی نے اپنی آمدنی پر DLTL کے متوقع مثبت اثر کو شامل نہیں کیا جیسا کہ وہ پچھلے ادوار میں کرنے کے قابل تھی۔


اس مدت کے دوران، تنظیم نو اسکیم کے حصے کے طور پر، علی پور، مظفر گڑھ، پرواقع اسپینگ پونٹ سے متعلق بولی کو ایجنٹ میٹیکوں نے فائل کر دیا ہے۔ پیٹنگی رقم کا ایک حصہ جو قبول شدہ بولی کے تحت قابل ادائیگی تھا موصول ہو گیا ہے۔


کمپنی کا مستقبل کا نقطہ نظر نہ صرف پاکستان بلکہ یورپ میں سیاسی اور اقتصادی استحکام پر منحصر ہے۔ روسی ایوکرین تنازعہ کے اثرات آنے والے ادوار میں ہماری فروخت کو نقصان پہنچا رہے ہیں کیونکہ ہمارے بہت سے صارفین کے روس اور یوکرین میں آؤٹ لیٹس تھے جنہیں انہوں نے بند کر دیا ہے۔ اس جنگ سے جہاز رانی بھی متاثر ہو رہی ہے۔ کئی بار مضموبہ بند جہازوں پر جگہ دستیاب نہیں ہوتی جس کی وجہ سے ترسیل میں تاخیر ہوتی ہے۔ مزید برآں، خاص طور پر امریکہ اور ترقی یافتہ ممالک میں کساد بازاری کی توقع بڑھ رہی ہے جو پوری دنیا کی معیشت کو مزید متاثر کر سکتی ہے اور ہمارے کاروبار کو بھی متاثر کر سکتی ہے۔

حکومت پاکستان کی جانب سے پالیسی ریٹ میں 250 پوائنٹس بڑھانے کے اقدامات آنے والے ادوار میں کمپنی کے لئے سود کی لاگت میں مزید اضافہ کریں گے۔ یہ بھی واضح نہیں ہے کہ آیا نئی حکومت پوری ویلیو چین کو بلا تعطیل اور علاقائی طور مسابقتی گیس اور بجلی کی فراہمی کو یقینی بنائے گی۔ اس کے لئے آنے والے وقت میں کمپنی کی کارکردگی پر شدید اثرات مرتب ہو سکتے ہیں۔

Montebello S.R.L. کے بارے میں انکشاف کیجا مالیاتی ٹیسٹمنٹس کے نوٹ 2.2، 1.5، 1 اور 7.1 میں مہیا کئے گئے ہیں۔ بورڈ اس مشکل اور غیر یقینی وقت میں اپنے تمام شراکت داروں کے تعاون کا شکر گزار اور تعریف کرتا ہے۔ یہ امید کی جاتی ہے کہ ان کے مسلسل تعاون اور حمایت کی وجہ سے کمپنی کی کارکردگی میں بہتری آئے گی۔

بورڈ آف ڈائریکٹرز کی جانب سے

  
ڈائریکٹر

  
چیف ایگزیکٹو آفیسر  
لاہور

28 اپریل 2022ء

**Condensed Interim Statement of Financial Position**  
As at March 31, 2022

		(Un-audited) March 31 2022 Rupees	(Audited) June 30 2021 Rupees
<b>EQUITY AND LIABILITIES</b>			
Authorized share capital	<i>Note</i>	15,000,000,000	15,000,000,000
Issued, subscribed and paid up capital		4,913,753,370	4,913,753,370
Reserves		3,214,437,408	3,214,437,408
Surplus on revaluation of fixed assets		3,356,539,523	3,414,941,189
Accumulated loss		(2,828,164,977)	(3,548,454,938)
		8,656,565,324	7,994,677,029
<b>Non-current liabilities</b>			
Redeemable capital - secured	4	2,531,543,983	3,561,791,275
New Zero Coupon PPTFCs		5,103,510,000	5,103,510,000
Term Loan to be Settled from Sale Proceeds of Muzaffargarh Unit		1,081,208,933	1,081,208,933
Lease liabilities		1,946,651	4,672,572
Deferred liability		558,605,628	495,679,868
		9,276,815,195	10,246,862,648
<b>Current liabilities</b>			
Current portion of non-current liabilities		148,877,619	150,772,866
Short term borrowing		2,471,770,742	1,423,689,035
Trade and other payables		3,603,319,429	2,545,679,458
Contract Liabilities		341,745,819	53,186,265
Interest / mark-up accrued on borrowings		335,445,867	200,066,382
Dividend payable on preference shares		9,413,535	9,413,535
Unclaimed dividend on ordinary shares		3,753,252	3,753,252
		6,914,326,263	4,386,560,793
<b>Contingencies and commitments</b>	5	24,847,706,782	22,628,100,470
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	10,623,509,627	10,232,590,972
Long term investments	7	12,608,052	12,608,052
Long term deposits and receivables		35,658,396	38,034,396
		10,671,776,075	10,283,233,420
<b>Current assets</b>			
Stores, spares and loose tools		164,594,970	148,644,939
Stock-in-trade		6,011,267,207	4,599,739,102
Trade receivables		3,430,779,549	2,418,068,551
Advances, deposits, prepayments and other receivables		2,436,833,154	2,514,947,274
Short term investments	8	139,993,989	139,993,989
Receivable from National Bank of Pakistan		306,022,500	306,022,500
Income tax recoverable		23,411,023	37,480,182
Funds for restructuring scheme		269,165,173	17,170,862
Cash and bank balances		129,863,142	898,799,651
		12,911,930,707	11,080,867,050
Non-current assets held for sale	9	1,264,000,000	1,264,000,000
		24,847,706,782	22,628,100,470

The annexed notes from 1 to 15 form an integral part of these interim financial statements.

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, 2022**

	July 2021 to March 2022	January 2022 to March 2022	July 2020 to March 2021	January 2021 to March 2021
Note	Rupees	Rupees	Rupees	Rupees
Sales - net	23,431,558,368	8,499,208,184	15,634,159,606	4,545,950,236
Cost of sales	(20,184,373,681)	(7,380,868,108)	(13,314,371,473)	(4,240,691,106)
<b>Gross profit</b>	<b>3,247,184,687</b>	<b>1,118,340,076</b>	2,319,788,133	305,259,130
Selling and distribution expenses	(1,308,443,867)	(463,256,302)	(750,788,429)	(217,147,808)
Administrative expenses	(489,211,794)	(168,314,726)	(423,532,090)	(144,832,948)
<b>Profit from operations</b>	<b>1,449,529,026</b>	<b>486,769,048</b>	1,145,467,614	(56,721,626)
Other income	68,098,264	9,334,216	92,265,031	30,415,738
Other expenses	(81,051,685)	(15,863,472)	(20,628,826)	5,666,665
Loss on sale of non current asset held for sale	-	-	(196,395,154)	-
Finance cost	11 (542,030,911)	(194,084,536)	(716,572,364)	(87,027,407)
<b>Profit before taxation</b>	<b>894,544,694</b>	<b>286,155,256</b>	304,136,301	(107,666,630)
Taxation	(232,656,400)	(84,332,612)	(151,553,646)	(43,014,400)
<b>Profit after taxation</b>	<b>661,888,294</b>	<b>201,822,644</b>	152,582,655	(150,681,030)
<b>Earnings per share - basic and diluted</b>	<b>1.35</b>	<b>0.41</b>	0.31	(0.31)

The annexed notes from 1 to 15 form an integral part of these interim financial statements.

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, 2022**

	2022		2021	
	July 2021 to March 2022	January 2022 to March 2022	Jul 2020 to Mar 2021	January 2020 to March 2021
	Rupees	Rupees	Rupees	Rupees
Profit after taxation	661,888,294	201,822,644	152,582,655	(150,681,030)
<i>Items that may not be subsequently reclassified to statement of profit or loss</i>				
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>661,888,294</b>	<b>201,822,644</b>	<b>152,582,655</b>	<b>(150,681,030)</b>

Lahore

  
 Chief Executive Officer

  
 Director

  
 Chief Financial Officer

**Condensed Interim Statement of Cash Flows (Un-audited)**  
For the nine months and quarter ended March 31, 2022

	2021-2022 July to March	2020-2021 July to March
	<u>Rupees</u>	<u>Rupees</u>
<b>Cash flow from operating activities</b>		
Profit before taxation	894,544,692	304,136,302
Adjustments	719,486,883	1,353,214,241
<b>Operating profit before working capital changes</b>	<b>1,614,031,575</b>	1,657,350,543
Changes in working capital	<b>(1,061,014,554)</b>	(983,391,566)
Cash generated from operations	<b>553,017,021</b>	673,958,977
<b>Payments for:</b>		
Finance cost	<b>(84,675,556)</b>	(276,299,448)
Income tax	<b>(218,587,272)</b>	(146,425,881)
Long term deposits	2,376,000	-
Post retirement benefits	<b>(66,237,170)</b>	(81,765,537)
<b>Net cash generated from operating activities</b>	<b>185,893,023</b>	169,468,111
<b>Cash flows from investing activities</b>		
Capital expenditure	<b>(739,755,564)</b>	(439,220,243)
Proceeds from disposal of unit classified as held for sale	-	618,750,000
Proceeds from disposal of fixed assets	<b>34,035,042</b>	7,530,000
<b>Net cash used in investing activities</b>	<b>(705,720,522)</b>	187,059,757
<b>Cash flows from financing activities</b>		
Lease liabilities	<b>(4,621,170)</b>	(2,288,319)
Short term borrowings-net	<b>7,506,471</b>	(10,600,447)
Dividend paid	-	(10,652)
<b>Net cash generated from financing activities</b>	<b>2,885,301</b>	(12,899,418)
<b>Net increase in cash and cash equivalents</b>	<b>(516,942,198)</b>	343,628,450
<b>Cash and cash equivalents at the beginning of period</b>	<b>915,970,513</b>	1,358,474,116
<b>Cash and cash equivalents at the end of period</b>	<b>399,028,315</b>	1,702,102,566

The annexed notes from 1 to 15 form an integral part of these interim financial statements.

Lahore

  
 Chief Executive Officer

  
 Director

  
 Chief Financial Officer

**Condensed Interim Statement of Changes in Equity (Un-audited)  
For the nine months and quarter ended March 31, 2022**

	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, 2020 - Audited	4,913,753,370	2,358,246,761	105,152,005	661,250,830	91,670,834	4,742,276,247	(11,752,377,928)	(3,793,781,251)	1,119,972,119
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-
Income for the period ended Mar 31, 2021	-	-	-	-	-	-	-	-	-
Other comprehensive loss for the period ended Mar 31, 2021	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period ended Mar 31, 2021	-	-	-	-	-	-	-	-	-
Transfer of incremental depreciation from surplus on revaluation of fixed assets	-	-	-	-	-	(77,294,169)	77,294,169	-	-
Transfer of revaluation surplus on disposal of non-current assets held for sale	-	-	-	-	-	(539,558,128)	539,558,128	-	-
As at Mar 31, 2021 - Unaudited	4,913,753,370	2,358,246,761	105,152,005	661,250,830	91,670,834	4,125,433,950	(10,982,942,976)	(3,641,198,596)	1,272,554,774
As at July 01, 2021 - Audited	4,913,753,370	2,358,246,761	105,152,005	661,250,830	89,787,812	3,414,941,190	(3,548,454,938)	3,080,923,659	7,994,677,029
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-
Income for the period ended Mar 31, 2022	-	-	-	-	-	-	-	-	-
Other comprehensive income for the period ended Mar 31, 2022	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period ended Mar 31, 2022	-	-	-	-	-	-	-	-	-
Transfer of incremental depreciation from surplus on revaluation of fixed assets	-	-	-	-	-	(58,401,667)	58,401,667	-	-
As at Mar 31, 2022 - Unaudited	4,913,753,370	2,358,246,761	105,152,005	661,250,830	89,787,812	3,356,539,523	(2,828,164,977)	3,742,811,953	8,656,565,323

The annexed notes from 1 to 15 form an integral part of these interim financial statements.



**Lahore**  
Chief Executive Officer



**Director**



**Chief Financial Officer**

## 12 | Azgard Nine Limited

### Condensed Interim Selected Explanatory Notes to the Financial Statements (Un-audited) For the nine months ended March 31, 2022

#### 1. 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-i-Science, off Shahrah-i-Roomi, Lahore. The Company has three units with Unit I located at 2.5 km off Manga, Raiwind Road, District Kasur, Unit II at Alipur Road, Muzaffargarh, Unit III at Atta Buksh Road, 18 km, off Ferozpur Road, Mouza Atari Saroba, Tehsil Cantt, Lahore. Unit III is rented facility. Unit I and III are operational, Unit II is non-operational and being classified as held for sale.

#### 2. Basis of preparation

##### 2.1 Statement of compliance

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

These condensed interim financial statements do not include all the information required for annual financial statements including financial risk management information and therefore should be read in conjunction with the annual audited financial statements for the year ended June 30, 2021.

Comparative statement of financial position is extracted from annual audited financial statements for the year ended June 30, 2021 whereas comparative statement of profit or loss, statement of changes in equity and statement of cash flows are extracted from un-audited condensed interim financial statements for the quarter ended on March 31, 2021.

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

##### 2.2 Basis of non preparation of consolidated accounts

The Company had 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 annual 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, had 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. Further, 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 relevant activities of MBL. Resultantly, effective from the financial year ended June 30, 2018, the Company ceased recognizing and presenting MBL as its subsidiary.

During 2021, M/s. Taybah Capital Limited, a company based in United Arab Emirates, has purchased liquidation process of MBL and resultantly, the Bankruptcy/liquidation process of MBL has been completed.

### 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, 2021.
- 3.2** Judgements 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, 2021.

	Note	(Un-audited) March 31, 2022 Rupees	(Audited) June 30, 2021 Rupees
<b>4 Redeemable capital-secured</b>			
Privately Placed Term Finance Certificates		250,602,457	250,602,457
Privately Placed Term Finance Certificates		166,732,494	166,732,493
Sub-Privately Placed Term Finance Certificates	4.1	2,029,275,000	3,056,480,000
Sub-Sukuk certificates		193,520,000	193,520,000
		<u>2,640,129,951</u>	<u>3,667,334,950</u>
Less: transaction costs		<u>(108,585,968)</u>	<u>(105,543,675)</u>
		<u>2,531,543,983</u>	<u>3,561,791,275</u>

- 4.1** During the period, redeemable capital in respect of Silk Bank Limited and Summit Bank Limited amounting to Rs. 998 million has been converted into short term SBP funded facilities (ERF) while an amount of Rs. 28.78 million has been waived off by the banks.

### 5. Contingencies and commitments

#### 5.1 Contingencies

- 5.1.1** The Company has not accrued expense of Rs 98.19 million relating to Gas Infrastructure Development Cess ("GIDC") billed to the Company prior to the promulgation of The Gas Infrastructure Development Cess, 2015. ( June 30, 2021 : Rs. 98.19 million ). This is in lieu of stay order granted by Honourable Lahore High Court against GIDC arrears in SNGPL bills. As per advice of the Company's legal advisor, the management is of the view that it has arguable case and a favourable decision is expected.

## 14 | Azgard Nine Limited

- 5.1.2** The Company has issued indemnity bonds amounting to Rs. 2.77 billion (June 30, 2021: 1.63 billion) in favour of the Collector of Customs and Sales Tax department in lieu of levies under various statutory notifications which are likely to be released after fulfillment of terms of related notifications.
- 5.1.3** NAB Court reference has been filed on September 9, 2017, in relation to previous settlement (first restructuring) of the Company's financing arrangements during 2012, whereby 18 financial institutions had partially rescheduled / settled the Company's liabilities against its investment held in shares of Agritech Limited. During the period, Honorable Supreme Court has quashed reference of NAB court.
- 5.1.4** Other multiple cases involving point of law are subject to adjudication before Honorable Lahore High Court and other forums. However, individually these are not so significant and the management expects favourable outcome of such cases.
- 5.1.5** Taybah Capital Limited ("TCL"), a company based in United Arab Emirates, has taken over the liquidation process of M/S Montebello S.R.L (MBL). Through writ of summon dated March 31, 2021, TCL has instituted claim of EUR 7 million on account of quantification of damages against the Company. The Company has engaged legal advisor for contesting this case in the Court of Venice, Italy.

TCL also joined the liquidation proceedings in the Court of Vicenza, Italy. During this period, the Court of Vicenza has accepted and awarded TCL's claim to the extent of Euro 2,048,783.63. The Company has filed appeal against this Order which is pending for adjudication.

As per advice of legal counsel of the Company, recent decision regarding Euro 2.05 million is part of overall claim of Euro 7 million of TCL. The Company is expected to get relief from both cases. Hence, no provision against both cases is recorded in this interim financial information.

	<b>(Un-audited)</b>	<b>(Audited)</b>
	<b>March 31,</b>	<b>June 30,</b>
	<b>2022</b>	<b>2021</b>
<b>5.2 Commitments</b>		
<b>5.2.1 Commitments under irrevocable letters of credit for:</b>	<b>Rupees</b>	<b>Rupees</b>
- purchase of plant, machinery and loose tools	<b>15,569,927</b>	82,158,945
- purchase of raw material	-	65,028,427
	<b><u>15,569,927</u></b>	<u>147,187,372</u>
<b>5.2.2 Commitments for capital expenditure</b>	<b><u>205,810,739</u></b>	<u>200,921,358</u>
<b>5.2.3</b> Counter Guarantees given by the Company to its bankers as at the reporting date amount to Rs. 228.58 million (June 30, 2021: Rs. 266.44 million).		
<b>5.2.4</b> Bills discounted as at reporting date aggregated to Rs. 3,258.17 million (June 30, 2021: Rs. 2,627.60 million).		
<b>6 Property, plant and equipment</b>		
Operating fixed assets	<b>10,137,122,726</b>	9,938,195,993
Right of use assets	<b>5,274,961</b>	7,494,027
Capital work in progress	<b>481,111,940</b>	286,900,952
	<b><u>10,623,509,627</u></b>	<u>10,232,590,972</u>

	(Un-audited) March 31, 2022	(Audited) June 30, 2021
	Rupees	Rupees
<b>6.1 Operating fixed assets</b>		
Net book value as at the beginning of the period / year	9,938,195,993	9,996,709,467
Additions during the period / year	545,544,572	723,085,460
Assets transfer from leased to own	1,202,313	
Surplus on revaluation during the period / year	-	(383,159,621)
Disposals during the period / year - Net book value	(66,905,321)	(15,072,284)
Depreciation charged during the period / year	(280,914,831)	(383,367,029)
<b>Net book value as at the end of the period / year</b>	<b>10,137,122,726</b>	<b>9,938,195,993</b>
<b>6.1.1 Additions- Cost</b>		
<b><u>Assets owned by the Company</u></b>		
Building on freehold land	8,611,453	118,241,378
Plant and Machinery	476,051,165	563,590,403
Others	60,881,954	41,253,679
	<b>545,544,572</b>	<b>723,085,460</b>

## 7. 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, 2022	(Audited) June 30, 2021
	Rupees	Rupees
<b>7.1 Investment in Montebello s.r.l ("MBL")</b>		
Investment in Agritech Limited TFCs	-	-
	<b>12,608,052</b>	<b>12,608,052</b>
	<b>12,608,052</b>	<b>12,608,052</b>
<b>7.1.1 Montebello s.r.l. ("MBL")</b>		
6,700,000 ordinary shares with capital of Euro 6,700,000 cost	2,625,026,049	2,625,026,049
Accumulated impairment	(2,625,026,049)	(2,625,026,049)
	-	-

### 7.1.2 Investment in Montebello s.r.l ("MBL")

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

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



**7.1.4** As disclosed in the note 2.2, bankruptcy/liquidation process of MBL is completed. The Company's claim was accepted as subordinate claim due to Company being the parent of MBL at that time. The Company was 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 contested with the Court of Vicenza that its claim should be accepted as at least unsecured claim rather than being subordinate claim. The Court of Vicenza did not accepted plea of the Company to change classification of its claim. The Company filed an appeal in Italian Supreme Court against such decision of the Court of Vicenza. Although the proceedings of Italian Supreme Court are still underway, however, as per lawyer's opinion chances of any recovery from the Company's claim are remote as bankruptcy process of MBL by the Court of Vicenza has been completed.

		<b>(Un-audited)</b>	<b>(Audited)</b>
		<b>March 31,</b>	<b>June 30,</b>
		<b>2022</b>	<b>2021</b>
		<b>Rupees</b>	<b>Rupees</b>
<b>8 Short term investments</b>			
28,022 Term Finance Certificates (Rs. 5,000 each) of Agritech Limited	<b>8.1</b>	<u><u>139,993,989</u></u>	<u><u>139,993,989</u></u>

**8.1** During last year, the Company's creditors' scheme of arrangement for restructuring of liabilities has been implemented on April 29, 2021. A part of this scheme, 28,022 TFCs amounting to Rs. 139.99 million are due to be settled with the lenders within one year and these TFCs have been classified as short term investments.

**9.** In accordance with approved scheme of arrangement, one unit of the Company (spinning unit located at Muzaffargarh) is classified as Non-Current Asset Held for Sale at reporting date. During the period, bid offer of Rs. 1,420 million has been accepted by the scheme agent bank.

**10. 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.



	(Un-audited) March 31, 2022	(Audited) June 30, 2021
	Rupees	Rupees
<b>Unit Trust of Pakistan</b>		
Sub PPTFCs	23,750,000	23,750,000
Term Loan	6,822,073	6,822,073
New Zero Coupon PPTFCs	49,485,000	49,485,000
Mark-up payable	1,411,341	263,120
<b>JS Large Cap Fund</b>		
Redeemable capital - PPTFCs	63,837,358	63,837,358
Term Loan	17,739,525	17,739,525
New Zero Coupon PPTFCs	59,745,000	59,745,000
Mark-up payable	1,361,115	703,601
<b>JS Global Capital Limited</b>		
Redeemable capital - PPTFCs	250,602,457	250,602,457
Term Loan	69,638,980	69,638,980
New Zero Coupon PPTFCs	234,545,000	234,545,000
Mark-up payable	5,343,245	2,762,085
<b>JS Principal Secure Fund</b>		
Redeemable capital - PPTFCs	25,700,755	25,700,755
Term Loan	7,141,887	7,141,887
New Zero Coupon PPTFCs	24,050,000	24,050,000
Mark-up payable	547,981	283,268
<b>JS Pension Savings Fund</b>		
New Zero Coupon PPTFCs	3,850,000	3,850,000
<b>JS Income Fund</b>		
Sub PPTFCs	29,220,000	29,220,000
Term Loan	8,394,214	8,394,214
New Zero Coupon PPTFCs	62,040,000	62,040,000
Mark-up payable	1,736,437	323,729
<b>JS Growth Fund</b>		
Redeemable capital - PPTFCs	49,282,809	49,282,809
Sub PPTFCs	12,080,000	12,080,000
Term Loan	17,165,525	17,165,525
New Zero Coupon PPTFCs	73,830,000	73,830,000
Mark-up payable	1,768,668	677,021
	(Un-audited)	(Un-audited)
<b>11 Finance Cost</b>	<b>July to March</b>	<b>July to March</b>
	<b>2022</b>	<b>2021</b>
	<b>Rupees</b>	<b>Rupees</b>
Interest / mark-up on:		
Redeemable capital & Long term finances	168,170,718	295,929,228
Lease liabilities	232,042	531,671
Short term borrowings	48,609,987	272,617,232
	217,012,747	569,078,131
Amortization of transaction costs	10,327,943	1,628,139
Exchange loss on foreign currency borrowings	-	(50,723,660)
Bank discounting and other charges	314,690,221	196,589,754
	542,030,911	716,572,364

## 12 Segment information

## 12.1 Information about reportable segments

## 12.1.1 Segment revenues and results

	Spinning segment		Weaving segment		Garment segment		Elimination		Total	
	March-22 Rupees	March-21 Rupees	March-22 Rupees	March-21 Rupees	March-22 Rupees	March-21 Rupees	March-22 Rupees	March-21 Rupees	March-22 Rupees	March-21 Rupees
<b>Revenue</b>										
External revenues	2,462,869,804	1,374,215,184	9,701,894,278	5,461,396,453	11,267,094,586	8,798,547,969			23,431,586,368	15,634,159,606
Inter-segment revenues	1,485,877,930	531,800,068	3,713,944,863	2,545,633,645	45,621,625	4,024,371	(5,245,444,418)	(3,081,458,084)	-	-
	3,948,747,434	1,906,015,252	13,415,839,141	8,007,030,098	11,312,716,211	8,802,572,340	(5,245,444,418)	(3,081,458,084)	23,431,586,368	15,634,159,606
<b>Cost of sales</b>										
- intersegment	(1,485,877,930)	(531,800,068)	(3,713,944,863)	(2,545,633,645)	(45,621,625)	(4,024,371)	5,245,444,418	3,081,458,084	-	-
- external	(1,885,926,453)	(1,231,684,818)	(8,070,035,623)	(4,371,904,457)	(10,230,411,604)	(7,710,782,198)	-	-	(20,184,373,681)	(13,314,371,473)
	(3,369,804,383)	(1,763,484,886)	(11,783,980,486)	(6,917,538,102)	(10,276,033,229)	(7,714,806,569)	5,245,444,418	3,081,458,084	(20,184,373,681)	(13,314,371,473)
<b>Gross profit</b>	578,943,051	142,530,366	1,631,858,655	1,089,491,996	1,036,682,982	1,087,765,771	-	-	3,247,184,687	2,319,788,133
Selling and distribution expenses	(47,578,695)	(24,906,008)	(666,384,557)	(233,379,310)	(594,480,615)	(492,503,111)	-	-	(1,308,443,867)	(750,788,429)
Administrative expenses	(82,238,700)	(92,846,577)	(173,893,822)	(153,087,931)	(233,079,272)	(177,597,802)	-	-	(489,211,793)	(423,532,090)
	(129,817,395)	(117,752,585)	(840,278,379)	(386,467,241)	(827,559,887)	(670,100,913)	-	-	(1,797,655,661)	(1,174,320,519)
<b>Profit from operation</b>	449,125,656	24,778,001	791,280,276	703,024,755	209,123,095	417,664,858	-	-	1,449,529,026	1,145,467,614
Other income									68,098,264	92,265,031
Loss on sale of non current asset held for sale									-	(196,395,154)
Other expenses									(81,051,685)	(20,628,826)
Finance cost									(542,030,911)	(716,572,364)
Taxation									(232,656,400)	(151,553,646)
<b>Profit after taxation</b>									661,888,294	152,882,655

## 12.1.2 Inter-segment sales and purchases

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

## 12.1.3 Basis of inter-segment pricing

All inter-segment transfers are made at negotiated rates.

	Spinning segment		Weaving segment		Garment segment		Elimination		Total	
	March-22	June-21	March-22	June-21	March-22	June-21	March-22	June-21	March-22	June-21
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
<b>12.1.4 Assets</b>										
Total assets for reportable segments	3,846,380,398	3,637,594,249	11,275,299,025	9,790,119,996	8,915,149,862	8,457,287,142	(1,029,290,993)	(702,171,202)	23,007,538,292	21,182,830,185
Property, plant and equipment - common	-	-	-	-	-	-	-	-	1,112,378,776	969,474,882
Long term investments	-	-	-	-	-	-	-	-	12,608,052	12,608,052
Receivable from National Bank of Pakistan	-	-	-	-	-	-	-	-	306,022,500	306,022,500
Short term investments	-	-	-	-	-	-	-	-	139,993,989	139,993,989
Funds for restructuring scheme	3,846,380,398	3,637,594,249	11,275,299,025	9,790,119,996	8,915,149,862	8,457,287,142	(1,029,290,993)	(702,171,202)	24,847,706,782	22,628,100,470
<b>12.1.5 Liabilities</b>										
Total liabilities for reportable segments	699,263,890	538,598,443	2,293,543,381	1,303,501,349	2,553,323,110	1,967,785,509	(1,029,290,993)	(702,171,202)	4,516,839,389	3,107,714,099
Corporate liabilities - common	-	-	-	-	-	-	-	-	11,674,302,070	11,525,709,342
	699,263,890	538,598,443	2,293,543,381	1,303,501,349	2,553,323,110	1,967,785,509	(1,029,290,993)	(702,171,202)	16,191,141,459	14,633,423,441

**12.1.6 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	March-22		March-21	
	Rupees	Rupees	Rupees	Rupees
<b>Local revenue</b>				
Asia	2,461,347,753	1,366,005,480	-	-
Europe	14,470,980,544	10,276,370,638	-	-
North America	22,110,011	-	-	-
South America	21,086,513	-	-	-
Africa	16,773,577	26,167,105	-	-
Other countries	4,794,041,714	2,436,142,470	-	-
	21,786,340,112	14,104,685,693	-	-
<b>Local revenue</b>	1,645,218,256	1,061,051,055	-	-
Pakistan	23,431,558,268	15,165,736,748	-	-
(Un-audited)				
March-22	(Audited)	June-21		
Rupees	Rupees	Rupees		
<b>12.1.7</b>				
Non-current assets	10,671,776,075	10,446,569,968		
Pakistan				

**13. Corresponding figures**

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

**14. Date of authorization**

This condensed interim unconsolidated financial information was authorized for issue by the Board of Directors of the Company on April 28, 2022.

**15. General**

Figures have been rounded off to the nearest rupee.

Lahore



Chief Executive Officer



Director



Chief Financial Officer











# AZGARD9

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