

Tomorrow's Denim Today

**AZGARD
S**

**AZGARD NINE LIMITED
ANNUAL REPORT
2023**



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 outthere that
needs us to care... before fashion.
We come before fashion.
And because we do, the future comes
too.

AZGARD9. Future Before Fashion.



AHMED HUMAYUN SHAIKH

*Chief Executive Officer
Azgard Nine Limited*

Our journey towards a sustainable future starts with the very foundation of our manufacturing process. We continuously explore ways to improve our processes, seeking greener alternatives and eco-friendly solutions. We are committed to fostering an inclusive and diverse working environment, where individuals of all backgrounds and identities are respected and celebrated. By creating an atmosphere of inclusivity and gender diversity, we believe we can drive innovation and create positive change within our industry and beyond. We hereby disclose our sustainability progress, challenges faced and achievements to inspire others and hold ourselves accountable. With your continued trust, we are determined to set new industry standards and shape a future where fashion and sustainability go hand in hand.

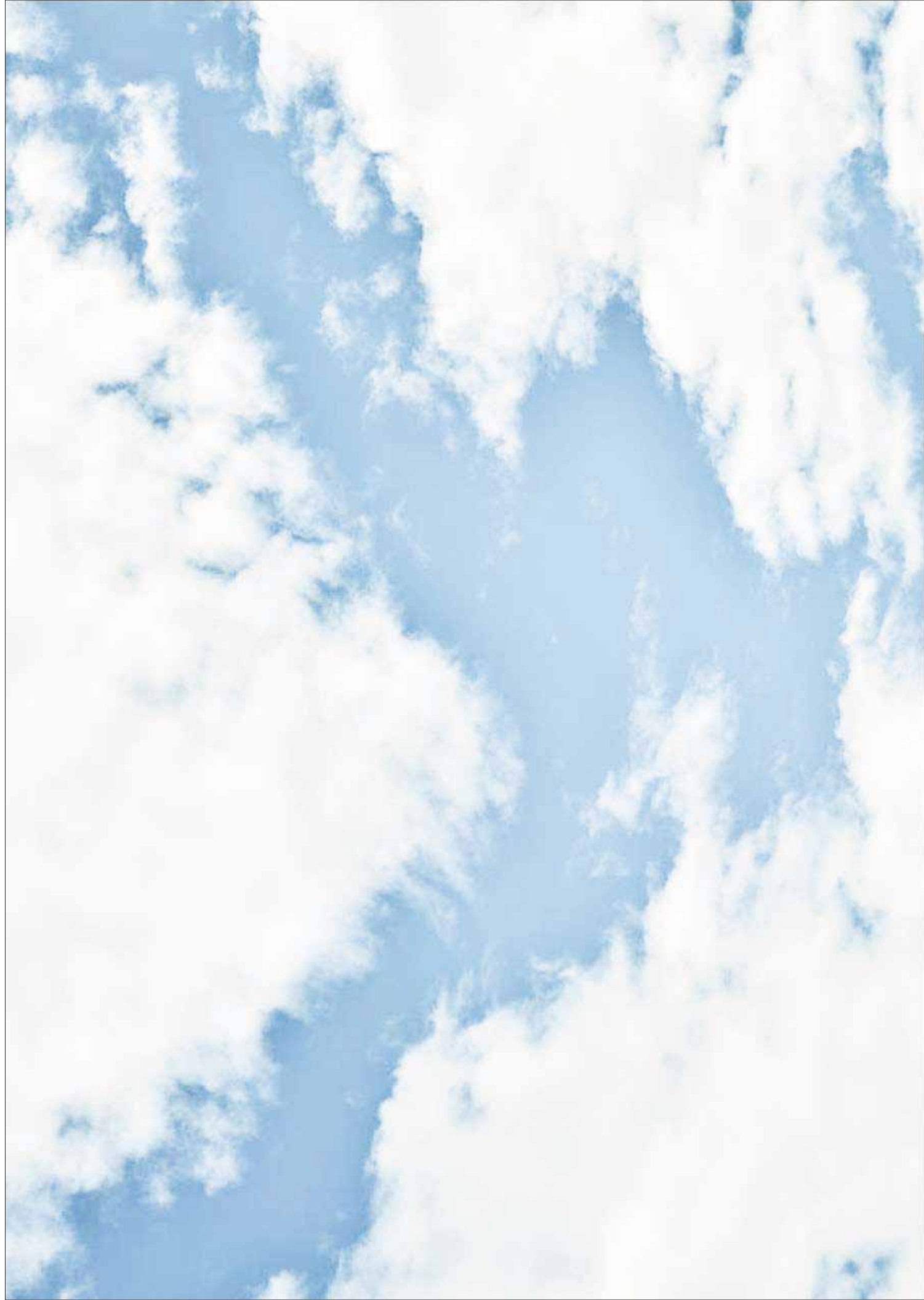
A handwritten signature in black ink, consisting of stylized, cursive letters that appear to read 'Ahmed Humayun Shaikh'.

“Let's walk this path together and build a brighter tomorrow”

AHMED HUMAYUN SHAIKH

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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



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

E-MAIL

info@azgard9.com

PROJECT LOCATIONS

Textile & Apparel

Unit I

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

Unit II

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

WEB PRESENCE

www.azgard9.com



CHAIRMAN'S REVIEW

I am honored to present the annual review of the audited financial statements of the Company for the year ended June 30, 2023, alongside an assessment of the Board's overall performance. It is with great pleasure that I extend the formal invitation for your attendance at the 30th Annual General Meeting of the Company.

Review of the Company's performance

I would like to extend my facilitations to all the stakeholders, especially the management of the Company, for achieving a Net Profit after Tax of Rs. 1.47 Billion. During the year, the Company faced challenges such as the global economic slowdown, rising energy prices, and shortages of raw materials. Despite these challenges, the Company was able to achieve a 112% growth in profit after tax, indicating a robust performance in terms of profitability.

In prior years, the Company had recognized redeemable capital and new zero coupon finance certificates on their respective face values. During the year however, to comply with IFRS-9 - Financial Instruments, the Company has recognized these finances at their fair value. The comparative figures have been restated accordingly.

The creditors' scheme of arrangement approved by the Honorable Lahore High Court 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. As mentioned in Note 2.3, the Spinning Unit at Alipur road, Muzaffargarh has been sold. An amount of Rs 719 million (2022: Rs. 1,068.16 million) was receivable as at 30 June 2023 against this sale. We believe that the remaining funds will be received as per timelines agreed between the agent banks and the buyer of this unit. Once the complete proceeds have been received, the same will be distributed among creditors as per creditors' scheme of arrangement.

The Company had an outstanding receivable from National Bank of Pakistan since 2014 due to an agreement for the sale and repurchase of preference shares of Agritech Limited. Finally, during the year under review, the Company has received Rs. 306.02 million from National Bank of Pakistan after making efforts to resolve the matter for almost a decade.

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, 2023. 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 express gratitude to all our customers for their continued trust in the Company. I would like to applaud the hard work of all the workers, staff and the management. Lastly, our sincere appreciation goes out to the financial institutions that have provided crucial support during these challenging times.

Date: October 02, 2023



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, 2023.

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

Your Company's main business 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, 2023 (standalone):

	Year ended June 30, 2023 (Rupees)	Year ended June 30, 2022 Rupees(Restated)
Sales – net	31,571,122,964	33,768,785,939
Operating profit	2,907,224,958	2,147,303,481
Finance cost	(814,184,296)	(764,116,597)
Profit before tax	1,914,427,047	1,146,662,790
Profit after tax	1,470,453,498	693,050,987
Earnings per share	2.99	1.41



Review for the year

In the fiscal year under review, the Company experienced a 6.5% reduction in sales compared to the preceding year, while simultaneously achieving a growth of over 35% in profit from operations. Our profit before taxation for this fiscal year reached Rs. 1,914.43 million, a significant increase compared to the previous year's figure of Rs. 1,146.66 million. Additionally, our profit after taxation surged by more than 112% in comparison to the previous fiscal year, indicating a robust performance in terms of profitability.

During the year, the textile industry faced a difficult situation because of the global economic slowdown. The period commenced with the floods in Pakistan, inflicting substantial damage and consequential economic losses. The industry has also been confronted with the dual challenges of reduced cotton crop yields and rising prices of raw materials and energy. In spite of these obstacles, your Company has managed to attain a good performance by substantially increasing its profitability.

Notably, the company has received long-outstanding receivables amounting to Rs. 306.02 million from the National Bank of Pakistan.

Furthermore, the abrupt changes in the policies of government have adversely affected our margins. Initially, the government formalized a subsidized electricity rate of Rs. 19.99 per unit, covering the period from October 2022 to June 2023, offering relief for the industry. Regrettably, this subsidy has been withdrawn, effective March 01, 2023, as a stipulation of the IMF program. Similarly, the increase in the general sales tax (GST) to 18% has imposed an augmented fiscal burden upon the Company. KIBOR at the start of this year was 15.32%, which kept increasing throughout the year and was at 22.91% as of June 30, 2023. Similarly, the SBP refinance rate, escalated from 11% to 19%. All this has contributed to a large increase in financial expenses within the industry.

In addition to this, the imposition of super tax at the rate of 10% has further increased the tax burden on the Company.

In light of these developments, it becomes imperative for the Company to continuously strategize and implement measures aimed at mitigating the impact of all these negative factors. If it wants to continue to grow its income.

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.

Some of the funds pertaining to the sale of the spinning unit located at Alipur Road, Muzaffargarh have been received. It is expected that the full amount will be received as per the timelines 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 the creditors' scheme of arrangement.

Future Business Outlook

The Company's future prospects are cautiously optimistic, despite the presence of certain challenges that demand attention. Amidst the prevailing global economic slowdown and disruptions in the supply chain, the Company has exhibited remarkable resilience and adaptability, leading to enhanced profitability, so far.

As we cast our gaze toward the horizon, our growth trajectory will be guided by factors such as the availability of low cost energy, a sustained commitment to value addition, and the incorporation of sustainable and eco-friendly practices to align with evolving global standards. Notably, we are considering initiating a series of projects aimed at reducing energy costs and improving our infrastructure in response to customer requirements.

It is imperative to acknowledge that future trends will be shaped by variables such as economic stability, exchange rate fluctuations, inflation, interest rates, political stability and energy supply issues.

In the face of these multifaceted challenges, it is hoped that our steadfast dedication to innovation, unwavering pursuit of quality, and responsible approach to conducting business will continue to drive our success in times to come.

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, 2023 is Rs 2.99 per share.

Dividends

The Company has recently started debt servicing of its restructured debt under the Lahore High Court approved Creditors' Scheme of Arrangement and has to manage its cash flows in order to make payments in a timely manner.

In addition, the Company has to fund its working capital needs as borrowing is not a viable option in this high interest rate environment.

Consequently, the Company does not have surplus cash at the moment from which it may pay dividends.

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 implemented 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, 2023.

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, 2023 except for those disclosed in the financial statements.
- During the year, Mr. Ahmed H. Shaikh, CEO of the Company received 1,867,000 shares as gift from his Father and purchased 3,777,600 shares at price of Rs.10.80 per share.
- 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, 2023.

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, 2023 along with status of attendance by each director:

Board of Directors' Meetings

Five (5) meetings were held during the period from July 1, 2022 to June 30, 2023

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, 2022 to June 30, 2023

Name of Directors	Eligibility	Attended
Ms. Maliha Sarda Azam	1	1
Mr. Usman Rasheed	1	1
Mr. Ahmed H. Shaikh	1	1

Audit Committee Meetings

Four (4) meetings were held during the period from July 1, 2022 to June 30, 2023

Name of Directors	Eligibility	Attended
Mr. Nasir Ali Khan Bhatti	4	4
Ms. Maliha Sarda Azam	4	4
Mr. Usman Rasheed	4	4

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, 2023. 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:

	Chief Executive
	----- Rupees -----
Managerial remuneration	20,700,000
Medical	2,070,000
Utilities and house rent	8,280,000
Post-employment benefits	1,725,000
Bonus	36,225,000
	69,000,000

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, 2023.

Auditors' observations

The auditors qualified their opinion in audit report due to non-availability of details regarding litigation with M/S Taybah Capital Limited. As mentioned in note 19.1.5, the proceedings of the Italian Courts are going on and details would be available once the proceedings are concluded.

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 has outsourced the internal audit function to M/s. PKF F.R.A.N.T.S, Chartered Accountants (a member firm of PKF International Limited) who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company. Further, a fulltime employee of the Company has been designated as Head of Internal Audit as required under the Regulations. 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, 2023 is annexed.

Classes/kinds of share capital

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

Web presence

Annual and periodic financial statements of the Company are also available on the website of the Company www.azgard9.com for information of the shareholders and others.

Acknowledgment

We would like to acknowledge the continued confidence of our valued customers, the support and cooperation of the financial institutions, the hard work of 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



Chairman

Lahore

Date: October 02, 2023

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 2023 پیش کر رہے ہیں۔

کمپنی کے حسابات تصدیق شدہ منجانب چیف ایگزیکٹو آفیسر اور چیف فنانشل آفیسر جس کی بورڈ آڈٹ کمیٹی نے سفارش کی اور بورڈ آف ڈائریکٹرز نے پیش کرنے کی اجازت دی۔

اہم سرگرمیاں

آپ کی کمپنی کی توجہ دھاگہ، ڈینیم کپڑا اور تیار ڈینیم ملبوسات کی مصنوعات کی پیداوار اور مارکیٹنگ پر مرکوز ہے، جس میں دھاگے سے لے کر ریٹیل ریڈی گڈز شامل ہیں۔

ایزگارڈ نائن لمیٹڈ کے (اسٹیٹڈ لون) آپریٹنگ مالیاتی نتائج برائے سال 30 جون 2023 درج ذیل ہیں۔

تفصیلات	سال ختمہ 30 جون 2023 (روپے)	سال ختمہ 30 جون 2022 (روپے)
فروختگی (Net)	31,571,122,964	33,768,785,939
آپریٹنگ منافع	2,907,224,958	2,147,303,481
مالیاتی اخراجات	(814,184,296)	(764,116,597)
منافع قبل از ٹیکس	1,914,427,047	1,146,662,790
منافع بعد از ٹیکس	1,470,453,498	693,050,987
منافع فی شیئر	2.99	1.41

سالانہ جائزہ

زیر نظر مالی سال کے دوران، کمپنی کی سیلز میں پچھلے سال کے مقابلے 6.5 فیصد سے کمی ہوئی ہے۔ ساتھ ہی آپریٹنگ منافع میں پچھلے سال کے مقابلے 35 فیصد سے زیادہ اضافہ ہوا ہے۔ پچھلے سال کے 1,146.66 ملین روپے قبل از ٹیکس نقصان کے مقابلے اس مالی سال نمایاں اضافہ ہوا ہے اور قبل از ٹیکس منافع 1,914.43 ملین روپے تک پہنچ گیا ہے۔ مزید برآں، ہمارے بعد از ٹیکس کے منافع میں پچھلے سال کے مقابلے 112 فیصد سے زیادہ کا اضافہ ہوا، جو کہ منافع کے لحاظ سے ایک مضبوط کارکردگی کی نشاندہی کرتا ہے۔

سال کے دوران ٹیکسٹائل کی صنعت کو عالمی اقتصادی سست روی کی وجہ سے مشکل صورتحال کا سامنا کرنا پڑا۔ اس مدت کا آغاز پاکستان میں سیلاب سے ہوا، جس سے کافی نقصان ہوا۔ صنعت کو کپاس کی فصل کی کم پیداوار اور خام مال اور توانائی کی بڑھتی ہوئی قیمتوں کے دوہرے چیلنجوں کا سامنا ہے۔ ان رکاوٹوں کے باوجود، آپ کی کمپنی اپنے منافع میں خاطر خواہ اضافہ کر کے اچھی کارکردگی حاصل کرنے میں کامیاب رہی ہے۔

قابل ذکر بات یہ ہے کہ نیشنل بینک آف پاکستان سے لمبے عرصے سے قابل وصول 306.02 ملین روپے وصول ہو گئے ہیں۔

مزید برآں، حکومت کی پالیسیوں میں اچانک تبدیلیوں نے ہمارے مارجن کو بری طرح متاثر کیا ہے۔ ابتدائی طور پر، حکومت نے باظابطہ طور پر بجلی کے رعایتی نرخ

اکتوبر 2022 سے جون 2023 کی مدت کے دوران 19.99 روپے فی یونٹ مقرر کی جو کہ کافی حد تک ریلیف تھا، افسوس کے ساتھ، 01 مارچ 2023 سے آئی ایم ایف پروگرام کی شرط کے طور پر یہ سیسڈی واپس لے لی گئی۔ اسی طرح، جنرل سیلز ٹیکس (GST) میں 18 فیصد تک اضافے نے کمپنی پر ایک اضافی مالی بوجھ ڈال دیا ہے۔ اس سال کے آغاز پر KIBOR 15.32 فیصد تھا جس میں سال بھر اضافہ ہوتا رہا اور 30 جون 2023 تک 22.91 فیصد پر تھا۔ SBP ری فنانس کی شرح 11 فیصد سے 19 فیصد تک بڑھ گئی۔ اس سب نے صنعت کے اندر مالی اخراجات میں بڑے اضافے میں اہم کردار ادا کیا ہے۔ اس کے علاوہ 10 فیصد کی شرح سے سپرنٹیکس کے نفاذ سے کمپنی پر ٹیکس کا بوجھ مزید بڑھ گیا ہے۔ ان پیش رفتوں کی روشنی میں، کمپنی کے لئے یہ ضروری ہو جاتا ہے کہ وہ مسلسل حکمت عملی بنائے اور ان اقدامات کو نافذ کرے جن کا مقصد ان تمام منفی عوامل کے اثرات کو کم کرے، اگر یہ اپنی آمدنی میں اضافہ کرنا چاہتی ہے۔

قرضہ جات کی مالیاتی تنظیم نو

31 جولائی 2019 کو لاہور ہائی کورٹ (LHC) 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۔ علی پور روڈ، مظفر گڑھ میں واقع سپننگ یونٹ سے متعلق کچھ فنڈز موصول ہو گئے 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

کمپنی کے مستقبل کے امکانات کچھ خاص چیلنجوں کی موجودگی کے باوجود محتاط طور پر پر امید ہیں۔ مروجہ عالمی اقتصادی سست روی اور سپلائی چین میں رکاوٹوں کے درمیان، کمپنی نے قابل ذکر چیک اور موافقت کا مظاہرہ کیا ہے۔ جس کی وجہ سے اب تک منافع میں اضافہ ہوا ہے۔ جیسے ہی ہم اپنی ٹکا ہیں افق کی طرف ڈالیں گے، ہماری ترقی کی رفتار کم قیمت توانائی کی دستیابی، قدر میں اضافے کے لئے مستقبل عزم، اور ابھرتے ہوئے عالمی معیارات سے ہم آہنگ ہونے کے لیے پائیدار اور ماحول دوست طریقوں کو شامل کرنے جیسے عوامل سے رہنمائی حاصل کرے گی۔ خاص طور پر، ہم پراجیکٹس کی ایک سیریز شروع کرنے پر غور کر رہے ہیں جن کا مقصد توانائی کی لاگت کو کم کرنا اور صارفین کی ضروریات کے جواب میں اپنے بنیادی ڈھانچے کو بہتر بنانا ہے۔ یہ تسلیم کرنا ضروری ہے کہ مستقبل کے رجحانات متغیرات جیسے معاشی استحکام، شرح مبادلہ میں اتار چڑھاؤ، افراط زر، شرح سود، سیاسی استحکام اور توانائی کی فراہمی کے مسائل سے تشکیل پائیں گے۔

ان ہمہ جہتی چیلنجوں کا سامنا کرتے ہوئے، امید کی جاتی ہے کہ جدت کے لئے ہماری ثابت قدمی، معیار کی غیر متزلزل جتجو اور کاروبار کے انعقاد کے لئے ذمہ دارانہ نقطہ نظر آنے والے وقتوں میں ہماری کامیابی کو آگے بڑھاتا رہے گا۔

کارپوریٹ سماجی ذمہ داری

انتظامیہ لوگوں کو ضروری مہارت اور عالمی معیشت کی کامیابی میں بااختیار بنانے کی طرف کام کر رہی ہے۔ کمپنی مقامی کمیونٹی 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

مختتمہ سال 30 جون 2023 میں کمپنی کی کمائی فی شیئر مبلغ 2.99 روپے ہے۔

منافع

کمپنی نے حال ہی میں لاہور ہائی کورٹ سے قرض دہنگان کے انتظامات کی اسکیم کے تحت اپنے قرضوں میں تنظیم نو کے بعد ادائیگی شروع کی ہے اور اسے بروقت ادائیگی کرنے کے لیے اپنے کیش فلو کا انتظام کرنا ہے۔

اس کے علاوہ، کمپنی کو اپنی ورکنگ کپیٹل کی ضروریات کو پورا کرنا ہوگا کیونکہ اس بلند شرح سود کے ماحول میں قرض لینا ایک قابل عمل آپشن نہیں ہے۔ نتیجتاً، کمپنی کے پاس اس وقت اضافی نقد رقم نہیں ہے جس سے وہ منافع کی ادائیگی کر سکے۔

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 ہمسایہ 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 بھی ابھی تک لاگو نہیں کیا ہے۔ 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 بیلنس شیٹ متعلقہ ہے سے لیکر ڈائریکٹرز پورٹ 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 مختتمہ 30 جون 2023 کے مالیاتی اسٹیٹمنٹس کے نوٹ 43 میں مہیا کی گئی ہیں۔

کارپوریٹ بریفنگ سیشن

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

کارپوریٹ گورننس، مالیاتی رپورٹنگ اور انٹرنل کنٹرول سسٹمز

ہم رپورٹ پیش کرنے میں خوش 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 2023 تک ٹیکسز، ڈیوٹیز، لیویز اور اخراجات کی مد میں کوئی ادائیگی بقا نہیں ہے ماسوائے ان کے جو مالیاتی اسٹیٹمنٹس میں بیان کی گئی ہیں۔
- ☆ سال کے دوران، جناب احمد ایچ شیخ سی ای او نے 1,867,000 حصص والد سے بطور تحفہ وصول کئے اور 3,777,600 حصص 10.80 روپے فی حصہ کے حساب سے خریدے۔
- ☆ 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 سرٹیفیکیشن جاری کئے شریعہ ایڈوائزرز نے سلوک کے اجراء کو بیرونی آڈٹ سے مستثنیٰ قرار دیا ہے۔
- ☆ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے تحت بہترین طریقوں کی اسٹیٹمنٹ آف کمپلائنس اس سال اندر 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 2023 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 بورڈ ریکمینڈیشنز 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 صارہ اعظم جناب ناصر علی خان بھٹی جناب محمد وسیم ہٹ 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 صارہ اعظم

بورڈز کمیٹیوں کے ممبران کے نام مندرجہ ذیل ہیں:

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

سال تختہ 30 جون 2023 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 2022 تا 30 جون 2023 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 2022 تا 30 جون 2023 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 2022 تا 30 جون 2023 تک چار میٹنگز منعقد ہوئی ہیں۔

نام	اہلیت	حاضری
جناب ناصر علی خان بھٹی	4	4
محترمہ ملیحہ صارہ اعظم	4	4
جناب عثمان رشید	4	4

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 اکاؤنٹنٹس کو 30 جون 2023 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 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 چیئرمین کی جائزہ رپورٹ منسلک ہے۔

ڈائریکٹرز کا مشاہرہ

کمپنی میں اپنے (ایگزیکٹو اور آزادانہ ایگزیکٹو) ڈائریکٹر 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
یوٹیلیٹی اور ہاؤس رینٹ	8,280,000
بعد از ملازمت فوائد	1,725,000
بونس	36,225,000
	69,000,000

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 2023 کے نوٹ 49 میں بھی بیان کی گئی ہیں۔

آڈیٹرز کے مشاہدات

آڈیٹرز نے آڈٹ رپورٹ میں میسرز طیبہ کیپیٹل لمیٹڈ کے ساتھ قانونی چارہ جوئی کے حوالے سے تفصیلات کی عدم دستیابی کی وجہ سے اپنی رائے دی ہے۔ جیسا کہ نوٹ 19.1.5 میں ذکر کیا گیا ہے کہ اطالوی عدالتوں کی کارروائی جاری ہے اور کارروائی مکمل ہونے کے بعد تفصیلات دستیاب ہوں گی۔

آڈیٹرز کی تعیناتی

میسرز گرانٹ تھورنٹن انجم رحمان، چارٹرڈ اکاؤنٹنٹس، آزاد نامہ ڈکار فرم برائے گرانٹ تھورنٹن توہاٹسو لمیٹڈ، ایک معروف چارٹرڈ اکاؤنٹنٹس فرم نے کمپنی کے ساتھ اپنی تقرری کی مدت مکمل کی ہے اور اہل ہونے کے ساتھ اپنی خدمات کو اگلی مدت کیلئے پیش کیا ہے۔ بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کی سفارش پر آنے والے سال کے لئے دوبارہ تعیناتی کیلئے کمپنی کے آڈیٹرز کے طور پر میسرز 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 لمیٹڈ 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 انٹرنل آڈٹ فنکشن کو M/s PKF F.R.A.N.T.S، چارٹرڈ اکاؤنٹنٹس (PKF) انٹرنیشنل لمیٹڈ کی ایک رکن فرم) کو آڈٹ سروس کر دیا ہے جنہیں اس مقصد کے لئے موزوں اور تجربہ کار سمجھا جاتا ہے اور کمپنی کی پالیسیوں اور طریقہ کار سے واقف ہیں۔ مزید برآں، کمپنی کے ایک کل وقتی ملازم کو مضابطوں کے تحت مطلوبہ انٹرنل آڈٹ کے سربراہ کے طور پر نامزد کیا گیا ہے۔ انٹرنل آڈٹ کے نتائج کا آڈٹ کمیٹی جائزہ لیتی ہے اور جہاں ضروری ہو، انٹرنل آڈٹ رپورٹس میں موجود سفارشات کی بنیاد پر کارروائی کی جاتی 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 منجمنٹ 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 منجمنٹ کے لئے وسیع سوچ۔
- ☆ ایسے گورننس ڈھانچے کی تشخیص جو کہ رسک منجمنٹ عمل کا احاطہ کرے۔

شیئر ہولڈنگ پیٹرن

شیئر ہولڈنگ پیٹرن 30 جون 2023 منسلک کیا گیا ہے۔

شیر 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 آڈنگ اپ پر۔

ویب موجودگی

کمپنی کی سالانہ اور عبوری مالیاتی سٹیٹمنٹس، شیر ہولڈز اور دیگر کی معلومات کیلئے ایزگارڈ نائن کی ویب سائٹ 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 شرکاء اور اداروں کے شکر گزار ہیں جن کا تعاون کمپنی کے لئے انمول ہے۔
یہ امید کی جاتی ہے کہ شرکاء اور اداروں کی حمایت سے کمپنی میں مالی بہتری آئے گی۔

بورڈ آف ڈائریکٹرز کی جانب سے



چیئر مین



چیف ایگزیکٹو آفیسر
02 اکتوبر 2023



AZGARD9

Continued Commitment

SUSTAINABILITY DISCLOSURE 2023

“This report serves as a testament to the progress we have made in fulfilling our commitment to this planet and its people”

AZ
GO



AZGARD9
Tomorrow's Denim Today

OVER 120 YEARS OF EXCELLENCE

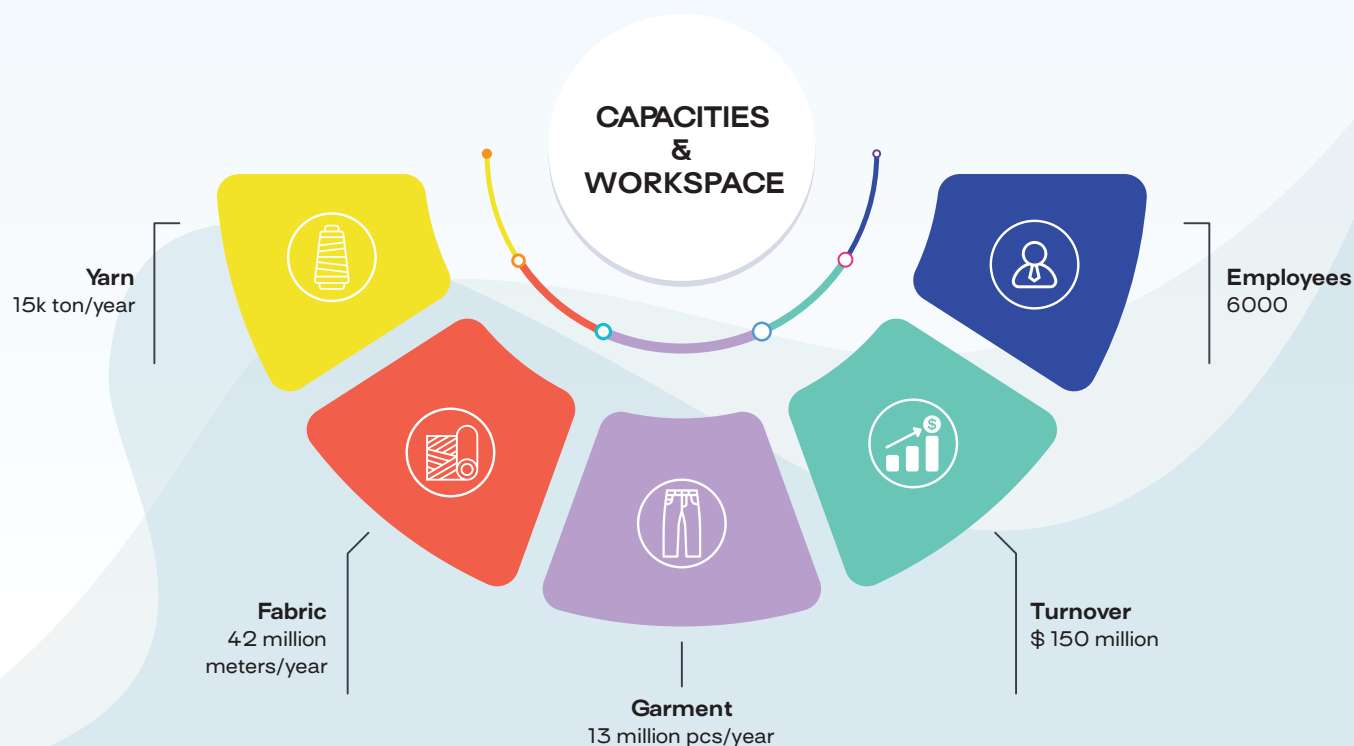
COMMITMENT TO SUSTAINABILITY

Since 2018, Azgard9 has voluntarily committed to main stream sustainability. This means that everything we produce, must be engineered in such a manner that it consumes less water, less energy and more recycled content. These efforts have remarkably reduced the environmental footprints of our products.

“We are one of the world’s leaders in sustainability, establishing the standards that others want to aspire to”

MISSION

Our goal is to become a zero waste, carbon neutral company by 2030. We intend to recycle all our industrial waste and offset the total CO₂ emissions from the facility.



MAIN STREAM SUSTAINABILITY

Our approach to main stream sustainability is focused on **Planet, Product and People.**

A. PLANET

Conserve the natural resources and reduce the environmental footprint.

Achieved - 50%
Less water consumption from the base year (2018).

2030

Zero liquid discharge and total carbon neutrality by 2030

B. PRODUCT

Radical innovation in the product design and circular economy model are the way forward.

40% recycled content in fabrics & garments.

Denim 9.0 - A globally leading sustainable product that is trademarked.

2025

50% Recycled and 100% Bio-degradable products by 2025

C. PEOPLE

We believe every human deserves respect and fair opportunities to excel in life.

40hrs yearly training per person.
Escalating the well being.

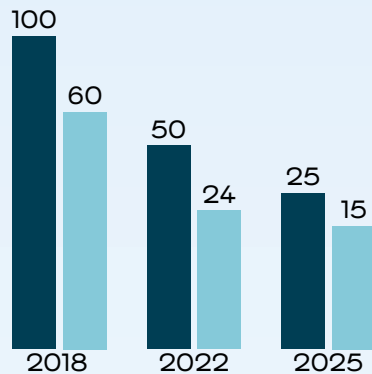
2030

25% women workforce and 60hrs training by 2030

We meet the highest level of sustainable production by OEKO-TEX STeP

WATER STEWARDSHIP

We are taking proactive measures to minimise the water consumption in producing fabrics & garments.

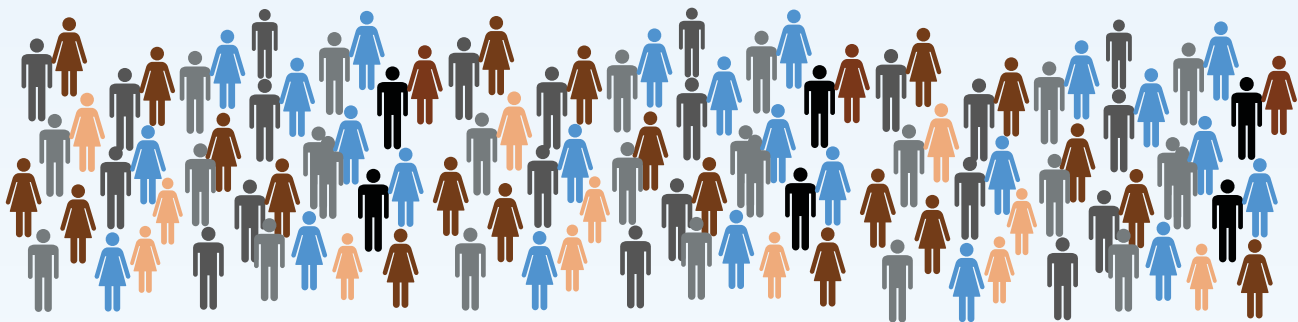


Over 50% reduction in water consumption

Tremendous effort invested in redesigning the processes.

■ Litres / meter of fabric
■ Litres / kg of garments

Saved 1.4 billion litres of water in 2022



Enough to sustain a city of 200K people.

HOW DO WE DO THIS?



Less-water dyeing



Re-using non contact water



Water-less finishing



Laser



Nano bubble washing



Ozone

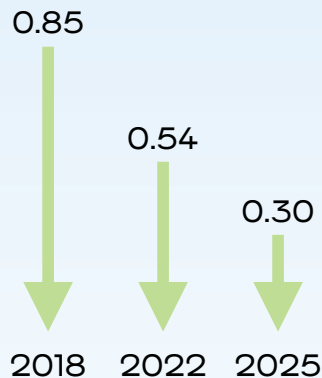
We have the lowest water consumption in the country acknowledged by “GREEN TO WEAR”

ENERGY & EMISSIONS

Climate positive vision with the target of total carbon neutrality by 2030.

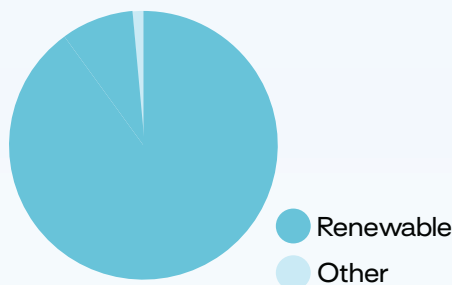
Top **5%** achievers, globally.
REDUCED CO₂ EMISSIONS

37% absolute reduction in scope-1 CO₂ emissions.



Scope-1 CO₂ emissions (kg/unit)

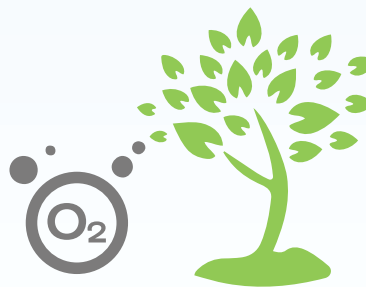
Using the highest percentage of **RENEWABLE THERMAL ENERGY** in the country.



99% renewable thermal energy

CARBON NEUTRALITY

Our target of planting one million trees in the next seven years will offset CO₂ emissions of our manufacturing facility.



200K trees planted since 2018

Already ahead of the global average. Target to be a global leader by 2030

CHEMICALS AND WASTE MANAGEMENT

1

CHEMICALS - Ranked in top 3% manufacturers globally.

100% of our chemicals comply with the top level of ZDHC - Level 3.



2

CHEMISTRY

Using REACH & BlueSign approved chemistry; our products meet RSL & MRSL requirements of the customers worldwide.



3

EFFLUENT QUALITY

Currently at Progressive level, our ultimate goal is to achieve the Aspirational level by 2025 and ZERO liquid discharge by 2030.



We are establishing the standards that others want to aspire to.

GLOBALLY RECOGNISED

Our achievements have been acknowledged by globally renowned Third-party accrediting bodies

a



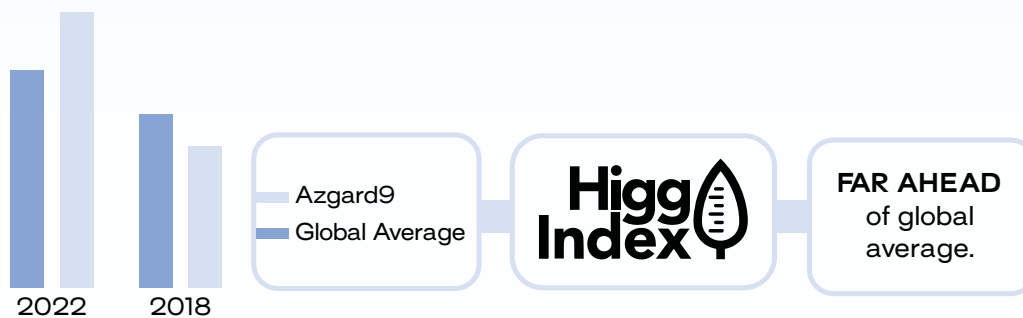
First in Pakistan to be entitled "CARE FOR WATER" & CARE FOR PLANET"

b



Achieved the HIGHEST LEVEL

c



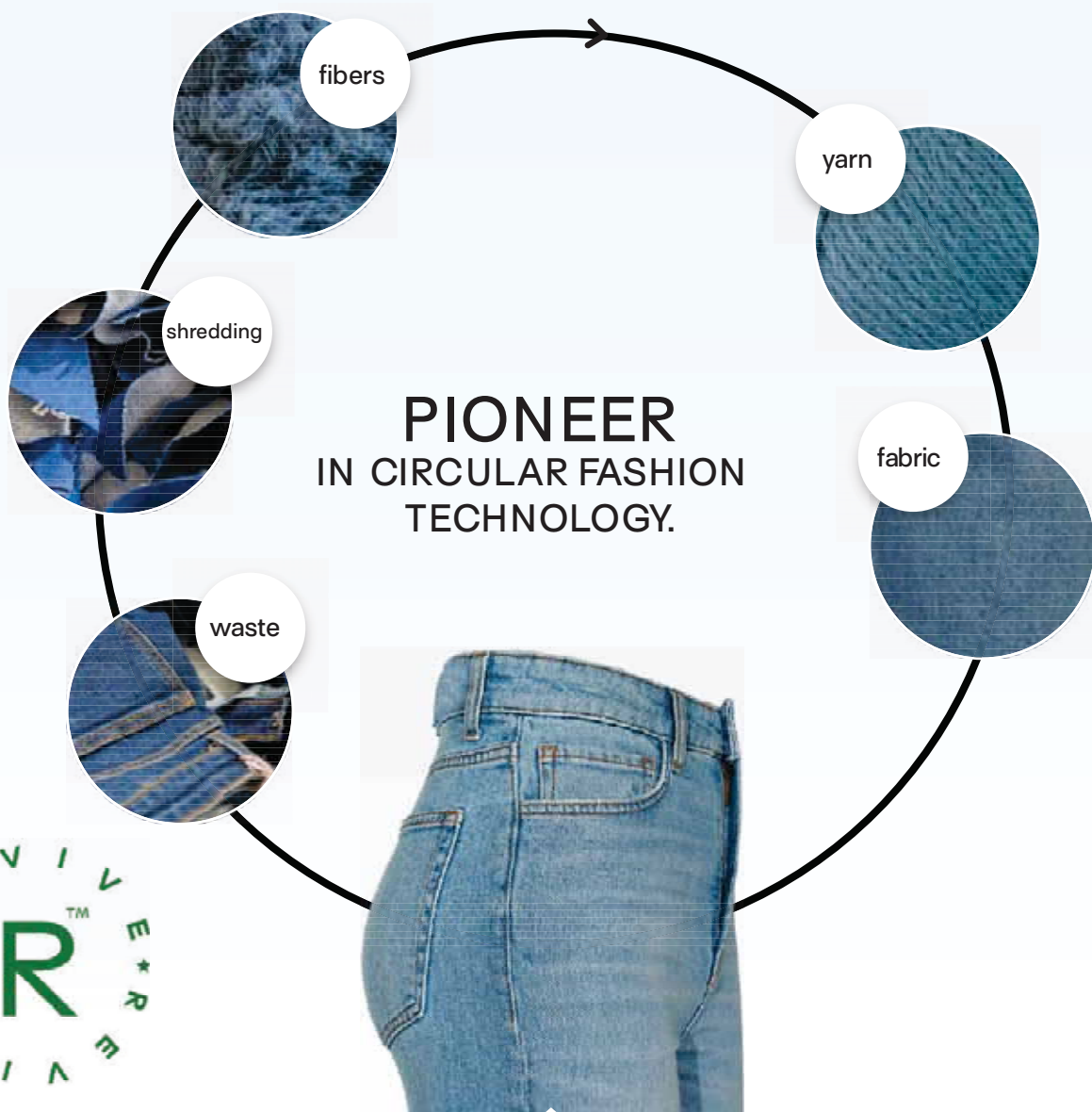
Committed to maintaining a leading position, globally

REVIVIVE

Our own state-of-the-art process for recycling post-industrial and post-consumer textile waste. We are producing high-quality material that the industry could use to create new yarns and fabrics.

PRODUCTS OFFERING

- We are offering yarns made of 60% recycled content.
- Fabrics upto 40%
- Garments having 40% recycled material with EIM score less than 25.
- Our recycled polyester is traceable using "Fibre Trace"



DENIM 9.0™ - ULTIMATE CIRCULARITY

Our denim 9.0™ collection is carefully crafted to ensure its longevity
And recyclability. Every detail, from the fabric to the linings
And patches, is designed with recyclability in mind.

100% Biodegradable denim ★

Recyclable sewing threads & lining ★

Main label & back patches are recyclable ★

Made of REVIVE™ fibers & laser friendly indigo ★

★ Low EIM score

★ Metal trims can be detached at the time of recycling process

★ Special fusing used inside the waist band

★ Resource efficient (Minimum water & energy consumption)

Icons: Hand holding a water drop, hand holding a lightning bolt, hand holding a plant, hand holding a globe.



The global standard for recyclable products

TRADEMARKS

Developed globally leading innovative and sustainable products & processes that have been trademarked.



REVIVE is the industry leading brand of recycled fibres from post-industrial and post-consumer waste, offered in multiple categories, contributing to the circular economy.

AMBICLEAR is state-of-the-art, energy efficient, salt less dyeing technology immensely climate positive in contrast to the conventional processes.



100% Bio-degradable Jeans, fully sustainable & recyclable range having the least EIM washing score.

ARCANE is a radically innovative high stretch denim free from the elastane slippage and overcoming body hugging challenges.

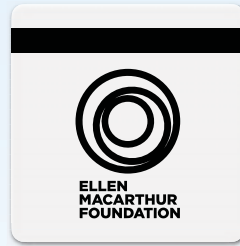
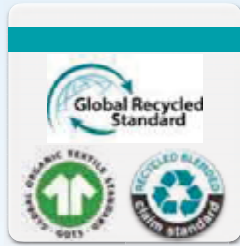


EVERFIT is a shape memory denim, engineered to fit in a broad range of body shapes and sizes.

Industry leading innovations delivered

PARTNERSHIPS & ACCREDITATIONS

Our commitment to maintaining the highest levels of quality and excellence.



WORLD'S FIRST DENIM COMPANY TO WIN

GOLD award in creative design category at **CANNES LIONS INTERNATIONAL FESTIVAL OF CREATIVITY.**

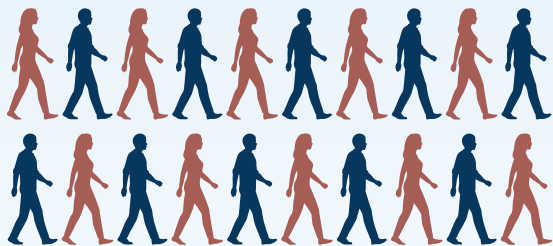


Achieving excellence and driving progress in all that we do

SOCIAL FAIRNESS

Based on the principles of mutual respect, rewards and equal opportunities.

COMMUNITY

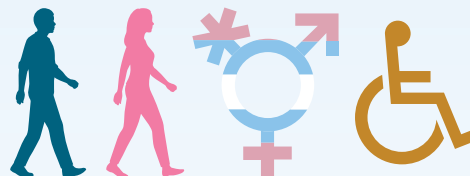


24/7 health care facility is available within the premises.

4 Fully funded scholarships in 2022.

20 enrolments in training institute this year and aiming at 50 by 2025.

GENDER DIVERSITY



Welfare Community Centre focused on empowering women and free operational trainings.

Idea Box – encouraging constructive dialogues

Targeting 25% of women workforce, 3% Transgenders & 4% Differently abled by 2025.

WELLNESS



Encouraging a culture of excellence by recognising and rewarding performances.

Promoting healthy & active lifestyle through sports festivals.

Focused programs for employees, Trainings & Development, Empowerment & Autonomy.

Committed to provide the best for our employees

HAJJ LUCKY DRAW WINNERS 2023



PLANTATION DRIVE



WOMEN EMPOWERMENT



COMMUNITY WELFARE TRAINING CENTER FOR WOMEN



INTERNATIONAL WOMEN'S DAY



INTERNSHIP PROGRAM



EXHIBITIONS



CELEBRATIONS



DORMITORIES



TRANSPORT FACILITY



SUBSIDIZED FOOD



AZGARD9

For questions regarding this report you can contact us at
info@azgard9.com

We appreciate your feedback.
Thank you.

NOTICE OF THIRTIETH ANNUAL GENERAL MEETING

Notice is hereby given that Thirtieth Annual General Meeting of the Members of AZGARD NINE LIMITED ('the Company') will be held on Friday, October 27, 2023 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 Ninth Annual General Meeting of the Company held on October 28, 2022;
2. To receive, consider and adopt the audited financial statements of the Company for the financial year ended June 30, 2023, 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, 2024 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, 2023

NOTES:

1. The Share Transfer Books of the Company will remain closed for the period from October 21, 2023 to October 27, 2023 (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, 2023 will be considered in time to attend and vote at the Meeting.
2. Financial Statements for the year ended June 30, 2023 will be available at the website of the Company www.azgard9.com twenty one days before the date of meeting.

Further, the Company is transmitting Annual Report for the year ended June 30, 2023 through email to those members whose email addresses are available with the Company and through CD/DVD to those members whose email addresses are not available with the Company. However, the members may request a hard copy of Annual Report free of cost and in this respect standard request form is available at the website of the Company www.azgard9.com for convenience of members.

3. The Preference Shareholders are not entitled to attend the meeting.
4. A member of the Company entitled to attend and vote at this meeting, may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies, in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.
5. 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 before the close of business (i.e. 05.00 pm) on October 25, 2023:

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. Please note that requirements of Note 6 below shall be followed in case of proxy / representative of corporate body and link of video/electronic facility shall only be sent upon receipt of original documents.

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.

6. 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.
7. 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 30th Annual General Meeting of the Company.

Signature of Member”

8. Members can exercise their right to poll subject to meeting of requirement of Section 143 to 145 of the Companies Act, 2017 and applicable clauses of Companies (Postal Ballot) Regulations, 2018.
9. For any query/problem/information, Members may contact the Company at email companysecretary@azgard9.com and/or the Share Registrar of the Company at address given herein above and at (+92 42) 37235081-82, email info@hmaconsultants.com. Members may also visit website of the Company www.azgard9.com for notices/information.

IMPORTANT NOTICES TO SHAREHOLDERS

Members are requested to notify/submit the following information/documents; in case of book entry securities in CDS to their respective participants/investor account services and in case of physical shares to the Registrar of the Company, at the address given herein above, by quoting their folio numbers and name of the Company, if not earlier notified/submitted:

- **Change in Address:** Change in their addresses, if any
- **Submission of copy of CNIC/NTN:** Valid and legible copy of CNIC/Passport (in case of individual) and NTN Certificate (in case of corporate entity). Please note that CNIC number is mandatory for payment of cash dividend and in the absence of this information payment of dividend shall be withheld.
- **Dividend Mandate Information:** Dividend mandate information mentioning title of bank account, International Bank Account Number (IBAN), bank name, branch name, code and address towards direct transfer/credit of cash dividend in your accounts. Please note that all future dividends shall only be paid through online bank transfer as required under Section 242 of the Companies Act, 2017. For convenience, a Standard Request Form has also been made available on the Company's website www.azgard9.com.
- **Email Address:** Valid email addresses as pursuant to Section 223 of the Companies Act, 2017, the Company is allowed to send audited financial statements and reports to its members electronically. For convenience, a Standard Request Form has also been made available on the Company's website www.azgard9.com.

Unclaimed Dividend/Shares

Information of unclaimed dividend/shares has been placed at the website of the Company www.azgard9.com. Respective shareholders are requested to contact Share Registrar of the Company to collect their unclaimed dividend/shares.

Deposit of Physical Shares into CDC Account

As per Section 72 of the Companies Act, 2017; after the commencement of Act from a date notified by the Commission, a company having share capital, shall have shares in book-entry form only. Every existing company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission. Therefore, members having shares in physical form are informed to make necessary arrangements to replace their physical shares with book-entry form in CDS. The benefits of holding shares in book-entry form in CDS include safe custody, no loss of shares, instant credit of bonus and right shares entitlements, instant sale of shares as trading of physical shares is not permitted as per exiting regulations of the stock exchange, no requirement of transfer deed for transfer/sale of book-entry shares and easy pledge of shares for availing any finance facility.

FINANCIAL HIGHLIGHTS

Six Years at a glance

	Year ended 30 June 2023	Year ended 30 June 2022 (Restated)	Year ended 30 June 2021	Year ended 30 June 2020	Year ended 30 June 2019	Year ended 30 June 2018
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Operating performance (Rs. 000)

Sales - net	31,571,123	33,768,786	22,070,231	16,909,299	20,214,971	15,982,435
Export sales-gross	28,983,688	31,480,292	19,377,821	15,574,022	18,064,934	14,143,354
Local sales-gross	2,366,169	2,082,986	2,017,655	1,046,623	1,557,833	984,078
Gross profit	5,087,307	4,658,174	3,188,597	2,462,318	3,488,280	2,591,076
Operating profit	2,907,225	2,147,303	1,600,552	1,027,353	2,063,507	1,422,577
Profit / (loss) before tax	1,914,427	1,146,663	7,773,229	(223,264)	501,301	299,076
Profit / (loss) after tax	1,470,453	693,051	7,559,400	(389,449)	305,312	196,623

Financial position (Rs. 000)

Equity without surplus	10,365,402	8,769,533	4,579,736	(3,622,304)	(3,786,216)	(4,201,953)
Surplus on revaluation of property plant and equipment	2,959,427	3,121,944	3,414,941	4,742,276	4,849,769	4,630,688
Equity with surplus	13,324,829	11,891,477	7,994,677	1,119,972	1,063,554	428,735
Long term debt	5,890,870	6,176,878	10,007,499	8,067,856	8,065,357	7,817,738
Property, plant and equipment	10,164,751	10,623,690	10,232,591	10,254,009	10,167,665	13,215,447

Financial analysis

Current ratio (times)*	2.56	2.09	2.62	0.71	0.69	0.57
Debt to equity (ratio)	31:69	34:66	56:44	88:12	88:12	95:5

Profitability analysis

Operating profit to sales (%)	9.21	6.36	7.25	6.08	10.21	8.84
Earnings per share (Rs.)	2.99	1.41	15.38	(0.84)	0.67	0.43

* (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: 30-06-2023

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 - Four meetings were held during the financial year with at least one meeting in each quarter
- b) **HR and Remuneration Committee** Yearly–One meeting was held during the financial year
15. The Board has outsourced the internal audit function to M/s. PKF F.R.A.N.T.S, Chartered Accountants (a member firm of PKF International Limited) who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company. Further, a fulltime employee of the Company has been designated as Head of Internal Audit as required under the Regulations.
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.
19. Explanation for non-compliance with requirements, other than Regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

Regulation No.	Non-Mandatory / Optional Requirements	Explanation
19	<p>Directors' Training:</p> <p>(3) Companies are also encouraged to arrange training for:</p> <p>(i) at least one female executive every year under the Directors' Training program from year July 2020; and</p> <p>(ii) at least one head of department every year under the Directors' Training program from July 2022.</p>	<p>The Company is committed to arrange such trainings/courses for its officers that are more relevant to their job descriptions and beneficial for the Company. However, the Company may/will consider required training, if and when necessary, on case-to-case basis.</p>

Regulation No.	Non-Mandatory / Optional Requirements	Explanation
29	<p>Nomination Committee:</p> <p>(1) The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.</p>	<p>The Board takes care of the responsibilities prescribed for Nomination Committee, therefore, separate Nomination Committee is not considered necessary.</p>
30	<p>Risk Management Committee:</p> <p>(1) The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.</p>	<p>The Board has devised Risk and Internal Controls Governance Framework and responsibilities have been assigned to Audit Committee through relevant Policy. Therefore, separate Risk management Committee is not considered necessary.</p>



AHMED H. SHAIKH
Chief Executive Officer



ZAHID MAHMOOD
Chairman

Dated: October 02, 2023

**INDEPENDENT AUDITOR'S 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, 2023 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, 2023.

**Grant Thornton Anjum Rahman**
Chartered Accountants**Engagement Partner:**

Imran Afzal

Lahore**UDIN:** CR202310212L8aCGNVoz**Date:** October 02, 2023

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

For the Year Ended June 30, 2023

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, 2023, 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:



Mufti Muhammad Abdullah
Shariah Advisor
SECP/IFD/SA/115

Date: August 20, 2023

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S 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, 2023, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information, and we state that except as stated in Basis for Qualified Opinion section of our report, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

Except for the possible effect of the matter discussed in the Basis for Qualified Opinion section of our report, in our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the 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, 2023 and of the profit, total comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Qualified Opinion

As stated in note 19.1.5 to the annexed financial statements, the bankruptcy proceedings of Montebello s.r.l (“MBL”) were purchased by Taybah Capital Limited (Taybah), a Company registered in United Arab Emirates. On March 31, 2021, Taybah filed suit for a claim of EUR 7 million in the Court of Venice which is being defended by the Company. The Court of Vicenza also awarded Taybah's claim of EUR 2.049 million. The Company filed appeal against this order which the Court of Appeal of Venice decided in favour of Taybah. The Company is in process of filing appeal against this order in the Italian Supreme Court. The Company has not made any provision on account of claim of Euro 7 million as well as Court order for EUR 2.049 million against the Company in these financial statements. In absence of definite determination of these claims, we are unable to satisfy ourselves as to the appropriateness of related liabilities and disclosures made in these financial statements, by the Company.

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>Revenue Recognition</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 have 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 there is inherent risk that revenue transactions may not have been recognized on satisfaction of the performance obligation.</p>	<p>Our audit procedures to assess the recognition of revenue, amongst others, included the followings:</p> <ul style="list-style-type: none"> • 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; • assessing the appropriateness of the Company's accounting policies for revenue recognition and compliance of those policies with applicable accounting & reporting standards; • comparing, on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue has been recognized in the appropriate accounting period; • checked on a sample basis recorded sales transactions with underlying supporting documents; and • assessed adequacy of related disclosures in the financial statements.
<p>Inventory existence and valuation</p> <p>Stock in trade as at 30 June 2023 is amounted to Rs. 4,904.5 million.</p> <p>Stock is measured at the lower of cost and net realizable value.</p> <p>We identified existence and valuation of inventory as a key audit matter due to its size representing 19% of the total assets of the Company as at 30 June 2023, and the judgment involved in valuation.</p> <p>For further information on inventory, refer to note 23 of financial statements.</p>	<p>Our audit procedures to assess existence and valuation of inventory, amongst others, included the followings:</p> <ul style="list-style-type: none"> • to test the quantity of inventories at all locations, we assessed the corresponding inventory observation instructions and participated in inventory counts on sites. Based on samples, we performed test counts and compared the quantities counted by us with the results of the counts of the management; • for a sample of inventory items, re-performed the weighted average cost calculation and compared the weighted average cost appearing on valuation sheets; • on a sample basis, we tested the net realizable value of inventory items to recent selling prices and re-performed the calculation of the inventory write-down, if any; • in the context of our testing of the calculation, we analysed individual cost components and traced them back to the corresponding underlying documents; and • we also made enquires of management, and considered the results of our testing above to determine whether any specific write-down is required.

Information Other than the Financial Statements and Auditor's 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 auditor's 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.

Auditor's 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 auditor's 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 auditor's 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 auditor's 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 auditor's 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.

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



Grant Thornton Anjum Rahman
Chartered Accountants

Lahore

UDIN: AR202310212Ws6Sul2hm

Date: October 02, 2023

STATEMENT OF FINANCIAL POSITION

As at June 30, 2023

	Note	2023 Rupees	2022 Rupees (Restated)	2021 Rupees (Restated)
EQUITY AND LIABILITIES				
Share capital and reserves				
Authorized share capital	6	15,000,000,000	15,000,000,000	15,000,000,000
Issued, subscribed and paid up capital	6	4,913,753,370	4,913,753,370	4,913,753,370
Reserves	7	3,124,649,596	3,124,649,596	3,124,649,596
Surplus on revaluation of fixed assets	8	2,959,427,045	3,121,943,764	3,414,941,189
Unappropriated profit/(accumulated losses)		2,326,999,464	731,130,233	(295,419,505)
		13,324,829,475	11,891,476,963	11,157,924,650
Non-current liabilities				
Redeemable capital - secured	9	1,443,390,367	2,278,736,834	3,141,693,292
New zero coupon privately placed term finance certificates	10	2,694,277,169	2,558,264,715	2,365,631,787
Long term finances - secured	11	-	-	1,075,937,506
Lease liabilities	12	774,351	1,315,856	4,672,573
Deferred liability	13	720,547,969	578,503,081	495,679,868
		4,858,989,856	5,416,820,486	7,083,615,026
Current liabilities				
Current portion of non-current liabilities	14	1,651,719,546	1,230,038,625	150,772,866
Short term borrowings	15	1,728,379,734	2,366,715,528	1,423,689,035
Trade and other payables	16	3,794,318,349	4,412,071,724	2,545,679,458
Contract liabilities (advances from customers)		123,516,148	59,074,029	53,186,265
Interest / mark-up accrued on borrowings	17	322,106,193	256,390,303	200,066,382
Dividend payable on preference shares	18	9,413,535	9,413,535	9,413,535
Unclaimed dividend on ordinary shares		3,753,252	3,753,252	3,753,252
Provision for income tax	28	173,409,067	84,514,203	-
		7,806,615,824	8,421,971,199	4,386,560,793
Contingencies and commitments	19	25,990,435,155	25,730,268,648	22,628,100,470
ASSETS				
Non-current assets				
Property, plant and equipment	20	10,164,750,644	10,623,689,989	10,232,590,972
Long term investments	21	12,608,052	12,608,052	12,608,052
Long term deposits and receivables	22	73,936,972	40,936,972	38,034,396
		10,251,295,668	10,677,235,013	10,283,233,420
Current assets				
Stores, spares and loose tools		187,876,173	165,899,678	148,644,939
Stock-in-trade	23	4,904,462,814	5,402,722,777	4,599,739,102
Trade receivables	24	6,537,675,524	4,433,340,225	2,418,068,551
Receivable against sale of Muzaffargarh unit	4	718,952,356	1,068,158,297	-
Advances, deposits, prepayments and other receivables	25	1,542,163,306	2,288,363,403	2,514,947,274
Short term investments	26	142,399,891	139,993,989	139,993,989
Receivable from National Bank of Pakistan	27	-	306,022,500	306,022,500
Income tax recoverable		-	-	37,480,182
Funds for restructuring scheme	29	747,065,820	354,579,214	17,170,862
Cash and bank balances	30	958,543,603	893,953,552	898,799,651
		15,739,139,487	15,053,033,635	11,080,867,050
Non-current assets held for sale		-	-	1,264,000,000
		25,990,435,155	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, 2023

		2023	2022
	Note	Rupees	Rupees (Restated)
Sales - net	31	31,571,122,964	33,768,785,939
Cost of sales	32	(26,483,815,875)	(29,110,611,926)
Gross profit		5,087,307,089	4,658,174,013
Selling and distribution expenses	33	(1,332,491,292)	(1,774,294,263)
Administrative expenses	34	(847,590,839)	(736,576,269)
Profit from operations		2,907,224,958	2,147,303,481
Other income	35	304,621,823	67,180,804
Other expenses	36	(104,338,587)	(104,758,119)
Finance cost	37	(814,184,296)	(764,116,597)
Amortization of notional income		(378,896,851)	(365,131,322)
Profit before taxation and restructuring gain		1,914,427,047	980,478,247
Gain on restructuring of loans - net	38	-	166,184,543
Profit before taxation		1,914,427,047	1,146,662,790
Taxation	39	(443,973,549)	(453,611,803)
Profit after taxation		1,470,453,498	693,050,987
Earning per share - basic and diluted	40	2.99	1.41

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, 2023

	Note	2023 Rupees	2022 Rupees (Restated)
Profit after taxation		1,470,453,498	693,050,987
Other comprehensive income:			
Items that may not be subsequently reclassified to profit or loss :			
Re-measurement of post retirement benefits obligation	13	(37,100,986)	40,501,327
Other comprehensive (loss)/income for the year		(37,100,986)	40,501,327
Total comprehensive income for the year		1,433,352,512	733,552,314

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, 2023

	Note	2023 Rupees	2022 Rupees
<u>Cash flows from operating activities</u>			
Cash generated from operations	41	2,409,970,812	1,530,790,675
Interest / mark-up / return paid		(304,890,117)	(218,889,971)
Taxes paid		(355,078,685)	(331,617,418)
Post retirement benefits paid		(178,856,189)	(94,196,287)
Decrease in long term deposit		(33,000,000)	(2,902,576)
WPPF paid		(70,985,799)	(37,388,130)
Net cash generated from operating activities		1,467,160,022	845,796,293
<u>Cash flows from investing activities</u>			
Capital expenditure incurred during the year		(362,484,662)	(840,554,451)
Proceeds from disposal of property, plant and equipment		413,223	36,172,109
Proceeds against receivable from sale of Muzaffargarh unit		349,205,941	351,841,700
Proceeds from receivable from National Bank of Pakistan		306,022,500	-
Net cash from/ (used in) investing activities		293,157,002	(452,540,642)
<u>Cash flows from financing activities</u>			
Repayment of redeemable capital		(228,670,000)	-
Repayment of zero coupon PPTFCs		(132,290,000)	-
Repayment of lease liabilities		(454,575)	(5,299,889)
(Increase)/ decrease in short term borrowings - net		(820,105,841)	77,372,133
Net cash (used in)/ from financing activities		(1,181,520,416)	72,072,244
Net increase in cash and cash equivalents		578,796,608	465,327,895
Cash and cash equivalents at beginning of the year		1,125,302,082	659,974,187
Cash and cash equivalents at end of the year	42	1,704,098,690	1,125,302,082

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, 2023

	Capital Reserves					Surplus on revaluation of fixed assets	Unappropriated profit / (Accumulated losses)	Total equity
	Issued, subscribed and paid-up capital	Share premium	Reserve on merger	Preference share redemption reserve	Total Reserves			
As at June 30, 2021 - as previously reported	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
Impact of amortisation	-	-	-	-	-	-	(93,343,300)	(93,343,300)
Impact of restatement on measurement of liabilities at amortised cost	-	-	-	-	-	-	3,256,590,921	3,256,590,921
As at July 01, 2021 - restated	4,913,753,370	2,358,246,761	105,152,005	661,250,830	3,124,649,596	3,414,941,189	(295,419,505)	11,157,924,650
Total comprehensive income for the year:								
Profit for the year ended June 30, 2022 - restated	-	-	-	-	-	-	693,050,986	693,050,986
Other comprehensive loss for the year ended June 30, 2022	-	-	-	-	-	-	40,501,327	40,501,327
Total comprehensive income for the year ended June 30, 2022 - restated	-	-	-	-	-	-	733,552,313	733,552,313
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 fixed assets	-	-	-	-	-	(215,368,237)	215,368,237	-
As at June 30, 2022 - restated	4,913,753,370	2,358,246,761	105,152,005	661,250,830	3,124,649,596	3,121,943,764	731,130,233	11,891,476,963
Total comprehensive income for the year:								
Profit for the year ended June 30, 2023	-	-	-	-	-	-	1,470,453,498	1,470,453,498
Other comprehensive income for the year ended June 30, 2023	-	-	-	-	-	-	(371,000,986)	(371,000,986)
Total comprehensive income for the year ended June 30, 2023	-	-	-	-	-	-	1,433,352,512	1,433,352,512
Transfer of incremental depreciation from surplus on revaluation of operating fixed assets	-	-	-	-	-	(161,933,097)	161,933,097	-
Transfer of revaluation surplus of disposal of operating fixed assets	-	-	-	-	-	(583,622)	583,622	-
As at June 30, 2023	4,913,753,370	2,358,246,761	105,152,005	661,250,830	3,124,649,596	2,959,427,045	2,326,999,464	13,324,829,475

Note

Rupees

The annexed notes from 1 to 54 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

Lahore

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023

1 Legal status and nature of business

Azgard Nine Limited ("the Company") was incorporated in Pakistan as a Public Limited Company and listed on Pakistan Stock Exchange Limited. The Company is a composite of spinning, weaving, dyeing and stitching units 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:

- 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, in the financial year 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.

In the financial year 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. Further, in view of the guidance in International Financial Reporting Standard 10 'Consolidated Financial Statements', the management has concluded that the Company does not have the power to direct 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).

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

During last 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. 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 values. 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 pending litigations and claims against the Company based on its judgment and advice of the legal advisors for estimated financial outcome. The actual outcome of these litigations and claims can have an effect on carrying amounts of the liabilities recognized at reporting date. However, based on the best judgment of the Company and its legal advisors, 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 recoverability of its trade receivables, 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 its 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 carrying amounts of respective items of stores, spare parts, loose tools and stock in trade with a corresponding affect on 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.

2.7 Change in accounting estimate

During the year, the Company has reviewed estimates of useful life of its Buildings, Plant and Machinery and Computer equipment. The change has been accounted for as a 'change in estimate' in accordance with IAS 8 - 'Accounting Policies, Changes in Accounting Estimates and Errors'. As a result of such change, the depreciation charged to the statement of profit or loss during financial year 2023 is higher by Rs 425.13 million. (Refer to Note 20.1). In future depreciation will also be charged accordingly.

3 Summary of significant accounting polices

Significant accounting policies set out below have been applied consistently in 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 off 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 remaining surplus attributable to the assets; 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 assets charged to the statement of profit or loss and depreciation based on the assets 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 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.

The latest actuarial valuation for gratuity scheme was carried out as at June 30, 2023.

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 values. 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 fair values of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to 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 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.

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.

d) Financial assets measured subsequently at Fair Value Through Profit or Loss (FVTPL)

By default, all other financial assets are measured subsequently through 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 different 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

Financial liabilities that are not:

- contingent consideration of the Company 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 fair values at the date the liability are 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 consideration received or receivable and represents amounts receivable for goods and services provided in 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 met). 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.

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 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 CEO 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 rates 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 rates at the dates of the transactions.

3.17 Dividend recognition

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 date of classification as non-current assets held for sale.

4 Receivable against sale of Muzaffargarh unit

As mentioned in Note 2.3, the Spinning Unit at Alipur road, Muzaffargarh unit has been sold. An amount of Rs 719 million is receivable as at 30 June 2023 (2022: Rs. 1,068 million). Title of land and building is in the name of Azgard Nine Limited while original property documents are with agent bank.

5 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2023

5.1 The following standards, amendments and interpretations are effective for the year ended June 30, 2023. These standards, amendments 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.

- Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework
- Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use
- Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - cost of fulfilling contract
- Annual improvements to IFRS Standards 2018-2020 Cycle (related to IFRS 9, IFRS 16 and IAS 41)

5.2 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, amendments 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.

	Effective Date (Annual periods beginning on or after)
- Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 1, 2023
- Amendments to IAS 12 'Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction	January 1, 2023
- Amendments to IAS 12 'Income Taxes' - International Tax Reform - Pillar Two Model Rules	January 1, 2023
- Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 1, 2023
- Amendments to IFRS 16 'Leases' - Clarification on how seller-lessee subsequently measures sale and leaseback transaction	January 1, 2023
- Amendments of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 1, 2023
- Amendments to IFRS 10 and 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	January 1, 2023

5.3 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.

IFRS 1 - First time Adoption of International Financial Reporting Standards
IFRS 17 'Insurance Contracts' and amendments to IFRS 17

5.4 Restatement of financial statements for the years ended June 30, 2022 and 2021

In prior years, the Company had recognized redeemable capital and new zero coupon finance certificates on their respective face values. During the year, to comply with IFRS-9 - Financial Instruments, the Company has recognized these finances at their amortized cost. The comparative figures have been restated accordingly.

6	Share capital	Note	2023 Rupees	2022 Rupees
	<u>Authorized share capital</u>			
	Ordinary shares of Rs. 10 each			
	900,000,000 (2022: 900,000,000) voting shares		9,000,000,000	9,000,000,000
	300,000,000 (2022: 300,000,000) non-voting shares		3,000,000,000	3,000,000,000
			12,000,000,000	12,000,000,000
	Preference shares of Rs. 10 each			
	300,000,000 (2022: 300,000,000) non-voting shares		3,000,000,000	3,000,000,000
			15,000,000,000	15,000,000,000
	<u>Issued, subscribed and paid up capital</u>			
	Voting ordinary shares of Rs. 10 each			
	359,773,025 (2022: 359,773,025) shares fully paid in cash		3,597,730,250	3,597,730,250
	62,548,641 (2022: 62,548,641) shares issued as paid bonus shares		625,486,410	625,486,410
	12,276,073 (2022: 12,276,073) shares issued as consideration for machinery		122,760,730	122,760,730
	50,811,992 (2022: 50,811,992) shares issued as consideration on merger		508,119,920	508,119,920
			4,854,097,310	4,854,097,310
	Non-voting ordinary shares of Rs. 10 each			
	5,196,894 (2022: 5,196,894) shares fully paid in cash		51,968,940	51,968,940
	768,712 (2022: 768,712) shares issued as fully paid bonus shares		7,687,120	7,687,120
			59,656,060	59,656,060
		6.1	4,913,753,370	4,913,753,370
6.1	As at June 30, 2023, Jahangir Siddiqui & Co. Limited holds 121,158,363 (2022: 120,657,363) number of voting ordinary shares of the Company.			
7	Reserves			
	Share premium	7.1	2,358,246,761	2,358,246,761
	Merger reserve	7.2	105,152,005	105,152,005
	Redemption of preference shares	7.3	661,250,830	661,250,830
			3,124,649,596	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.			

		2023	2022
		Rupees	Rupees
8	Surplus on revaluation of fixed assets		
	As at beginning of the year	3,121,943,764	3,414,941,189
	Less: revaluation surplus transferred to unappropriated profits on sale of operating fixed assets	(583,622)	(215,368,237)
	Less: incremental depreciation transferred to unappropriated profits	(161,933,097)	(77,629,188)
	As at end of the year	2,959,427,045	3,121,943,764
9	Redeemable capital - secured		
		2023	2022
		Rupees	Rupees
			(Restated)
	Privately Placed Term Finance Certificates	250,602,457	250,602,457
	Privately Placed Term Finance Certificates	166,732,493	166,732,493
	Sub-Privately Placed Term Finance Certificates	1,497,115,000	2,029,275,000
	Sub-Sukuk certificates - Islamic	193,520,000	193,520,000
		2,107,969,950	2,640,129,950
	Less: transaction costs	(100,708,976)	(108,522,102)
		2,007,260,974	2,531,607,848
	Less: unamortized notional income on liabilities	(142,276,617)	(252,871,014)
	Less: current maturity presented under current liabilities	(421,593,990)	-
		1,443,390,367	2,278,736,834

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. These PPTFCs were restructured during financial year 2021 as per the terms of Lahore High Court Approved Creditors' Scheme of Arrangement (the "Approved Scheme"). The total issue comprised 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 installments 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. These PPTFCs were restructured during financial year 2021 as per the terms of Approved Scheme. The total issue comprised 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 installments 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. Total issue comprised of 611,296 PPTFCs having face value of Rs. 5,000 each however 311,873 PPTFCs (2022: nil) have been redeemed by way of write-back/conversion into working capital financing as per the terms of Approved Scheme. The outstanding issue at the reporting date is 299,423 PPTFCs (2022: 611,296 PPTFCs). Major terms and conditions of such issue are as follows:

Principal redemption

The principal redemption of these PPTFCs has been structured in twenty equal quarterly installments 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") had 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 installments 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.

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.

		2023 Rupees	2022 Rupees
9.5	Transactions costs		
	As at beginning of the year	108,522,102	105,543,675
	Capitalized / transferred during the year	7,764,000	17,012,936
	Less: amortized during the year	(15,577,126)	(14,034,509)
	As at end of the year	<u>100,708,976</u>	<u>108,522,102</u>

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; and
- Personal Guarantee of Sponsor Director.

9.7 During the year, amount of Rs. 110.59 million (2022: Rs. 167 million) is charged on redeemable capital, as amortisation of notional income.

10 New zero coupon privately placed term finance certificates

		2023 Rupees	2022 Rupees (Restated)
	New zero coupon privately placed term finance certificates	4,971,220,000	5,103,510,000
	Less: unamortized notional income	(2,276,942,831)	(2,545,245,285)
		<u>2,694,277,169</u>	<u>2,558,264,715</u>

These New Zero Coupon Privately Placed Term Finance Certificates ("New Zero Coupon PPTFCs") had been issued as per the terms of the Approved Scheme. The total issue comprised of 1,020,702 PPTFCs having face value of Rs. 5,000 each. Outstanding PPTFCs as at the reporting date are 994,244. 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.

10.11 During the year, amount of Rs. 268.31 million (2022: Rs. 192 million) have been charged on zero coupon privately placed term finance certificates, as amortisation of notional income.

11	Long term finances - secured	Note	2023 Rupees	2022 Rupees
	Settlement finance under restructuring scheme	11.1 & 11.2	1,081,208,932	1,081,208,932
	Less: current maturity presented under current liabilities	14	(1,081,208,932)	(1,081,208,932)
			-	-

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 This has not been amortised as its impact is immaterial.

12	Lease liabilities	Note	2023 Rupees	2022 Rupees
	As at beginning of the year		1,778,294	7,078,184
	Interest expense for the year		202,867	284,999
	Payments made during the year		(657,441)	(5,584,889)
	As at end of the year		1,323,720	1,778,294
	Current portion of lease liability	14	549,369	462,438
	Non-current portion of lease liability		774,351	1,315,856
13	Deferred liability			
	Gratuity payable		720,547,969	578,503,081

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

	2023 Rupees	2022 Rupees
13.1 Amounts recognized in the statement of financial position		
Present value of the defined benefit obligation	729,061,347	605,826,001
Benefits due but not paid - recognized as current liability	(8,513,378)	(27,322,920)
Net liability recognized in the statement of financial position	<u>720,547,969</u>	<u>578,503,081</u>
13.2 Movement in the present value of the defined benefit obligation		
Obligation at the beginning of the year	605,826,001	519,739,945
Current service cost	198,941,981	176,088,640
Interest cost	66,048,568	44,695,030
Benefits paid during the year	(178,856,189)	(94,196,287)
Actuarial (gain) / loss during the year	27,927,141	(25,290,123)
Experience adjustments	9,473,845	(15,211,204)
Obligation at the end of the year	<u>729,361,347</u>	<u>605,826,001</u>
13.3 Movement in liability		
At the beginning of the year	605,826,001	519,739,945
Charge for the year	264,990,549	220,783,670
Remeasurements chargeable in other comprehensive income	37,100,986	(40,501,327)
Benefits paid	(178,856,189)	(94,196,287)
At the end of the year	<u>729,061,347</u>	<u>605,826,001</u>
13.4 Amount recognized in the Statement of Profit or Loss		
Current service cost	198,941,981	176,088,640
Interest cost	66,048,568	44,695,030
	<u>264,990,549</u>	<u>220,783,670</u>
13.5 Amount chargeable to other comprehensive income		
Actuarial losses from changes in financial assumptions	27,627,141	(25,290,123)
Experience adjustments	9,473,845	(15,211,204)
	<u>37,100,986</u>	<u>(40,501,327)</u>
Expense recognized in following line items in the Statement of Profit or Loss		
Cost of sales	213,411,298	191,358,682
Administrative expenses	37,137,009	20,179,169
Selling and distribution expenses	14,442,240	9,245,820
	<u>264,990,547</u>	<u>220,783,671</u>
13.6 Principal actuarial assumptions used were as follows:		
Discount rate used for interest cost in profit and loss account	13.25%	10.00%
Discount rate used for year end obligation	16.25%	13.25%
Future salary increase per annum	15.25%	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:

	2023	
	Impact on defined benefit obligation	
	1% Increase in assumption	1% Decrease in assumption
Discount rate	672,111,333	775,982,022
Salary growth rate	777,945,708	669,499,490
	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

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	2023 Rupees	2022 Rupees
	Preference shares of Rs.10 each (2022 : Rs.10 each)	14.1	148,367,255	148,367,255
	Long term finances - <i>secured</i>	11 & 14.2	1,081,208,932	1,081,208,932
	Redeemable capital	9	421,593,990	-
	Lease liabilities	12	549,369	462,438
			1,651,719,546	1,230,038,625

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. These preference shares carry markup @ 8.95%.

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	2023 Rupees	2022 Rupees
Running finance	15.1&15.2	1,510,733	123,230,686
Export refinances/ term loans	15.1&15.2	1,724,551,091	2,157,263,513
Morabaha/ LPO	15.1&15.2	-	4,535,181
Bills payable	15.1&15.2	2,317,910	81,686,148
		1,728,379,734	2,366,715,528

- 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 and pledge of stocks.

Mark-up on these finances is payable quarterly. These finances carry mark-up at three months KIBOR plus 1.00% per annum (2022: 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 (2022: 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 (2022: three months KIBOR plus 1.00%). Letters of credit / guarantee carry commission at rates ranging from 0.10% to 0.40% per quarter (2022: 0.10% to 0.40% per quarter).

- 15.2** The aggregate available short term funded facilities amount to Rs. 3,778.93 million (2022: Rs. 3,163.44 million) out of which Rs. 1,990.11 million (2022: Rs. 270.94 million) remained unavailed as at the reporting date. Limits available for opening of letters of credit amounts to Rs. 600 million (2022: Rs. 500 million) of which the limits remaining unutilized as at the reporting date amounts to Rs. 597.68 million (2022: Rs. 418.31 million).

		2023	2022
	Note	Rupees	Rupees
16 Trade and other payables			
Trade and other creditors		2,831,427,445	3,423,480,931
Accrued liabilities		836,940,450	895,160,180
Tax deducted at source		15,742,439	15,049,976
Workers' profits participation fund	16.1	100,759,318	70,985,799
Other payables		9,448,697	7,394,838
		3,794,318,349	4,412,071,724
16.1 Workers' profits participation fund			
Balance at the beginning of the year		70,985,799	37,388,138
Charge for the year	36	100,759,318	70,985,799
Less: payments during the year		(70,985,799)	(37,388,138)
Balance at the end of the year		100,759,318	70,985,799
17 Interest / mark-up accrued on borrowings			
Preference shares - <i>overdue</i>		176,215,518	162,936,649
Redeemable capital - <i>secured</i>		18,206,591	22,784,683
Long term finances - <i>secured</i>		111,557,010	61,004,380
Short term borrowings - <i>secured</i>		16,127,074	9,664,591
		322,106,193	256,390,303
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 is Rs. 98.19 million. On appeal of the Company, the 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. 679.32 million (2022: 1.25 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 2022 have been completed except for tax years 2003, 2007, 2008 and 2009 which are referred by the Income Tax Department in the Honorable Lahore High Court ("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 points 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** M/S Montebello S.R.L (MBL) had gone into liquidation process and bankruptcy/liquidation process of MBL is completed. During the process, Taybah Capital Limited ("TCL"), a company based in United Arab Emirates, took over the liquidation process of 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 engaged legal advisor for contesting this case in the Court of Venice, Italy. The next hearing of Court of Venice has now been postponed for 20 December 2023.

During the liquidation process, all the creditors of the MBL filed their claims and Azgard Nine Limited also filed its claim in Court of Vicenza. TCL also joined the liquidation proceedings in the Court of Vicenza, Italy. The Court of Vicenza accepted and awarded last year TCL's claim of Euro 2,048,783. The Company filed an appeal against this order. During the period, the Court of Appeal of Venice has partially accepted our grounds of appeal in the part in which we were able to put forward some important questions of law. It is important to note that no new evidence or documents can be introduced in an appeal and only law points may be discussed. On merits, the decision remains that of the Court of Vicenza. Consequent to this decision, it appears that there are no chances of any recovery from counter claim filed by the Company. The Company is in process of filing appeal in Italian Supreme Court against this decision of the Court of Appeal of Venice.

Since the matter is sub-judice and it may take several years for a final decision, consequently, the Company has not recorded any provision.

19.2	Note	2023	2022
Commitments		Rupees	Rupees
19.2.1			
Commitments under irrevocable letters of credit for:			
- Purchase of plant, machinery and loose tools		65,278,411	5,932,467
- Purchase of raw material		56,673,717	21,540,615
		121,952,128	27,473,082
19.2.2			
Commitments for capital expenditure		79,218,435	123,873,495
19.2.3			
Counter Guarantees given by the Company to its bankers as at the reporting date amount to Rs. 228.56 million (2022: Rs. 228.56 million).			
19.2.4			
Bills discounted as at reporting date aggregated to Rs. 682.38 million (2022: Rs. 4,216.53 million).			
20			
Property, plant and equipment		2023	2022
		Rupees	Rupees
Operating fixed assets	20.1	10,056,855,140	10,317,504,205
Capital work in progress - <i>at cost</i>	20.2	106,684,342	304,671,832
Right of use assets	20.3	1,211,162	1,513,952
		10,164,750,644	10,623,689,989

20.1 Operating fixed assets

Particulars	2023										Net Book Value as at June 30, 2023	
	Cost / Revalued amount					Depreciation						
	As at July 01, 2022	Additions	Transfers	Disposals	As at June 30, 2023	Rate %	As at July 01, 2022	For the year	Transfers	Disposals adjustments		As at June 30, 2023
Owned assets												
Freehold land	1,316,405,000	-	-	-	1,316,405,000	-	-	-	-	-	-	1,316,405,000
Buildings on freehold land	2,234,960,979	258,893,815	-	-	2,493,854,794	5	55,838,141	111,285,538	-	-	167,123,679	2,326,731,115
Plant and machinery	6,711,415,807	182,904,048	-	(3,310,489)	6,891,009,366	10	281,495,762	650,053,679	-	(418,104)	931,131,337	5,959,878,029
Furniture, fixtures and equipment	519,891,501	30,012,055	-	-	549,903,556	10	316,957,145	21,403,563	-	-	338,360,708	211,542,848
Electrical installations	240,289,854	27,716,210	-	-	268,006,064	10	123,446,792	12,235,082	-	-	135,681,874	132,324,190
Computer Equipment	155,391,658	10,854,785	-	-	166,246,443	30	110,365,629	14,391,202	-	-	124,756,831	41,489,612
Vehicles	81,194,583	50,091,240	-	-	131,285,823	20	53,941,707	8,859,770	-	-	62,801,477	68,484,346
Grand Total	11,259,549,382	560,472,153	-	(3,310,489)	11,816,711,046		942,045,176	818,228,834	-	(418,104)	1,759,855,906	10,056,855,140
Owned assets												
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	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	-	(692,098)	281,495,762	6,429,920,045
Furniture, fixtures and equipment	504,735,375	15,156,126	-	-	519,891,501	10	295,089,004	21,868,141	-	-	316,957,145	202,934,356
Electrical installations	203,363,511	36,926,343	-	-	240,289,854	10	112,219,556	11,227,236	-	-	123,446,792	116,843,062
Computer equipment	146,086,138	9,305,520	-	-	155,391,658	10	105,725,399	4,640,230	-	-	110,365,629	45,026,029
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
Grand Total	10,493,443,723	822,783,575	14,785,000	(71,462,916)	11,259,549,381		555,247,730	379,480,898	9,935,142	(2,618,594)	942,045,176	10,317,504,205

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.

20.1.2 The depreciation charge for the year has been allocated as follows:	Note	2023 Rupees	2022 Rupees
Cost of sales	32	791,151,895	367,577,171
Administrative expenses	34	27,379,730	13,033,944
		818,531,625	380,611,115

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, net book value of revalued property plant and equipment as at June 30, 2023 would be as follows:

	2023 Rupees	2022 Rupees
Freehold land	190,982,598	190,982,598
Buildings on freehold land	1,600,159,936	1,413,708,634
Plant and machinery	4,852,444,565	5,198,812,888

Details of the Company's assets and information about fair value hierarchy as at June 30, 2023 are as follows :

	Level 1	Level 2	Level 3	Total
	-----Rupees-----			
Land	-	1,316,405,000	-	1,316,405,000
Buildings	-	2,326,731,115	-	2,326,731,115
Plant and machinery	-	5,959,878,029	-	5,959,878,029
Total	-	9,603,014,144	-	9,603,014,144

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

	Level 1	Level 2	Level 3	Total
	-----Rupees-----			
Land	-	1,316,405,000	-	1,316,405,000
Buildings	-	2,179,122,838	-	2,179,122,838
Plant and machinery	-	6,429,920,045	-	6,429,920,045
Total	-	9,925,447,883	-	9,925,447,883

20.2 Capital work in progress

	2023			
	As at July 01, 2022	Additions during the year	Transfers during the year	As at June 30, 2023
	----- Rupees -----			
Buildings	133,912,132	108,491,224	(172,462,767)	69,940,589
Plant and machinery	170,759,700	149,442,204	(283,458,151)	36,743,753
	304,671,832	257,933,428	(455,920,918)	106,684,342

	2022			
	As at July 01, 2021	Additions during the year	Transfers during the year	As at June 30, 2022
	----- Rupees -----			
Buildings	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
	286,900,952	728,811,972	(711,041,092)	304,671,832

20.3 Right of use assets

Particulars	2023						Net Book Value as at June 30, 2023
	Cost / Revalued amount		Rate %	Depreciation		As at June 30, 2023	
	As at July 01, 2022	As at June 30, 2023		For the year	Transfers to operating fixed assets		
Vehicles	2,783,000	-	20	302,790	-	1,571,838	1,211,162
Grand Total	2,783,000	-		302,790	-	1,571,838	1,211,162

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

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

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	2023 Rupees	2022 Rupees
Other investments			
Unquoted	21.1	12,608,052	12,608,052
21.1 Other investments - unquoted			
Agritech Limited			
25,237 (2022: 25,237) Term Finance Certificates of Rs. 5,000 each			
Cost	21.1.1	126,080,519	126,080,519
Impairment allowance		(113,472,467)	(113,472,467)
		12,608,052	12,608,052
Montebello s.r.l. ("MBL")			
6,700,000 ordinary shares with a capital of Euro 6,700,000			
Cost	19.1.5	2,625,026,049	2,625,026,049
Accumulated impairment		(2,625,026,049)	(2,625,026,049)
		-	-
		12,608,052	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.

Currently, the Agritech has got approval of restructuring scheme from High Court which is in the process of implementation by the management of Agritech Limited, related adjustments would be made in these financial statements when restructuring is implemented in all material aspects.

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

22 Long term deposits and receivables

	Note	2023 Rupees	2022 Rupees
Utility companies, regulatory authorities and others	22.1	40,380,372	40,380,372
Financial institutions	22.2	556,600	556,600
Agritech Limited	27.2	33,000,000	-
		73,936,972	40,936,972

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.

	2023	2022
	Rupees	Rupees
23 Stock-in-trade		
Raw material	1,494,080,647	1,707,062,358
Work in process	1,943,813,444	2,300,135,116
Finished goods	1,466,568,723	1,395,525,303
	4,904,462,814	5,402,722,777

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. 422.24 million (2022: Rs. 182.92 million).

		2023	2022
	Note	Rupees	Rupees
24 Trade receivables			
<i>Local</i>			
- secured, considered good	24.1	1,011,886,582	1,128,506,395
- unsecured, considered good		568,809,896	657,584,175
- unsecured, considered doubtful		13,090,668	13,090,668
		1,593,787,146	1,799,181,238
<i>Foreign</i>			
- secured, considered good	24.1	4,472,144,334	2,418,915,632
- unsecured, considered good		484,834,712	228,334,023
- unsecured, considered doubtful		479,611,055	478,510,948
		5,436,590,101	3,125,760,603
	24.3	7,030,377,247	4,924,941,841
Less: Provision against trade receivables	24.2	(492,701,723)	(491,601,616)
		6,537,675,524	4,433,340,225

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

	2023	2022
	Rupees	Rupees
24.2 Movement in provision against Trade Receivables		
As at beginning of the year	491,601,616	490,501,509
Provision recognized during the year	1,100,107	1,100,107
As at end of the year	492,701,723	491,601,616

24.3 This includes an amount of Rs. 452.53 million (2022: 452.53 million) receivable from MBL, previously a related party, and this amount have been fully provided for due to facts mentioned in Note 19.1.5.

25 Advances, deposits, prepayments and other receivables	Note	2023 Rupees	2022 Rupees
Advances to suppliers - <i>unsecured, considered good</i>		429,785,457	428,895,006
Advances to employees - <i>secured, considered good</i>			
- against salaries and post employment benefits	25.1	22,175,272	55,284,735
- against purchases and expenses		71,561,299	52,120,664
Security deposits		13,783,650	18,520,186
Margin deposits	25.2	45,307,605	217,167,822
Rebate receivable		390,321,115	380,461,739
Sales Tax / FED recoverable		489,067,834	1,104,331,488
Due from AGL - <i>secured</i>	27.2	100,492,120	100,492,120
Less: impairment		(78,283,733)	(78,283,733)
		22,208,387	22,208,387
Letters of credit		55,235,747	5,303,904
Insurance claims		106,708	106,708
Other receivables - <i>unsecured, considered good</i>		2,610,232	3,962,764
		1,542,163,306	2,288,363,403

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:

	2023 Rupees	2022 Rupees
As at beginning of the year	6,727,715	8,749,670
Given during the year	17,446,770	3,900,000
Less: received during the year	(11,369,585)	(5,921,955)
As at end of the year	12,804,900	6,727,715

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

26 Short term investments

Particulars of investments are as follows:

	Note	2023 Rupees	2022 Rupees
28,022 Term Finance Certificates (Rs. 5,000 each) of Agritech Limited	26.1	139,993,989	139,993,989
Investment in mutual funds	26.2	2,405,902	-
		142,399,891	139,993,989

26.1 These represent investments in equity securities. These have been classified as fair value through other comprehensive income financial assets. 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.

26.2 This represent investments in mutual funds. This have been classified as fair value through profit and loss financial assets.

27	Receivable from National Bank of Pakistan	Note	2023 Rupees	2022 Rupees
	Put option agreement for repurchase of preference shares of AGL	27.1	-	306,022,500

27.1 The Company had an outstanding receivable from National Bank of Pakistan since 2014 due to an agreement for sale and repurchase of preference shares of Agritech Limited. During the year, the Company has received Rs. 306.02 million from National Bank of Pakistan.

As per the Novation Agreement dated June 26, 2014, the Company, Dubai Islamic Bank (DIB), and Agritech Limited (AGL) agreed to novate a receivable of Rs. 33 million. The agreement would take effect when the Company will exercise its buy-back option under the Put Option Agreement dated June 25, 2014 and sell preference shares of AGL to National Bank of Pakistan. During the year, the Company has transferred Rs. 33 million to DIB and recorded a receivable from AGL (Note 22).

28	Provision for income tax	Note	2023 Rupees	2022 Rupees
	As at beginning of the year		84,514,203	(37,480,182)
	Provision for the year	39	443,973,549	453,611,803
	Less: paid / adjusted during the year		(355,078,685)	(331,617,418)
	As at end of the year		173,409,067	84,514,203

29	Funds for restructuring scheme		2023 Rupees	2022 Rupees
	Cash in escrow account against sale of assets		747,065,820	354,579,214

30	Cash and bank balances		2023 Rupees	2022 Rupees
	Cash in hand		3,369,881	2,902,709
	Cash at banks:			
	- current accounts in local currency		74,021,474	388,320,622
	- deposit accounts in local currency	30.1	692,093,343	486,509,705
	- deposit accounts in foreign currency	30.2	189,058,905	16,220,516
			955,173,722	891,050,843
			958,543,603	893,953,552

30.1 These carry return under mark-up arrangement at 19.50% to 19.93% per annum (2022: 5.50% to 14.00% per annum)

30.2 These carry return under mark-up arrangement at prevailing LIBOR per annum (2022: prevailing LIBOR per annum).

31	Revenue from customers	Note	2023 Rupees	2022 Rupees
	Local	31.1	2,366,168,879	2,082,985,872
	Exports	31.2 & 31.3	30,096,741,599	32,736,251,935
	Less: Sales Tax on indirect export sales		(1,113,053,840)	(1,255,960,352)
			28,983,687,759	31,480,291,583
			31,349,856,638	33,563,277,455
	Discount		(12,851,657)	(31,121,164)
	Rebate on exports		234,117,983	236,629,648
			31,571,122,964	33,768,785,939

31.1 Local		
Sales	2,695,339,737	2,341,350,255
Processing income	73,122,324	72,643,313
Waste	16,293,848	24,858,945
	2,784,755,909	2,438,852,513
Less: Sales Tax on local sales	(418,587,030)	(355,866,642)
	2,366,168,879	2,082,985,871

31.2 These include indirect exports, taxable under Section 154 (3b) of the Income Tax Ordinance, 2001, amounting to Rs. 6,476.93 million (2022:Rs. 7,584.59 million) and exchange gain amounting to Rs. 918.04 million (2022: Rs. 633.24 million)

31.3 Export Development Surcharge applicable under SRO 10(1)/2003 dated January 04, 2003 amounting Rs. 50.45 million (2022: Rs. 56.74 million) has been deducted from gross export sales.

32	Cost of sales	Note	2023 Rupees	2022 Rupees
	Raw, chemical and packing materials consumed		18,553,926,905	22,916,884,416
	Salaries, wages and benefits	32.1	4,161,335,917	3,937,920,418
	Fuel and power		1,643,820,626	1,462,662,808
	Stores, spares and loose tools consumed		357,503,027	435,355,395
	Traveling, conveyance and entertainment		377,579,060	233,043,113
	Rent, rates and taxes		67,210,647	87,230,864
	Insurance		52,595,719	44,018,860
	Repair and maintenance		49,136,089	43,154,711
	Processing charges		121,599,936	319,789,705
	Depreciation	2.7 & 20.1.2	791,151,895	367,577,171
	Printing and stationery		12,931,118	12,709,046
	Communications		4,186,233	3,551,369
	Miscellaneous		5,914,811	6,257,103
			26,198,891,983	29,870,154,979
	<i>Work in process:</i>			
	As at beginning of the year		2,300,135,116	1,804,241,915
	As at end of the year		(1,944,167,804)	(2,300,135,116)
			355,967,312	(495,893,201)
	Cost of goods manufactured		26,554,859,295	29,374,261,776
	<i>Finished goods:</i>			
	As at beginning of the year		1,395,525,303	1,131,875,451
	As at end of the year		(1,466,568,723)	(1,395,525,303)
			(71,043,420)	(263,649,852)
			26,483,815,875	29,110,611,926

32.1 These include charge in respect of employees retirement benefits amounting Rs. 213.411 million (2022: Rs. 191.36 million).

33	Selling and distribution expenses	Note	2023 Rupees	2022 Rupees
	Salaries, wages and benefits	33.1	376,208,062	288,752,253
	Commission		234,023,097	511,120,167
	Traveling, conveyance and entertainment		117,073,808	60,114,576
	Repair and maintenance		5,902,533	4,945,640
	Rent, rates and taxes		2,725,926	1,710,937
	Insurance		2,353,882	4,327,699
	Freight and other expenses		390,407,244	743,072,488
	Communication		1,317,635	1,385,499
	Advertisement and marketing		186,344,109	150,124,209
	Fee and subscription		15,319,887	8,091,705
	Miscellaneous		815,109	649,090
			1,332,491,292	1,774,294,263

33.1 These include charge in respect of employees retirement benefits amounting Rs 14.44 million (2022: Rs. 9.25 million).

34	Administrative expenses	Note	2023 Rupees	2022 Rupees (Restated)
	Salaries and benefits	34.1	527,667,649	491,151,636
	Traveling, conveyance and entertainment		86,428,092	75,937,878
	Fuel and power		43,088,613	22,573,956
	Repair and maintenance		60,096,446	48,967,166
	Rent, rates and taxes		8,940,306	8,726,102
	Insurance		3,015,163	3,250,461
	Printing and stationery		4,644,232	3,623,436
	Communication		9,728,180	8,233,893
	Legal and professional	34.2	32,185,700	19,419,892
	Depreciation	20.1.2	27,379,730	13,033,944
	Fee and subscription		38,349,967	34,011,454
	Miscellaneous		6,066,761	7,646,451
			847,590,839	736,576,269

34.1 These include charge in respect of employees retirement benefits amounting Rs. 37.14 million (2022: Rs.20.18 million).

34.2	These include following in respect of auditors' remuneration	2023 Rupees	2022 Rupees
	Annual statutory audit	3,200,000	2,939,337
	Half yearly review	1,045,000	950,000
	Review report under Code of Corporate Governance	330,000	301,737
	Certifications	300,000	500,000
	Out of pocket expenses	450,000	415,000
		5,325,000	5,106,074

		2023	2022
	Note	Rupees	Rupees
35	Other income		
	Return on bank deposits	301,233,073	65,337,403
	Return on mutual funds	2,830,473	-
	Miscellaneous	558,277	1,843,401
		304,621,823	67,180,804
36	Other expenses		
	Provision against trade receivables	1,100,107	1,100,107
	Loss on disposal of property, plant and equipment	2,479,162	32,672,213
	Workers' profits participation fund	100,759,318	70,985,799
		104,338,587	104,758,119
37	Finance cost		
	Interest / mark-up on:		
	- Redeemable capital	126,532,533	136,420,446
	- Long term finances	54,060,447	54,060,446
	- Lease liabilities	202,867	284,999
	- Short term borrowings	189,810,160	84,447,999
		370,606,007	275,213,890
	Amortization of transaction costs	15,577,126	14,034,509
	Bank discounting, factoring fee and other charges	428,001,163	474,868,198
		814,184,296	764,116,597
38	Gain on restructuring of loans - net	2023	2022
		Rupees	Rupees
	Write-off / waiver from restructuring	-	28,785,000
	Gain on sale of non-current assets held for sale	-	137,399,543
		-	166,184,543
39	Taxation	2023	2022
		Rupees	Rupees
	<i>Income tax</i>		
	- current tax	313,370,050	335,321,563
	- deferred tax	-	-
	<i>Super Tax</i>	130,603,499	118,290,240
		443,973,549	453,611,803
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 threshold for the Company, with 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.		

		2023	2022
		Rupees	Rupees
39.4	Relationship between tax expense and accounting profit		
	Profit before taxation and restructuring gain	1,914,427,047	980,478,247
	Tax calculated at the rate of 29% (2022: 29%)	555,183,844	284,338,692
	Effect of taxes applicable on the basis other than profit (including impact of super tax)	(111,210,295)	(737,950,495)
	Tax charge for the year	443,973,549	(453,611,803)
40	Earning per share - basic and diluted		
40.1	Basic earning per share		
	Profit attributable to ordinary shareholders	Rupees 1,470,453,498	693,050,987
	Weighted average number of ordinary shares outstanding during the year	No. of shares 491,375,337	491,375,337
	Earning per share	Rupees 2.99	1.41
40.2	Diluted earning per share		
	There is no dilutive effect on the basic earning per share as the Company does not have any convertible instruments in issue as at June 30, 2023 and June 30, 2022.		
41	Cash generated from operations	2023	2022
	Note	Rupees	Rupees
			(Restated)
	Profit before tax	1,914,427,047	1,146,662,790
	Interest / mark-up expense 37	370,606,007	275,213,890
	Loss / (gain) on disposal of non-current assets held for sale	2,479,162	(104,727,331)
	Provision against trade receivables 36	1,100,107	1,100,107
	Depreciation	818,531,624	380,611,115
	Provision for workers' profit participation fund 36	100,759,318	70,985,799
	Provision for employee benefits	264,990,549	220,783,670
	Amortization of transaction costs and deferred notional income	394,473,977	379,165,831
	Gain on restructuring of loans- net 38	-	(28,785,000)
		1,952,940,744	1,194,348,081
	Operating profit before changes in working capital	3,867,367,791	2,341,010,870
	Changes in working capital		
	<i>(Increase) / decrease in current assets:</i>		
	Stores, spares and loose tools	(21,976,495)	(17,254,739)
	Stock in trade	498,259,963	(802,983,675)
	Trade receivables	(2,104,335,301)	(2,016,371,782)
	Advances, deposits, prepayments and other receivables	746,200,097	226,583,871
		(881,851,736)	(2,610,026,325)
	<i>(Decrease) / Increase in current liabilities:</i>		
	Trade and other payables	(575,545,243)	1,799,806,130
	Cash generated from operations	2,409,970,812	1,530,790,675
42	Cash and cash equivalents at the year end	Note	
	Short term borrowings - <i>running finance</i>	15	(1,510,733)
	Cash and bank balances	30	958,543,603
	Funds for restructuring scheme	29	747,065,820
			1,704,098,690
			1,125,302,082

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. Other related parties are group companies of M/s. Jahangir Siddiqui & Co. (JSCL) which holds more than twenty (20%) shareholding in the Company. Further, there is no common directorship with JSCL or any of these 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:

	2023 Rupees	2022 Rupees
43.1 Transactions with related parties		
43.1.1 <u>Other related parties</u>		
JS Bank Limited		
Mark-up expense	3,107,516	3,107,516
Trusteeship fee paid	1,500,000	1,500,000
Mark-up paid	5,415,307	2,414,000
Unit Trust of Pakistan		
Mark-up expense	1,528,604	1,528,604
Markup Paid/ Settled	1,187,500	1,187,500
JS Large Cap Fund		
Mark-up expense	4,078,844	4,078,844
Markup paid	3,191,868	3,191,868
JS Global Capital Limited		
Mark-up expense	16,012,072	16,012,072
Markup Paid/ Settled	12,530,123	12,530,123
JS Principal Secure Fund		
Mark-up expense	1,642,132	1,642,132
Markup Paid/ Settled	1,285,038	1,285,038
JS Income Fund		
Mark-up expense	1,880,711	1,880,711
Markup Paid/ Settled	1,461,000	1,461,000
JS Growth Fund (JS Value fund merged with JS Growth Fund)		
Mark-up expense	4,859,397	4,859,397
Markup Paid/ Settled	3,792,890	3,792,890

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.

	2023 Rupees	2022 Rupees
43.2 Balances with related parties		
43.2.1 <u>Other related parties</u>		
JS Bank Limited		
Sub PPTFCs	-	48,280,000
Settlement finance under restructuring scheme	13,870,315	13,870,315
New Zero Coupon PPTFCs	-	63,025,000
Mark-up payable	5,810,412	1,229,881

	2023 Rupees	2022 Rupees
Unit Trust of Pakistan		
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	946,048	604,945
JS Large Cap Fund		
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	2,477,972	1,590,996
JS Global Capital Limited		
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	9,727,625	6,245,676
JS Principal Secure Fund		
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	997,625	640,531
JS Pension Savings Fund		
New Zero Coupon PPTFCs	3,850,000	3,850,000
JS Income Fund		
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	1,164,037	744,327
JS Growth Fund (JS Value fund merged with JS Growth Fund)		
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	2,971,759	1,905,252

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. 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.

44.1.1 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:

	2023 Rupees	2022 Rupees
<u>Fair value through OCI</u>		
Long term investments	12,608,052	12,608,052
Short term investments	139,993,989	139,993,989
<u>Fair value through P&L</u>		
Investment in mutual funds	2,405,902	-
<u>At amortized cost</u>		
Long term deposits	40,936,972	40,936,972
Trade receivables	6,537,675,524	4,433,340,225
Due from Agritech Limited	22,208,387	22,208,387
Other receivables	2,610,232	3,962,764
Receivable from National Bank of Pakistan	-	306,022,500
Security deposits	13,783,650	18,520,186
Margin deposits	45,307,605	217,167,822
Insurance claims	106,708	106,708
Cash at banks	955,173,722	891,050,843
Funds for restructuring scheme	747,065,820	354,579,214
	8,364,868,620	6,287,895,621
	8,519,876,563	6,440,497,662

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:

	2023 Rupees	2022 Rupees
Customers	6,537,675,524	4,433,340,225
Banking companies and financial institutions	1,747,547,147	1,768,820,379
Others	232,247,990	238,337,057
	8,517,470,661	6,440,497,661

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	2023	2022
	Short term	Long term		----- Rupees -----	
<u>Bank balances</u>					
Albaraka Bank (Pakistan) Limited	A-1	A+	JCR-VIS	41,714	41,714
Askari Bank Limited	A-1+	AA+	PACRA	9,433,797	53,472,095
Bank Al-Habib Limited	A-1+	AAA	PACRA	215,720,412	273,247,323
Bank Alfalah Limited	A-1+	AA+	PACRA	-	151,024
Bank Islami Pakistan Limited	A-1	AA-	PACRA	-	51,602
Faysal Bank Limited	A-1+	AA	PACRA	5,700,733	5,815,781
Habib Bank Limited	A-1+	AAA	JCR-VIS	3,030,860	27,857
JS Bank Limited	A-1+	AA-	PACRA	163,964,382	118,648,660
MCB Bank Limited	A-1+	AAA	PACRA	46,649,213	182,580,120
Meezan Bank Limited	A-1+	AAA	JCR-VIS	12,925	14,715
National Bank of Pakistan	A-1+	AAA	PACRA	1,360,727	3,213,656
Silk Bank Limited	A-2	A-	JCR-VIS	202,169,080	57,650,854
Soneri Bank Limited	A-1+	AA-	PACRA	-	6,224
Summit Bank Limited	N/A	N/A	JCR-VIS	978,010,925	517,979,209
Samba Bank Limited	A-1	AA	JCR-VIS	-	16,354
United Bank Limited	A-1+	AAA	JCR-VIS	1,437,139	1,437,139
Bank of Khyber	A-1	A+	PACRA	74,707,634	31,275,730
				1,702,239,541	1,245,630,057
<u>Margin deposits (including advance L/C)</u>					
Summit Bank Limited	N/A	N/A	JCR-VIS	45,307,605	217,167,822

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:

	2023		2022	
	Gross carrying amount	Accumulated impairment	Gross carrying amount	Accumulated impairment
	----- Rupees -----		----- Rupees -----	
Not yet due	6,338,920,884	-	4,178,113,176	-
Past due by 0 to 6 months	188,928,027	-	241,859,776	-
Past due by 6 to 12 months	8,569,941	-	10,664,392	-
Past due by more than one year	493,958,395	(492,701,723)	494,304,497	(491,601,616)
	7,030,377,247	(492,701,723)	4,924,941,841	(491,601,616)

44.1.3(c) The Company's five significant customers account for Rs. 2,827.73 million (2022: Rs. 1,701.28 million) of trade receivables as at the reporting date, apart from which, exposure to any single customer does not exceed 11.21% (2022: 11.17%) of trade receivables as at the reporting date. Further, trade receivables amounting to Rs. 5,484.03 million (2022: Rs. 3,547.42 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 also performs detailed due diligence process to mitigate the risk of failure of the counter party.

44.1.4 Collaterals 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.

44.2 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.

2023					
Carrying amount	Contractual cash flows	One year or less	Two to three years	More than three years	
Rupees					
<i>Non-derivative financial liabilities</i>					
Redeemable capital	1,864,984,357	2,904,363,886	519,354,706	1,494,334,123	890,675,057
New zero coupon privately placed term finance certificates	2,694,277,169	4,971,220,000	-	-	4,971,220,000
Lease liabilities	1,323,720	1,473,669	687,301	786,368	-
Preference shares	148,367,255	157,780,790	157,780,790	-	-
Long term finances - current portion	1,081,208,932	1,212,138,890	1,212,138,890	-	-
Short term borrowings	1,728,379,734	1,803,869,930	1,803,869,930	-	-
Trade creditors	2,831,427,445	2,831,427,445	2,831,427,445	-	-
Accrued liabilities	836,940,450	836,940,450	836,940,450	-	-
Other payables	9,448,697	9,448,697	9,448,697	-	-
Mark-up accrued on borrowings	322,106,193	322,106,193	322,106,193	-	-
Dividend payable	13,166,787	13,166,787	13,166,787	-	-
	11,531,630,739	15,063,936,737	7,706,921,189	1,495,120,491	5,861,895,057
2022					
Carrying amount (Restated)	Contractual cash flows	One year or less	Two to three years	More than three years	
Rupees					
<i>Non-derivative financial liabilities</i>					
Redeemable capital	2,531,607,848	3,119,114,624	132,006,498	1,274,224,363	1,712,883,763
New zero coupon privately placed term finance certificates	2,558,264,715	5,103,510,000	-	-	5,103,510,000
Lease liabilities	1,778,294	2,059,588	643,876	1,415,711	-
Preference shares	148,367,255	157,780,785	157,780,785	-	-
Long term finances	1,081,208,932	1,171,408,417	1,171,408,417	-	-
Short term borrowings	2,366,715,528	2,390,965,245	2,390,965,245	-	-
Trade creditors	3,423,480,931	3,423,480,931	3,423,480,931	-	-
Accrued liabilities	895,160,180	895,160,180	895,160,180	-	-
Other payables	7,394,838	7,394,837	7,394,837	-	-
Mark-up accrued on borrowings	256,390,303	256,390,302	256,390,302	-	-
Dividend payable	13,166,787	13,166,787	13,166,787	-	-
	13,283,535,611	16,540,431,696	8,448,397,861	1,275,640,074	6,816,393,763

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:

	2023		
	Principal	Preference dividend / interest / mark-up	Total
----- Rupees -----			
<i>Nature of liability</i>			
Preference Shares	148,367,255	176,215,518	324,582,773
Dividend on Preference Shares	-	9,413,535	9,413,535
	148,367,255	185,629,053	333,996,308
----- Rupees -----			
	2022		
	Principal	Preference dividend / interest / mark-up	Total
----- Rupees -----			
<i>Nature of liability</i>			
Preference Shares	148,367,255	162,936,649	311,303,904
Dividend on Preference Shares	-	9,413,535	9,413,535
	148,367,255	172,350,184	320,717,439

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:

	2023		
	EURO	USD	Total
	In Rupees		
<i>Assets</i>			
Trade receivables	476,952,769	4,959,637,332	5,436,590,101
Cash and bank balances	17,108,504	171,950,401	189,058,905
	494,061,273	5,131,587,733	5,625,649,006
<i>Liabilities</i>			
Trade creditors	(3,763,194)	(18,929,381)	(22,692,575)
Bills payable	-	(2,298,697)	(2,298,697)
	(3,763,194)	(21,228,078)	(24,991,272)
Net balance sheet exposure	490,298,079	5,110,359,655	5,600,657,734
<hr/>			
	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
	364,191,857	2,777,789,262	3,141,981,119
<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)
	(58,309,500)	(166,231,837)	(224,541,337)
Net balance sheet exposure	305,882,357	2,611,557,425	2,917,439,782

44.3.1(b) Exchange rates applied during the year

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

	2023			2022		
	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	313.72	314.27	256.47	215.23	215.75	205.52
USD	286.60	287.10	248.54	205.50	206.00	177.59

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.

	2023	2022
	Profit	Profit
	----- Rupees -----	
EURO	49,029,808	30,588,236
USD	511,035,966	261,155,743
	560,065,774	291,743,979

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 / markup rate risk

Interest/markup 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:

	2023		2022	
	Financial asset	Financial liability	Financial asset	Financial liability
	----- Rupees -----		----- Rupees -----	
<i>Non-derivative financial instruments</i>				
Fixed rate instruments	-	3,337,546,137	-	3,869,706,137
Variable rate instruments	1,754,298,587	1,724,545,565	983,389,954	2,259,168,470

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.

	2023 Rupees	2022 Rupees
Increase of 100 basis points	297,530	(12,757,785)
Decrease of 100 basis points	(297,530)	12,757,785

44.3.2(d) Interest / markup rate risk management

The Company manages interest/markup 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. The Company is not exposed to price risk in material aspects.

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 / markup 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 of financial instruments

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 values:

	2023			
	Level 1	Level 2	Level 3	Total
	----- Rupees -----			
<i>Long term investment</i>	-	12,608,052	-	12,608,052
<i>Short term investment</i>	-	142,399,891	-	142,399,891
	-	155,007,943	-	155,007,943
	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

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	2023	2022
	Rupees	Rupees (Restated)
Redeemable capital - secured	1,443,390,367	2,278,736,834
New zero coupon privately placed term finance certificates	2,694,277,169	2,558,264,715
Long term finances - current portion	1,081,208,932	1,081,208,932
Preference shares	148,367,255	148,367,255
Lease liabilities	1,323,720	1,778,294
Trade and other payables	2,831,427,445	3,423,480,931
Interest / mark-up accrued on borrowings	322,106,193	256,390,301
Short-term borrowings	1,728,379,734	2,366,715,528
Dividend payable on preference shares	9,413,535	9,413,535
Unclaimed dividend on ordinary shares	3,753,252	3,753,252
	10,263,647,602	12,128,109,577

45 Reconciliation of liabilities arising from financing activities

	July 01, 2022	Availed / formed during the year	Repaid during the year	Adjusted during the year	June 30, 2023
Redeemable capital - secured	2,640,129,950	(303,490,000)	(228,670,000)	-	2,107,969,950
New zero coupon privately placed term finance certificates	5,103,510,000	-	(132,290,000)	-	4,971,220,000
Long term finances - current portion	1,081,208,932	-	-	-	1,081,208,932
Lease liabilities	1,778,295	-	(454,575)	-	1,323,720
Short term borrowings	2,366,661,146	303,490,000	(941,771,412)	-	1,728,379,734
	11,193,288,323	-	(1,303,185,987)	-	9,890,102,336

	July 01, 2021 (Restated)	Availed / formed during the year	Repaid during the year	Adjusted during the year	June 30, 2022 (Restated)
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 finance	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
	11,282,821,101	-	(60,747,778)	(28,785,000)	11,193,288,323

46 Segment information
46.1 Information about reportable segments

	Spinning segment		Weaving segment		Garment segment		Elimination		Total	
	2023 Rupees	2022 Rupees	2023 Rupees	2022 Rupees	2023 Rupees	2022 Rupees	2023 Rupees	2022 Rupees	2023 Rupees	2022 Rupees (Restated)
46.1.1 Segment revenues and results										
Revenue										
External revenues	3,643,723,789	3,454,203,212	10,523,792,743	14,524,540,149	17,403,606,432	15,790,042,579	-	-	31,571,122,964	33,768,785,939
Inter-segment revenues	58,916,285	1,760,899,912	5,673,682,749	5,259,004,023	5,994,528	64,522,507	(5,738,593,562)	(4,487,395,570)	-	-
	3,702,640,074	5,190,093,124	16,197,475,492	19,501,700,579	17,409,600,960	15,650,298,512	(5,738,593,562)	(4,487,395,570)	31,571,122,964	33,768,785,939
Cost of sales										
- intersegment	(58,916,285)	(1,760,899,912)	(5,673,682,749)	(5,259,004,023)	(5,994,528)	(64,522,507)	5,738,593,562	4,487,395,570	-	-
- external	(3,377,255,208)	(2,799,797,222)	(7,850,712,164)	(11,883,695,873)	(15,255,848,504)	(14,427,118,832)	-	-	(26,483,815,876)	(29,110,611,927)
Cost of sales	(3,436,171,493)	(4,560,697,134)	(13,524,394,913)	(17,142,699,896)	(15,261,843,032)	(14,491,641,339)	5,738,593,562	4,487,395,570	(26,483,815,876)	(29,110,611,927)
Gross profit	266,468,581	282,999,898	2,673,080,579	1,566,664,224	2,147,757,928	1,338,932,689	-	-	5,087,307,088	4,147,053,846
Selling and distribution expenses	(67,289,351)	(60,105,707)	(490,088,965)	(923,455,699)	(775,112,977)	(790,732,858)	-	-	(1,332,491,293)	(1,774,294,263)
Administrative expenses	(166,339,709)	(117,774,632)	(328,622,941)	(318,279,712)	(352,628,188)	(300,521,925)	-	-	(847,590,838)	(736,576,269)
	(233,629,060)	(152,870,339)	(818,711,906)	(959,891,818)	(1,127,741,165)	(886,988,209)	-	-	(2,180,082,131)	(1,999,750,366)
Profit from operations	32,839,521	151,361,126	1,854,368,673	950,286,821	1,020,016,763	498,904,264	-	-	2,907,224,957	2,147,303,481
Other income									304,621,823	67,180,804
Net gain from restructuring scheme									-	166,184,543
Other expenses									(104,338,587)	(104,758,119)
Finance cost									(814,184,296)	(764,116,597)
Amortization of notional income									(378,896,851)	(365,131,322)
Taxation									(443,973,549)	(453,611,803)
Profit after taxation									1,470,453,498	693,050,987
Depreciation and amortization	95,778,458	53,604,347	368,222,733	200,185,212	244,209,868	126,436,744	-	-	708,211,059	380,226,303
46.1.2 Inter-segment sales and purchases										
Inter-segment sales and purchases have been eliminated from total figures.										
46.1.3 Basis of inter-segment pricing										
All inter-segment transfers are made at negotiated rates.										
46.1.4 Assets										
Total assets for reportable segments	3,139,160,288	3,814,968,054	11,710,541,753	11,577,232,162	10,349,626,102	9,229,862,368	(1,128,816,128)	(826,643,165)	24,070,512,015	23,795,419,419
Property, plant and equipment - common	-	-	-	-	-	-	-	-	1,038,876,864	1,121,645,472
Long term investments	-	-	-	-	-	-	-	-	12,608,052	12,608,052
Receivable from National Bank of Pakistan	-	-	-	-	-	-	-	-	306,022,500	306,022,500
Short term investments	-	-	-	-	-	-	-	-	142,399,891	139,993,989
Funds for restructuring scheme	-	-	-	-	-	-	-	-	747,065,820	354,579,214
	3,139,160,288	3,814,968,054	11,710,541,753	11,577,232,162	10,349,626,102	9,229,862,368	(1,128,816,128)	(826,643,165)	26,011,462,642	25,730,268,646
46.1.5 Liabilities										
Total liabilities for reportable segments	610,024,845	652,054,945	2,592,930,381	2,904,562,790	2,577,410,353	2,370,221,958	(1,128,816,128)	(826,643,165)	4,651,549,451	5,100,196,528
Corporate liabilities - common	-	-	-	-	-	-	-	-	8,014,056,212	8,738,595,157
	610,024,845	652,054,945	2,592,930,381	2,904,562,790	2,577,410,353	2,370,221,958	(1,128,816,128)	(826,643,165)	12,665,605,663	13,838,791,685

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.

	2023 Rupees	2022 Rupees
Revenue		
<u>Foreign revenue</u>		
Asia	2,940,339,119	3,872,907,947
Europe	18,487,632,389	19,434,200,426
South America	34,589,268	21,086,513
North America	151,984,239	31,637,762
Africa	58,320,389	16,773,577
Other countries	833,893,776	519,095,667
Indirect exports	6,476,928,579	7,584,589,692
	28,983,687,759	31,480,291,583
<u>Local revenue</u>		
Pakistan	2,366,168,879	2,082,985,872
	31,349,856,638	33,563,277,455
46.1.7 Non-current assets		
Pakistan	10,251,295,668	10,677,235,013

47 Capital management

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

- i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- ii) to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

	Unit	2023	2022 (Restated)
Total debt	Rupees	5,890,870,409	6,176,878,132
Total equity including revaluation surplus	Rupees	13,324,829,475	11,891,476,963
Total capital employed	Rupees	19,215,699,884	18,068,355,095
Gearing	Percentage	30.66%	34.19%

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	Restriction on title and assets pledged as security	2023	2022
		Rupees	Rupees
	<u>Mortgages and charges</u>		
	<u>First</u>		
	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
	<u>Ranking</u>		
	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
	<u>Pledge</u>		
	Raw material	89,803,820	218,076,130
	Finished goods	184,812,098	184,812,098
	Investments in debt securities	126,080,519	126,080,519

49 Remuneration of CEO, 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:

	2023			
	Directors			Executives
	Chief Executive Officer	Executive	Non-executives	
	----- Rupees -----			
Managerial remuneration	20,700,000	-	-	269,072,181
Medical	2,070,000	-	-	27,312,535
Utilities and house rent	8,280,000	-	-	109,730,115
Post employment benefits	1,725,000	-	-	27,459,895
Bonus	36,225,000	-	-	-
	69,000,000	-	-	433,574,726
Number of persons as at year end	1	-	7	125

	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	-	-	-
	100,432,421	-	-	432,254,380
Number of persons as at year end	1	-	7	124

- 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 for seven directors was Rs. 3.78 million (2022: Rs 3.88 million).

50 Plant capacity and actual production

<u>Spinning</u>	Unit	2023	2022
Number of rotors installed	No.	3,780	3,780
Annual installed capacity converted into 10s count	Kgs	13,939,820	13,939,820
Actual production converted into 10s count	Kgs	8,268,452	11,125,568
<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.	17,520,323	32,198,956
<u>Garments</u>			
Number of stitching machines installed	No.	2,533	2,500
Annual installed capacity	Pcs	12,340,776	12,180,000
Actual production for the year	Pcs	8,847,388	11,375,807

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	2023	2022
The average and total number of employees are as follows:		
Average number of employees during the year	6,558	7,104
Total number of employees as at end of year	6,190	7,110

52 Corresponding figures

Corresponding figures have been rearranged, where necessary, for the purpose of comparison. However, except for restatement of zero coupon liabilities and redeemable capital, there is no significant rearrangements/reclassifications of corresponding figures.

53 Date of authorization for issue

These financial statements were authorized for issue on October 02, 2023 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 3

2.2	Number of Shareholders	Shareholdings		Total Shares held	
		from	to		
	492	1	-	100	17,286
	1061	101	-	500	437,518
	1031	501	-	1000	957,095
	2364	1001	-	5000	6,752,359
	815	5001	-	10000	6,504,336
	332	10001	-	15000	4,235,251
	229	15001	-	20000	4,213,886
	152	20001	-	25000	3,548,958
	101	25001	-	30000	2,889,317
	47	30001	-	35000	1,568,475
	53	35001	-	40000	2,022,027
	40	40001	-	45000	1,718,744
	59	45001	-	50000	2,889,264
	18	50001	-	55000	961,966
	20	55001	-	60000	1,165,638
	11	60001	-	65000	696,677
	11	65001	-	70000	763,572
	20	70001	-	75000	1,486,061
	15	75001	-	80000	1,182,461
	12	80001	-	85000	998,123
	7	85001	-	90000	617,866
	8	90001	-	95000	740,301
	27	95001	-	100000	2,686,531
	9	100001	-	105000	924,214
	9	105001	-	110000	978,941
	8	110001	-	115000	904,308
	4	115001	-	120000	474,206
	4	120001	-	125000	497,000
	1	125001	-	130000	130,000
	5	130001	-	135000	668,950
	4	135001	-	140000	550,790

Number of Shareholders	Shareholdings		Total Shares held	
	from	to		
3	140001	-	145000	427,500
3	145001	-	150000	450,000
1	150001	-	155000	151,165
1	155001	-	160000	156,000
4	160001	-	165000	649,848
2	165001	-	170000	340,000
6	170001	-	175000	1,041,550
7	175001	-	180000	1,233,973
1	180001	-	185000	182,500
1	190001	-	195000	192,000
8	195001	-	200000	1,600,000
4	200001	-	205000	812,500
1	205001	-	210000	207,225
1	210001	-	215000	211,000
1	215001	-	220000	220,000
2	220001	-	225000	446,861
1	225001	-	230000	227,000
1	230001	-	235000	235,000
1	235001	-	240000	237,000
4	245001	-	250000	1,000,000
1	260001	-	265000	264,606
1	290001	-	295000	295,000
6	295001	-	300000	1,800,000
1	330001	-	335000	333,854
1	335001	-	340000	336,102
1	350001	-	355000	351,500
1	360001	-	365000	362,000
3	370001	-	375000	1,124,500
1	385001	-	390000	387,344
4	395001	-	400000	1,598,500
1	420001	-	425000	421,000
1	445001	-	450000	450,000
1	450001	-	455000	455,000
3	455001	-	460000	1,376,597
1	475001	-	480000	478,523
1	485001	-	490000	490,000
1	490001	-	495000	492,190
2	495001	-	500000	1,000,000
1	500001	-	505000	501,000
1	550001	-	555000	552,550
1	555001	-	560000	558,500
1	560001	-	565000	562,154
1	595001	-	600000	600,000
1	670001	-	675000	672,859

Number of Shareholders	Shareholdings		Total Shares held
	from	to	
1	700001	- 705000	705,000
1	740001	- 745000	743,500
1	755001	- 760000	759,500
1	995001	- 1000000	1,000,000
1	1185001	- 1190000	1,187,500
1	1250001	- 1255000	1,254,000
1	1260001	- 1265000	1,261,500
1	1395001	- 1400000	1,400,000
3	1495001	- 1500000	4,500,000
1	2570001	- 2575000	2,571,275
1	3895001	- 3900000	3,900,000
1	4130001	- 4135000	4,133,845
1	4585001	- 4590000	4,586,819
1	4595001	- 4600000	4,600,000
1	5595001	- 5600000	5,600,000
1	6595001	- 6600000	6,600,000
1	9495001	- 9500000	9,500,000
1	10165001	- 10170000	10,169,864
1	12795001	- 12800000	12,796,950
1	19585001	- 19590000	19,586,000
1	22425001	- 22430000	22,425,550
1	47135001	- 47140000	47,137,692
1	118665001	- 118670000	118,666,351
1	120655001	- 120660000	120,657,363
7085	TOTAL		485,409,731

2.3	Categories of Shareholders	Shares held	Percentage
2.3.1	Directors, Chief Executive Officer, and their spouse and minor children	118,850,925	24.48%
2.3.2	Associated Companies, undertakings and related parties	121,158,363	24.96%
2.3.3	NIT and ICP	8,398	0.00%
2.3.4	Banks, Development Financial Institutions, Non-Banking Financial Institutions	9,673,179	1.99%
2.3.5	Insurance Companies	7,158,094	1.47%
2.3.6	Modarabas and Mutual Funds	292,900	0.06%
2.3.7	Shareholders holding 10%	239,824,714	49.41%
2.3.8	<u>General Public</u>		
	a. Local	164,248,102	33.84%
	b. Foreign	152,417	0.03%
2.3.9	<u>Others</u>		
	Investment Companies	56,785	0.01%
	Joint Stock Companies	63,630,438	13.11%
	Provident/Pension Funds and Misc.	180,130	0.04%



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 30th Annual General Meeting of the Company to be held on Friday, the 27th October 2023 at 11:30 a.m. at the Registered Office of the Company, Ismail Aiwan-i-Science, Off: Shahrah-i-Roomi, Lahore and at any adjournment thereof.

In witness whereof on this _____ day of _____ 2023.

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
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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 شیئرز 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 اکی 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 تیسویں سالانہ اجلاس عام جو کہ بروز جمعہ 27 اکتوبر 2023 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 2023 کو روبرو گواہان تحریر کیا ہے۔

ریونیوٹکٹ لگائیں
ریونیوٹکٹ 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 شیئرز 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۔



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CORRECT
POSTAGE

The Company Secretary
AZGARD NINE LIMITED
Ismail Aiwan-i-Science
Off: Shahrah-i-Roomi
Lahore-54600, Pakistan.

AZGARD9

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

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