

**Tomorrow's Denim Today**

**AZGARD  
S**

**AZGARD NINE LIMITED  
ANNUAL REPORT  
2022**



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.



# MR. AHMED H. SHAIKH

## CHIEF EXECUTIVE OFFICER



### Message From CEO: FUTURE BEFORE FASHION

An organization's core values are always important, I stand firm with our core values of integrity, excellence, reliability, safety, respect and total commitment towards the planet and its people. Sustainability has always been intrinsic to our company. In spite of unprecedented global circumstances, we continued to grow and expand our capabilities to serve our clients and deliver quality projects. Giving back has always been at the heart of our firm. Our people and technology are at the centre of our success. We value and support our employees and their families. I am truly inspired by the unwavering dedication to excellence that our workforces have shown. I extend my most heartfelt appreciation. We care and are fully committed to the betterment of people and this planet. I look forward to the future together !

**FUTURE BEFORE FASHION**  
"Total Commitment Towards The Planet & Its People"

# AZGARD9



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# VISION

To go down in history as one of the leading names in the success story of denim.

# MISSION

Because the world cannot wait for a more sustainable denim, we are here to accelerate the change: Faster, cleaner and smarter.



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



**KARACHI OFFICE**

Suite 604, 6th Floor, Chappal Plaza,  
Hasrat Mohani Road, Karachi.  
Ph: +92(0)21 32400211

**BANKERS****Relationship with conventional side**

JS Bank Limited  
MCB 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  
Faysal Bank 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**

Atta Buksh Road, 18-KM, Off: Ferozepur  
Road, Mouza Atari Saroba, Tehseel Cantt,  
Lahore.  
Ph: +92(0)333 0427020-1

**E-MAIL**

info@azgard9.com

**WEB PRESENCE**

www.azgard9.com



## CHAIRMAN'S REVIEW

I feel honoured to present to you the annual review of the audited financial statements of the Company for the year ended June 30, 2022 and the overall performance of the Board. I would like to take this opportunity to invite you for the 29th Annual General Meeting of the Company.

### Review of the Company's performance

I would like to congratulate all the stakeholders especially the management of the Company for achieving a Net Profit after Tax of Rs. 1.06 Billion. Considering the global recession, high inflation resulting in high cost of input, tough competition from neighbouring countries and deteriorating local economy, the achievement of 53% growth in sales and 34% growth in operating profitability is commendable.

One point to note here is that financial results for the year under review are without the impact of DLTl which remained pending for year ended June 30, 2022. Had the same be included in year under review, the profitability would have been better.

The creditors' scheme of arrangement approved by the Honorable Lahore High Court (LHC) vide order dated July 31, 2019 was finalized on 29 April, 2021. The financial restructuring of the Company has significantly reduced the debt burden and finance cost of the Company. During the year, a bid pertaining to spinning unit located at Alipur Road, Muzaffargarh has been finalized by the agent banks of the creditors and the unit has been sold as part of the scheme of arrangement. Funds are being received and it is expected that full amount will be received as per time lines agreed between the sale agents and the buyer of this unit. Once the complete proceeds are received, the same will be distributed among the creditors as per creditors' scheme of arrangement.

### Review of the Board's performance

During the year, the Board has performed all its duties diligently in the best interest of the Company. The Board is aware of the importance of its role in achieving the objectives of the Company. The Board and each of the individual Board members are devoted and committed to perform for the betterment of the Company. The Board 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 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, 2022. The appropriate disclosure regarding appointment of the same is made in the Directors' Report. The overall performance is assessed as good. However, improvement is an ongoing process and continues. The overall assessment of the Board is based on an evaluation of the integral components including the Board's structure & composition, compliance of statutory limitations & ascendancy, strategy & planning, operations & effectiveness, monitoring & evaluation of performance, compliance, risk management & risk contingency planning, transparency & disclosures and relationship with stakeholders. Individual Directors' performance evaluation is based on qualification, competence & integrity and commitment & teamwork. Board Committees' performance evaluation is based on competence & task efficiency, effectiveness and facilitation & support to the Board.

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

Date: September 30, 2022



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, 2022.

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, 2022 (standalone):

	Year ended June 30, 2022 (Rupees)	Year ended June 30, 2021 (Rupees)
Sales – net	<b>33,768,785,938</b>	22,070,230,674
Operating profit	<b>2,147,303,480</b>	1,600,552,212
Finance cost	<b>(764,116,597)</b>	(908,231,757)
Profit before tax	<b>1,345,609,568</b>	710,374,614
Gain on restructuring of loans	<b>166,184,543</b>	7,062,854,286
Profit after tax	<b>1,058,182,308</b>	7,559,400,077
Earnings per share	<b>2.15</b>	15.38



## Review for the year

During this year, sales of the Company have increased by over 53% as compared to previous year. Profit from operations has increased by over 34% as compared to the previous year. Profit before taxation is Rs. 1,345.61 million as compared to Rs. 710.37 million for the previous year.

During the year, the resurgence of demand subsequent to COVID-19 was observed. The Company faced margin compressions as a result of increase in input costs such as raw materials, energy, freight, etc. Government policy changes also adversely affected the Company. The Drawback of Local Taxes and Levies (DLTL) notification remained pending for the period from 1st July 2021 to onward and therefore is not part of the results. Increase in energy tariff, gas shutdown and low gas pressure resulted in significant increase in cost.

KIBOR at start of this year was 8.07%, which kept increasing throughout the year and finally peaked at 15.73% as at June 30, 2022.

The Company is facing huge cost inflation with inputs such as all raw materials, increase in energy cost, dyes and chemicals, machinery and spare parts. We observe that resultant increase in these costs is far more than could be passed on to the market through product pricing.

On the taxation side, imposition of the supertax on industry has resulted additional tax burden on the Company.

While the financial restructuring scheme has been implemented, the funds of Rs. 306.02 million due from National Bank of Pakistan still have not been released. It is expected that these may be received in the near future.

Disclosure in respect of Montebello S.R.L and consolidation of financial statements is provided in note 2.2 and note 21.1.2 to the financial statements.

## Financial Restructuring of Debts

The creditors' scheme of arrangement approved by the Honorable Lahore High Court (LHC) vide order dated July 31, 2019 was finalized on 29 April, 2021. The financial restructuring of the Company has significantly reduced the debt burden and finance cost of the Company.

During the year, a bid pertaining to spinning unit located at Alipur Road, Muzaffargarh has been finalized by the agent banks of creditors and the unit has been sold as part of the scheme of arrangement. Funds are being received and it is expected that full amount will be received as per time lines agreed between the agent and the buyer of this unit. Once the complete proceeds are received, the same will be distributed among the creditors as per creditors' scheme of arrangement.

## Future Business Outlook

The Company is facing a number of challenges as a result of various economic impacts in a post "Corona World". The cost of all inputs such as Cotton, yarn, fabric, energy, dyes and chemicals etc. have risen substantially. Interest rates have also risen lot. Developed economies are under pressure and it appears that most of them will go into recession, retail sales are already down. Inflation is impacting off take everywhere.

Future outlook of the Company depends upon political and economic stability not only in Pakistan but around the world. The impact of the Russia/Ukraine conflict is affecting our sales. Many of our customers had retail outlets in Russia and Ukraine which they have closed. This conflict is also affecting shipping and many times space is not available on the planned ships and therefore shipments are delayed. Moreover, retail sales performance has been poor, there is increasing expectation of a recession in developed countries and in fact many may already be in a recession. The near future does not look promising.

With management's continuous efforts however, the Company has now become a leader in sustainability. Our "Denim of the future" has captured the attention of many brands. We are also now successfully able to design our circular 9.0 denim collection that lasts much longer and is recycle-able. Our philosophy is to make sustainable, water less and energy efficient products and we are investing in this respect. Our top buyers have set certain standards and monitor everything related to people and planet through multiple audits. To continuously improve and adopt emerging trends, we need to continue to stay focused on these trends and continue to invest.

### **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 works with local communities and tries to increase their capacity and knowledge regarding health, education and general wellbeing.

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

The Company has many internationally recognized certifications focused on high standards for labor welfare and keeping the environment clean for a 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, 2022 is Rs 2.15 per share.

### **Dividends**

Due to accumulated losses of the Company, the Board of Directors has not recommended dividend for the year ended June 30, 2022. Once the accumulated losses have been wiped out and the liquidity requirements of the Company have been sufficiently met. Then the Company may be in a position to start paying dividends in the future.

### **Principal Risks and Uncertainties**

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

1. Growing competition domestically and from neighboring countries can impact the future profitability of the Company.
2. The textile policy has still not been approved by the Government of Pakistan. Government policy greatly impacts the textile sectors ability to compete in export markets.

### 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 Director's 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 party transactions have been provided in Note 43 to the annexed financial statements for the year ended June 30, 2022.

### 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 controls 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, timely rectification is done.
- The Board is satisfied that the Company is a going concern.
- 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, 2022 except for those disclosed in the financial statements.
- During the year, Mr. Ahmed H. Shaikh, CEO of the Company received 32,058,554 shares from his Mother and 25,005,517 from his Father as gift.
- All Directors have acquired certification under a Directors' Training Program or have obtained exemption from the Securities and Exchange Commission of Pakistan.

Under the creditors' scheme of arrangement approved by the Honorable Lahore High Court ("LHC") vide order dated July 31, 2019, the Company has issued Sukuk certificates to Faisal Bank Limited ("FBL") amounting to Rs. 193.52 million. Shariah Advisor has exempted the Sukuk issue from the requirement of external Shariah Audit.

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. There was no change in the Board of Directors during the financial year ended June 30, 2022.

Following is information/composition of directors 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. Muhammad Wasim Butt
		Mr. Abid Hussain
b.	Non-executive Directors	Mr. Usman Rasheed
		Mr. Abdul Hamid Ahmed Dagia
c.	Executive Directors	Mr. Ahmed H. Shaikh – CEO
d.	Female Directors	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 names of directors who served on the Board during the year and number of Board and Committees' meetings held during the year ended June 30, 2022 along with status of attendance by each director:

## Board of Directors' Meetings

Five (5) meetings were held during the period from July 1, 2021 to June 30, 2022

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



### Human Resource and Remuneration Committee (HRRC) Meetings

One (1) meeting was held during the period from July 1, 2021 to June 30, 2022

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

Five (5) meetings were held during the period from July 1, 2021 to June 30, 2022

Name of Directors	Eligibility	Attended
Mr. Nasir Ali Khan Bhatti	5	5
Ms. Maliha Sarda Azam	5	5
Mr. Usman Rasheed	5	5

### 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, 2022. 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:

	<b>Chief Executive</b>
	-----Rupees-----
Managerial remuneration	20,700,000
Medical	2,070,000
Utilities and house rent	8,280,000
Post-employment benefits	1,725,000
Bonus	67,657,421
	100,432,421

The Company is paying fees to Non-Executive Independent 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 for the year ended June 30, 2022.

### **Auditors' observations**

The auditors qualified their opinion in para a of audit report due to non-availability of details regarding MBL. As mentioned in note 21.1.2 and 19.1.5, the proceedings of the Italian Courts are going on and details would be available once the proceedings are concluded.

The auditors qualified their opinion in para b of audit report for non-recognition of financial liabilities at its fair/discounted values. The adjustments proposed by auditors are required by International Financial Reporting Standard on Financial Instruments. The management is of the view that recognition of fair value gain and then reversing the gain by charging expense over the period of these financial liabilities will be confusing for users of the financial statements and has therefore not recognised this gain.

### **Appointment of Auditors**

M/s. Grant Thornton Anjum Rehman, Chartered Accountants, an independent correspondent firm to Grant Thornton, 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 M/s. Grant Thornton Anjum Rehman, 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 organization 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, 2022 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 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 all the employees of the Company. We would like to thank all the stakeholders who's support has been invaluable to the company.

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

On behalf of the Board of Directors



Chief Executive Officer

Lahore

Date: September 30, 2022



Chairman

## 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 2022 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، ڈنیم کپڑا اور تیارڈینم ملبوسات کی مصنوعات کی پیداوار اور مارکیٹنگ پر مرکوز ہے، جس میں دھاگے سے لے کر ٹریل ریڈی گڈز شامل ہیں۔ ایزگارڈ نائن لمیٹڈ کے (اسٹیٹڈ الون) آپریٹنگ مالیاتی نتائج برائے سال 30 جون 2022 درج ذیل ہیں۔

تفصیلات	سال منہتمہ 30 جون 2022 (روپے)	سال منہتمہ 30 جون 2021 (روپے)
فروختگی (Net)	33,768,785,938	22,070,230,674
آپریٹنگ منافع	2,147,303,480	1,600,552,212
مالیاتی اخراجات	(764,116,597)	(908,231,757)
منافع قبل از ٹیکس	1,345,609,568	710,374,614
قرضوں کی تنظیم نو پر منافع	166,184,543	7,062,854,286
منافع بعد از ٹیکس	1,058,182,308	7,559,400,077
منافع فی شیئر	2.15	15.38

### سالانہ جائزہ

اس سال کے دوران، کمپنی کی سلیز میں پچھلے سال کے مقابلے 53 فیصد سے زیادہ اضافہ ہوا ہے۔ آپریٹنگ منافع میں پچھلے سال کے مقابلے 34 فیصد سے زیادہ اضافہ ہوا ہے۔ پچھلے سال کے 710.37 ملین روپے قبل از ٹیکس نقصان کے مقابلے اس سال قبل از ٹیکس منافع 1,345.61 ملین روپے رہا۔

سال کے دوران، کووڈ 19 کے بعد مانگ میں دوبارہ اضافہ دیکھا گیا۔ خام مال، توانائی اور مال برداری وغیرہ کے اخراجات میں اضافے کے نتیجے میں کمپنی کے منافع میں کمی کا سامنا کرنا پڑا۔ حکومت کی طرف سے کچھ پالیسی تبدیلیوں نے بھی کمپنی کو بری طرح متاثر کیا۔ ڈراہیک آف لوکل ٹیکسز اینڈ لیویز (DLTL) کا نوٹیفکیشن یکم جولائی 2021 سے اب تک زیر التوا ہے اس لیے اس کو نتائج کا حصہ نہیں بنایا گیا۔ اجزی ٹیرف میں اضافہ، گیس کی بندش اور کم گیس پریشر کے نتیجے میں لاگت میں نمایاں اضافہ ہوا۔

اس سال کے آغاز میں KIBOR 8.07% تھا جو سال میں بڑھتے ہوئے 30 جون 2022 تک 15.73% تک پہنچ گیا۔

کمپنی کو تمام خام مال، توانائی کی لاگت میں اضافہ، رنگوں اور کیمیکلز، مشینری اور اسپر پارٹس کی قیمتوں میں مہنگائی کا سامنا ہے۔ ہم مشاہدہ کرتے ہیں کہ ان اخراجات میں اضافہ اس سے کہیں زیادہ ہے جو کہ مصنوعات کی قیمتوں کے ذریعے مارکیٹ کو منتقل کیا جاسکتا ہے۔ ٹیکسیشن کی طرف، صنعت پر سپر ٹیکس کے نفاذ کے نتیجے میں کمپنی پر اضافی ٹیکس کا بوجھ پڑا ہے۔ جبکہ تنظیم نو اسکیم لاگو ہو چکی ہے، نیشنل بینک آف پاکستان سے قابل وصول 306.02 ملین روپے ابھی تک وصول نہیں ہوئے۔ یہ توقع کی جاتی ہے مستقبل قریب میں وصول ہو سکتے ہیں۔

Montebello S.R.L اور یکجا مالیاتی سٹیٹمنٹس کے بارے میں انکشافات مالیاتی سٹیٹمنٹس کے نوٹس 2.2 اور 21.1.2 مہیا کئے گئے ہیں۔

## قرضہ جات کی مالیاتی تنظیم نو

31 جولائی 2019 کو لاہور ہائی کورٹ سے قرض دہنگان کے انتظامات کی اسکیم کی منظوری کے بعد اب مالیاتی تنظیم نو 29 اپریل 2021 کو لاگو ہو چکی ہے۔ اس مالیاتی تنظیم نو کے نتیجے میں، کمپنی کے قرض کا بوجھ اور مالیاتی لاگت نمایاں کم ہو گئی ہے۔ سال کے دوران، علی پور روڈ، مظفر گڑھ میں واقع سپڈنگ یونٹ سے متعلق ایک بولی کو ایجنٹ بینکوں نے حتمی شکل دے دی ہے اور مالیاتی تنظیم نو اسکیم کے حصے کے طور پر یونٹ فروخت کر دیا گیا ہے۔ فنڈز موصول ہو رہے ہیں اور توقع ہے کہ ایجنٹ بینکوں اور اس یونٹ کے درمیان طے شدہ وقت کے مطابق پوری رقم موصول ہو جائے گی۔ مکمل رقم موصول ہونے کے بعد، قرض دہنگان کے انتظامات کی اسکیم کے مطابق اسے قرض دہنگان میں تقسیم کیا جائے گا۔

## مستقبل کے نقطہ نظر سے ٹیکسٹائل کاروبار

"کرونا ورلڈ" کے بعد کے مختلف معاشی اثرات کے نتیجے میں کمپنی کو کئی مشکلات کا سامنا ہے۔ کٹن، دھاگہ، کپڑا، توانائی، رنگ اور کیمیکلز وغیرہ جیسے تمام سامان کی قیمتوں میں کافی حد تک اضافہ ہوا ہے۔ شرح سود میں بھی بہت زیادہ اضافہ ہوا ہے۔ ترقی یافتہ معیشتیں دباؤ میں ہیں اور ایسا لگتا ہے کہ ان میں سے زیادہ تر کساد بازاری کا شکار ہیں۔ خوردہ فروخت پہلے ہی کم ہے۔ مہنگائی ہر طرف اثر انداز ہو رہی ہے۔ کمپنی کا مستقبل کا نقطہ نظر نہ صرف پاکستان بلکہ دنیا بھر میں سیاسی اور اقتصادی استحکام پر منحصر ہے۔ روسی / یوکرین تنازعہ کے اثرات ہماری فروخت کو متاثر کر رہا ہے۔ ہمارے بہت سے صارفین کے روس اور یوکرین میں ریٹیل آؤٹ لیٹس تھے جنہیں انہوں نے بند کر دیا ہے۔ اس تنازعہ سے جہاز رانی بھی متاثر ہو رہی ہے اور کئی بار منصوبہ بند جہازوں پر جگہ دستیاب نہیں ہوتی اور اس وجہ سے ترسیل میں تاخیر ہوتی ہے۔ مزید برآں، خوردہ فروخت کی کارکردگی خراب رہی ہے، ترقی یافتہ ممالک میں کساد بازاری کی توقع بڑھ رہی ہے اور درحقیقت بہت سے لوگ پہلے ہی کساد بازاری کا شکار ہو سکتے ہیں۔ مستقبل قریب امید افزا نظر نہیں آ رہا۔

انتظامیہ کی مسلسل کوششوں سے، کمپنی اب پائیداری میں ایک رہنما بن گئی ہے۔ ہمارے "ڈینم آف دی فیوچر" نے مختلف ایوارڈز جیت کر توجہ حاصل کی ہے۔ اب ہم اپنے سرکلر 9.0 ڈینم کلکیشن کو بھی کامیابی کے ساتھ ڈیزائن کرنے میں کامیاب ہو گئے ہیں جو کہ زیادہ سے زیادہ عرصے تک استعمال کیا جاسکتا ہے اور ری سائیکل کرنے کے قابل ہے۔ ہمارا فلسفہ پائیدار، پانی کے بغیر اور توانائی کی بچت کرنے والی مصنوعات بنانا ہے اور ہم نے اس سلسلے میں سرمایہ کاری کر رہے ہیں۔ ہمارے اعلیٰ خریداروں نے بھی معیارات مرتب کیے ہیں اور متعدد آڈٹ کے ذریعے لوگوں اور اس دنیا سے متعلق ہر چیز کی نگرانی کرتے ہیں۔ ابھرتے ہوئے رجحانات کو مسلسل بہتر بنانے اور اپنانے کے لئے، ہمیں ان رجحانات پر توجہ مرکوز رکھنے اور سرمایہ کاری جاری رکھنے کی ضرورت ہے۔

## کارپوریٹ سماجی ذمہ داری

انتظامیہ لوگوں کو ضروری مہارت اور عالمی معیشت کی کامیابی میں با اختیار بنانے کی طرف کام کر رہی ہے۔ کمپنی مقامی کمیونٹیز کے ساتھ کام کرتی ہے اور صحت، تعلیم اور

عمومی بہبود کے حوالے سے ان کی صلاحیت اور علم کو بڑھانے کی کوشش کرتی ہے۔  
اس قلمی 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

منتہتہ سال 30 جون 2022 میں کمپنی کی کمائی فی شیئر مبلغ 2.15 روپے ہے۔

## منافع

بورڈ آف ڈائریکٹرز نے منتہتہ سال 30 جون 2022 کے لئے مجموعی نقصان کی بناء پر کوئی منافع تجویز نہیں کیا۔ ایک بار جب جمع شدہ نقصانات کا خاتمہ ہو گیا اور کمپنی کی لیکویڈیٹی کی ضروریات کا کافی حد تک پوری ہو گئیں تب کمپنی مستقبل میں منافع کی ادائیگی شروع کرنے کی پوزیشن میں ہو سکتی ہے۔

## اہم خطرات اور غیر یقینی صورتحال

کمپنی کی کارکردگی میں بتدریج 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- مقامی اور ہمسائیہ ممالک سے بڑھتا ہوا مقابلہ مستقبل میں کمپنی کے منافع پر اثر انداز ہو سکتا ہے۔
- 2- حکومت پاکستان نے ابھی تک ٹیکسٹائل پالیسی کو منظور نہیں کیا۔ حکومتی پالیسی برآمدی منڈیوں میں مقابلہ کرنے کی صلاحیت کو بہت متاثر کرتی ہے۔

## بیلنس شیٹ کے بعد کے معاملات

مالیاتی سال کے اختتام جس سے یہ بیلنس شیٹ متعلقہ ہے سے لیکر ڈائریکٹر رپورٹ کی تیاری کی تاریخ 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 منتہتہ 30 جون 2022 کے مالیاتی اسٹیٹمنٹس کے نوٹ 43 میں مہیا کی گئیں 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 کمپنی کی حالت، اس آپریشنز، کیش فلو اور ایکویٹی میں ہونے والی تبدیلیوں کے متعلق نتائج 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 جیسا کہ پاکستان میں لاگو ہیں 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۔
- ☆ پچھلے چھ سال کے قلیدی آپریٹنگ اور مالیاتی اعداد و شمار منسلک کئے گئے ہیں۔
- ☆ 30 جون 2022 تک ٹیکسز، ڈیوٹیز، لیویز اور اخراجات کی مد میں کوئی ادائیگی بقایا نہیں ہے ماسوائے ان کے جو مالیاتی اسٹیٹمنٹس میں بیان کی گئی ہیں۔
- ☆ سال کے دوران، جناب احمد ایچ شیخ، سی ای او نے 32,058,554 حصص والدہ سے اور 25,005,517 حصص والدہ سے بطور تحفہ وصول کئے۔
- ☆ تمام ڈائریکٹرز نے ڈائریکٹرز ٹریننگ پروگرام کی سرٹیفیکیشن حاصل کی ہے یا سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان سے چھوٹ حاصل کی ہے۔
- ☆ 31 جولائی 2019 کو معزز لاہور ہائی کورٹ کے حکم نامے کے ذریعے منظور شدہ قرض دہندگان کی اسکیم کے تحت کمپنی نے فیصل بینک لمیٹڈ کو 193.52 ملین روپے کے سلوک ٹھوقلیٹ جاری کئے شریجہ ایڈوائزر نے سلوک کے اجراء کو بیرونی آڈٹ سے مستثنیٰ قرار دیا ہے۔
- ☆ لٹیکینیئر (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے تحت بہترین طریقوں کی اسٹیٹمنٹ آف مچپائنٹس اس سالانہ رپورٹ میں مہیا کی گئی ہے۔

### بورڈ آف ڈائریکٹرز

کمپنی کے بورڈ کے زیادہ ڈائریکٹرز غیر جانبدار / نان 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۔

30 جون 2022 کو ختم ہونے والے مالی سال کے دوران بورڈ آف ڈائریکٹرز میں کوئی تبدیلی نہیں ہوئی۔

بورڈ آف ڈائریکٹرز کی سال کے دوران خدمات سرانجام دینے اور بورڈز 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 صاروہ اعظم جناب ناصر علی خان بھٹی جناب محمد وسیم بٹ جناب عابد حسین
بی	نان ایگزیکٹو ڈائریکٹرز	جناب عثمان رشید جناب عبدالحمید احمد ڈاگیا
سی	ایگزیکٹو ڈائریکٹرز	جناب احمد ایچ شیخ۔ سی ای او
ڈی	خاتون ڈائریکٹر	محترمہ ملیحہ صاروہ اعظم

بورڈز کمیٹیوں کے ممبران کے نام مندرجہ ذیل ہیں:

اے	آڈٹ کمیٹی	جناب ناصر علی خان بھٹی۔ چیئرمین محترمہ ملیحہ صاروہ اعظم۔ ممبر جناب عثمان رشید۔ ممبر
بی	ہیومن ریسورس اور معاوضہ کمیٹی	محترمہ ملیحہ صاروہ اعظم۔ چیئرمین جناب عثمان رشید۔ ممبر جناب احمد ایچ شیخ۔ ممبر

سال ختمہ 30 جون 2022 کے دوران ڈائریکٹرز کے نام بورڈ اور کمیٹیوں کے میٹنگز کی تعداد اور ہر ڈائریکٹر کی حاضری کی تفصیل مندرجہ ذیل ہے۔  
بورڈ آف ڈائریکٹرز کی میٹنگز

بورڈ آف ڈائریکٹرز کی سال کے دوران پانچ میٹنگز 01 جولائی 2021 تا 30 جون 2022 تک منعقد ہوئی ہیں۔

نام	اہلیت	حاضری
جناب زاہد محمود	5	5
جناب احمد ایچ شیخ	5	5
جناب ناصر علی خان بھٹی	5	5
جناب عثمان رشید	5	5
محترمہ ملیحہ صاروہ اعظم	5	5
جناب عبدالحمید احمد ڈاگیا	5	5
جناب عابد حسین	5	5
جناب محمد وسیم بٹ	5	5

ہیومن ریسورس اور معاوضہ کمیٹی (HRRC) کی میٹنگز

سال 01 جولائی 2021 تا 30 جون 2022 تک ایک میٹنگ منعقد ہوئی ہے۔

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

آڈٹ کمیٹی کی میٹنگز

سال 01 جولائی 2021 تا 30 جون 2022 تک پانچ میٹنگز منعقد ہوئی ہیں۔

نام	اہلیت	حاضری
جناب ناصر علی خان بھٹی	5	5
محترمہ ملیحہ صاروہ اعظم	5	5
جناب عثمان رشید	5	5



## 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 2022 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 سائٹ 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 مہینہ 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 آزاد/نان ایگزیکٹو) ڈائریکٹرز اور سینئر مینجمنٹ کے ممبران کے لئے بورڈ آف ڈائریکٹرز منظور شدہ مشاہرہ پالیسی موجود ہے۔ پالیسی کو ایسے تیار کیا گیا ہے کہ یہ HR کی حکمت عملی کا حصہ ہے اور دونوں کاروبار کی حکمت عملی کے لئے مددگار ہیں۔ بورڈ کو یقین ہے کہ متعلقہ پالیسی کارآمد ہے اور بہترین ایگزیکٹوز اور 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 کے مشاہرے کی تفصیلات مندرجہ ذیل ہیں۔

چیف ایگزیکٹو	روپے
مینجرل مشاہرہ	20,700,000
میڈیکل	2,070,000
یوٹیلٹی اور ہاؤس ریٹ	8,280,000
بعد از ملازمت فوائد	1,725,000
بونس	67,657,421
	<b>100,432,421</b>

کمپنی اپنے نان ایگزیکٹو، آزاد 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 2022 کے نوٹ 49 میں بھی بیان کی گئی ہیں۔

## آڈیٹر کے مشاہدات

آڈیٹر نے آڈٹ رپورٹ کے پیرا 1 میں اپنی رائے دی کہ MBL کے بارے میں تفصیلات موجود نہیں ہیں۔ جیسا کہ نوٹ 21.1 اور 19.1.5 میں بیان کیا گیا ہے کہ اٹلی کی عدالت میں کارروائی جاری ہے اور جب بینک دیوالیہ کارروائی مکمل ہوگی تو تفصیل دستیاب ہوگی۔

آڈیٹر نے آڈٹ رپورٹ کے پیرا 1b میں مالی ذمہ داریوں کو منصفانہ/رعایتی قدروں پر تسلیم نہ کرنے کے لیے اپنی رائے دی ہے۔ آڈیٹر کی طرف سے تجویز کردہ ایڈجسٹمنٹس، فنانشل انسٹرومنٹس پر بین الاقوامی مالیاتی رپورٹنگ اسٹینڈرڈ کے تحت مطلوب ہیں۔ انتظامیہ کا خیال ہے کہ منصفانہ قدر نفع کو تسلیم کرنا اور پھر ان مالیاتی واجبات کی مدت کے دوران اخراجات وصول کر کے منافع کو تبدیل کرنا مالیاتی بیانات کے صارفین کے لیے الجھن کا باعث ہوگا اور اس وجہ سے اس منافع کو تسلیم نہیں کیا ہے۔

## آڈیٹرز کی تعیناتی

میسرز گرانٹ تھورنٹن انجم رحمان، چارٹرڈ اکاؤنٹنٹس، آزاد نامہ نگار فرم برائے گرانٹ تھورنٹن لمیٹڈ، ایک معروف چارٹرڈ اکاؤنٹنٹس فرم نے کمپنی کے ساتھ اپنی تقریری 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 میسز گرانٹ تھورنٹن انجم رحمان 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 ٹرم آف ریفرنس لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے مطابق بورڈ آف ڈائریکٹرز نے وضع کی ہے، پس اس میں یقینی شفاف انٹرنل آڈٹ، اکاؤنٹنگ اور انتظامی کنٹرول رپورٹنگ سٹرکچر اور کمپنی کے اثاثہ جات کو محفوظ کرنا شامل ہیں۔

## انٹرنل آڈٹ فنکشن

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

## 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 ڈھانچہ 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۔

## شیئر ہولڈنگ پیٹرن

شیئر ہولڈنگ پیٹرن 30 جون 2022 منسلک کیا گیا ہے۔

## شیئر کیپٹل 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، و آئندہ گ اپ پر۔

## ویب موجودگی


کمپنی کی سالانہ اور عبوری مالیاتی سٹیٹمنٹس، شیئر ہولڈرز اور دیگر کی معلومات کیلئے ایزگارڈ نائن کی ویب سائٹ [www.azgard9.com](http://www.azgard9.com) پر موجود ہے۔

## اعتراف

ہم اپنے قابل قدر صارفین کے مسلسل اعتماد، مالیاتی اداروں کی مدد اور تعاون، تمام ملازمین کی ان تھک محنت کو تسلیم کرنا چاہیں گے۔ اور کمپنی کے تمام شراکت داروں کے شکر گزار ہیں جن کا تعاون کمپنی کے لئے انمول ہے۔  
یہ امید کی جاتی ہے کہ شراکت داروں کی حمایت سے کمپنی میں مالی بہتری آئے گی۔

بورڈ آف ڈائریکٹرز کی جانب سے

  
چیئر مین

  
چیف ایگزیکٹو آفیسر  
30 ستمبر 2022۔



# AZGARD 9

## Corporate Social Responsibility

Sustainable manufacturing is underlying everything we make. We believe in giving a sustainable environment while taking care of our people. It is our responsibility to take care of nature and create a safe & healthy working environment for the community. We are taking the lead in giving our total commitment towards the planet and its people.



### ENVIRONMENT

We take responsibility for the impact we make on our planet.

### SOCIAL

It is our responsibility to give something back to the society. It's our responsibility to grow a community where there is fairness for all.

### ECONOMIC

Every product we make carries main stream sustainability features including recycled materials, less water than the industry average and significant use of renewable energy.

### OUR VALUES

We are here for our people, for our customers, for the industry and for fashion. We hail from Pakistan, the nation of denim. We are young, bold and ambitious enough to try and change the denim industry from the inside out for the future.

## Commitment Delivered

# ACCREDITATIONS

We are proud to share our ethical and responsible manufacturing certifications.



ISO 14001:2015

ISO 14001 sets out the criteria for an Environmental Management System (EMS). It maps out a framework that a company or organization must follow to set up an effective EMS. While ensuring, no harm to environment or eco system is inflicted.

## QMS ISO 9001-2015 (Quality Management System)



A primary quality certification which gives our customer a confidence about our product. It ensures that company has a well-established quality management system and our products are standard-ized accordingly.

## Textile Exchange standards

### GOTS (Global Organic Textile Standard)



GOTS covers all aspects of production of natural fibers including processing, manufacturing, packing, labeling, exportation, importation and distribution.

### OCS ( Organic Content Standard)



### GRS ( Global Recycled Standard)



For tracking and verifying the content of recycled materials in a final product.

The organic fiber percentage in a product is tracked and documented throughout the supply chain.

### BCI ( Better Cotton Initiative)



The aim is to make global cotton production better for the people who produce it while emphasizing on sustainability.

### RCS ( Recycled Content Standard)



The foundation of all the textile exchange standards which tracks the flow of raw material from source to the final product.

### SA-S000 (Social Accountability)



Based on internationally recognized standards of decent work, including the universal declaration of human rights, ILO conventions, national laws. It applies a management systems approach to social performance and emphasizes on continuous improvement.

### CCS ( Content Claim Standard)



The foundation of all the textile exchange standards which tracks the flow of raw material from source to the final product.

## ACCREDITATIONS



### Higg Index (FSLM, Facility Social & Labor Module):

The Higg FSLM uses the Social & Labor Convergence Program (SLCP) Converged Assessment Framework to ensure consistency in assessment and measurement throughout the industry. The HIGG FSLM is a tool dedicated to promoting safe and fair social and labor conditions for value chain workers globally.



### Oekotex Standard 100 (Tested Against Harmful Substances)

STANDARD 100 by OEKO-TEX is one of the world's best-known labels for textiles tested for harmful substances. It stands guarantee & provides confidence to customers about high product safety. If a textile article carries the STANDARD 100 label, customer is ensured that every component of this article, i.e. every thread, button and other accessories, has been tested for harmful substances and the article is safe for human use and free of harmful chemicals



### Made in Green Label

Made in Green Label is a traceable product label that is issued for all kinds of textiles that have been: tested for harmful substances, produced in environmentally friendly facilities and manufactured in safe and socially responsible workplaces. The Made in Green Label can be issued for articles at any stage of production. The label is awarded based on STEP certification of sustainable production facilities and STANDARD 100 certification of products tested for harmful substances.



### SEDEX (Supplier Ethical Data Exchange)

Sedex leads to work with buyers & suppliers to deliver improvements in responsible and ethical business practices in global supply chains. It includes four pillars which are Labour Standards, Health & Safety, Environment and Business Ethics.



### WRAP (Worldwide Responsible Accredited Production)

Dedicated to the promotion and certification of lawful, humane and ethical manufacturing throughout the world.



A safety measure that the trade industry takes against terrorism. It provides an added feature to shipping internationally, fast and safe.



### BSCI (Business Social Compliance Initiative)

To improve the political and legal framework for trade in a sustainable way.

## Sustainable Initiatives

### Organic Fibers:

For a better tomorrow we are progressively using organic fibres..



### Green to wear:

In line with this commitment, we have excellent rating in Green to Wear Audits. Its goal is to minimize the environmental impact and improve health and safety aspects as well as to foster best practices. Particular emphasis is placed on proper water management in order to reduce consumption using the most advanced technology. It also includes indicators that assess sustainable and efficient management of raw materials, water, technology and processes, chemical products, waste and wastewater.

## Because We Care: Corporate Social & Environmental Responsibility

We are giving a total commitment to sustainability, taking care of our corporate social and environmental responsibility.



### 1. Care for Fiber:

CARE FOR FIBER  
Ecologically Grown Cotton

Azgard Nine is using Care for Fiber label for garments produced using raw materials from more sustainable sources, such as organic cotton or recycled fibres.



### 2. Care for planet:

Azgard Nine is using Care for Planet Label for production using processes that help reduce emissions and/or the use of chemical products in production processes. The use of technologies such as renewable energy consumption which enable us to carry out washing, dyeing and other process in excellent sustainable way.



### 3. Care for Water:

Azgard Nine is using technologies that reduce water usage in their production processes. The garment dyeing and washing processes use the largest amounts of water. The use of closed cycles that allow for water reuse or technologies, such as ozone or cold pad batch help us to preserve freshwater resources

## Sustainable Initiatives



### Turning Waste into Treasure (Recycling Plant)

We developed a technology that uses all industrial and post consumer waste and turns it back into fibres which can be used in making yarn, fabric and garments.



### REVIVE<sup>®</sup> We Have two Revive Products

#### DENIM

3 Types of Revive Denim

- 1. DENIM → Made with 100% Denim waste
- 2. DENIM → Includes upto 10% other fibers content
- 3. DENIM → Customized solution to meet buyer needs

#### PURE

3 Types of Revive Pure

- 1. PURE → Made with 100% white cotton textile waste
- 2. PURE → Includes upto 10% other fibers content
- 3. PURE → Customized solution to meet buyer needs

#### Eco Applicator on Mercerizing Machines:

We installed Eco Applicator in mercerizing Process which helps in the lower usage of water as compared to the previous method.

#### Optimization of water in cooling can at different machine:

Optimizing water in cooling cans on various machines to reduce the consumption of water .



## Sustainable Initiatives

### Re-usage of Steam Condensate:

We are saving a lot of energy by reusing the steam condensate.

### Jacket Water Reuseage:

Jacket Water in engines is reused after exchange of heat to produce hot water.

### Return of steam condensate:

We installed system in which 40% of the steam condensate is returned and reused in boilers.

### Cooling tower:

We structured a system in which Cooling towers are closed-circuit using soft water and blow down is almost ZERO.

### Usage of Hot water:

Jacket water in engines is reused after exchange of heat to produce hot water.

### BCI Cotton (Better Cotton Initiative):

While using BCI Cotton we are promoting and practicing better standards.



Sustainable manufacturing is underlying everything we make.  
A proud tribe of efficient result oriented and and talented individuals,  
contributing towards better products and better services to our global clientele.

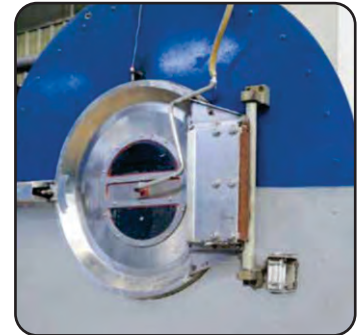
## LASER Machine

- › Eliminating Bottlenecks In Production.
- › Balanced Design.
- › Reduced Man Power.
- › Reduction In Operating Costs.
- › Better Product Quality.
- › Efficient Work Flow.
- › Speed & Versatility.
- › Eco Friendly Finishing Equipment.
- › No Hand Touch.
- › Optimized Finishing.
- › Chemical Free.
- › No Water Treatments - Waterless.
- › Desired Vintage Looks (And More Significant Patterns Can Be Achieved - Whiskers, Scrapping, Rips, Cuts - More Fashion Oriented).
- › Continuity Of Production Speed And The Output.



## OZONE Machine

- › Clean The Back Stains In 3 Seconds.
- › Bleaches The Denim In 15 Minutes Than Traditional Method Which is 30-45 Minutes.
- › Reducing The Environmental Impact.
- › It Also Oxidizes Bacteria, Viruses Or Any Other Microorganisms.
- › No Washer Damage.
- › Unique Looks.
- › Reduces Water, Energy, Chemicals, Enzymes & Stones.
- › Eco-Friendly.



## B Cloud Machine

- › Eco Sustainable & Ethical Technology.
- › No Work Area Contaminations.
- › Workers Safe Health.
- › Special Nozzles.
- › Water Saving Up To 90%.
- › Effective And Efficient Consumption.
- › Save Water & Steam (Energy).
- › Choose Spray Levels.
- › Versatile System For Applications (Enzymes, Resin, Softener, Dyeing Process).
- › 70 % Less Chemical.



## RAIN FOREST Machine

- › Shorter Process Time.
- › Reducing the Usage of Water, Steam & Chemicals.
- › Efficiency is 30% Higher.
- › Optimal Drum Volume, Diameter, & Depth at a Variable Speed.
- › Low Environmental Impact.
- › Low Liquor Ratio - 1-2.5.
- › Saves 30% Water.
- › Saving 25% Chemical & 25% Energy.



## DRYERS

- › Up To 25% Energy Saving
- › Lower Electricity Consumption
- › Energy Source - Steam Condensate



## HYDRO EXTRACTOR

- › Significant Reduces The Energy Up To 25%.
- › Easy To Load
- › High Speed, Balanced Package.

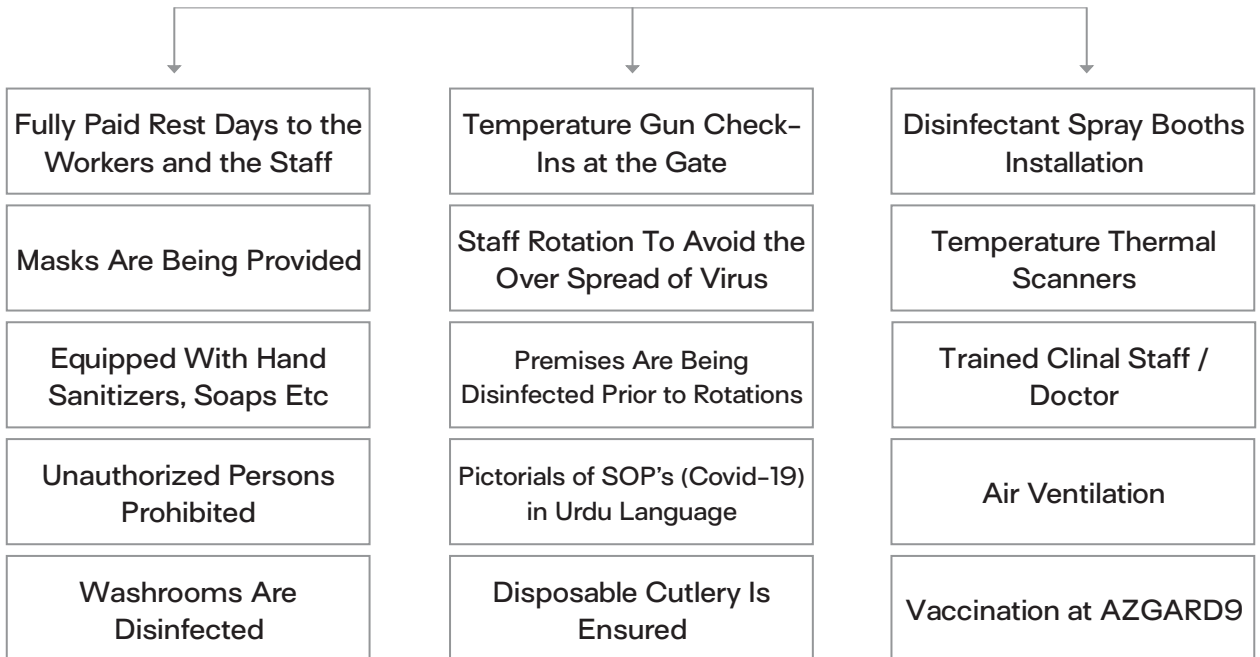


## Total Commitment

### COVID-19 Management & Response Plan

The company followed and successfully implemented all directives and SOP as issued by GOP to help the fight against COVID-19.

Following are some of the measures:



## Total Commitment

### Health Surveillance Program

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

1. 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 provides first aid and minor treatment to worker. A well equipped ambulance is stationed to shift worker to hospital.
2. Workforce is provided with PPE to ensure safe and accident free working environment.
3. Regular testing of staff against various occupational hazards is done, which include, spirometry test, audiometry test, complete medical esting of food handlers.
4. In case if a person is being detected positive for Hepatitis his vaccination and treatment is done freely.
5. Company carries out contiguous diseases Vaccination activity for workers on bi-annual basis.
6. All stitching workers are providing with ergonomic chairs for their safety and wellbeing & anti fatigue mat to worker doing job is standing position.
7. A pressurized fire hydrant system and alarms system encompassing whole covered area.

### Community Development Programs

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



### Ration and Welfare Project for the Community Development

We are fully aware of our responsibility towards community development and we maintain a healthy relationship with the Governmental Institutes involved in Development Projects. In pursuance of our commitment we regularly contribute in all welfare projects/plans initiated by local authorities and by ourselves



## Total Commitment

### Community Education & Training

Azgard Nine Limited values the community around the Organization and is always there to help and train them in all field related to safe living and workmanship. In continuation of this, We conduct healthy Training Session with the community people where we focus on: Importance of Water, HSE, Energy & Waste Management, Basic Labor Laws and Importance of education.

### HSE Training Program

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

### Key Training Areas

1. Hazards & Risk Assessment.
2. Chemicals Management System.
3. Hearing Conservation Program.
4. Environmental management system ISO 14001:2015
5. Incident/Accident Reporting & investigation Techniques/ Tripod analysis
6. Personal protective equipment.
7. Heat Stress Management.
8. Forklift Safety.
9. Defensive Driving Course
10. Hearts & Minds Safety Program
11. Manual Handling / Backache Prevention Program.
12. Emotional Stress Management / Work-Life Balance
13. Emergency preparedness.
14. Energy Management



### Punjab Skills 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 as every year.

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

1. Stitching operator
2. Cutting expert
3. washing operator
4. Apparel Supervisor
5. Quality Control



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.

# WOMEN EMPOWERMENT WELFARE COMMUNITY CENTRE

At **AZGARD 9** we strongly believe that everyone should have the equal right access to knowledge, Improve skills and ensure resources to support their family. For this reason, We started a welfare community centre entirely focused on empowering women. Allowing them to access free operational training opportunities.

- Boost self esteem
- Advocate for female colleagues
- Be open and honest
- Shut down negativity
- Become a mentor
- Fight against injustice
- Know our own worth
- Keep a girl in school



The empowerment & autonomy of women and the improvement of their Political, Social, Economic and health status is a highly important and in it self.

In addition, We provide a final certificate, Free pick and drop services, Offer Healthy meal, Financial support, And clothing as an appreciation for their trust in our program.

## 21Women's Day 2021

Women play a pivotal role in the development of any society. Azgard 9 believes in women empowerment and in this regard, Women Day was celebrated on March 8, 2021 to highlight the value of women in our Organization. Women were encouraged in the event. Women day was celebrated in full fervor and lunch was hosted for the participants and gifts were distributed from Company. Chief Operating Officer addressed the women and appreciated their role for the development of this Company



### Recreational Facilities & Activities

We believe, sports are very essential for the better and conducive work environment. Keeping active through physical activity has many benefits. For the reason every year we organize cricket tournaments. Where we encourage everyone to participate. Have a look at the cricket tournament conducted this April.



### Subsidized Food

Azgard Nine Limited is facilitating workers with Quality Food at Subsidized rates. The food is completely hygienic with proper nutritional values. Canteen ambience is very pleasant and Canteen Staff is totally professional and their hygienic tests are also performed on regular basis.



### Independence Day Celebrations

We celebrated the 75th birthday of our beautiful country Pakistan. Where we prayed for the betterment of our beloved country and people.



### Festival Celebrations

Religious festivals are celebrated with full enthusiasm in the company. Azgard9 practices policy of nondiscrimination on basis of religion. Company fully participates in the happiness and festivals of all the communities. Ester, Eid and Christmas are celebrated with same importance & festivity.



### New Year Celebrations

Happy New Year day was celebrated with full of passion. We started the beginning of beautiful year with hands of peace festival. Where all employees participated including the CEO of the company which made it more exciting and memorable. This is us, One big happy family.



### Travel & Tours

Offering experiences and laughs that can bind us for a lifetime. Company offers a tremendous joy to its employees while providing better platforms where travellings and tours to different destinations is incredibly rewarding.



## Birthday Celebrations

We work as a team and we celebrate together as one big happy family.



## 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)

1. 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.
2. In line with our valued customer we have targeted to reduce the stress on resources by improving our consumption ratios.
3. Actively involved in joint life Zara water program and GTW program.
4. Ban on use of any chemical outside MSRL list, only REACH certified chemical are used in production process.
5. We are successfully implementing ZDHC (Zero Discharge of Hazardous Chemicals) program.





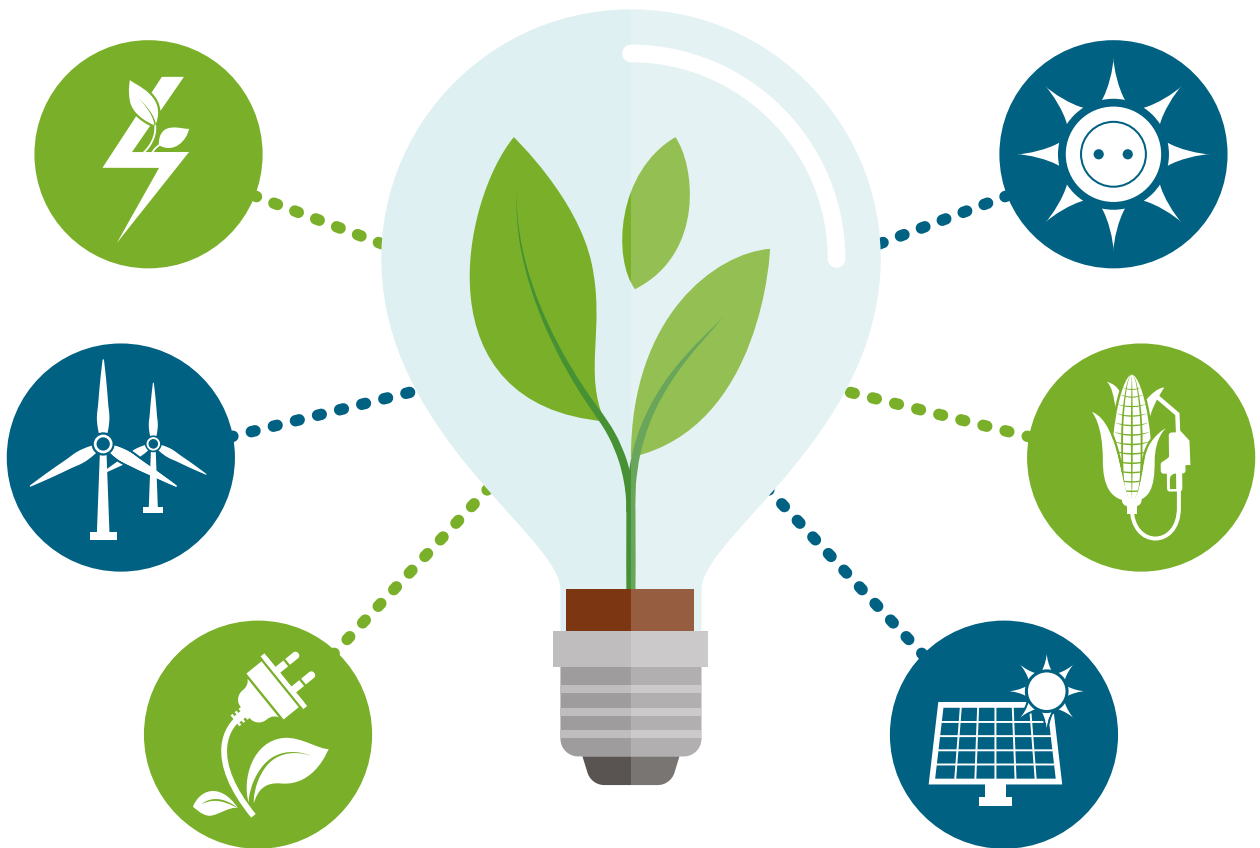
### RO Plant Addition

1. We have installed an RO Plant which performs Tertiary Waste Water Treatment. It makes the quality of the effluent better than before and this water will be used by Agricultural Lands as it contains Nutrients.
2. Moreover, ZDHC Aspirational Parameters is achieved with the help of this proving to be environmental friendly.



### Renewable Energy Usage

With use of renewable energy, we are playing our part in reduction of greenhouse gases emission. We are proud to claim that more than 70% of Azgard's energy need is through renewable resources. Its percentage will increase further in coming years.



### 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.

# AZGARD9 WINS

WORLD'S 1<sup>ST</sup>  
SUSTAINABLE  
FASHION CONQUEROR

Forbes VOGUE



CANNES  
LIONS



We turned a great idea into award winning sustainable fashion product. We believed we created and we won

**AZGARD9** Leading with brilliance

# Future Before Fashion

## NOTICE OF TWENTY NINTH ANNUAL GENERAL MEETING

Notice is hereby given that Twenty Ninth Annual General Meeting of the Members of AZGARD NINE LIMITED ('the Company') will be held on Friday, October 28, 2022 at 11:30 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 Eighth Annual General Meeting of the Company held on November 27, 2021 adjourned and concluded on December 06, 2021;
2. To receive, consider, approve and adopt the audited financial statements of the Company for the financial year ended June 30, 2022, 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, 2023 and to fix their remuneration. The Board of Directors on the recommendation of Audit Committee has recommended the appointment of retiring auditors, Messers Grant Thornton Anjum Rahman, 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, 2022

### NOTES:

1. The Share Transfer Books of the Company will remain closed for the period from October 21, 2022 to October 28, 2022 (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 20, 2022 will be considered in time to attend and vote at the Meeting.
2. Financial Statements for the year ended June 30, 2022 will be available at the website of the Company [www.azgard9.com](http://www.azgard9.com) twenty one days before the date of meeting.

Further, the Company is transmitting Annual Report for the year ended June 30, 2022 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](http://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 physically attending the meeting are requested and expected to cooperate in this respect.
6. In pursuance of Circular No. 4 of 2021 dated February 15, 2021 issued by the Securities and Exchange Commission of Pakistan; the members shall also be entitled to attend this meeting through video link facility/electronic means after completing verification and identification requirements. Members interested in attending this meeting through video link facility/electronic means are requested to register themselves by submitting following particulars at email address [companysecretary@azgard9.com](mailto:companysecretary@azgard9.com) before the close of business (i.e. 05.00 pm) on October 25, 2022:

Name	*CNIC No. / Passport No. (in case of foreigner)	Folio No./ CDC Account No.	Mobile No.	No. of Shares Held

\* Please also attach legible scanned copy of CNIC/Passport (in case of foreigner).

Registration request must be sent through email address available/registered with the Company i.e. provided by CDC in case of shares held in book entry form in CDS or available with the Company in case of shares held in physical form.

The Company will send the link of video/electronic facility and other relevant information to respective members in order to enable them to access the video/electronic facility and attend this meeting.

It is clarified that members attending this meeting by availing above facility shall only vote through postal ballot (if required) in accordance with the relevant requirements.

7. The 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 account holders and/or sub-account holders 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 holders and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per the above requirements.
  - ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
  - iii. Attested copies of CNIC or the passport of the beneficial owner and the proxy shall be furnished with the proxy form.
  - iv. The proxy shall produce his/her original CNIC or original Passport at the time of meeting.
  - v. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.
8. Members may avail video conference facility for this Annual General Meeting at Karachi, provided the Company receives consent (standard format is given below) atleast 07 days prior to the date of the Meeting from members holding in aggregate 10% or more shareholding residing at above location.

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

“I/we \_\_\_\_\_ of \_\_\_\_\_ being member(s) of Azgard Nine Limited, holder of \_\_\_\_\_ Ordinary Share(s) as per Registered Folio No./CDC Account No. \_\_\_\_\_ hereby opt for video conference facility at Karachi in respect of 29th Annual General Meeting of the Company.

\_\_\_\_\_  
Signature of Member”

9. For any query/problem/information, Members may contact the Company at email [companysecretary@azgard9.com](mailto:companysecretary@azgard9.com) and/or the Share Registrar of the Company at address given herein above and at (+92 42) 37235081-82, email [info@hmacconsultants.com](mailto:info@hmacconsultants.com). Members may also visit website of the Company [www.azgard9.com](http://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](http://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](http://www.azgard9.com).

**Unclaimed Dividend/Shares**

Information of unclaimed dividend/shares has been placed at the website of the Company [www.azgard9.com](http://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. 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 2022	Year ended 30 June 2021	Year ended 30 June 2020	Year ended 30 June 2019	Year ended 30 June 2018	Year ended 30 June 2017
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#### Operating performance (Rs. 000)

Sales - net	33,768,786	22,070,231	16,909,299	20,214,971	15,982,435	12,802,374
Export sales-gross	31,480,292	19,377,821	15,574,022	18,064,934	14,143,354	11,186,121
Local sales-gross	2,082,986	2,017,655	1,046,623	1,557,833	984,078	1,213,012
Gross profit	4,658,174	3,188,597	2,462,318	3,488,280	2,591,076	1,885,660
Operating profit	2,147,303	1,600,552	1,027,353	2,063,507	1,422,577	932,003
Profit / (loss) before tax	1,511,794	7,773,229	(223,264)	501,301	299,076	(43,093)
Profit / (loss) after tax	1,058,182	7,559,400	(389,449)	305,312	196,623	(133,565)

#### Financial position (Rs. 000)

Equity without surplus	5,971,417	4,579,736	(3,622,304)	(3,786,216)	(4,201,953)	(4,526,061)
Surplus on revaluation of property plant and equipment	3,121,944	3,414,941	4,742,276	4,849,769	4,630,688	4,753,666
Equity with surplus	9,093,361	7,994,677	1,119,972	1,063,554	428,735	227,605
Long term debt	8,974,994	10,007,499	8,067,856	8,065,357	7,817,738	7,702,140
Property, plant and equipment	10,623,690	10,232,591	10,254,009	10,167,665	13,215,447	13,168,500

#### Financial analysis

Current ratio (times)*	2.09	2.62	0.71	0.69	0.57	0.50
Debt to equity (ratio)	50:50	56:44	88:12	88:12	95:5	97:3

#### Profitability analysis

Operating profit to sales (%)	6.36	7.25	6.08	10.21	8.84	7.28
Earnings per share (Rs.)	2.15	15.38	(0.84)	0.67	0.43	(0.29)

\* (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 :** 30-06-2022

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

1. The total numbers of Directors are eight (including Chief Executive Officer) as per the following:
  - a) Male 7
  - b) Female 1
2. The composition of Board is as follows:

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

3. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company.
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. 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.
6. 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 the Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.
8. The Board have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and the Regulations.
9. All Directors have acquired certification under a Directors' Training Program or have obtained exemption from the Securities and Exchange Commission of Pakistan.
10. 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 - Five 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, the Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all 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, 2022



## 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, 2022 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, 2022.



Chartered Accountants

**Engagement Partner:**

Imran Afzal

Lahore

Date: 30 September 2022

## SHARIAH REVIEW REPORT FOR AZGARD NINE LIMITED SUKUK-1 UNDER SHARIAH GOVERNANCE REGULATIONS, 2018

In pursuance to sub-regulation (3) of regulation 20 under SECP, Shariah Governance Regulations 2018, this Shariah Review Report is for the year ended June 30, 2022, with reference to Azgard Nine Limited SUKUK-1 amounting to Rs. 193,520,000/- with redemption in 20 Quarterly instalments after the grace period of 2 years, and profit @ 5% p.a.

This Shariah Review Report was concluded after a detailed review of the relevant documents, procedures and Shariah guidelines, mechanism and SUKUK structure.

- (a) In my opinion, the transactions, relevant documentation and the procedures adopted have been in accordance with principles of Shariah;
- (b) In my opinion, the affairs have been carried out in accordance with rules and principles of Shariah, and specific Shariah opinion issued by the Shariah Advisor from time to time; and
- (c) In my opinion, no charity for any earnings that have been realized from sources or by means prohibited by Shariah was due for credit to the charity account.

Issued by:



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Mufti Muhammad Abdullah  
Shariah Advisor

SECP/IFD/SA/115  
September 15, 2022



# **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, 2022, 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 matters 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, 2022 and of the profit, total comprehensive income, the changes in equity and its cash flows for the year then ended.

#### Basis for Qualified Opinion

- a) As stated in note 21.1.2 to the annexed financial statements that on December 18, 2014, the Court of Vicenza, Italian Republic approved bankruptcy proposal of public prosecutor and appointed Trustee to manage the affairs of Company's wholly owned subsidiary, Montebello s.r.l. (“MBL”). Resultantly, the Company had ceased recognizing and presenting MBL as its subsidiary and the investment in MBL has been presented as other investment – unquoted, an impairment has been recognized in full. During last year, the bankruptcy proceedings of MBL were purchased by Taybah Capital Limited (Taybah), a Company registered in United Arab Emirates. On March 31, 2021, Taybah had filed suit for a claim of EUR 7 million which is being defended by the Company. During the year, the Court of Vicenza has awarded Taybah's claim to the extent of EUR 2.049 million. The Company has filed appeal against this order of the Court which is pending for adjudication (Refer to Note 19.1.5).

As the Company expects to get relief from both cases, it has not made any provision on account of claim of Euro 7 million as well as recent Court order for EUR 2.049 million against the Company in these financial statements. In absence of definite determination of these claims and legal opinion, we are unable to satisfy ourselves as to the appropriateness of the amounts recorded and related disclosures made in these financial statements; and

- b) A creditors' scheme of arrangement (the Scheme) approved by the Honorable Lahore High Court (LHC) was implemented during last year. As per this Scheme, new finances (sub Privately Placed Term Finance Certificates, New Zero Coupon Privately Placed Term Finance Certificates and Settlement Finance) replaced existing liabilities (principal and mark-up both) comprising of redeemable capital, long term finances and certain short-term borrowings of the Company. The new restructured finances are either zero coupon or at 5% markup i.e., below market rate. In accordance with accounting policies of the Company and International Financial Reporting Standard 9 'Financial Instruments' (IFRS 9), a financial liability is initially recognized at its fair value. However, the Company has recognized above mentioned finances at their respective face values, instead of their fair values.

Had these finances been recognised at their fair values on the date of restructuring, equity of the Company would have been increased by Rs. 2,798 million with a corresponding decrease in the carrying value of such restructured finances as well as increase in finance cost of current year by Rs. 284 million (Refer to Note 9 & 10).

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.

### 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, we have determined the matters described below to be the Key Audit Matters to be communicated in our report:

Key audit matter	How the matter was addressed in our audit
<p><b>Revenue Recognition</b></p> <p>The Company has three major streams of revenue; local sales, indirect exports and direct exports. Revenue from sale of goods is recognized when the Company satisfies the performance obligation under the contract by transferring the promised goods to the customers.</p> <p>Revenue recognition criteria has been explained in note 3.11 to the financial statements.</p> <p>We have identified revenue recognition as key audit matter as it is one of the key performance indicators of the Company and because of the potential risk that revenue transactions may not have been recognized based on the satisfaction the performance obligation under the contract with the customer in line with the accounting policy adopted and may not have been recognized in the appropriate period.</p>	<p>Our audit procedures to assess the recognition of revenue, amongst others, included the followings:</p> <ul style="list-style-type: none"> <li>• obtaining an understanding of and assessing the design and implementation to ensure that revenue is recognized in the appropriate accounting period and based on stated accounting policy;</li> <li>• assessing the appropriateness of the Company's accounting policies for revenue recognition and compliance of those policies with applicable accounting &amp; reporting standards;</li> <li>• 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;</li> <li>• checked on a sample basis recorded sales transactions with underlying supporting documents; and</li> <li>• assessed adequacy of related disclosures made in the financial statements.</li> </ul>

### 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:

- a) 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);
- b) 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;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Usher Ordinance, 1980.

### Other Matters

We draw attention that audited financial statements of the Company for the year ended 30 June 2021 were audited by another firm of auditors whose report dated Nov 03, 2021 expressed qualified opinion with respect to non-amortization of restructured financings and appropriateness of impairment of investment held in MBL recorded and disclosures made in respect of claims lodged against the Company during bankruptcy of MBL in those financial statements.

The engagement partner on the audit resulting in this independent auditors' report is Imran Afzal.

*Grant Thornton Ayub Khan*

**Chartered Accountants**

Lahore

Date: 30 September 2022

UDIN : AR202210212Mp86jQmwD

**STATEMENT OF FINANCIAL POSITION****As at June 30, 2022**

	Note	2022 Rupees	2021 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized share capital	6	15,000,000,000	15,000,000,000
Issued, subscribed and paid up capital	6	4,913,753,370	4,913,753,370
Reserves	7	3,124,649,596	3,124,649,596
Surplus on revaluation of fixed assets	8	3,121,943,764	3,414,941,189
Accumulated loss		(2,066,986,066)	(3,458,667,126)
		9,093,360,664	7,994,677,029
<b>Non-current liabilities</b>			
Redeemable capital - secured	9	2,531,607,848	3,561,791,275
New zero coupon privately placed term finance certificates	10	5,103,510,000	5,103,510,000
Long term finances - secured	11	-	1,081,208,932
Lease liabilities	12	1,315,856	4,672,573
Deferred liability	13	578,503,081	495,679,868
		8,214,936,785	10,246,862,648
<b>Current liabilities</b>			
Current portion of non-current liabilities	14	1,230,038,625	150,772,866
Short term borrowings	15	2,366,715,528	1,423,689,035
Trade and other payables	16	4,412,071,724	2,545,679,458
Contract liabilities (advances from customers)		59,074,029	53,186,265
Interest / mark-up accrued on borrowings	17	256,390,303	200,066,382
Dividend payable on preference shares	18	9,413,535	9,413,535
Unclaimed dividend on ordinary shares		3,753,252	3,753,252
Provision for income tax - net	28	84,514,203	-
		8,421,971,199	4,386,560,793
<b>Contingencies and commitments</b>			
	19	25,730,268,648	22,628,100,470
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	20	10,623,689,989	10,232,590,972
Long term investments	21	12,608,052	12,608,052
Long term deposits and receivables	22	40,936,972	38,034,396
		10,677,235,013	10,283,233,420
<b>Current assets</b>			
Stores, spares and loose tools		165,899,678	148,644,939
Stock-in-trade	23	5,402,722,777	4,599,739,102
Trade receivables	24	4,433,340,225	2,418,068,551
Receivable against non-current asset held for sale	4	1,068,158,297	-
Advances, deposits, prepayments and other receivables	25	2,288,363,403	2,514,947,274
Short term investments	26	139,993,989	139,993,989
Receivable from National Bank of Pakistan	27	306,022,500	306,022,500
Income tax recoverable	28	-	37,480,182
Funds for restructuring scheme	29	354,579,214	17,170,862
Cash and bank balances	30	893,953,552	898,799,651
		15,053,033,635	11,080,867,050
<b>Non-current assets held for sale</b>			
	4	-	1,264,000,000
		25,730,268,648	22,628,100,470

The annexed notes from 1 to 54 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, 2022

		2022	2021
	Note	Rupees	Rupees
<b>Sales - net</b>	31	33,768,785,938	22,070,230,674
Cost of sales	32	(29,110,611,926)	(18,881,633,863)
<b>Gross profit</b>		<b>4,658,174,012</b>	3,188,596,811
Selling and distribution expenses	33	(1,774,294,263)	(978,161,441)
Administrative expenses	34	(736,576,269)	(609,883,158)
<b>Profit from operations</b>		<b>2,147,303,480</b>	1,600,552,212
Other income	35	67,180,804	116,168,835
Other expenses	36	(104,758,119)	(98,114,676)
Finance cost	37	(764,116,597)	(908,231,757)
<b>Profit before taxation and restructuring gain</b>		<b>1,345,609,568</b>	710,374,614
Gain on restructuring of loans - net	38	166,184,543	7,062,854,286
<b>Profit before taxation</b>		<b>1,511,794,111</b>	7,773,228,900
Taxation	39	(453,611,803)	(213,828,823)
<b>Profit after taxation</b>		<b>1,058,182,308</b>	7,559,400,077
<b>Earning per share - basic and diluted</b>	40	<b>2.15</b>	15.38

The annexed notes from 1 to 54 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, 2022

	2022	2021
	Rupees	Rupees
<b>Profit after taxation</b>	<b>1,058,182,308</b>	7,559,400,077
<b>Other comprehensive income:</b>		
<b>Items that may not be subsequently reclassified to profit or loss account:</b>		
Re-measurement of post retirement benefits obligation	40,501,327	(1,883,022)
Deficit on revaluation of property, plant and equipment	-	(383,159,621)
Reversal of revaluation surplus on non-current asset held for sale	-	(299,652,524)
<b>Other comprehensive income for the year</b>	<b>40,501,327</b>	(684,695,167)
<b>Total comprehensive income for the year</b>	<b>1,098,683,635</b>	6,874,704,910

The annexed notes from 1 to 54 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, 2022

	Note	2022 Rupees	2021 Rupees
<b><u>Cash flows from operating activities</u></b>			
Cash generated from operations	41	1,530,790,676	1,091,900,500
Interest / mark-up / return paid		(218,889,971)	(418,562,964)
Taxes paid	28	(331,617,418)	(250,428,211)
Post retirement benefits paid	13.2	(94,196,287)	(92,560,690)
Decrease in long term deposit		(2,902,576)	-
WPPF paid		(37,388,130)	-
<b>Net cash generated from operating activities</b>		<b>845,796,294</b>	<b>330,348,635</b>
<b><u>Cash flows from investing activities</u></b>			
Capital expenditure incurred during the year		(840,554,451)	(757,287,791)
Proceeds from disposal of property, plant and equipment		36,172,109	10,305,373
Proceeds from sale of non-current assets held for sale		351,841,700	825,000,000
<b>Net cash (used in) / generated from investing activities</b>		<b>(452,540,642)</b>	<b>78,017,582</b>
<b><u>Cash flows from financing activities</u></b>			
Repayment of long term finances		-	(332,724,496)
Repayment of redeemable capital		-	(228,743,997)
Repayment of lease liabilities	45	(5,299,889)	(3,100,342)
Short term borrowings - net		77,372,133	(200,300,473)
<b>Net cash generated from / (used in) from financing activities</b>		<b>72,072,244</b>	<b>(764,869,308)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>465,327,896</b>	<b>(356,503,091)</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>659,974,187</b>	<b>1,016,477,278</b>
<b>Cash and cash equivalents at end of the year</b>	42	<b>1,125,302,083</b>	<b>659,974,187</b>

The annexed notes from 1 to 54 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, 2022

	Capital Reserves					Total Reserves	Surplus on revaluation of fixed assets	Accumulated loss	Total equity
	Issued, subscribed and paid-up capital	Share premium	Reserve on merger	Preference share redemption reserve	Total				
<b>As at June 30, 2020</b>	4,913,753,370	2,358,246,761	105,152,005	661,250,830	3,124,649,596	4,742,276,247	(11,660,707,094)	1,119,972,119	
Total comprehensive income for the year	-	-	-	-	-	-	7,559,400,077	7,559,400,077	
Profit for the year ended June 30, 2021	-	-	-	-	-	-	(1,883,022)	(684,695,167)	
Other comprehensive loss for the year ended June 30, 2021	-	-	-	-	-	-	(682,812,145)	(682,812,145)	
Total comprehensive income for the year ended June 30, 2021	-	-	-	-	-	-	(682,812,145)	6,874,704,910	
Transfer of incremental depreciation from surplus on revaluation of operating fixed assets	-	-	-	-	-	(103,436,350)	103,436,350	-	
Transfer of revaluation surplus on disposal of non-current assets held for sale	-	-	-	-	-	(541,086,563)	541,086,563	-	
<b>As at June 30, 2021</b>	4,913,753,370	2,358,246,761	105,152,005	661,250,830	3,124,649,596	3,414,941,189	(3,458,667,126)	7,994,677,029	
<b>Total comprehensive income for the year:</b>									
Profit for the year ended June 30, 2022	-	-	-	-	-	-	1,058,182,308	1,058,182,308	
Other comprehensive income for the year ended June 30, 2022	-	-	-	-	-	-	40,501,327	40,501,327	
Total comprehensive income for the year ended June 30, 2022	-	-	-	-	-	-	1,098,683,635	1,098,683,635	
Transfer of incremental depreciation from surplus on revaluation of operating fixed assets	-	-	-	-	-	(77,629,188)	77,629,188	-	
Transfer of revaluation surplus of disposal of non-current assets held for sale and operating assets	-	-	-	-	-	(215,368,237)	215,368,237	-	
<b>As at June 30, 2022</b>	4,913,753,370	2,358,246,761	105,152,005	661,250,830	3,124,649,596	3,121,943,764	(2,066,986,066)	9,093,360,664	

The annexed notes from 1 to 54 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, 2022

### 1 Legal status and nature of business

Azgard Nine Limited ("the Company") was incorporated in Pakistan as a Public Limited Company on April 7, 2004 and 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 two production units with Unit I located at 2.5 km off Manga, Raiwind Road, District Kasur and Unit II (rented facility) located at Atta Buksh Road, 18-km, off Ferozepur road, Mouza Atari Saroba, Tehseel Cantt, Lahore.

### 2 Basis of preparation

#### 2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved 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 recognising and presenting MBL as its subsidiary. Accordingly, the Company's investment in MBL has been presented as other investment-unquoted (Note 21.1.2).

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.

#### 2.3 Financial restructuring

The creditors' scheme of arrangement approved by the Honorable Lahore High Court (LHC) vide order dated July 31, 2019 was finalized on 29 April, 2021. The financial restructuring of the Company has significantly reduced debt burden and finance cost of the Company.

During the year, a bid pertaining to spinning unit located at Alipur road, Muzaffargarh has been finalized by the agent banks and the unit has been sold, as part of the scheme of arrangement. Funds are being received and it is expected that full amount will be received as per time lines agreed between the agent and the buyer of this unit. Once complete proceeds are received, the same will be distributed among creditors as per creditors' scheme of arrangement.

## **2.4 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 statement of cash flow, all transactions have been accounted for on accrual basis.

## **2.5 Use of estimates and judgements**

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:

### **2.5.1 Depreciation method, rates and useful lives of property, plant and equipment**

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

### **2.5.2 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.

### **2.5.3 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 measures of the risk-return factors inherent in the financial instrument.

### **2.5.4 Taxation**

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

### **2.5.5 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.

### **2.5.6 Revaluation of property, plant and equipment**

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 revaluations 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. The Company uses accumulated depreciation elimination method for appropriate adjustment in financial statements.

### 2.5.7 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 reporting 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 reporting date.

### 2.5.8 Provision for doubtful debts, advances and other receivables

The Company reviews the recoverability of trade receivable, advances and other receivables at each reporting date to assess whether provision should be recorded in the statement of profit or loss. In particular, judgement 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.

### 2.5.9 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.

## 2.6 Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). These financial statements are presented in Pak Rupees which is the Company's functional and presentation 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 the statement of profit or loss as incurred.

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

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

### 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, spares 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, labour 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 the statement of profit or loss 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, 2022.

### 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 the 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 receivables, 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 through 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 receivables. 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 receivables 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 the 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 the 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 the 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 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 reducing balance 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.

### 3.11 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 (when performance obligation meets). 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.

### 3.12 Income tax

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

Deferred tax is accounted for using the statement of financial position liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

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.

### **3.13 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.

### **3.14 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.

### **3.15 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).

### **3.16 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.

### **3.17 Dividend distribution**

Dividend is recognized as a liability in the period in which it is declared.

**3.18 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.

**4 Non-current assets held for sale**

As mentioned in Note 2.3, during the year, the Spinning Unit at Alipur road, Muzaffargarh unit has been sold. An amount of Rs 1,068 million is receivable as at 30 June 2022. Title of land and building is in the name of Azgard Nine Limited and original property documents are with agent bank.

**5 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2022**

The following standards, amendments and interpretations are effective for the year ended June 30, 2022. These standards, amendmendments and interpretations 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.

	<b>Effective Date (Accounting periods beginning on or after)</b>
- Annual improvements to IFRS standards 2018 - 2020 Cycle	January 1, 2022
- IFRS 3 - References to Conceptual Framework	January 1, 2022
- IAS 16 - Proceeds before intended use	January 1, 2022
- IAS 37 - Onerous Contracts - Cost of Fulfilling a contract	January 1, 2022
- IFRS 16 - Covid-19-Related Rent Concessions beyond June 30, 2021	April 1, 2021

**5.1 New accounting standards, amendments and IFRS interpretations that are not yet effective**

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendmendments and interpretations 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.

	<b>Effective Date (Annual periods beginning on or after)</b>
- IAS 1 - Classification of Liabilities as Current or Non-current	January 1, 2023
- IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	January 1, 2023
- IAS 8 - 'Definition of Accounting Estimates	January 1, 2023

**5.2 Standards, amendments and interpretations to the published standards that are not yet notified by the Securities and Exchange Commission of Pakistan (SECP)**

Following new standards have been issued by the International Accounting Standards Board (IASB) which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

	<b>IASB effective date (Annual periods beginning on or after)</b>
- IFRS 17 'Insurance Contracts' and amendments to IFRS 17	January 1, 2023

6	<b>Share capital</b>	Note	<b>2022 Rupees</b>	2021 Rupees
	<b><u>Authorized share capital</u></b>			
	Ordinary shares of Rs. 10 each			
	900,000,000 (2021: 900,000,000) voting shares		<b>9,000,000,000</b>	9,000,000,000
	300,000,000 (2021: 300,000,000) non-voting shares		<b>3,000,000,000</b>	3,000,000,000
			<b>12,000,000,000</b>	12,000,000,000
	Preference shares of Rs. 10 each			
	300,000,000 (2021: 300,000,000) non-voting shares		<b>3,000,000,000</b>	3,000,000,000
			<b>15,000,000,000</b>	15,000,000,000
	<b><u>Issued, subscribed and paid up capital</u></b>			
	Voting ordinary shares of Rs. 10 each			
	359,773,025 (2021: 359,773,025) shares fully paid in cash		<b>3,597,730,250</b>	3,597,730,250
	62,548,641 (2021: 62,548,641) shares issued as paid bonus shares		<b>625,486,410</b>	625,486,410
	12,276,073 (2021: 12,276,073) shares issued as consideration for machinery		<b>122,760,730</b>	122,760,730
	50,811,992 (2021: 50,811,992) shares issued as consideration on merger		<b>508,119,920</b>	508,119,920
			<b>4,854,097,310</b>	4,854,097,310
	Non-voting ordinary shares of Rs. 10 each			
	5,196,894 (2021: 5,196,894) shares fully paid in cash		<b>51,968,940</b>	51,968,940
	768,712 (2021: 768,712) shares issued as fully paid bonus shares		<b>7,687,120</b>	7,687,120
			<b>59,656,060</b>	59,656,060
		6.1	<b>4,913,753,370</b>	4,913,753,370

**6.1** As at June 30, 2022, Jahangir Siddiqui & Co. Limited holds 120,657,363 (2021: 120,657,363) number of voting ordinary shares of the Company.

7	<b>Reserves</b>	Note	<b>2022 Rupees</b>	2021 Rupees
	Share premium	7.1	<b>2,358,246,761</b>	2,358,246,761
	Merger reserve	7.2	<b>105,152,005</b>	105,152,005
	Redemption of preference shares	7.3	<b>661,250,830</b>	661,250,830
			<b>3,124,649,596</b>	3,124,649,596

#### 7.1 Share premium

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

#### 7.2 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.

#### 7.3 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 the Companies Act, 2017.

		<b>2022</b>	2021
		<b>Rupees</b>	Rupees
<b>8</b>	<b>Surplus on revaluation of fixed assets</b>		
	As at beginning of the year	<b>3,414,941,189</b>	4,742,276,247
	Less: deficit on revaluation during the year	-	(383,159,621)
	Less: incremental depreciation transferred to accumulated losses	<b>(77,629,188)</b>	(103,436,350)
	Less: revaluation surplus transferred to accumulated losses on sale of non current assets held for sale and operating assets	<b>(215,368,237)</b>	(541,086,563)
	Less: revaluation surplus transferred to accumulated losses on non current assets held for sale	-	(299,652,524)
	As at end of the year	<b>3,121,943,764</b>	3,414,941,189
<b>9</b>	<b>Redeemable capital - secured</b>		
	Privately Placed Term Finance Certificates	<b>250,602,457</b>	250,602,457
	Privately Placed Term Finance Certificates	<b>166,732,493</b>	166,732,493
	Sub-Privately Placed Term Finance Certificates	<b>2,029,275,000</b>	3,056,480,000
	Sub-Sukuk certificates	<b>193,520,000</b>	193,520,000
		<b>2,640,129,950</b>	3,667,334,950
	Less: transaction costs	<b>(108,522,102)</b>	(105,543,675)
		<b>2,531,607,848</b>	3,561,791,275
	Less: current maturity presented under current liabilities	-	-
		<b>2,531,607,848</b>	3,561,791,275

**9.1** These Privately Placed Term Finance Certificates ("PPTFCs") were issued in 2012 by way of Settlement Agreement ("the Agreement") between the Company and JS Global Capital Limited dated 22 October 2012 effective from 19 October 2012. During last financial year as per the terms of Lahore High Court Approved Creditors' Scheme of Arrangement (the "Approved Scheme") these have been restructured. The total issue comprises of 12 PPTFCs having face value of Rs. 27.21 million each. Major terms and conditions of the issue are as follows:

#### **Principal redemption**

The principal redemption of these PPTFCs has been structured in twenty equal quarterly instalments starting from July 29, 2023 and ending on April 29, 2028 however as per the terms of Approved Scheme the maximum tenor for redemption of these PPTFCs is ten years from Time Zero Date (Time Zero Date is April 29, 2021).

#### **Return on PPTFCs**

The issue carries a fixed mark-up rate at 5% 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.

#### **Security**

For detail of securities, refer to Note 9.6.

**9.2** These Privately Placed Term Finance Certificates ("PPTFCs") were issued by way of Settlement Agreement ("the Agreement") between the Company and lenders dated October 22, 2012 effective from October 19, 2012. During last financial year as per the terms of Approved Scheme, these PPTFCs have been restructured. The total issue comprises of 21,720 PPTFCs having face value of Rs. 10,000 each. Major terms and conditions of the issue are as follows:



**Principal redemption**

The principal redemption of these PPTFCs has been structured in twenty equal quarterly instalments starting from July 29, 2023 and ending on April 29, 2028 however as per the terms of Approved Scheme the maximum tenor for redemption of these PPTFCs is ten years from Time Zero Date.

**Return on PPTFCs**

The issue carries a fixed mark-up rate at 5% 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.

**Security**

For detail of securities, refer to Note 9.6.

- 9.3** These Privately Placed Term Finance Certificates ("Sub PPTFCs") had been issued as per the terms of Approved Scheme to the secured creditors of the Company with effect from Time Zero Date. The total issue comprised of 611,296 PPTFCs having face value of Rs. 5,000 each however during the period, 205,441 PPTFCs have been redeemed by way of write-off/ conversion into working capital financing as per the terms of Approved Scheme. Resultantly, PPTFCs holding of Rs. 812.785 million of Summit Bank Limited and Rs. 185.635 million of Silkbank Limited has been converted into SBP Export Refinance facility while holding of Rs. 28.785 million of Askari Bank Limited has been waived-off. The outstanding issue size at the reporting date is 405,855 PPTFCs. Major terms and conditions of the issue are as follows:

**Principal redemption**

The principal redemption of these PPTFCs has been structured in twenty equal quarterly instalments starting from July 29, 2023 and ending on April 29, 2028 however as per the terms of Approved Scheme the maximum tenor for redemption of these PPTFCs is ten years from Time Zero Date.

**Return on Sub PPTFCs**

The issue carries a fixed mark-up rate at 5% per annum, payable only if excess cash is available with the Company. In case excess cash is not available, the annual mark-up payable will be converted into Unsecured Zero Coupon PPTFCs. The Unsecured Zero Coupon PPTFCs shall be paid at a future date as per the Company's available cash flows within 10 years from time zero date after payment of all other long term liabilities (except the New Zero Coupon PPTFCs) as per clause 13(v) of the Approved Scheme.

**Investment Agent**

In order to safeguard the rights and interests of Sub PPTFC holders, Pak Brunei Investment Company Limited has been appointed as Investment agent under the Sub PPTFCs Issuance Agreement.

**Security**

For detail of securities, refer to Note 9.6

- 9.4** These Privately Placed Sukuk Certificates ("Sub Sukuk Certificates") have been issued to Faysal Bank Limited as per the terms of the Approved Scheme. The total issue comprises of 38,704 Sub Sukuk Certificates having face value of Rs. 5,000 each. Major terms and conditions of the issue are as follows:

**Principal redemption**

The principal redemption of Sukuk has been structured in twenty equal quarterly instalments starting from July 29, 2023 and ending on April 29, 2028 however as per the terms of Approved Scheme the maximum tenor for redemption of these certificates is ten years from Time Zero Date.

**Return on Sub Sukuks**

The issue carries a fixed profit rate at 5% per annum, payable only if excess cash is available with the Company. In case excess cash is not available, the annual mark-up payable will be converted into Unsecured Zero Coupon Sukuk Certificates. These Unsecured Zero Coupon Sukuk Certificates shall be paid at a future date as per the Company's available cash flows within 10 years from time zero date after payment of all other long term liabilities (except the New Zero Coupon PPTFCs) as per clause 13(v) of the Approved Scheme. During the year, markup amounting to Rs. 9.68 million was paid by the Company.

In order to protect the rights and interests of Sub Sukuk Certificates holder, Pak Brunei Investment Company Limited has been appointed as the Investment Agent under the Sub Sukuk Investment Agency Agreement.

**Security**

For detail of securities, refer to Note 9.6.

9.5	Transactions costs	Note	2022 Rupees	2021 Rupees
	As at beginning of the year		105,543,675	53,187,020
	Capitalized / transferred during the year		17,012,936	56,111,522
	Less: amortized during the year	37	(14,034,509)	(3,754,867)
	As at end of the year		<b>108,522,102</b>	<b>105,543,675</b>

**9.6 Common securities**

All redeemable capital and long term finances are secured by way of common security which is as follows:

- First priority hypothecation and mortgage charge of Rs. 23,809 million each in favor of National Bank of Pakistan, as security trustee
- Personal Guarantee of Sponsor Director

**10 New zero coupon privately placed term finance certificates**

These New Zero Coupon Privately Placed Term Finance Certificates ("New Zero Coupon PPTFCs") have been issued as per the terms of the Approved Scheme. The total issue comprises of 1,020,702 PPTFCs having face value of Rs. 5,000 each. Major terms and conditions of the issue are as follows:

**Principal redemption**

The principal redemption of New Zero Coupon PPTFCs is structured to be in one time bullet payment on April 29, 2031.

**Return on New Zero Coupon PPTFCs**

The issue carries nil return.

**Investment Agent**

In order to protect the rights and interests of New Zero Coupon PPTFC holders, Pak Brunei Investment Company Limited has been appointed as the Investment agent.

**Security**

The issue is secured by:

- Ranking hypothecation and Mortgage charges in favor of the Security Agent i.e. National Bank of Pakistan over the hypothecated & mortgaged assets of the company in the amount of up to Rs. 7,000 million each.
- Personal Guarantee of Sponsor Director in favor of Security Agent.

11	<b>Long term finances - secured</b>	Note	2022 Rupees	2021 Rupees
	Settlement finance under restructuring scheme	11.1	1,081,208,932	1,081,208,932
	Less: transaction costs	11.2	-	-
			<b>1,081,208,932</b>	1,081,208,932
	Less: current maturity presented under current liabilities	14	<b>(1,081,208,932)</b>	-
			<b>-</b>	<b>1,081,208,932</b>

**11.1** This Settlement Finance was created as per Clause 5.2 (c) & 5.3(c) of the Approved Scheme. Major terms and conditions of the Settlement Finance are as follows:

**Principal repayment**

The Settlement Finance is to be settled from sale proceeds of ANL Unit-II (Muzaffargarh unit) and 28,022 AGL PPTFCs held by the Company. In case net proceeds (net of mark-up on Settlement Finance and Restructuring expenses) received in Escrow account are more than outstanding settlement finance amount then after total repayments of settlement finance, exposure of remaining creditors will be adjusted from these excess funds.

**Return on Term Loan**

The issue carries a fixed mark-up rate at 5% per annum.

**Security**

The issue is secured by:

- The original title deeds of Muzaffargarh property documents are held as security with Escrow Agent Bank i.e. Summit Bank Limited.
- Common Security (refer to Note 9.6)

11.2	<b>Transaction costs</b>	2022 Rupees	2021 Rupees
	As at beginning of the year	-	15,976,280
	Capitalised during the year	-	-
	Less: amortized / transferred during the year	-	(15,976,280)
	As at end of the year	-	-
12	<b>Lease liabilities</b>		
	As at beginning of the year	7,078,184	10,178,526
	Recognized during the year	-	-
	Interest expense for the year	284,999	653,913
	Payments made during the year	(5,584,889)	(3,754,255)
	As at end of the year	<b>1,778,294</b>	7,078,184
	Current portion of lease liability	462,438	2,405,611
	Non-current portion of lease liability	1,315,856	4,672,573
13	<b>Deferred liability</b>		
	Gratuity payable	<b>578,503,081</b>	495,679,868

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

	2022 Rupees	2021 Rupees
<b>13.1 Amounts recognized in the statement of financial position</b>		
Present value of the defined benefit obligation	605,826,001	519,739,945
Benefits due but not paid - recognized as current liability	(27,322,920)	(24,060,077)
Net liability recognized in the statement of financial position	<b>578,503,081</b>	<b>495,679,868</b>
<b>13.2 Movement in the present value of the defined benefit obligation</b>		
Obligation at the beginning of the year	519,739,945	419,524,491
Current service cost	176,088,640	161,733,531
Interest cost	44,695,030	29,159,591
Benefits paid during the year	(94,196,287)	(92,560,690)
Actuarial gain / (loss) during the year	(25,290,123)	2,701,245
Experience adjustments	(15,211,204)	(818,223)
Obligation at the end of the year	<b>605,826,001</b>	<b>519,739,945</b>
<b>13.3 Movement in liability</b>		
At the beginning of the year	519,739,945	419,524,491
Charge for the year	220,783,670	190,893,122
Remeasurements chargeable in other comprehensive income	(40,501,327)	1,883,022
Benefits paid	(94,196,287)	(92,560,690)
At the end of the year	<b>605,826,001</b>	<b>519,739,945</b>
<b>13.4 Amount recognized in the Statement of Profit or Loss</b>		
Current service cost	176,088,640	161,733,531
Interest cost	44,695,030	29,159,591
	<b>220,783,670</b>	<b>190,893,122</b>
<b>13.5 Amount chargeable to other comprehensive income</b>		
Actuarial losses from changes in financial assumptions	(25,290,123)	2,701,245
Experience adjustments	(15,211,204)	(818,223)
	<b>(40,501,327)</b>	<b>1,883,022</b>
<b>Expense recognized in following line items in the Statement of Profit or Loss</b>		
Cost of sales	191,358,682	159,220,262
Administrative expenses	20,179,169	20,793,134
Selling and distribution expenses	9,245,820	10,879,726
	<b>220,783,671</b>	<b>190,893,122</b>
<b>13.6 Principal actuarial assumptions used were as follows:</b>		
Discount rate used for interest cost in profit and loss account	10.00%	8.50%
Discount rate used for year end obligation	13.25%	10.00%
Future salary increase per annum	9.00%	9.00%
Mortality rates	SLIC 2001-2005	SLIC 2001-2005
Withdrawal factor	Age Based	Age Based
Retirement age of the employee	60 years	60 years

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

	2022	
	Impact on defined benefit obligation	
	1% Increase in assumption	1% Decrease in assumption
Discount rate	539,232,520	623,617,632
Salary growth rate	625,570,013	536,784,889
	2021	
	Impact on defined benefit obligation	
	1% Increase in assumption	1% Decrease in assumption
Discount rate	461,031,601	535,738,413
Salary growth rate	537,249,028	459,038,873

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	2022 Rupees	2021 Rupees
	Preference shares of Rs.10 each (2021 : Rs.10 each)	14.1	148,367,255	148,367,255
	Long term finances - <i>secured</i>	14.2	1,081,208,932	-
	Lease liabilities	12	462,438	2,405,611
			<b>1,230,038,625</b>	<b>150,772,866</b>

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 was 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.

14.2 The Settlement Finance has been reported under current liabilities as the Muzaffargarh unit property of the Company stands sold and proceeds are being received in the Escrow account for onward distribution among Settlement Finance creditors.

## 15 Short term borrowings

### Secured

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

	Note	2022 Rupees	2021 Rupees
Running finance	15.1&15.2	123,230,686	255,996,326
Term loans	15.1&15.2	2,157,263,513	1,108,943,513
Morabaha / LPO	15.1&15.2	4,535,181	4,535,181
Bills payable	15.1&15.2	81,686,148	54,214,015
		<b>2,366,715,528</b>	<b>1,423,689,035</b>

- 15.1** These facilities have been obtained from various banking companies and financial institutions for working capital requirements and are secured by common Security mentioned in Note 9.6, lien over firm export orders/documents, demand promissory notes, counter guarantees and pledge of stocks etc..

Mark-up on these finances is payable quarterly. These finances carry mark-up at three months KIBOR plus 1.00% per annum (2021: three 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 plus banks' spread of 1.00% per annum (2021: SBP refinance rate plus banks' spread of 1.00% per annum). Morabaha carry mark-up at rate three months KIBOR plus 1.00% per annum (2021: three months KIBOR plus 1.00%). Letters of credit / guarantee carry commission at rates ranging from 0.10% to 0.40% per quarter (2021: 0.10% to 0.40% per quarter).

- 15.2** The aggregate available short term funded facilities amount to Rs. 3,163.44 million (2021: Rs. 2,165.02 million) out of which Rs. 270.94 million (2021: Rs. 242.17 million) remained unavailed as at the reporting date. Limits available for opening of letters of credit amounts to Rs. 500 million (2021: Rs. 300 million) of which the limits remaining unutilized as at the reporting date amounts to Rs. 418.31 million (2021: Rs. 245.79 million).

	Note	2022 Rupees	2021 Rupees
<b>16 Trade and other payables</b>			
Trade and other creditors		3,423,480,931	1,778,164,708
Accrued liabilities		895,160,180	702,480,069
Tax deducted at source		15,049,976	18,335,939
Workers' profits participation fund	16.1	70,985,799	37,388,138
Other payables		7,394,838	9,310,604
		<b>4,412,071,724</b>	<b>2,545,679,458</b>
<b>16.1 Workers' profits participation fund</b>			
Balance at the beginning of the year		37,388,138	-
Allocation for the year	36	70,985,799	37,388,138
Less: payments during the year		(37,388,138)	-
Balance at the end of the year		<b>70,985,799</b>	<b>37,388,138</b>
<b>17 Interest / mark-up accrued on borrowings</b>			
Redeemable capital - <i>secured</i>		185,721,332	181,307,384
Long term finances - <i>secured</i>		61,004,380	9,330,981
Short term borrowings - <i>secured</i>		9,664,591	9,428,017
		<b>256,390,303</b>	<b>200,066,382</b>

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

**18 Dividend payable on preference shares**

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

**19 Contingencies and commitments**

**19.1 Contingencies**

- 19.1.1** The Company has not accrued expense relating to Gas Infrastructure Development Cess ("GIDC") billed to the Company prior to the promulgation of The Gas Infrastructure Development Cess, 2015. Total amount billed to the Company till June 30, 2022 is Rs. 98.19 million (2021: Rs. 98.19 million). On appeal of the Company, Honorable Lahore High Court decided the case of GIDC arrears in SNGPL bills in favor of the Company. SNGPL has filed appeal in division bench of Honorable Lahore High Court. SNGPL's appeal is pending adjudication.

- 19.1.2** The Company has issued indemnity bonds amounting to Rs. 1.25 billion (2021: 1.63 billion) 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 fulfilment of the terms of related notifications.
- 19.1.3** The assessments of the Company up to and including tax year 2021 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 these financial statements.
- 19.1.4** 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.
- 19.1.5** 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 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 the year, the Court of Vicenza has accepted and awarded TCL's claim to the extent of Euro 2,048,783. 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 has been recorded in these financial statements.

19.2	Commitments	Note	2022 Rupees	2021 Rupees
19.2.1	<b>Commitments under irrevocable letters of credit for:</b>			
	- Purchase of plant, machinery and loose tools		5,932,467	82,158,945
	- Purchase of dyes and chemicals		21,540,615	65,028,427
			<b>27,473,082</b>	<b>147,187,372</b>
19.2.2	Commitments for capital expenditure		<b>123,873,495</b>	<b>200,921,358</b>
19.2.3	Counter Guarantees given by the Company to its bankers as at the reporting date amount to Rs. 228.56 million (2021: Rs. 266.44 million).			
19.2.4	Bills discounted as at reporting date aggregated to Rs. 4,216.53 million (2021: Rs. 2,627.60 million).			
<b>20</b>	<b>Property, plant and equipment</b>		<b>2022 Rupees</b>	<b>2021 Rupees</b>
	Operating fixed assets	20.1	<b>10,317,504,205</b>	9,938,195,993
	Capital work in progress - <i>at cost</i>	20.2	<b>304,671,832</b>	286,900,952
	Right of use asset	20.3	<b>1,513,952</b>	7,494,027
			<b>10,623,689,989</b>	<b>10,232,590,972</b>

20.1 Operating fixed assets

Particulars	2022						Net Book Value as at June 30, 2022						
	Cost / Revalued amount			Depreciation									
	As at July 01, 2021	Additions	Transfers	Disposals	As at June 30, 2022	Rate %		As at July 01, 2021	For the year	Transfers	Disposals adjustments	Revaluation adjustments	As at June 30, 2022
<b>Owned assets</b>													
Freehold land	1,316,405,000	-	-	-	1,316,405,000	-	-	-	-	-	-	-	1,316,405,000
Buildings on freehold land	2,226,349,526	8,611,453	-	-	2,234,960,979	2.5	55,838,141	55,838,141	-	-	-	55,838,141	2,179,122,838
Plant and machinery	6,040,884,333	739,500,150	-	(68,968,676)	6,711,415,806	4-5	282,187,860	282,187,860	-	(692,098)	-	281,495,762	6,429,920,044
Furniture, fixtures and office equipment	214,301,423	13,420,646	-	-	227,722,069	10	8,184,438	8,184,438	-	-	-	149,596,531	78,125,538
Vehicles	55,619,840	13,283,983	14,785,000	(2,494,240)	81,194,583	20	42,213,771	3,719,290	9,935,142	(1,926,496)	-	53,941,707	27,252,876
Tools and equipment	436,520,090	11,041,000	-	-	447,561,090	10	18,323,933	18,323,933	-	-	-	277,726,243	169,834,847
Electrical installations	203,363,511	36,926,343	-	-	240,289,854	10	112,219,556	11,227,236	-	-	-	123,446,792	116,843,062
<b>Grand Total</b>	<b>10,493,443,723</b>	<b>822,783,575</b>	<b>14,785,000</b>	<b>(71,462,916)</b>	<b>11,259,549,381</b>		<b>555,247,730</b>	<b>379,480,898</b>	<b>9,935,142</b>	<b>(2,618,594)</b>	<b>-</b>	<b>942,045,176</b>	<b>10,317,504,205</b>

Particulars	2021						Net Book Value as at June 30, 2021						
	Cost / Revalued amount			Depreciation									
	As at July 01, 2020	Revaluation Surplus/(Deficit)	Additions	Disposals	As at June 30, 2021	Rate %		As at July 01, 2020	For the year	Transfers	Disposals adjustments	Revaluation adjustments	As at June 30, 2021
<b>Owned assets</b>													
Freehold land	1,259,170,000	57,235,000	-	-	1,316,405,000	-	-	-	-	-	-	-	1,316,405,000
Buildings on freehold land	2,810,246,977	135,830,617	118,241,378	-	2,226,349,526	2.5	786,069,883	51,899,563	(837,969,446)	-	(837,969,446)	-	2,226,349,526
Plant and machinery	11,839,550,221	(576,225,238)	564,450,403	(32,326,326)	6,040,884,333	4-5	5,479,152,969	292,675,133	(17,263,375)	(5,754,564,727)	-	-	6,040,884,333
Furniture, fixtures and office equipment	205,226,331	-	9,075,092	-	214,301,423	10	133,976,024	7,436,069	-	-	-	141,412,093	72,889,330
Vehicles	52,515,190	-	3,307,050	(202,400)	55,619,840	20	39,209,305	3,197,533	(193,067)	-	-	42,213,771	13,406,069
Tools and equipment	416,473,172	-	20,046,918	-	436,520,090	10	240,883,252	18,519,058	-	-	-	259,402,310	177,117,780
Electrical installations	195,398,892	-	7,964,619	-	203,363,511	10	102,579,883	9,639,673	-	-	-	112,219,556	91,143,955
<b>Grand Total</b>	<b>16,778,580,783</b>	<b>(383,159,621)</b>	<b>723,085,460</b>	<b>(32,528,726)</b>	<b>10,493,443,723</b>		<b>6,781,871,316</b>	<b>383,367,029</b>	<b>(6,592,534,173)</b>	<b>(17,456,442)</b>	<b>(6,592,534,173)</b>	<b>555,247,730</b>	<b>9,938,195,993</b>



**20.1.1** Particulars of immovable property (i.e. land and building) in the name of the Company at the manufacturing facility of Manga have a total area of 71.54 Acres with covered area of 1,389,022 square feet.

<b>20.1.2 The depreciation charge for the year has been allocated as follows:</b>	<b>Note</b>	<b>2022 Rupees</b>	<b>2021 Rupees</b>
Cost of sales	<b>32</b>	<b>367,577,171</b>	372,733,428
Administrative expenses	<b>34</b>	<b>13,033,944</b>	12,507,108
		<b>380,611,115</b>	<b>385,240,536</b>

**20.1.3** 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, 2021 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. Forced sale value of revalued assets are estimated to be in the range of 80% to 85% of such assets.

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 net book value of the revalued property plant and equipment as at June 30, 2022 would be as follows:

	<b>2022 Rupees</b>	<b>2021 Rupees</b>
Freehold land	<b>190,982,598</b>	<b>190,982,598</b>
Buildings on freehold land	<b>1,413,708,634</b>	<b>1,441,756,845</b>
Plant and machinery	<b>5,198,812,888</b>	<b>4,750,330,847</b>

Details of the Company's assets and information about fair value hierarchy as at June 30, 2022 are as follows :

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	-----Rupees-----			
Land	-	<b>1,316,405,000</b>	-	<b>1,316,405,000</b>
Building	-	<b>2,179,122,838</b>	-	<b>2,179,122,838</b>
Plant and machinery	-	<b>6,429,920,044</b>	-	<b>6,429,920,044</b>
Total	-	<b>9,925,447,883</b>	-	<b>9,925,447,883</b>

Details of the Company's assets and information about fair value hierarchy as at June 30, 2021 are as follows :

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	-----Rupees-----			
Land	-	1,316,405,000	-	1,316,405,000
Building	-	2,226,349,526	-	2,226,349,526
Plant and machinery	-	6,040,884,333	-	6,040,884,333
Total	-	9,583,638,859	-	9,583,638,859

## 20.2 Capital work in progress

		2022			
		As at July 01, 2021	Additions	Transfers	As at June 30, 2022
		Rupees			
Building		24,542,248	149,658,143	(40,288,259)	133,912,132
Plant and machinery		262,358,704	579,153,829	(670,752,833)	170,759,700
		<u>286,900,952</u>	<u>728,811,972</u>	<u>(711,041,092)</u>	<u>304,671,832</u>
		2021			
		As at July 01, 2020	Additions	Transfers	As at June 30, 2021
		Rupees			
Building		46,309,270	76,363,794	(98,130,816)	24,542,248
Plant and machinery		201,622,442	619,650,307	(558,914,045)	262,358,704
		<u>247,931,712</u>	<u>696,014,101</u>	<u>(657,044,861)</u>	<u>286,900,952</u>

20.3 Right of use asset

Particulars	2022						Net Book Value as at June 30, 2022		
	Cost / Revalued amount		Depreciation		As at June 30, 2022	As at June 30, 2022			
	As at July 01, 2021	As at June 30, 2022	Rate %	For the year				Transfers to operating fixed assets	
Vehicles	17,568,000	-	(14,785,000)	20	10,073,973	1,130,217	(9,935,142)	1,269,048	1,513,952
<b>Grand Total</b>	<b>17,568,000</b>	<b>-</b>	<b>(14,785,000)</b>		<b>10,073,973</b>	<b>1,130,217</b>	<b>(9,935,142)</b>	<b>1,269,048</b>	<b>1,513,952</b>

Particulars	2021						Net Book Value as at June 30, 2021		
	Cost / Revalued amount		Depreciation		As at June 30, 2021	As at June 30, 2021			
	As at July 01, 2020	As at June 30, 2021	Rate %	For the year				Transfers to operating fixed assets	
Vehicles	17,568,000	-	-	20	8,200,466	1,873,507	-	10,073,973	7,494,027
<b>Grand Total</b>	<b>17,568,000</b>	<b>-</b>	<b>-</b>		<b>8,200,466</b>	<b>1,873,507</b>	<b>-</b>	<b>10,073,973</b>	<b>7,494,027</b>

20.3.1 The depreciation charge for the year has been allocated to cost of sales.

20.4 Disposal of property, plant and equipment

Particulars of assets	Sold to Third party	Cost Amount	Accumulated depreciation	2022			Gain/(loss)	Mode of disposal
				Book value	Sale proceeds	Mode of disposal		
<b>Plant &amp; Machinery:</b>								
Textile Machines	Olympia Textile International	59,030,000	429,599	58,600,401	26,078,376	(32,522,025)	Negotiations	
Washing Machines	Zulfiqar Ali	4,912,310	94,954	4,817,356	2,666,667	(2,150,689)	Negotiations	
Spinning Machines	Ideal Trading Co.	3,546,608	118,220	3,428,388	4,000,000	571,612	Negotiations	
Spinning Machines	Al Mushtaq Corporation	1,479,758	49,325	1,430,433	1,541,667	111,234	Negotiations	
<b>Vehicles:</b>								
Toyota Corolla Altis	Liaqat Ali	1,380,000	1,320,824	59,176	1,300,000	1,240,824	Negotiations	
Faw XPV	Sajid Ali	1,031,840	582,783	449,057	510,000	60,943	Negotiations	
Motorcycle	Insurance Company	82,400	22,889	59,511	85,400	25,889	Insurance Claim	
<b>Grand Total</b>		<b>71,462,916</b>	<b>2,618,594</b>	<b>68,844,322</b>	<b>36,182,110</b>	<b>(32,662,212)</b>		

**21 Long term investments**

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

	Note	2022 Rupees	2021 Rupees
<b><u>Other investments</u></b>			
Unquoted	21.1	<b>12,608,052</b>	12,608,052
<b>21.1 Other investments - unquoted</b>			
<b><u>Agritech Limited</u></b>			
25,237 (2021: 25,237) Term Finance Certificates of Rs. 5,000 each			
Cost		<b>126,080,519</b>	126,080,519
Impairment allowance		<b>(113,472,467)</b>	(113,472,467)
		<b>12,608,052</b>	12,608,052
<b><u>Montebello s.r.l. ("MBL")</u></b>			
6,700,000 ordinary shares with a capital of Euro 6,700,000			
Cost	21.1.2	<b>2,625,026,049</b>	2,625,026,049
Accumulated impairment		<b>(2,625,026,049)</b>	(2,625,026,049)
		-	-
		<b>12,608,052</b>	12,608,052

**21.1.1** 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 installments starting from July 14, 2013. Since majority of TFCs are pledged as security with providers of debt finance, therefore these have been presented as long term investment.

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

**21.1.2** 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 recovery from the Company's claim are remote as bankruptcy process of MBL by the Court of Vicenza has been completed.

**22 Long term deposits and receivables**

	Note	2022 Rupees	2021 Rupees
Utility companies, regulatory authorities and others	22.1	<b>40,380,372</b>	34,575,796
Financial institutions	22.2	<b>556,600</b>	3,458,600
		<b>40,936,972</b>	38,034,396

22.1 These have been deposited with various utility companies and regulatory authorities. These are classified as amortized cost under IFRS 9 - 'Financial Instruments - Recognition and Measurement'. However, these, being held for an indefinite period with no fixed maturity date, are carried at cost as its amortized cost is impracticable to determine.

22.2 These have been deposited with financial institutions.

	2022 Rupees	2021 Rupees
<b>23 Stock-in-trade</b>		
Raw material	1,707,062,358	1,663,621,735
Work in process	2,300,135,116	1,804,241,914
Finished goods	1,395,525,303	1,131,875,453
	<b>5,402,722,777</b>	<b>4,599,739,102</b>

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

23.2 Finished goods include stock in transit amounting to Rs. 182.92 million (2021: Rs. 154.10 million).

		2022 Rupees	2021 Rupees
<b>24 Trade receivables</b>			
<b><u>Local</u></b>	<b>Note</b>		
- secured	24.1	1,128,506,395	107,290,765
- unsecured, considered good		657,584,175	368,583,614
- unsecured, considered doubtful		13,090,668	13,090,668
		<b>1,799,181,238</b>	488,965,047
<b><u>Foreign</u></b>			
- secured	24.1	2,418,915,632	1,486,984,493
- unsecured, considered good		228,334,023	455,209,679
- unsecured, considered doubtful		478,510,948	477,410,841
		<b>3,125,760,603</b>	2,419,605,012
	24.3	<b>4,924,941,841</b>	2,908,570,060
Less: provision against trade receivables	24.2	<b>(491,601,616)</b>	(490,501,509)
		<b>4,433,340,225</b>	2,418,068,551

24.1 These are secured against letters of credit of local and international banks.

	2022 Rupees	2021 Rupees
<b>24.2 Movement in provision against trade receivables</b>		
As at beginning of the year	490,501,509	465,207,002
Provision recognized during the year	1,100,107	25,294,507
As at end of the year	<b>491,601,616</b>	490,501,509

24.3 This includes an amount of Rs. 452.53 million (2021: 452.53 million) receivable from MBL, a related party, and this amount have been fully provided for due to the facts mentioned in Note 21.1.

25 Advances, deposits, prepayments and other receivables	Note	2022 Rupees	2021 Rupees
Advances to suppliers - <i>unsecured, considered good</i>		428,895,006	311,042,958
Advances to employees - <i>unsecured, considered good</i>			
- against salaries and post employment benefits	25.1	55,284,735	18,424,059
- against purchases and expenses		52,120,664	45,620,733
Security deposits		18,520,186	23,209,186
Margin deposits	25.2	217,167,822	315,397,260
Rebate receivable		380,461,739	676,319,303
Sales Tax / FED recoverable		1,104,331,488	1,067,727,608
Due from AGL - <i>secured</i>		100,492,120	100,492,120
Less: impairment		(78,283,733)	(78,283,733)
		22,208,387	22,208,387
Letters of credit		5,303,904	11,244,967
Insurance claims		106,708	22,600,178
Other receivables - <i>unsecured, considered good</i>		3,962,764	1,152,635
		<b>2,288,363,403</b>	<b>2,514,947,274</b>

25.1 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 is as follows:

	2022 Rupees	2021 Rupees
As at beginning of the year	8,749,670	5,461,652
Given during the year	3,900,000	10,345,000
Less: received during the year	(5,921,955)	(7,056,982)
As at end of the year	<b>6,727,715</b>	<b>8,749,670</b>

25.2 These include deposits against bank guarantees and L/cs.

## 26 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	2022 Rupees	2021 Rupees
28,022 Term Finance Certificates (Rs. 5,000 each) of Agritech Limited	26.1	<b>139,993,989</b>	<b>139,993,989</b>

26.1 During the year 2021, 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 and these TFCs have been classified as short term investments.

27 Receivable from National Bank of Pakistan	Note	2022 Rupees	2021 Rupees
Put option agreement for repurchase of preference shares of AGL	27.1	<b>306,022,500</b>	<b>306,022,500</b>

27.1 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 repurchase of preference shares of Agritech Limited. Under the agreement, Rs. 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 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.

		2022 Rupees	2021 Rupees
<b>28</b>	<b>Income tax recoverable / (accrued)</b>		
	As at beginning of the year	37,480,182	880,794
	Less: provision for the year	(453,611,803)	(213,828,823)
	Paid / adjusted during the year	331,617,418	250,428,211
	As at end of the year	<u>(84,514,203)</u>	<u>37,480,182</u>
<b>29</b>	<b>Funds for restructuring scheme</b>		
	Cash in escrow account against sale of assets	<u>354,579,214</u>	<u>17,170,862</u>
<b>30</b>	<b>Cash and bank balances</b>		
	Cash in hand	2,902,709	3,019,939
	Cash at banks:		
	- current accounts in local currency	388,320,622	390,007,587
	- deposit accounts in local currency	486,509,705	505,087,159
	- deposit accounts in foreign currency	16,220,516	684,966
		<u>891,050,843</u>	<u>895,779,712</u>
		<u>893,953,552</u>	<u>898,799,651</u>
<b>30.1</b>	These carry return under mark-up arrangement at 5.50% to 14.00% per annum (2021: 5.50% to 6.25% per annum).		
<b>30.2</b>	These carry return under mark-up arrangement at prevailing LIBOR per annum (2021: prevailing LIBOR per annum).		
<b>31</b>	<b>Revenue from customers</b>		
	Local	2,082,985,872	2,017,655,400
	Exports	32,736,251,935	19,952,064,536
	Less: Sales Tax on indirect export sales	(1,255,960,352)	(574,243,219)
		<u>31,480,291,583</u>	<u>19,377,821,317</u>
		<u>33,563,277,455</u>	<u>21,395,476,717</u>
	Discount	(31,121,164)	(12,591,359)
		<u>33,532,156,291</u>	<u>21,382,885,358</u>
	<b>Other income</b>		
	Rebate on exports	236,629,648	687,345,316
		<u>33,768,785,938</u>	<u>22,070,230,674</u>
<b>31.1</b>	<b>Local</b>		
	Sales	2,341,350,255	2,217,944,277
	Processing income	72,643,313	108,141,448
	Waste	24,858,945	34,376,717
		<u>2,438,852,513</u>	<u>2,360,462,442</u>
	Less: Sales Tax on local sales	(355,866,642)	(342,807,042)
		<u>2,082,985,872</u>	<u>2,017,655,400</u>
<b>31.2</b>	These include indirect exports, taxable under Section 154 (3b) of the Income Tax Ordinance, 2001, amounting to Rs. 7,584.59 million (2021: Rs. 3,378.11 million) and exchange gain / (loss) amounting to Rs. 633.24 million (2021: Rs. (120.03) million).		
<b>31.3</b>	Export Development Surcharge applicable under SRO 10(1)/2003 dated January 04, 2003 amounting Rs. 56.74 million (2021: Rs. 39.60 million) has been deducted from gross export sales.		

32	Cost of sales	Note	2022	2021
			Rupees	Rupees
	Raw, chemical and packing materials consumed		22,916,884,416	13,566,543,639
	Salaries, wages and benefits	32.1	3,937,920,418	3,544,289,055
	Fuel and power		1,462,662,808	1,122,836,544
	Stores, spares and loose tools consumed		435,355,395	397,241,206
	Traveling, conveyance and entertainment		233,043,113	154,774,252
	Rent, rates and taxes		87,230,864	72,040,696
	Insurance		44,018,860	38,755,717
	Repair and maintenance		43,154,711	38,070,080
	Processing charges		319,789,705	263,595,765
	Depreciation	20.1.2	367,577,171	372,733,428
	Printing and stationery		12,709,046	11,494,315
	Communications		3,551,369	4,838,074
	Miscellaneous		6,257,103	4,334,735
			<b>29,870,154,979</b>	<b>19,591,547,506</b>
	<i>Work in process:</i>			
	As at beginning of the year		1,804,241,914	1,552,708,246
	As at end of the year		(2,300,135,116)	(1,804,241,914)
			<b>(495,893,202)</b>	<b>(251,533,668)</b>
	<b>Cost of goods manufactured</b>		<b>29,374,261,778</b>	<b>19,340,013,838</b>
	<i>Finished goods:</i>			
	As at beginning of the year		1,131,875,451	673,495,476
	As at end of the year		(1,395,525,303)	(1,131,875,451)
			<b>(263,649,852)</b>	<b>(458,379,975)</b>
			<b>29,110,611,926</b>	<b>18,881,633,863</b>

32.1 These include charge in respect of employees retirement benefits amounting Rs. 191.36 million (2021: Rs. 159.22 million).

33	Selling and distribution expenses	Note	2022	2021
			Rupees	Rupees
	Salaries, wages and benefits	33.1	288,752,253	245,508,292
	Traveling, conveyance and entertainment		60,114,576	28,237,600
	Repair and maintenance		4,945,640	1,868,144
	Rent, rates and taxes		1,710,937	2,323,793
	Insurance		4,327,699	3,104,996
	Freight and other expenses		743,072,488	330,166,486
	Communication		1,385,499	1,690,440
	Advertisement and marketing		150,124,209	124,831,588
	Fee and subscription		8,091,705	4,871,166
	Commission		511,120,167	235,063,963
	Miscellaneous		649,090	494,973
			<b>1,774,294,263</b>	<b>978,161,441</b>

33.1 These include charge in respect of employees retirement benefits amounting Rs 9.25 million (2021: Rs. 10.88 million).



		2022 Rupees	2021 Rupees
<b>34</b>	<b>Administrative expenses</b>		
	Salaries and benefits	491,151,636	418,315,463
	Traveling, conveyance and entertainment	75,937,878	48,904,732
	Fuel and power	22,573,956	24,585,835
	Repair and maintenance	48,967,166	40,446,783
	Rent, rates and taxes	8,726,102	7,764,102
	Insurance	3,250,461	3,418,414
	Printing and stationery	3,623,436	2,702,784
	Communication	8,233,893	7,528,289
	Legal and professional	19,419,892	11,817,655
	Depreciation	13,033,944	12,507,108
	Fee and subscription	34,011,454	27,367,502
	Miscellaneous	7,646,451	4,524,490
		<b>736,576,269</b>	<b>609,883,158</b>
<b>34.1</b>	These include charge in respect of employees retirement benefits amounting Rs. 20.18 million (2021: Rs.20.79 million).		
<b>34.2</b>	These include following in respect of auditors' remuneration	2022 Rupees (GTAR)	2021 Rupees (YA)
	Annual statutory audit	2,939,337	2,799,369
	Half yearly review	950,000	904,050
	Review report under Code of Corporate Governance	301,737	287,369
	Certifications	500,000	216,486
	Out of pocket expenses	415,000	394,064
		<b>5,106,074</b>	<b>4,601,338</b>
<b>35</b>	<b>Other income</b>		
	Return on bank deposits	65,337,403	114,986,276
	Miscellaneous	1,843,401	1,182,559
		<b>67,180,804</b>	<b>116,168,835</b>
<b>36</b>	<b>Other expenses</b>		
	Provision against trade receivables	1,100,107	25,294,507
	Loss on disposal of property, plant and equipment	32,672,213	4,766,910
	Workers' profits participation fund	70,985,799	37,388,138
	Impairment on interest receivable on investments	-	30,665,121
		<b>104,758,119</b>	<b>98,114,676</b>
<b>37</b>	<b>Finance cost</b>		
	Interest / mark-up on:		
	- Redeemable capital	136,420,446	265,120,771
	- Long term finances	54,060,446	102,902,979
	- Lease liabilities	284,999	653,913
	- Short term borrowings	84,447,999	308,917,249
		<b>275,213,890</b>	<b>677,594,912</b>
	Amortization of transaction costs	14,034,509	3,754,867
	Exchange gain on foreign currency borrowings	-	(50,711,878)
	Bank discounting, factoring fee and other charges	474,868,198	277,593,857
		<b>764,116,597</b>	<b>908,231,757</b>

## 38 Gain on restructuring of loans - net

		2022		
		Principal	Mark-up	Aggregate gain
		Rupees		
Write-off / waiver from restructuring		28,785,000	-	28,785,000
Gain on sale of non-current assets held for sale		-	-	137,399,543
		<b>28,785,000</b>	<b>-</b>	<b>166,184,543</b>

		2021		
		Principal	Mark-up and Old Zero coupon PPTFCs	Aggregate gain/(loss)
		Rupees		
Write-off / waiver from restructuring		3,298,490,453	4,679,695,378	7,978,185,831
Exchange loss on DEG		(131,516,043)	(64,345,427)	(195,861,470)
Differences at Time Zero Date		-	70,973,767	70,973,767
Impairment of Muzaffargarh Unit		-	-	(594,048,688)
Loss on sale of Ferozepur Unit		-	-	(196,395,154)
		<b>3,166,974,410</b>	<b>4,686,323,718</b>	<b>7,062,854,286</b>

## 39 Taxation

	Note	2022 Rupees	2021 Rupees
<i>Income tax</i>			
- current tax	39.1	335,321,563	213,828,823
- deferred tax	39.2	-	-
<i>Super Tax</i>	39.3	118,290,240	-
		<b>453,611,803</b>	<b>213,828,823</b>

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 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.

39.3 The Federal Government in Finance Act, 2022 has imposed Super Tax on high earning entities.

## 39.4 Relationship between tax expense and accounting profit

	2022 Rupees	2021 Rupees
<b>Profit before taxation and restructuring gain</b>	<b>1,345,609,568</b>	710,374,614
Tax calculated at the rate of 29% (2021: 29%)	390,226,775	206,008,638
Effect of taxes applicable on the basis other than profit (including impact of super tax)	63,385,028	7,820,185
<b>Tax charge for the year</b>	<b>453,611,803</b>	<b>213,828,823</b>

40 Earning per share - basic and diluted		2022	2021
<b>40.1 Basic earning per share</b>			
Profit attributable to ordinary shareholders	Rupees	<b>1,058,182,308</b>	7,559,400,077
Weighted average number of ordinary shares outstanding during the year	No. of shares	<b>491,375,337</b>	491,375,337
Earning per share	Rupees	<b>2.15</b>	15.38
<b>40.2 Diluted earning per share</b>			

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, 2022 and June 30, 2021.

41 Cash generated from operations		Note	2022 Rupees	2021 Rupees
<b>Profit before tax</b>			<b>1,511,794,111</b>	7,773,228,900
Interest / mark-up expense	37		<b>275,213,890</b>	677,594,912
Loss / (gain) on disposal of non-current assets held for sale	36, 38		<b>(104,727,331)</b>	4,766,910
Provision against trade receivables	36		<b>1,100,107</b>	25,294,507
Foreign exchange gain	37		<b>-</b>	(50,711,878)
Depreciation			<b>380,611,115</b>	385,240,536
Provision for workers' profit participation fund	36		<b>70,985,799</b>	37,388,138
Provision for employee benefits	13.4		<b>220,783,670</b>	190,893,122
Amortization of transaction costs and deferred notional income	37		<b>14,034,509</b>	3,754,867
Gain on restructuring of loans- net	38		<b>(28,785,000)</b>	(7,062,854,286)
			<b>829,216,759</b>	(5,788,633,172)
<b>Operating profit before changes in working capital</b>			<b>2,341,010,870</b>	1,984,595,728
<b><u>Changes in working capital</u></b>				
<i>(Increase) / decrease in current assets:</i>				
Stores, spares and loose tools			<b>(17,254,739)</b>	(20,286,585)
Stock in trade			<b>(802,983,675)</b>	(1,408,933,175)
Trade receivables			<b>(2,016,371,782)</b>	(193,004,288)
Advances, deposits, prepayments and other receivables			<b>226,583,871</b>	(366,968,569)
			<b>(2,610,026,324)</b>	(1,989,192,617)
<i>Increase in current liabilities:</i>				
Trade and other payables			<b>1,799,806,130</b>	1,096,497,389
<b>Cash generated from operations</b>			<b>1,530,790,676</b>	1,091,900,500
<b>42 Cash and cash equivalents at the year end</b>		Note		
Short term borrowings - <i>running finance</i>	15		<b>(123,230,684)</b>	(255,996,326)
Cash and bank balances	30		<b>893,953,552</b>	898,799,651
Funds for restructuring scheme	29		<b>354,579,214</b>	17,170,862
			<b>1,125,302,083</b>	659,974,187

**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.

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

	<b>2022</b>	2021
	<b>Rupees</b>	Rupees
<b>43.1 Transactions with related parties</b>		
<b>43.1.1 Other related parties</b>		
<b>JS Bank Limited</b>		
Mark-up expense	3,107,516	5,594,607
Trusteeship fee paid	1,500,000	1,500,000
Mark-up paid	2,414,000	63,042,920
<b>JS Value Fund Limited</b>		
Mark-up expense	-	1,850,246
Markup Paid/ Settled	-	20,355,338
<b>Unit Trust of Pakistan</b>		
Mark-up expense	1,528,604	2,559,325
Markup Paid/ Settled	1,187,500	30,231,593
<b>JS Large Cap Fund</b>		
Mark-up expense	4,078,844	8,272,301
Markup Paid/ Settled	3,191,868	59,747,612
<b>JS Global Capital Limited</b>		
Mark-up expense	16,012,072	32,474,070
Markup Paid/ Settled	12,530,123	234,547,588
<b>JS Principal Secure Fund</b>		
Mark-up expense	1,642,132	3,330,407
Markup Paid/ Settled	1,285,038	24,054,233
<b>JS Income Fund</b>		
Mark-up expense	1,880,711	3,257,793
Markup Paid/ Settled	1,461,000	37,915,749
<b>JS Growth Fund (JS Value fund merged with JS Growth Fund)</b>		
Mark-up expense	4,859,397	7,928,135
Markup Paid/ Settled	3,792,890	63,088,275

**43.1.2 Key management personnel**

The remuneration paid to Chief Executive Officer, directors, executives and key management personnel in terms of their employment is disclosed in Note 49 to the financial statements.

	<b>2022</b>	2021
	<b>Rupees</b>	Rupees
<b>43.2 Balances with related parties</b>		
<b>43.2.1 Other related parties</b>		
<b>JS Bank Limited</b>		
Sub PPTFCs	48,280,000	48,280,000
Settlement finance under restructuring scheme	13,870,315	13,870,315
New Zero Coupon PPTFCs	63,025,000	63,025,000
Mark-up payable	1,229,881	534,900

	<b>2022</b>	2021
	<b>Rupees</b>	Rupees
<b>JS Value Fund Limited</b>		
Sub PPTFCs	-	14,495,000
Settlement finance under restructuring scheme	-	4,164,612
New Zero Coupon PPTFCs	-	33,250,000
Mark-up payable	-	160,595
<b>Unit Trust of Pakistan</b>		
Sub PPTFCs	23,750,000	23,750,000
Settlement finance under restructuring scheme	6,822,073	6,822,073
New Zero Coupon PPTFCs	49,485,000	49,485,000
Mark-up payable	604,945	263,120
<b>JS Large Cap Fund</b>		
Redeemable capital - PPTFCs	63,837,358	63,837,358
Settlement finance under restructuring scheme	17,739,525	17,739,525
New Zero Coupon PPTFCs	59,745,000	59,745,000
Mark-up payable	1,590,996	703,601
<b>JS Global Capital Limited</b>		
Redeemable capital - PPTFCs	250,602,457	250,602,457
Settlement finance under restructuring scheme	69,638,980	69,638,980
New Zero Coupon PPTFCs	234,545,000	234,545,000
Mark-up payable	6,245,676	2,762,085
<b>JS Principal Secure Fund</b>		
Redeemable capital - PPTFCs	25,700,755	25,700,755
Settlement finance under restructuring scheme	7,141,887	7,141,887
New Zero Coupon PPTFCs	24,050,000	24,050,000
Mark-up payable	640,531	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
Settlement finance under restructuring scheme	8,394,214	8,394,214
New Zero Coupon PPTFCs	62,040,000	62,040,000
Mark-up payable	744,327	323,729
<b>JS Growth Fund (JS Value fund merged with JS Growth Fund)</b>		
Redeemable capital - PPTFCs	49,282,809	49,282,809
Sub PPTFCs	26,575,000	26,575,000
Settlement finance under restructuring scheme	21,330,137	21,330,137
New Zero Coupon PPTFCs	107,080,000	107,080,000
Mark-up payable	1,905,252	837,616

#### 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 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 control 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 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 receivables, 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:

		2022 Rupees	2021 Rupees
<b><i>Fair value through OCI</i></b>			
Long term investments	21	12,608,052	12,608,052
Short term investments	26	139,993,989	139,993,989
<b><i>At amortized cost</i></b>			
Long term deposits	22	40,936,972	38,034,396
Trade receivables	24	4,433,340,225	2,418,068,551
Due from Agritech Limited	25	22,208,387	22,208,387
Other receivables	25	3,962,764	1,152,635
Receivable from National Bank of Pakistan	27	306,022,500	306,022,500
Security deposits	25	18,520,186	23,209,186
Margin deposits	25	217,167,822	315,397,260
Insurance claims	25	106,708	22,600,178
Cash at banks	30	891,050,843	895,779,712
Funds for restructuring scheme	29	354,579,214	17,170,862
		<b>6,287,895,621</b>	4,059,643,667
		<b>6,440,497,662</b>	4,212,245,708

#### 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:

	2022 Rupees	2021 Rupees
Customers	4,433,340,225	2,418,068,551
Banking companies and financial institutions	1,768,820,379	1,534,370,334
Others	238,337,057	259,806,823
	<b>6,440,497,662</b>	4,212,245,708

#### 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	2022	2021
	Short term	Long term		----- Rupees -----	
<b><i>Bank balances</i></b>					
Albaraka Bank (Pakistan) Limited	A-1	A+	JCR-VIS	41,714	41,070
Askari Bank Limited	A-1+	AA+	PACRA	53,472,095	303,345,654
Bank Al-Habib Limited	A-1+	AAA	PACRA	273,247,323	95,396,703
Bank Alfalah Limited	A-1+	AA+	PACRA	151,024	151,024
Bank Islami Pakistan Limited	A-1	A+	PACRA	51,602	425,650
Faysal Bank Limited	A-1+	AA	PACRA	5,815,781	5,873,781
Habib Bank Limited	A-1+	AAA	JCR-VIS	27,857	27,357
JS Bank Limited	A-1+	AA-	PACRA	118,648,660	21,209,111
MCB Bank Limited	A-1+	AAA	PACRA	182,580,120	139,271,998
Meezan Bank Limited	A-1+	AAA	JCR-VIS	14,715	22,992
National Bank of Pakistan	A-1+	AAA	PACRA	3,213,656	3,430,987
Silk Bank Limited	A-2	A-	JCR-VIS	57,650,854	266,624,453
Soneri Bank Limited	A-1+	AA-	PACRA	6,224	6,224
Standard Chartered Bank (Pakistan) Limited	A-1+	AAA	PACRA	-	1,510,061
Summit Bank Limited	N/A	N/A	JCR-VIS	517,979,209	48,556,365
Samba Bank Limited	A-1	AA	JCR-VIS	16,354	16,354
The Bank of Punjab	A-1+	AA+	PACRA	-	677
United Bank Limited	A-1+	AAA	JCR-VIS	1,437,139	1,437,139
Bank of Khyber	A-1	A	PACRA	31,275,730	28,622,913
<b><i>Margin deposits (including advance L/C)</i></b>					
Summit Bank Limited	N/A	N/A	JCR-VIS	217,167,822	315,397,260

#### 44.1.3(b) Counterparties without external credit ratings

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

	2022		2021	
	Gross carrying amount	Accumulated impairment	Gross carrying amount	Accumulated impairment
	----- Rupees -----		----- Rupees -----	
Not yet due	4,178,113,176	-	2,323,303,155	-
Past due by 0 to 6 months	241,859,776	-	89,413,510	-
Past due by 6 to 12 months	10,664,392	-	1,958,542	-
Past due by more than one year	494,304,497	(491,601,616)	493,894,664	(490,501,509)
	<b>4,924,941,841</b>	<b>(491,601,616)</b>	<b>2,908,569,871</b>	<b>(490,501,509)</b>



**44.1.3(c)** The Company's five significant customers account for Rs. 1,701.28 million (2021: Rs. 1,142.80 million) of trade receivables as at the reporting date, apart from which, exposure to any single customer does not exceed 11.17% (2021: 17.36%) of trade receivables as at the reporting date. Further, trade receivables amounting to Rs. 3,547.42 million (2021: Rs. 1,594.28 million) are secured through confirmed letters of credit and thus do not carry any significant credit risk.

The Board has formulated a policy to create provision against trade receivables on a time based criteria. Provision against trade receivable 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 receivables, 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**

The Company's financial assets do not carry significant credit risk, with the exception of trade receivables, which are exposed to losses arising from any non-performance by counterparties. In respect of trade receivables, 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) The following are the remaining contractual maturities at the reporting date. The amounts are grossed, undiscounted, include estimated interest payments and exclude the impact of netting agreements.

		2022				
		Carrying amount	Contractual cash flows	One year or less	Two to three years	More than three years
Note		----- Rupees -----				
<i>Non-derivative financial liabilities</i>						
	9	2,640,129,950	3,119,114,624	132,006,498	1,274,224,363	1,712,883,763
	10	5,103,510,000	5,103,510,000	-	-	5,103,510,000
	12	1,778,294	2,059,588	643,876	1,415,711	-
	14	148,367,255	157,780,785	157,780,785	-	-
	11	1,081,208,932	1,171,408,417	1,171,408,417	-	-
	15	2,366,715,528	2,390,965,245	2,390,965,245	-	-
	16	3,423,480,931	3,423,480,931	3,423,480,931	-	-
	16	895,160,180	895,160,180	895,160,180	-	-
	16	7,394,838	7,394,838	7,394,838	-	-
	17	256,390,303	256,390,303	256,390,303	-	-
	18	13,166,787	13,166,787	13,166,787	-	-
		<b>15,937,302,998</b>	<b>16,540,431,696</b>	<b>8,448,397,861</b>	<b>1,275,640,074</b>	<b>6,816,393,763</b>
2021						
		Carrying amount	Contractual cash flows	One year or less	Two to three years	More than three years
		----- Rupees -----				
<i>Non-derivative financial liabilities</i>						
	9	3,667,334,950	4,516,046,687	20,866,748	773,688,361	3,721,491,578
	10	5,103,510,000	5,103,510,000	-	-	5,103,510,000
	11	1,081,208,932	1,189,329,825	-	1,189,329,825	-
	12	7,078,184	7,522,442	5,571,020	1,951,422	-
	14	148,367,255	157,780,790	157,780,790	-	-
	15	1,423,689,035	1,423,689,035	1,423,689,035	-	-
	16	1,778,164,708	1,778,164,708	1,778,164,708	-	-
	16	702,480,069	702,480,069	702,480,069	-	-
	16	9,310,604	9,310,604	9,310,604	-	-
	17	200,066,382	200,066,382	200,066,382	-	-
	18	13,166,787	13,166,787	13,166,787	-	-
		<b>14,134,376,906</b>	<b>15,101,067,330</b>	<b>4,311,096,143</b>	<b>1,964,969,608</b>	<b>8,825,001,578</b>

#### 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.

After restructuring, all the overdue debt finance has been settled / rescheduled. Only preference shares and dividend / markup is overdue. Detail is as follows:

	2022		
	Principal	Preference dividend / interest / mark-up	Total
----- Rupees -----			
<i><u>Nature of liability</u></i>			
Preference Shares	148,367,250	162,936,649	311,303,899
Dividend on Preference Shares	-	9,413,535	9,413,535
	<b>148,367,250</b>	<b>172,350,184</b>	<b>320,717,434</b>
----- Rupees -----			
	2021		
	Principal	Preference dividend / interest / mark-up	Total
----- Rupees -----			
<i><u>Nature of liability</u></i>			
Preference Shares	148,367,250	149,657,780	298,025,030
Dividend on Preference Shares	-	9,413,535	9,413,535
	<b>148,367,250</b>	<b>159,071,315</b>	<b>307,438,565</b>

#### 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:

	2022		
	EURO	USD	Total
	In Rupees		
<i>Assets</i>			
Trade receivables	364,191,857	2,761,568,746	3,125,760,603
Cash and bank balances	-	16,220,516	16,220,516
	<b>364,191,857</b>	<b>2,777,789,262</b>	<b>3,141,981,119</b>
<i>Liabilities</i>			
Trade creditors	(56,179,487)	(89,857,120)	(146,036,607)
Bills payable	(2,130,013)	(76,374,717)	(78,504,730)
	<b>(58,309,500)</b>	<b>(166,231,837)</b>	<b>(224,541,337)</b>
Net balance sheet exposure	<b>305,882,357</b>	<b>2,611,557,425</b>	<b>2,917,439,782</b>
	2021		
	EURO	USD	Total
	In Rupees		
<i>Assets</i>			
Trade receivables	419,962,428	2,000,855,021	2,420,817,449
Cash and bank balances	496,455	188,510	684,965
	420,458,883	2,001,043,531	2,421,502,414
<i>Liabilities</i>			
Trade creditors	(74,575,999)	(81,026,919)	(155,602,918)
Bills payable	(2,262,047)	(39,695,893)	(41,957,940)
	<b>(76,838,046)</b>	<b>(120,722,812)</b>	<b>(197,560,858)</b>
Net balance sheet exposure	<b>343,620,837</b>	<b>1,880,320,719</b>	<b>2,223,941,556</b>

#### 44.3.1(b) Exchange rates applied during the year

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

	2022			2021		
	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	215.23	215.75	205.52	188.12	188.71	191.76
USD	205.50	206.00	177.59	157.80	158.30	159.96

#### 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.

	2022	2021
	Profit	Profit
	----- Rupees -----	
EURO	30,588,236	34,362,084
USD	261,155,742	188,032,072
	<b>291,743,978</b>	<b>222,394,156</b>

#### 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 / mark-up rate risk

Interest / mark-up 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:

	2022		2021	
	Financial asset	Financial liability	Financial asset	Financial liability
	----- Rupees -----		----- Rupees -----	
<i>Non-derivative financial instruments</i>				
Fixed rate instruments	-	6,012,256,199	505,772,125	5,825,645,850
Variable rate instruments	628,810,740	116,618,408	126,080,519	298,396,503

#### 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.

	2022 Rupees	2021 Rupees
Increase of 100 basis points	5,121,923	(1,723,160)
Decrease of 100 basis points	(5,121,923)	1,723,160

**44.3.2(d) Interest / mark-up 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.

**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 Company's financial assets which are carried at fair value:

	2022			
	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
	2021			
	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

#### 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 amortized cost

	2022 Rupees	2021 Rupees
Redeemable capital - secured	2,640,129,950	3,667,334,950
New zero coupon privately placed term finance certificates	5,103,510,000	5,103,510,000
Long term finances - current portion	1,081,208,932	1,081,208,932
Preference shares	148,367,255	148,367,255
Lease liabilities	1,778,294	7,078,184
Trade and other payables	3,423,480,931	1,778,164,708
Interest / mark-up accrued on borrowings	256,390,303	200,066,382
Short-term borrowings	2,366,715,528	1,423,689,035
Dividend payable on preference shares	9,413,535	9,413,535
Unclaimed dividend on ordinary shares	3,753,252	3,753,252
	<b>15,034,747,980</b>	<b>13,422,586,233</b>

45 Reconciliation of liabilities arising from financing activities

	July 01, 2021	Availed / formed during the year	Repaid during the year	Adjusted during the year	Foreign exchange gain	June 30, 2022
Redeemable capital - secured	3,667,334,950	(998,420,000)	-	(28,785,000)	-	2,640,129,950
New zero coupon privately placed term finance certificates	5,103,510,000	-	-	-	-	5,103,510,000
Long term finances - current portion	1,081,208,932	-	-	-	-	1,081,208,932
Lease liabilities	7,078,184	-	(5,299,889)	-	-	1,778,295
Short term borrowings	1,423,689,035	998,420,000	(55,447,889)	-	-	2,366,661,146
	<b>11,282,821,101</b>	<b>-</b>	<b>(60,747,778)</b>	<b>(28,785,000)</b>	<b>-</b>	<b>11,193,288,323</b>

	July 01, 2020	Availed / formed during the year	Repaid during the year	Adjusted during the year	Foreign exchange gain	June 30, 2021
Redeemable capital - secured	5,889,781,511	3,250,000,000	(228,743,997)	(5,243,702,564)	-	3,667,334,950
New zero coupon privately placed term finance certificates	-	5,103,510,000	-	-	-	5,103,510,000
Long term finance	2,167,896,425	1,081,208,932	(332,724,496)	(1,885,895,589)	50,723,660	1,081,208,932
Lease liabilities	10,178,526	-	(3,100,342)	-	-	7,078,184
Short term borrowings	5,067,529,093	149,586,952	(200,300,473)	(3,593,126,537)	-	1,423,689,035
	<b>13,135,385,555</b>	<b>9,584,305,884</b>	<b>(764,869,308)</b>	<b>(10,722,724,690)</b>	<b>50,723,660</b>	<b>11,282,821,101</b>



46 Segment information  
46.1 Information about reportable segments

	Spinning segment		Weaving segment		Garment segment		Elimination		Total	
	2022 Rupees	2021 Rupees	2022 Rupees	2021 Rupees	2022 Rupees	2021 Rupees	2022 Rupees	2021 Rupees	2022 Rupees	2021 Rupees
<b>46.1.1 Segment revenues and results</b>										
<b>Revenue</b>										
External revenues	3,454,203,212	2,114,579,450	14,524,540,149	8,455,300,701	15,790,042,579	11,502,350,523	-	-	33,768,785,938	22,070,230,674
Inter-segment revenues	1,760,899,912	905,408,148	5,259,004,023	3,577,556,497	64,522,507	4,430,925	(7,084,426,442)	(4,487,395,570)	-	-
	5,215,103,124	3,019,987,598	19,783,544,171	12,030,857,198	15,854,565,086	11,506,781,448	(7,084,426,442)	(4,487,395,570)	33,768,785,938	22,070,230,674
<b>Cost of sales</b>										
- inter-segment	(1,760,899,912)	(905,408,148)	(5,259,004,023)	(3,577,556,497)	(64,522,507)	(4,430,925)	7,084,426,442	4,487,395,570	-	-
- external	(2,799,797,222)	(1,831,579,522)	(11,883,695,873)	(6,886,636,476)	(14,427,118,832)	(10,163,417,834)	-	-	(29,110,611,926)	(18,881,633,863)
<b>Cost of sales</b>	(4,560,697,133)	(2,736,987,700)	(17,142,699,896)	(10,464,192,974)	(14,491,641,340)	(10,167,848,758)	7,084,426,442	4,487,395,570	(29,110,611,926)	(18,881,633,863)
<b>Gross profit</b>	654,405,991	282,999,898	2,640,844,275	1,566,664,224	1,362,923,747	1,338,932,689	-	-	4,658,174,012	3,188,596,811
Selling and distribution expenses	(60,105,707)	(35,759,093)	(923,455,699)	(353,940,240)	(790,732,858)	(588,462,109)	-	-	(1,774,294,263)	(978,161,441)
Administrative expenses	(117,774,632)	(95,879,679)	(318,279,712)	(262,437,163)	(300,521,925)	(251,566,316)	-	-	(736,576,269)	(609,883,158)
	(177,880,339)	(131,638,772)	(1,241,735,411)	(616,377,403)	(1,091,254,783)	(840,028,425)	-	-	(2,510,870,532)	(1,588,044,599)
<b>Profit from operation</b>	476,525,651	151,361,126	1,399,108,864	950,286,821	271,668,963	498,904,264	-	-	2,147,303,480	1,600,552,212
Other income	-	-	-	-	-	-	-	-	67,180,804	116,168,835
Net gain from restructuring scheme	-	-	-	-	-	-	-	-	166,184,543	7,062,854,286
Other expenses	-	-	-	-	-	-	-	-	(104,758,119)	(98,114,676)
Finance cost	-	-	-	-	-	-	-	-	(764,116,597)	(908,231,757)
Taxation	-	-	-	-	-	-	-	-	(453,611,803)	(213,828,823)
<b>Profit after taxation</b>	531,604,347	44,533,438	2,000,185,212	217,193,684	126,436,744	123,513,414	-	-	1,058,182,308	7,559,400,077
Depreciation and amortization	-	-	-	-	-	-	-	-	380,226,302	385,240,536
<b>Inter-segment sales and purchases</b>										
Inter-segment sales and purchases have been eliminated from total figures.										
<b>46.1.2 Basis of inter-segment pricing</b>										
All inter-segment transfers are made at negotiated rates.										

46.1.2 Basis of inter-segment pricing

All inter-segment transfers are made at negotiated rates.

46.1.3 Assets

	Spinning segment		Weaving segment		Garment segment		Elimination		Total	
	2022 Rupees	2021 Rupees	2022 Rupees	2021 Rupees	2022 Rupees	2021 Rupees	2022 Rupees	2021 Rupees	2022 Rupees	2021 Rupees
<b>46.1.4 Assets</b>										
Total assets for reportable segments	3,814,968,054	3,637,594,249	11,577,232,162	9,790,119,996	9,229,862,368	8,457,287,142	(826,643,165)	(702,171,202)	23,795,419,419	21,182,830,185
Property, plant and equipment - common	-	-	-	-	-	-	-	-	1,121,645,472	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	-	-	-	-	-	-	-	-	354,579,214	17,170,862
<b>Liabilities</b>										
Total liabilities for reportable segments	652,054,945	538,598,443	2,904,562,790	1,303,501,349	2,370,221,958	1,967,785,509	(826,643,165)	(702,171,202)	5,100,196,528	3,107,714,099
Corporate liabilities - common	-	-	-	-	-	-	-	-	11,489,576,438	11,525,709,342
	652,054,945	538,598,443	2,904,562,790	1,303,501,349	2,370,221,958	1,967,785,509	(826,643,165)	(702,171,202)	16,589,772,966	14,633,423,441

46.1.5 Liabilities

Total liabilities for reportable segments  
Corporate liabilities - common

**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.

<b>Revenue</b>	<b>2022</b>	2021
<b><u>Foreign revenue</u></b>	<b>Rupees</b>	Rupees
Asia	<b>3,872,907,947</b>	2,156,302,382
Europe	<b>19,434,200,426</b>	13,978,860,704
South America	<b>21,086,513</b>	15,520,477
North America	<b>31,637,762</b>	13,708,624
Africa	<b>16,773,577</b>	26,167,105
Other countries (including indirect exports)	<b>8,103,685,358</b>	3,187,258,950
	<b>31,480,291,583</b>	19,377,818,242
<b><u>Local revenue</u></b>		
Pakistan	<b>2,082,985,872</b>	2,017,655,400
	<b>33,563,277,455</b>	21,395,473,642
<b>46.1.7 Non-current assets</b>		
Pakistan	<b>10,677,235,013</b>	10,283,233,420

**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.

	<b>Unit</b>	<b>2022</b>	2021
Total debt	Rupees	<b>8,974,994,431</b>	10,007,499,321
Total equity including revaluation surplus	Rupees	<b>9,093,360,664</b>	7,994,677,029
Total capital employed	Rupees	<b>18,068,355,095</b>	18,002,176,350
Gearing	Percentage	<b>49.67%</b>	55.59%

Total debt comprises of redeemable capital, new zero coupon privately placed term finance certificates, long term finances, liabilities against assets subject to finance lease and current portion of non-current liabilities.

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.

48	<b>Restriction on title and assets pledged as security</b>	2022	2021
		Rupees	Rupees
	<b><u>Mortgages and charges</u></b>		
	<b><u>First</u></b>		
	Hypothecation of all present and future assets and properties	23,809,949,179	23,809,949,179
	Mortgage over land and building	23,809,949,179	23,809,949,179
	<b><u>Ranking</u></b>		
	Hypothecation of all present and future assets and properties	11,666,666,667	11,666,666,667
	Mortgage over land and building	11,666,666,667	11,666,666,667
	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
	<b><u>Pledge</u></b>		
	Raw material	218,076,130	236,161,930
	Finished goods	184,812,098	184,812,098
	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:

	2022			
	Directors			Executives
	Chief Executive Officer	Executive	Non-executive	
	----- Rupees -----			
Managerial remuneration	20,700,000	-	-	271,353,467
Medical	2,070,000	-	-	27,135,372
Utilities and house rent	8,280,000	-	-	110,533,248
Post employment benefits	1,725,000	-	-	23,232,293
Bonus	67,657,421	-	-	-
	<b>100,432,421</b>	<b>-</b>	<b>-</b>	<b>432,254,380</b>
Number of persons as at year end	<b>1</b>	<b>-</b>	<b>7</b>	<b>124</b>
	-----			
	2021			
	Directors			Executives
	Chief Executive Officer	Executive	Non-executive	
	----- Rupees -----			
Managerial remuneration	20,700,000	-	-	221,534,338
Medical	2,070,000	-	-	22,153,458
Utilities and house rent	8,280,000	-	-	88,965,806
Post employment benefits	1,725,000	-	-	18,350,631
Bonus	41,843,169	-	-	-
	<b>74,618,169</b>	<b>-</b>	<b>-</b>	<b>351,004,233</b>
Number of persons as at year end	<b>1</b>	<b>-</b>	<b>7</b>	<b>98</b>

- 49.1 The Chief Executive officer is provided with free use of Company maintained car.
- 49.2 Aggregate amount charged in the financial statements for meeting fee to seven directors (2021: seven directors) was Rs. 3.88 million (2021: Rs 4.08 million).

#### 50 Plant capacity and actual production

<u>Spinning</u>	Unit	2022	2021
Number of rotors installed	No.	3,780	3,984
Annual installed capacity converted into 10s count	Kgs	13,939,820	14,692,128
Actual production converted into 10s count	Kgs	11,125,568	8,410,589
<u>Weaving</u>			
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.	32,198,956	28,276,305
<u>Garments</u>			
Number of stitching machines installed	No.	2,500	2,576
Annual installed capacity	Pcs	12,180,000	12,278,112
Actual production for the year	Pcs	11,375,807	10,574,224

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

The average and total number of employees are as follows:

	2022	2021
Average number of employees during the year	7,104	6,761
Total number of employees as at end of year	7,110	6,889

#### 52 Corresponding figures

Corresponding figures have been re-arranged, where necessary, for the purpose of better presentation. However, except for Post-retirement benefit obligation reserve having a balance Rs. 89,787,812/- as on June 30, 2021 has been classified from "Reserves" to "Accumulated losses", no significant reclassification has been made in these financial statements.

#### 53 Date of authorization for issue

These financial statements were authorized for issue on September 30, 2022 by the Board of Directors of the Company.

#### 54 General

Figures have been rounded off to the nearest rupee.

Lahore

  
 Chief Executive Officer

  
 Director

  
 Chief Financial Officer

FORM 34

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

**PATTERN OF SHAREHOLDING**  
**(ORDINARY SHARES)**

**PART-I**

1.1 Name of the Company

**AZGARD NINE LIMITED****PART-II**2.1 Pattern of holding of the shares held  
by the Shareholders as at

3	0	0	6	2	0	2	2
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2.2 Number of Shareholders	Shareholdings				Total Shares held
	from	-	to		
419	1	-	100	Shares	14,217
1199	101	-	500	Shares	521,873
1217	501	-	1000	Shares	1,151,855
2698	1001	-	5000	Shares	7,771,654
895	5001	-	10000	Shares	7,225,152
345	10001	-	15000	Shares	4,485,895
244	15001	-	20000	Shares	4,481,279
170	20001	-	25000	Shares	4,002,619
91	25001	-	30000	Shares	2,593,435
57	30001	-	35000	Shares	1,916,295
54	35001	-	40000	Shares	2,085,562
35	40001	-	45000	Shares	1,528,210
67	45001	-	50000	Shares	3,288,196
24	50001	-	55000	Shares	1,279,629
24	55001	-	60000	Shares	1,405,000
10	60001	-	65000	Shares	632,520
16	65001	-	70000	Shares	1,102,869
19	70001	-	75000	Shares	1,404,061
13	75001	-	80000	Shares	1,034,000
7	80001	-	85000	Shares	583,948
8	85001	-	90000	Shares	701,372
10	90001	-	95000	Shares	928,244
34	95001	-	100000	Shares	3,383,000
14	100001	-	105000	Shares	1,447,714
2	105001	-	110000	Shares	215,500
6	110001	-	115000	Shares	676,750
4	115001	-	120000	Shares	474,000
3	120001	-	125000	Shares	372,000
1	125001	-	130000	Shares	130,000
3	130001	-	135000	Shares	399,500
3	135001	-	140000	Shares	417,500

1	140001	-	145000	Shares	142,000
3	145001	-	150000	Shares	450,000
3	150001	-	155000	Shares	458,500
1	155001	-	160000	Shares	156,000
2	165001	-	170000	Shares	335,500
5	170001	-	175000	Shares	872,000
4	175001	-	180000	Shares	704,197
2	180001	-	185000	Shares	367,500
3	190001	-	195000	Shares	581,500
10	195001	-	200000	Shares	2,000,000
2	200001	-	205000	Shares	410,000
1	205001	-	210000	Shares	208,000
1	210001	-	215000	Shares	211,000
1	215001	-	220000	Shares	220,000
3	220001	-	225000	Shares	669,861
2	225001	-	230000	Shares	457,000
1	240001	-	245000	Shares	241,500
3	245001	-	250000	Shares	750,000
1	250001	-	255000	Shares	255,000
1	255001	-	260000	Shares	257,500
1	265001	-	270000	Shares	270,000
1	270001	-	275000	Shares	272,500
8	295001	-	300000	Shares	2,400,000
1	315001	-	320000	Shares	320,000
1	320001	-	325000	Shares	321,500
1	325001	-	330000	Shares	329,500
1	330001	-	335000	Shares	333,854
1	335001	-	340000	Shares	336,102
2	370001	-	375000	Shares	750,000
2	395001	-	400000	Shares	800,000
1	415001	-	420000	Shares	419,000
2	445001	-	450000	Shares	896,000
1	450001	-	455000	Shares	455,000
2	455001	-	460000	Shares	917,000
1	475001	-	480000	Shares	478,523
1	485001	-	490000	Shares	490,000
1	495001	-	500000	Shares	500,000
1	500001	-	505000	Shares	501,000
1	510001	-	515000	Shares	511,500
1	555001	-	560000	Shares	558,500
1	575001	-	580000	Shares	575,500
1	595001	-	600000	Shares	600,000
1	620001	-	625000	Shares	625,000
1	640001	-	645000	Shares	641,500
1	700001	-	705000	Shares	705,000
1	740001	-	745000	Shares	743,500
1	755001	-	760000	Shares	759,500

1	820001	-	825000	Shares	820,500
1	830001	-	835000	Shares	834,000
1	890001	-	895000	Shares	894,000
1	895001	-	900000	Shares	900,000
1	920001	-	925000	Shares	921,500
1	995001	-	1000000	Shares	1,000,000
1	1185001	-	1190000	Shares	1,187,500
1	1190001	-	1195000	Shares	1,191,000
1	1250001	-	1255000	Shares	1,254,000
1	1260001	-	1265000	Shares	1,261,500
1	1445001	-	1450000	Shares	1,448,000
1	1475001	-	1480000	Shares	1,478,500
1	1485001	-	1490000	Shares	1,486,000
1	1495001	-	1500000	Shares	1,500,000
1	1725001	-	1730000	Shares	1,726,500
1	1955001	-	1960000	Shares	1,960,000
1	1995001	-	2000000	Shares	2,000,000
1	2275001	-	2280000	Shares	2,277,600
1	2570001	-	2575000	Shares	2,571,275
1	3895001	-	3900000	Shares	3,900,000
1	4130001	-	4135000	Shares	4,133,845
1	4585001	-	4590000	Shares	4,586,819
1	4995001	-	5000000	Shares	5,000,000
1	5595001	-	5600000	Shares	5,600,000
1	6095001	-	6100000	Shares	6,100,000
1	9495001	-	9500000	Shares	9,500,000
1	12795001	-	12800000	Shares	12,796,950
1	19585001	-	19590000	Shares	19,586,000
1	22425001	-	22430000	Shares	22,425,550
1	47475001	-	47480000	Shares	47,478,692
1	113020001	-	113025000	Shares	113,021,751
1	120655001	-	120660000	Shares	120,657,363
<b>7812</b>	<b>TOTAL</b>				<b>485,409,731</b>

2.3	Categories of Shareholders	Shares held	Percentage
2.3.1	Directors, Chief Executive Officer, and their spouse and minor children	113,206,325	23.32%
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	10,036,618	2.07%
2.3.5	Insurance Companies	8,196,094	1.69%
2.3.6	Modarabas and Mutual Funds	5,691,800	1.17%
2.3.7	Shareholders holding 10%	233,679,114	48.14%
2.3.8	<u>General Public</u>		
	a. Local	160,889,237	33.15%
	b. Foreign	152,417	0.03%
2.3.9	<u>Others</u>		
	Investment Companies	2,008,785	0.41%
	Joint Stock Companies	63,796,464	13.14%
	Provident/Pension Funds and Misc.	766,230	0.16%





## Form of Proxy Azgard Nine Limited

I/We \_\_\_\_\_

son of/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 of/daughter of/wife of \_\_\_\_\_ or failing him/her

Mr./Ms./Mrs. \_\_\_\_\_

son of/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 29th Annual General Meeting of the Company to be held on Friday, the 28th October 2022 at 11:30 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 \_\_\_\_\_ 2022.

### WITNESSES

1. Signature \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

CNIC \_\_\_\_\_

2. Signature \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

CNIC \_\_\_\_\_

Affix Revenue  
Stamp

Member's Signature  
Over Revenue Stamp

### NOTE:

1. The Form of Proxy should be deposited at the Registered Office of the Company not later than 48 hours before the time for holding the meeting.
2. CDC Shareholders, entitled to attend and vote at this meeting, must bring with them their National Identity Cards/Passport in original to 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-i-Science  
Off: Shahrah-i-Roomi  
Lahore-54600, Pakistan.



# پراکسی فارم

## ایزگارڈ نائن لمیٹڈ

میں / ہم .....  
ولد / دختر / زوجہ .....  
ایزگارڈ نائن 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 جناب / محترمہ .....  
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 انیسویں سالانہ اجلاس عام جو کہ بروز جمعہ 28 اکتوبر 2022 بوقت 11:30 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 ..... 2022 کو رو برو 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-i-Science  
Off: Shahrah-i-Roomi  
Lahore-54600, Pakistan.

# AZGARD9

AZGARD NINE LIMITED  
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LAHORE-54600, PAKISTAN.  
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/AZGARD9LTD



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