

Tomorrow's Denim Today

AZGARD

AZGARD NINE LIMITED

Interim Financial Report
for the half year ended
December 31, 2023 (Un-audited)

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COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Zahid Mahmood
Chairman
Mr. Ahmed H. Shaikh
Chief Executive
Mr. Nasir Ali Khan Bhatti
Ms. Maliha Sarda Azam
Mr. Usman Rasheed
Mr. 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
Bank Makramah Limited
Askari Bank Limited
Bank Al Habib Limited
Bank of Khyber

Relationship with Islamic window operations

Al Baraka Bank Pakistan Limited
Faysal Bank Limited

PROJECT LOCATIONS

Textile & Apparel

Unit I

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

Unit II

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

E-MAIL

info@azgard9.com

WEB PRESENCE

www.azgard9.com

Directors' Review

The Directors of Azgard Nine Limited ("the Company") along with the management team hereby present the Company's Condensed Interim Financial Report for the six months ended December 31, 2023.

Principal Activities

The main business of your Company is the production and marketing of denim-focused textile and apparel products, ranging from yarn to retail-ready goods.

Following are the operating financial results of Azgard Nine Limited (stand-alone):

	Six Months Ended December 31, 2023 (Rupees)	Six Months ended December 31, 2022 (Rupees) (Restated)
Sales – net	16,925,386,252	14,449,181,476
Operating profit	966,246,730	656,760,001
Finance cost	(504,096,835)	(432,344,141)
Profit before tax	551,675,458	117,773,011
Profit after tax	296,643,388	(49,000,233)
Earnings per share	0.60	(0.10)

Review of business during this period and future outlook

During the six months, sales of the Company were Rs. 16,925.39 million; registering a growth of more than 17% as compared to the same period of last year. The operating profit of this period is Rs. 966.25 million as compared with the operating profit of Rs. 656.76 million for the same period of last year which is a growth of 47%. The Company's net profit after tax stood at Rs. 296.64 million, reflecting a substantial improvement from the loss of Rs. 49.00 million reported in the same period last year.

Throughout the period, the textile industry encountered ongoing challenges due to a worldwide economic downturn and rising inflationary pressures amplified by the conflict in Ukraine. Your Company faced multifaceted challenges such as high raw material costs, an increase in gas and electricity tariffs, costly financing, and an increase in the minimum wage from Rs. 25,000 to Rs. 32,000. These factors have caused an overall increase in the cost of production. Despite these obstacles, your Company has managed to perform well.

Delayed refunds and unexpected exchange rate movements as the Rupee appreciated by 2.54% against the USD between Oct 2023 and Dec 2023 have led to uncertainty in pricing strategy. SBP Refinance Rate has increased from 11% to 19% which has led to an increase in the company's finance cost. On the taxation front, the company has been hit by the super tax increasing its tax incidence.

Looking ahead, for the rest of the fiscal year 2023-24 it appears to be challenging. Due to poor economic conditions on the global stage, the level of competition has increased as a result of reduced demand. This exerts downward pressure on margins.

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We are grateful to our all stakeholders for their ongoing support and confidence in our management. We look forward to their continued support in the future as well. We also extend our gratitude to all our employees for their diligent efforts.

On behalf of the Board of Directors



Chief Executive Officer

Date: February 28, 2024



Director

ڈائریکٹرز کا جائزہ

ایزگارڈ ٹائن لمیٹڈ (کمپنی) کے ڈائریکٹرز ہمراہ انتظامیہ ٹیم کمپنی کی کلیدی عبوری مالیاتی رپورٹ برائے شش ماہی ختمہ 31 دسمبر 2023 پیش کرتے ہیں۔

اہم سرگرمیاں

آپ کی کمپنی کا بنیادی کاروبار دھماگہ سے لے کر خوردہ تیار سامان، ڈیٹم کیڑا اور تیار ڈیٹم ملبوسات کی مصنوعات کی پیداوار اور مارکیٹنگ پر مرکوز ہے۔ ایزگارڈ ٹائن لمیٹڈ (سٹینڈ الون) کے عملی مالیاتی نتائج درج ذیل ہیں۔

شش ماہی ختمہ 31 دسمبر 2022 (روپے) (ریٹیلڈ)	شش ماہی ختمہ 31 دسمبر 2023 (روپے)	
14,449,181,476	16,925,386,252	فروختگی (Net)
656,760,001	966,246,730	آپریٹنگ منافع
(432,344,141)	(504,096,835)	مالیاتی اخراجات
117,773,011	551,675,458	منافع قبل از ٹیکس
(49,000,233)	296,643,388	منافع / نقصان بعد از ٹیکس
(0.10)	0.60	منافع فی شیئر

اس معیار کے دوران کاروبار کا جائزہ اور مستقبل پر نظر

اس شش ماہی کے دوران کمپنی کی سیلز 16,925.39 ملین روپے رہے ہیں، جن میں پچھلے سال اسی مدت کی نسبت تقریباً 17 فیصد سے زیادہ کی نمود درج کی گئی ہے۔ پچھلے سال اسی مدت کے لئے 656.76 ملین روپے آپریٹنگ منافع کے مقابلے میں اس شش ماہی کا آپریٹنگ منافع 966.25 ملین روپے ہے جو کہ 47 فیصد زیادہ ہے۔ کمپنی کا بعد از ٹیکس خالص منافع 296.64 ملین روپے رہا، جو کہ پچھلے سال اسی مدت کے 49 ملین روپے کے نقصان کے مقابلے میں کافی بہتری کو ظاہر کرتا ہے۔

اس پوری مدت کے دوران، نیگیشنل کی صنعت کو عالمی سطح پر معاشی بدحالی اور یوکریین میں تنازعہ کے باعث بڑھتے ہوئے افراط زر کے دباؤ کی وجہ سے جاری چینوں کا سامنا کرنا پڑا۔ آپ کی کمپنی کو تیز رفتاری سے چینوں کا سامنا کرنا پڑا جیسا کہ خام مال کی بلند قیمت، گیس اور بجلی کے نرخوں میں اضافہ، منجھی فنڈنگ اور کم از کم اجرت 25,000 روپے سے بڑھ کر 32,000 روپے تک ہونا۔ ان عوامل کی وجہ سے پیداواری لاگت میں مجموعی طور پر اضافہ ہوا ہے۔ ان رکاوٹوں کے باوجود، آپ کی کمپنی اچھی کارکردگی دکھانے میں کامیاب رہی ہے۔

اکتوبر 2023 تا دسمبر 2023 کے دوران روپے کی قدر میں امریکی ڈالر کے مقابلے میں 2.54 فیصد اضافے کے باعث ریٹیلڈ میں تاخیر اور شرح مبادلی کی غیر متوقع حرکت نے قیمتوں کے تعین کی حکمت عملی میں غیر یقینی صورتحال پیدا کر دی ہے۔ SBP ری فنانس ریٹ 11 فیصد سے بڑھ کر 19 فیصد ہو گیا ہے جس

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کی وجہ سے کمپنی کی فنانس لاگت میں اضافہ ہوا ہے۔ ٹیکس کے محاذ پر، کمپنی سپر ٹیکس کی زد میں ہے جس سے اس کے ٹیکس کی لاگت میں اضافہ ہوا ہے۔

آگے دیکھتے ہوئے، ہفتہ ماہی سال 2023-24 کے لیے یہ چیلنجنگ دکھائی دیتا ہے۔ عالمی سطح پر خراب معاشی حالات کی وجہ سے طلب میں کمی کے نتیجے میں مقابلے کی سطح میں اضافہ ہوا ہے۔ یہ مارجن میں کمی کے لئے دباؤ ڈالتا ہے۔

ہم اپنے تمام اسٹیک ہولڈرز کی مسلسل حمایت اور ہماری انتظامیہ پر اعتماد کیلئے شکر گزار ہیں۔ ہم مستقبل میں بھی ان کی مسلسل حمایت کے منتظر ہیں۔ ہم اپنے تمام ملازمین کا ان کی مستعد کوششوں کے لئے بھی شکر یہ ادا کرتے ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے


ڈائریکٹر


چیف ایگزیکٹو آفیسر
لاہور
28 فروری 2024ء



INDEPENDENT AUDITORS' REVIEW REPORT

TO THE MEMBERS OF AZGARD NINE LIMITED

REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Azgard Nine Limited as at December 31, 2023 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

The Company made investment in Italian Company Montebello s.r.l ("MBL") which is fully impaired and gone into liquidation process. The bankruptcy proceedings of 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 has filed appeal against this order in the Italian Supreme Court. The Company has not made any provision on account of claim of EUR 7 million as well as Court order for EUR 2.049 million against the Company in these financial statements as it expects relief in these cases. 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.

S | Azgard Nine Limited



Grant Thornton Anjum Rahman

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Centre, 43-Jail Road,
Lahore, Pakistan.

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Qualified Conclusion

Based on our review, except for effect of the matter described in Basis for Qualified conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying interim financial statements, are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting

Other Matters

We also draw attention towards the figures of condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarter ended December 31, 2023 in the annexed condensed financial statements have not been reviewed, as we are required to review only cumulative figures for the six-months period ended December 31, 2023.

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

A handwritten signature in cursive script, appearing to read "Grant Thornton Anjum Rahman".

Grant Thornton Anjum Rahman

Chartered Accountants

Date: February 28, 2024

Lahore

UDIN: RR202310212XQ9Esiol4

Condensed Interim Statement of Financial Position
As at December 31, 2023

		(Un-audited) December 31 2023 Rupees	(Audited) June 30 2023 Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital		15,000,000,000	15,000,000,000
Issued, subscribed and paid up capital		4,913,753,370	4,913,753,370
Reserves	4	2,966,853,164	3,124,649,596
Surplus on revaluation of fixed assets		2,885,903,357	2,959,427,045
Unappropriated profit		2,854,962,972	2,326,999,464
		13,621,472,863	13,324,829,475
Non-current liabilities			
Redeemable capital - secured		1,257,375,037	1,443,390,367
New Zero Coupon PPTFCs		2,804,294,975	2,694,277,169
Lease liabilities		556,600	774,351
Deferred liability		802,991,706	720,547,969
		4,865,218,318	4,858,989,856
Current liabilities			
Current portion of non-current liabilities		1,651,680,294	1,651,719,546
Short term borrowings	5	2,194,135,474	1,728,379,734
Trade and other payables		2,925,702,520	3,794,318,349
Contract liabilities		110,450,903	123,516,148
Interest/ mark-up accrued on borrowings		428,836,806	322,106,193
Dividend payable on preference shares		9,413,535	9,413,535
Unclaimed dividend on ordinary shares		3,753,252	3,753,252
Provision for income tax - net		208,492,072	173,409,067
		7,532,464,856	7,806,615,824
Contingencies and commitments	6	26,019,156,037	25,990,435,155
ASSETS			
Non-current assets			
Property, plant and equipment	7	10,250,963,844	10,164,750,644
Long term investments		12,608,052	12,608,052
Long term deposits and receivables		73,936,972	73,936,972
		10,337,508,868	10,251,295,668
Current assets			
Store, spares and loose tools		219,806,730	187,876,173
Stock-in-trade		6,037,678,799	4,904,462,814
Trade receivables		5,077,207,479	6,537,675,524
Receivable against non-current assets held for sale		718,952,356	718,952,356
Advances, deposits, prepayments and other receivables		1,628,860,515	1,542,163,306
Short term investments		162,219,258	142,399,891
Funds for restructuring scheme		815,232,918	747,065,820
Cash and bank balances		1,021,689,114	958,543,603
		15,681,647,169	15,739,139,487
		26,019,156,037	25,990,435,155

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

Lahore


 Chief Executive Officer


 Director


 Chief Financial Officer

Condensed Interim Statement of Profit or Loss (Un-audited)
For the half year and quarter ended December 31, 2023

	2023		2022	
	July to December	October to December	July to December	October to December
	Rupees	Rupees	Rupees (Restated)	Rupees (Restated)
Sales - net	16,925,386,252	8,187,098,477	14,449,181,476	6,468,422,569
Cost of sales	(14,765,719,562)	(7,189,403,103)	(12,715,609,666)	(5,955,310,485)
Gross profit	2,159,666,690	997,695,374	1,733,571,810	513,112,084
Selling and distribution expenses	(745,992,912)	(365,723,261)	(666,170,962)	(284,997,595)
Administrative expenses	(447,427,048)	(241,882,606)	(410,640,847)	(197,732,918)
Profit from operations	966,246,730	390,089,507	656,760,001	30,381,571
Other income	253,108,607	149,243,827	98,975,126	56,918,196
Other expenses	(29,035,550)	(10,813,940)	(16,169,549)	5,511,282
Finance cost	9 (504,096,835)	(255,780,795)	(432,344,141)	(197,525,406)
Amortization of notional income	(134,547,494)	(67,273,747)	(189,448,426)	(94,724,213)
Profit / (loss) before taxation	551,675,458	205,464,852	117,773,011	(199,438,570)
Taxation	(255,032,070)	(128,669,158)	(166,773,244)	(75,178,619)
Profit / (loss) after taxation	296,643,388	76,795,694	(49,000,233)	(274,617,189)
Earnings/ (loss) per share - basic and diluted	0.60	0.16	(0.10)	(0.56)

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

Lahore


 Chief Executive Officer


 Director


 Chief Financial Officer

**Condensed Interim Statement of Comprehensive Income (Un-audited)
For the half year and quarter ended December 31, 2023**

	2023		2022	
	July to December	October to December	July to December	October to December
	Rupees	Rupees	Rupees (Restated)	Rupees (Restated)
Profit / (loss) after taxation	296,643,388	76,795,694	(49,000,233)	(274,617,189)
<i>Items that may not be subsequently reclassified to statement of profit or loss</i>	-	-	-	-
Total comprehensive income / (loss) for the period	296,643,388	76,795,694	(49,000,233)	(274,617,189)

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

Lahore



Chief Executive Officer



Director



Chief Financial Officer

Condensed Interim Statement of Cash Flows (Un-audited)
For the half year ended December 31, 2023

	July 2023 to December 2023	July 2022 to December 2022
Note	Rupees	Rupees (Restated)
Cash flow from operating activities		
Profit before taxation	551,675,458	117,773,011
Adjustments	953,784,044	702,256,474
Operating profit before working capital changes	1,505,459,502	820,029,485
Changes in working capital	(606,039,511)	3,866,584
Cash generated from operations	899,419,991	823,896,069
Payments for:		
Interest / markup on financings	(174,330,948)	(130,538,866)
Income taxes	(219,949,063)	(165,399,400)
WPPF	(100,759,318)	(70,985,799)
Post retirement benefits	(29,873,656)	(82,521,739)
	(524,912,985)	(449,445,804)
Net cash from operating activities	374,507,006	374,450,265
Cash flows from investing activities		
Capital expenditure incurred during the period	(474,682,772)	(114,004,811)
Proceeds from sale of assets	-	123,146,446
Increase in short term investments	(19,819,367)	-
Net cash (used in)/ from investing activities	(494,502,139)	9,141,635
Cash flows from financing activities		
Repayment of redeemable capital	(214,190,995)	(60,360,000)
Repayment of new zero coupon PPTFCs	-	(122,345,000)
Repayment of lease liabilities	(257,004)	(219,314)
Increase/ (decrease) short term borrowings-net	466,928,004	(156,803,928)
Net cash from/(used in) financing activities	252,480,005	(339,728,242)
Net increase in cash and cash equivalents	132,484,872	43,863,658
Cash and cash equivalents at the beginning of period	1,704,098,690	1,125,302,080
Cash and cash equivalents at the end of period ¹⁰	1,836,583,562	1,169,165,738

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

Lahore

 Chief Executive Officer


 Director


 Chief Financial Officer

**Condensed Interim Statement of Changes in Equity (Un-audited)
For the half year ended December 31, 2023**

	Issued, subscribed and paid-up capital	Share premium	Reserve on merger	Capital Reserves	New Zero Coupon PPTFCs Redemption Reserve	Total reserves	Surplus on revaluation of fixed assets	Unappropriated profit	Total equity
As at Jul 01, 2022 - Audited (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 period:									
Income for the period ended Dec 31, 2022 (Restated)	-	-	-	-	-	-	-	(49,000,233)	(49,000,233)
Other comprehensive income for the period ended Dec 31, 2022	-	-	-	-	-	-	(37,106,629)	37,106,629	-
Total comprehensive income for the period ended Dec 31, 2022	-	-	-	-	-	-	-	-	-
Transfer to unappropriated profit	-	-	-	-	-	-	-	719,236,629	719,236,629
As at Dec 31, 2022 - Unaudited (Restated)	4,913,753,370	2,358,246,761	105,152,005	661,250,830	-	3,124,649,596	3,084,837,135	719,236,629	11,842,476,730
As at Jul 01, 2023 - Audited	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
Total comprehensive income for the period:									
Income for the period ended December 31, 2023	-	-	-	-	-	-	-	296,643,388	296,643,388
Other comprehensive income for the period ended Dec 31, 2023	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period ended Dec 31, 2023	-	-	-	-	-	-	-	296,643,388	296,643,388
Transfer to unappropriated profit	-	-	-	(512,883,575)	-	(512,883,575)	(73,523,688)	586,407,263	-
Transfer to New Zero Coupon PPTFCs Redemption Reserve	-	-	-	-	355,087,143	355,087,143	-	(355,087,143)	-
As at Dec 31, 2023 - Unaudited	4,913,753,370	2,358,246,761	105,152,005	446,367,255	355,087,143	2,966,855,164	2,885,903,357	2,854,965,972	13,621,472,863

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



Lahore
Chief Executive Officer



Director



Chief Financial Officer

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Condensed Interim Selected Explanatory Notes to the Financial Statements (Un-audited) For the half year ended December 31, 2023

1. Legal status and nature of business

Azgard Nine Limited ("the Company") was incorporated in Pakistan as a Public Limited Company on April 7, 2004 and listed on Pakistan Stock Exchange Limited. The Company is a composite spinning, weaving, dyeing and stitching unit engaged in the manufacturing of yarn, denim and denim products. The registered office of the Company is situated at Ismail Aiwan-e-Science, off Shahrah-e-Roomi, Lahore. The Company has two production units with Unit I located at 2.5 km off Manga, Raiwind Road, District Kasur and Unit II (rented facility) located at Atta Buksh Road, 18-km, off Ferozepur road, Mouza Atari Saroba, Tehseel Cantt, Lahore.

2. Basis of preparation

2.1 Statement of compliance

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

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

- Provisions of and directives issued under the Companies Act, 2017.

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

These condensed interim financial statements do not include all the information required for annual financial statements including financial risk management information and therefore should be read in conjunction with the annual audited financial statements for the year ended June 30, 2022.

Comparative statement of financial position is extracted from annual audited financial statements for the year ended June 30, 2023 whereas comparative statement of profit or loss, statement of changes in equity and statement of cash flows are extracted from un-audited condensed interim financial statements for the half year ended on December 31, 2022.

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

3. Material accounting policy information and estimates

3.1 The accounting policies and methods of computation adopted in the preparation of this condensed interim unconsolidated financial statements are the same as those applied in the preparation of the financial statements for the year ended June 30, 2023.

3.2 Judgements and estimates made by the management in the preparation of the condensed interim financial statements are the same as those applied in preparation of annual published financial statements of the Company for the year ended June 30, 2023.

4. Reserves

- 4.1** There is outstanding amount of Rs. 4,971 million in respect of new zero coupon PPTFCs which are payable on 29 April 2031. During the period, the Company has decided to create a reserve for redemption of these PPTFCs and accordingly an amount of Rs. 355.08 million has been transferred to this reserve from general reserve/ unappropriated profit.
- 4.2** During the period, the Company has also transferred Rs. 512.88 million from Preference Shares Redemption Reserve to unappropriated profit.

	(Un-audited) December 31, 2023	(Audited) June 30, 2023
	Rupees	Rupees
5. Short term borrowings		
Export refinances	2,193,251,090	1,724,551,091
Bills Payable	545,914	2,317,910
Running finance	338,470	1,510,733
	<u>2,194,135,474</u>	<u>1,728,379,734</u>

6. Contingencies and commitments**6.1 Contingencies**

There is no material change in status of contingencies as disclosed in the annual financial statements for the year ended June 30, 2023 except that during the period, next hearing of Court of Venice is fixed on 18 December 2024, while the Company has also filed appeal in Italian Supreme Court against the decision of the Court of Appeal of Venice, however, it's date has not been fixed for hearing.

	(Un-audited) December 31, 2023	(Audited) June 30, 2023
	Rupees	Rupees
6.2 Commitments		
6.2.1 Commitments under irrevocable letters of credit for:		
- purchase of plant, machinery and loose tools	267,136,096	65,278,411
- purchase of raw material	197,036,260	56,673,717
	<u>464,172,356</u>	<u>121,952,128</u>
6.2.2 Commitments for capital expenditure	<u>102,748,552</u>	<u>79,218,435</u>

6.2.3 Counter Guarantees given by the Company to its bankers as at the reporting date amount to Rs. 228.56 million (June 30, 2023: Rs. 228.56 million).

6.2.4 Bills discounted as at reporting date aggregated to Rs. 1,700.95 million (June 30, 2023: Rs. 682.38 million).

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		(Un-audited) December 31, 2023	(Audited) June 30, 2023
	Note	Rupees	Rupees
7 Property, plant and equipment			
Operating fixed assets	7.1	9,744,545,892	10,056,855,140
Right of use assets		1,090,045	1,211,162
Capital work in progress		505,327,907	106,684,342
		<u>10,250,963,844</u>	<u>10,164,750,644</u>
7.1 Operating fixed assets			
Net book value as at the beginning of the period/ year	7.1.1	10,056,855,140	10,317,504,205
Additions during the period/ year		76,039,209	560,472,153
Disposals during the period/ year - Net book value		-	(2,892,385)
Depreciation charged during the period/ year	7.2	(388,348,457)	(818,228,834)
Net book value as at the end of the period/ year		<u>9,744,545,892</u>	<u>10,056,855,140</u>
7.1.1 Additions- Cost			
<u>Assets owned by the Company</u>			
Building on freehold land		22,829,424	258,893,815
Plant and Machinery		26,099,779	182,904,048
Others		27,110,006	118,674,290
		<u>76,039,209</u>	<u>560,472,153</u>

7.2 This includes depreciation for the period amounting to Rs. 388 million (December 2022: Rs. 193 million). Increase in depreciation reflects changes in estimates made in useful life of certain assets w.e.f 30 June, 2023.

8. Transactions and balances with related parties

Related parties comprise associated undertakings, key management personnel (including Chief Executive Officers and directors), post employment benefit plans 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. However, there is no common directorship with JSCL or any of other related parties.

Details of transactions and balances with related parties are as follows:

	(Un-audited)	(Un-audited)
	July to December	July to December
	2023	2022
	Rupees	Rupees
8.1 Transactions with related parties		
JS Bank Limited		
Markup expense	8,381,915	2,155,337
Fee paid to Trustee	1,500,000	1,500,000
Mark up paid	9,936,254	1,018,510
Unit Trust of Pakistan		
Markup expense	734,796	770,584
Markup paid	-	595,377
JS Large Cap Fund		
Markup expense	1,959,991	2,056,184
Markup paid	1,560,080	1,600,306
JS Global Capital Limited		
Markup expense	7,694,219	8,071,839
Markup paid	6,124,312	6,282,226
JS Principal Secure Fund		
Markup expense	789,087	827,815
Markup paid	628,084	644,279
JS Income Fund		
Markup expense	904,054	948,084
Markup paid	-	732,501
JS Growth Fund		
Markup expense	2,335,362	2,449,669
Markup paid	1,204,391	1,901,641
	(Un-audited)	(Audited)
	December 31,	June 30,
	2023	2023
	Rupees	Rupees
8.2 Balances with related parties		
JS Bank Limited		
Settlement Finance under restructuring Scheme	13,870,315	13,870,315
Balance at bank accounts	356,222,785	207,355,582
Short Term Borrowings	55,000,000	111,300,000
Mark-up payable	4,256,073	5,810,412
Unit Trust of Pakistan		
Sub PPTFCs	21,375,000	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	1,680,845	946,048
JS Large Cap Fund		
Redeemable capital - PPTFCs	57,453,622	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	2,877,883	2,477,972

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	(Un-audited) December 31, 2023	(Audited) June 30, 2023
	Rupees	Rupees
JS Global Capital Limited		
Redeemable capital - PPTFCs	225,542,212	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	11,297,532	9,727,625
JS Principal Secure Fund		
Redeemable capital - PPTFCs	23,130,680	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	1,158,628	997,625
JS Pension Savings Fund		
New Zero Coupon PPTFCs	3,850,000	3,850,000
JS Income Fund		
Sub PPTFCs	26,298,000	29,220,000
Settlement Finance under restructuring Scheme	-	8,394,214
New Zero Coupon PPTFCs	62,040,000	62,040,000
Mark-up payable	2,068,091	1,164,037
JS Growth Fund		
Redeemable capital - PPTFCs	44,354,528	49,282,809
Sub PPTFCs	23,917,500	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	4,102,731	2,971,759

	(Un-audited) July to December 2023	(Un-audited) July to December 2022
	Rupees	Rupees
9 Finance Cost		
Interest/ mark-up on:		
Redeemable capital & long term finances	80,972,406	94,812,680
Lease liabilities	86,672	104,734
Short term borrowings	200,002,484	101,005,871
	281,061,562	195,923,285
Amortization of transaction costs	8,352,480	7,697,538
Bank discounting and other charges	214,682,793	228,723,318
	504,096,835	432,344,141

	(Un-audited) December 31, 2023	(Audited) June 30, 2023
	Rupees	Rupees
10 Cash and cash equivalents at the end of period		
Short term borrowings - running finance	(338,470)	(1,510,733)
Cash and bank balances	1,021,689,114	958,543,603
Funds for restructuring scheme	815,232,918	747,065,820
	1,836,583,562	1,704,098,690

11. Fair value of Financial Assets and Liabilities

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:

	December 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>	-	162,219,258	-	162,219,258
	-	174,827,310	-	174,827,310
	----- Rupees -----			
	June 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

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.

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.

Financial liabilities at amortized cost

	<u>December 2023</u>	<u>June 2023</u>
	Rupees	Rupees
Redeemable capital - secured	1,257,375,037	1,443,390,367
New zero coupon privately placed term finance certificates	2,804,294,975	2,694,277,169
Long term finances - current portion	1,081,208,932	1,081,208,932
Preference shares	148,367,255	148,367,255
Lease liabilities	556,600	1,323,720
Trade and other payables	1,982,371,247	2,831,427,445
Interest / mark-up accrued on borrowings	428,836,806	322,106,193
Short-term borrowings	2,194,135,474	1,728,379,734
Dividend payable on preference shares	9,413,535	9,413,535
Unclaimed dividend on ordinary shares	3,753,252	3,753,252
	<u>9,910,313,114</u>	<u>10,259,894,350</u>

	Spinning segment		Weaving segment		Garment segment		Eliminations		Total	
	December-23	June-23	December-23	June-23	December-23	June-23	December-23	June-23	December-23	June-23
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
12.1.4 Assets										
Total assets for reportable segments	2,990,083,888	3,139,160,288	10,987,301,060	11,689,514,265	11,153,362,281	10,349,636,102	(1,236,714,729)	(1,128,816,128)	23,894,032,500	24,049,484,527
Property, plant and equipment - common	-	-	-	-	-	-	-	-	1,135,063,309	1,038,876,864
Long term investments	-	-	-	-	-	-	-	-	12,608,052	12,608,052
Short term investments	-	-	-	-	-	-	-	-	162,215,258	142,399,891
Funds for restructuring scheme	-	-	-	-	-	-	-	-	815,232,918	747,065,820
	2,990,083,888	3,139,160,288	10,987,301,060	11,689,514,265	11,153,362,281	10,349,636,102	(1,236,714,729)	(1,128,816,128)	26,019,156,037	25,900,435,155
12.1.5 Liabilities										
Total liabilities for reportable segments	519,152,272	610,024,845	1,840,165,725	2,592,930,381	2,729,708,646	2,577,410,156	(1,236,714,729)	(1,128,816,128)	3,852,311,914	4,651,549,254
Corporate liabilities - common	-	-	-	-	-	-	-	-	8,546,371,260	8,014,056,436
	519,152,272	610,024,845	1,840,165,725	2,592,930,381	2,729,708,646	2,577,410,156	(1,236,714,729)	(1,128,816,128)	12,397,683,174	12,665,605,680

12.1.6 Geographical information

The segments of the Company are managed on a worldwide basis, but operate manufacturing facilities and sales offices in Pakistan. In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

Revenue	July to December	July to December
	2023	2022
	Rupees	Rupees
<u>Foreign revenue</u>		
Asia	1,656,738,205	1,231,184,439
Europe	10,330,096,953	9,024,320,911
North America	544,029,986	15,622,601
South America	3,229,502	-
Africa	16,737,204	-
Other countries	3,250,983,890	3,077,756,126
	15,801,815,740	13,348,884,077
<u>Local revenue</u>		
Pakistan	1,123,570,512	1,100,297,399
	16,925,386,252	14,449,181,476
	(Un-audited)	(Audited)
	December-23	June-23
	Rupees	Rupees
12.1.7 Non-current assets		
Pakistan	10,337,508,868	10,251,295,668

13. Corresponding figures

Except for following, no significant reclassification has been made:

In prior years, the Company had recognized redeemable capital and new zero coupon finance certifications on their respective face values. During the year ended June 30, 2023, to comply with IFRS-9- Financial Instruments, the Company recognized these finance at their amortized cost. The corresponding figures of half year and quarter ended December 31, 2022 have been restated now to incorporate such change made in annual audited financial statements for the year ended June 30, 2023.

14. Date of authorization

This condensed interim unconsolidated financial statements was authorized for issue by the Board of Directors of the Company on 28 February 2024.

15. General

Figures have been rounded off to the nearest rupee.

Lahore


 Chief Executive Officer


 Director


 Chief Financial Officer

AZGARD9

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