

Tomorrow's Denim Today

AZGARD

AZGARD NINE LIMITED
Interim Financial Report
for the half year ended
December 31, 2024 (Un-audited)

Contents

Company Information	2
Directors' Review - English	3
Directors' Review - Urdu	5
Independent Auditor's Review Report	7
Condensed Interim Statement of Financial Position (Un-audited)	8
Condensed Interim Statement of Profit or Loss (Un-audited)	9
Condensed Interim Statement of Comprehensive Income (Un-audited)	10
Condensed Interim Statement of Cash Flows (Un-audited)	11
Condensed Interim Statement of Changes in Equity (Un-audited)	12
Notes to the Condensed Financial Statements (Un-audited)	13

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Zahid Mahmood
Chairman
Mr. Ahmed H. Shaikh
Chief Executive
Mr. Abid Hussain
Mr. Ihsan Ahmad
Ms. Maliha Sarda Azam
Mr. Nasir Ali Khan Bhatti
Syed Hasan Akbar Kazmi
Mr. Usman Rasheed

COMPANY SECRETARY

Mr. Muhammad Awais

CHIEF FINANCIAL OFFICER

Mr. Muhammad Zahid Rafiq, FCA

AUDIT COMMITTEE

Mr. Ihsan Ahmad
Chairman
Mr. Nasir Ali Khan Bhatti
Mr. Usman Rasheed

HR & REMUNERATION COMMITTEE

Mr. Ihsan Ahmad
Chairman
Mr. Ahmed H. Shaikh
Ms. Maliha Sarda Azam

AUDITORS

Rahman Sarfaraz Rahim Iqbal Rafiq
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

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, Pakistan.
Ph: +92(0)42 35384081

Unit II

Atta Buksh Road, 18-KM, Off: Ferozepur Road,
Mouza Atari Saroba, Tehseel Cantt,
Lahore, Pakistan.
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") hereby present the Company's Condensed Interim Financial Report for the six months ended December 31, 2024.

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:

	Six Months Ended December 31, 2024 (Rupees)	Six Months Ended December 31, 2023 (Rupees)
Sales – net	21,979,361,661	16,925,386,252
Operating profit	1,054,794,625	966,246,730
Finance cost	(618,891,399)	(504,096,835)
Profit before levies & taxes	512,114,451	551,675,458
Profit after taxes	200,025,780	296,643,388
Earnings per share	0.41	0.60

Review of business during this period and future outlook

During the period under review, the Company grew with net sales reaching Rs. 21,979.36 million, about 30% higher from RS.16,925.39 million in the same period last year.

The operating profit also increased to Rs. 1,054.79 million, from to Rs. 966.25 million in same comparable period last year. However net profit after tax stood at Rs. 200.03 million, down from Rs. 296.64 million recorded in the corresponding period.

During this period, the textile sector faced major financial challenges. Rising costs of raw materials, energy, and labor costs put pressure on the Company. Meanwhile, high finance costs and delays in government refunds tightened liquidity. Geopolitical tensions in the Middle East led to a surge in shipping costs and increased rates. New entrants trying to gain market share have put pressure on margins.

The Government of Pakistan shifted exporters from the Final Tax Regime to the Normal Tax Regime. Moreover, it introduced an additional 1% advance tax on export proceeds, doubling the existing rate of 1%. This has further increased costs for the industry and squeezed liquidity.

The settlement plan for the outstanding preference shares was approved by the preference shareholders in their meeting held on January 18, 2024. Following this approval, the outstanding dividends have been paid. The outstanding principal amount and accrued mark-up are being settled according to the approved settlement plan.

We anticipate a gradual recovery in both global and local markets as supply chains stabilize and inflationary pressures ease. Lower interest rates are expected to further improve the business environment. However, regional conflicts and policy changes remain key risks.

4 | Azgard Nine Limited

To address these challenges, we are focusing on reducing energy costs, improving process efficiency and enhancing financial stability. We plan to strengthen our export channels and diversify our product range through innovation and targeted market expansion. We are working to improve our sustainability practices to address the demand of our customers.

The Board remains confident in the Company's resilience. Our strategic initiatives and prudent financial management will help us adapt to uncertain market conditions. We remain committed to delivering long-term value for our shareholders.

On behalf of the Board of Directors



Chief Executive Officer

Date: February 27, 2025



Director

ڈائریکٹرز کا جائزہ

ایزگارڈ ٹائن لمیٹڈ (کمپنی) کے ڈائریکٹرز کمپنی کی کثیف عبوری مالیاتی رپورٹ برائے سش ماہی تختہ 31 دسمبر 2024 پیش کرتے ہیں۔

اہم سرگرمیاں

آپ کی کمپنی کا بنیادی کاروبار دھاکہ سے لے کر خوردہ تیار سامان، ڈیٹیم کپڑا اور تیار ڈیٹیم ملبوسات کی مصنوعات کی پیداوار اور مارکیٹنگ پر مرکوز ہے۔ ایزگارڈ ٹائن لمیٹڈ کے عملی مالیاتی نتائج درج ذیل ہیں۔

سش ماہی تختہ 31 دسمبر 2023 (روپے)	سش ماہی تختہ 31 دسمبر 2024 (روپے)	
16,925,386,252	21,979,361,661	فروختگی (Net)
966,246,730	1,054,794,625	آپریٹنگ منافع
(504,096,835)	(618,891,399)	مالیاتی اخراجات
551,675,458	512,114,451	منافع قبل از لیویز اور ٹیکسز
296,643,388	200,025,780	منافع بعد از ٹیکسز
0.60	0.41	منافع فی شیئر

اس معیار کے دوران کاروبار کا جائزہ اور مستقبل پر نظر

زیر جائزہ مدت کے دوران، کمپنی کی سیلز 30 فیصد اضافے کے ساتھ پچھلے سال اسی مدت کے 16,925.39 ملین روپے سے بڑھ کر 21,979.36 ملین روپے رہے۔

پچھلے سال کے آپریٹنگ منافع 966.25 ملین روپے کے مقابلے میں اس سش ماہی کا آپریٹنگ منافع 1,054.79 ملین روپے ہے۔ البتہ کمپنی کا بعد از ٹیکس خالص منافع 200.03 ملین روپے رہا، جو کہ پچھلے سال اسی مدت کے دوران 296.64 ملین روپے کے مقابلے میں کم ہے۔

اس عرصے کے دوران ٹیکسٹائل سیکٹر کو بڑے مالی چیلنجوں کا سامنا کرنا پڑا۔ خام مال، توانائی اور لیبر کی لاگت میں اضافہ کمپنی پر دباؤ ڈالتا ہے۔ دریں اثنا، مالیاتی اخراجات میں اضافہ اور حکومتی رقم کی واپسی میں تاخیر نے لیکویڈیٹی کو مشکل کر دیا ہے۔ مشرق وسطیٰ میں جغرافیائی سیاسی تناؤ کی وجہ سے جہاز رانی کے اخراجات میں اضافہ ہوا اور زرخوں میں اضافہ ہوا۔ مارکیٹ شیئر حاصل کرنے کی کوشش کرنے والے نئے آنے والوں نے مارجن پر دباؤ ڈالا ہے۔

حکومت نے ایکسپوٹرز کو فائل ٹیکس رجیم سے نارمل ٹیکس رجیم میں منتقل کر دیا۔ مزید برآں، اس نے برآمدی آمدنی پر اضافی 1 فیصد کی شرح کو دوگنا کر دیا۔ اس سے صنعت کی لاگت میں مزید اضافہ ہوا ہے اور لیکویڈیٹی میں کمی آئی ہے۔

6 Azgard Nine Limited


بقایا تہجی حصص کے تصفیر کے منصوبے کو تہجی حصص داران نے 18 جنوری 2024 کو ہونے والے اپنے اجلاس میں منظور کیا تھا۔ اس منظوری کے بعد بقایا منافع کی ادائیگی کر دی گئی۔ بقایا اصل رقم اور جمع شدہ مارک اپ منظور شدہ سٹیلمنٹ پلان کے مطابق ادا کیا جا رہا ہے۔


ہم عالمی اور مقامی دونوں منڈیوں میں بتدریج بحالی کی توقع کرتے ہیں کیونکہ سپلائی چینز مستحکم ہو رہی ہے اور افراط زر کے دباؤ میں کمی ہو رہی ہے۔ کم شرح سود سے کاروباری ماحول میں مزید بہتری کی توقع ہے۔ تاہم، علاقائی تنازعات اور پالیسی تبدیلیاں اہم خطرات ہیں۔

ان چیلنجوں سے نمٹنے کے لئے، ہم توانائی کی لاگت کو کم کرنے، عملی کارکردگی کو بہتر بنانے اور مالی استحکام کو بڑھانے پر توجہ مرکوز کر رہے ہیں۔ ہم جدت اور نارگنڈ مارکیٹ کی توسیع کے ذریعے اپنے برآمدی چینلوں کو مضبوط بنانے اور اپنی مصنوعات کی رینج کو متنوع بنانے کا ارادہ رکھتے ہیں۔ ہم اپنے صارفین کی مانگ کو پورا کرنے کے لئے اپنے پائیداری کے طریقوں کو بہتر بنانے کے لیے کام کر رہے ہیں۔

بورڈ کمیٹی کی بحالی کے لئے پراعتماد ہے۔ ہمارے اسٹریٹجک اقدامات اور سچھدار مالیاتی انتظام مارکیٹ کے غیر یقینی حالات سے ہم آہنگ ہونے میں ہماری مدد کرے گا۔ ہم اپنے حصص داران کے لئے طویل مدتی قدر فراہم کرنے کے لئے پرعزم ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے


ڈائریکٹر


چیف ایگزیکٹو آفیسر
لاہور
27 فروری 2025ء



Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

72-A, Faisal Town,
Lahore - 54770, Pakistan.

T: +92 42 35160430 - 32
F: +92 42 35160433
E: lahore@rsrir.com
W: www.rsrir.com

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of **AZGARD NINE LIMITED**

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **AZGARD NINE LIMITED** ['the Company'] as at **31 December 2024** and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows and notes to the condensed interim 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 these 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 interim financial statements based on our review. The figures for the three-month period ended **31 December 2024** of the condensed interim statement of profit or loss, condensed interim statement of comprehensive income have not been reviewed as we are required to review only cumulative figures for the six-month period ended on that date.

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.

Conclusion

Based on our review, 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

The financial statements of the Company for the period ended 31 December 2023 were reviewed and for the year ended 30 June 2024 were audited by another auditor who expressed a modified opinion on those statements on 28 February 2024 and 30 September 2024 respectively.

The engagement partner on the review resulting in this independent auditor's review report is **ALI RAZA JAFFERY**.

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Lahore: 27 February 2025
UDIN: RR2024107043kldBwpVO

S Azzard Nine Limited

Condensed Interim Statement of Financial Position (Un-audited) As At 31 December 2024

	Note	31-Dec-24 Rupees [Un-audited]	30-Jun-24 Rupees [Audited]
EQUITY AND LIABILITIES			
EQUITY			
<i>Authorized share capital</i>		15,000,000,000	15,000,000,000
Issued share capital		4,913,753,370	4,913,753,370
Reserves		3,677,027,450	3,321,940,307
Surplus on revaluation on fixed assets - net of tax		2,560,424,687	2,612,266,054
Retained earnings		2,771,043,592	2,853,088,946
TOTAL EQUITY		13,922,249,099	13,701,048,677
LIABILITIES			
NON-CURRENT LIABILITIES			
Redeemable capital - secured		804,078,205	1,030,263,477
New zero coupon privately placed - TFCs		3,032,968,739	2,914,312,783
Preference shares liability		179,907,996	216,848,846
Deferred liabilities		1,593,956,215	1,499,899,473
		5,610,911,155	5,661,324,579
CURRENT LIABILITIES			
Current portion of non-current liabilities		1,576,684,609	1,577,458,577
Short term borrowings	6	2,236,484,170	2,205,419,916
Trade and other payables		3,501,677,825	4,313,920,816
Contract liabilities (Advances from customers)		173,603,632	113,353,052
Interest / mark-up accrued on borrowings		127,677,069	201,801,459
Unclaimed dividend on ordinary shares		3,753,252	3,753,252
Income tax payable		-	6,874,376
Levies payable - net		242,422,945	242,422,945
		7,862,303,502	8,665,004,393
TOTAL LIABILITIES		13,473,214,657	14,326,328,972
CONTINGENCIES AND COMMITMENTS			
TOTAL EQUITY AND LIABILITIES	7	27,395,463,756	28,027,377,649
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	11,038,564,080	10,969,445,216
Long term investments		13,410,515	13,410,515
Long term deposits and receivables		183,160,178	73,380,372
		11,235,134,773	11,056,236,103
CURRENT ASSETS			
Stores and spares and lose tools		242,568,117	218,355,085
Stock in trade		6,226,909,923	7,566,679,744
Trade receivables		4,273,217,525	4,229,804,959
Receivable against sale of Muzaffargarh unit		706,412,075	713,716,646
Advances, deposits, prepayments and other receivables		2,612,027,315	2,334,705,054
Short term investments		138,418,830	154,643,646
Income tax refundable		143,315,438	-
Funds for restructuring scheme		885,567,256	842,684,023
Cash and bank balances		931,892,504	910,552,389
		16,160,328,983	16,971,141,546
TOTAL ASSETS		27,395,463,756	28,027,377,649

The annexed notes from 1 to 18 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 Six-Month Period Ended 31 December 2024

Note	Six-month period ended		Three-month period ended	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
	Rupees	Rupees	Rupees	Rupees
Sales Net	21,979,361,661	16,925,386,252	11,816,906,411	8,187,098,477
Cost of sales	(19,321,644,017)	(14,765,719,562)	(10,416,074,147)	(7,189,403,103)
Gross profit	2,657,717,644	2,159,666,690	1,400,832,264	997,695,374
Selling and distribution expenses	(1,108,496,590)	(745,992,912)	(543,078,844)	(365,723,261)
Administrative expenses	(494,426,429)	(447,427,048)	(267,794,596)	(241,882,606)
	(1,602,923,019)	(1,193,419,960)	(810,873,440)	(607,605,867)
Operating profit	1,054,794,625	966,246,730	589,958,824	390,089,507
Other income	241,326,077	253,108,607	123,995,081	149,243,827
Other expenses	(26,700,314)	(29,035,550)	(16,491,183)	(10,813,940)
Finance costs	(618,891,399)	(504,096,835)	(310,114,496)	(255,780,795)
Amortization of notional income	(138,414,538)	(134,547,494)	(69,207,269)	(67,273,747)
Profit before statutory levies & income	512,114,451	551,675,458	318,140,957	205,464,852
Provision for statutory levies	(142,393,668)	(152,328,476)	(50,931,571)	(73,683,886)
Profit before income taxes	369,720,783	399,346,982	267,209,386	131,780,966
Provision for income taxes	(169,695,003)	(102,703,594)	(134,976,907)	(54,985,272)
Profit after income taxes	200,025,780	296,643,388	132,232,479	76,795,694
Basic earnings per share	0.41	0.60	0.27	0.15

The annexed notes from 1 to 18 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 Six-Month Period Ended 31 December 2024**

	Six-month period ended		Three-month period ended	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Profit after income taxes	200,025,780	296,643,388	132,232,479	76,795,694
Other comprehensive income:				
<i>Items that be reclassified subsequently to profit or loss</i>	-	-	-	-
<i>Items that will not be reclassified subsequently to profit or loss</i>	-	-	-	-
Other comprehensive income after income taxes	-	-	-	-
Total comprehensive income	200,025,780	296,643,388	132,232,479	76,795,694

The annexed notes from 1 to 18 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 Six-Month Period Ended 31 December 2024

	<u>31-Dec-24</u>	<u>31-Dec-23</u>
	<i>Rupees</i>	<i>Rupees</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
	<i>Note</i>	
Profit before income tax	369,720,783	399,346,982
Adjustments for non-cash and other items	1,140,920,054	1,106,112,520
Profit before changes in working capital	1,510,640,837	1,505,459,502
Changes in working capital	201,862,332	(606,039,511)
Cash generated from operations	1,712,503,169	899,419,991
Payments for:		
Finance cost	(316,601,854)	(174,330,948)
Statutory levies and Taxes under ITO,2001	(462,278,485)	(219,949,064)
WPPF	-	(100,759,318)
Long term deposits	(110,336,406)	-
Employee retirement benefits	(76,405,289)	(29,873,656)
Net cash generated from operating activities	746,881,135	374,507,005
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(480,924,160)	(474,682,772)
Proceeds from disposal of property, plant and equipment	2,200,000	-
Proceeds against receivables from sale of muzaffargarh unit	7,304,571	-
Proceeds from/(purchase) of short investments	17,405,517	(19,819,367)
Net cash used in investing activities	(454,014,072)	(494,502,139)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of redeemable capital	(222,549,764)	(214,190,995)
Repayment of lease liabilities	(217,355)	(257,004)
Repayment of preference shares liability	(36,940,850)	-
Net Increase in short term borrowings	35,884,917	466,928,004
Net cash (used in)/generated from financing activities	(223,823,052)	252,480,005
NET INCREASE IN CASH AND CASH EQUIVALENTS	69,044,011	132,484,872
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	1,745,142,828	1,704,098,690
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD 9	1,814,186,839	1,836,583,562

The annexed notes from 1 to 18 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 Six-Month Period Ended 31 December 2024**

	Share capital		Capital reserves		New Zero Coupon PPTFCs Redemption Reserve	Total	Retained earnings	Total equity
	Issued share capital	Share premium	Reserve on merger	Preference shares redem reserve				
Balance as at 01 July 2023 - (Audited)	4,913,753,370	2,358,246,761	105,152,005	681,250,830	-	3,124,649,596	2,959,427,045	13,324,829,475
Comprehensive income	-	-	-	-	-	(612,883,575)	571,551,938	-
Profit after income taxes	-	-	-	-	-	355,087,143	(385,087,143)	-
Other comprehensive income	-	-	-	-	-	(157,796,432)	231,320,120	-
Other transactions	-	-	-	-	-	-	296,643,388	296,643,388
Transfer of incremental depreciation to retained earnings	-	-	-	-	-	-	571,551,938	-
Transfer to new zero coupon PPTFCs redemption reserve	-	-	-	-	-	(612,883,575)	(385,087,143)	-
Transaction with owners	-	-	-	-	-	-	-	-
Balance as at 31 December 2023 - (Un-audited)	4,913,753,370	2,358,246,761	105,152,005	148,367,255	355,087,143	2,966,853,164	2,854,062,972	13,621,472,863
Balance as at 01 January 2024 - (Un-audited)	4,913,753,370	2,358,246,761	105,152,005	148,367,255	355,087,143	2,966,853,164	2,854,062,972	13,621,472,863
Comprehensive income	-	-	-	-	-	-	-	232,932,284
Profit after income taxes	-	-	-	-	-	-	-	232,932,284
Other comprehensive income	-	-	-	-	-	-	-	-
Other transactions	-	-	-	-	-	-	-	-
Re-measurement gain on employee retirement benefits	-	-	-	-	-	-	-	(37,689,355)
Related deferred tax liability on re-measurement gain	-	-	-	-	-	-	-	10,932,813
Revaluation surplus on property, plant and equipment	-	-	-	-	-	-	-	405,550,446
Deferred tax liability on revaluation surplus of PPE	-	-	-	-	-	-	-	(117,609,145)
Transfer of preference share redemption reserve to retained earnings	-	-	-	-	-	-	-	(457,173,297)
Transfer to new zero coupon PPTFCs redemption reserve	-	-	-	-	-	-	-	42,643,739
Transaction with owners	-	-	-	-	-	-	-	-
Balance as at 30 June 2024 - (Audited)	4,913,753,370	2,358,246,761	105,152,005	148,367,255	710,174,286	3,321,940,307	2,853,088,946	13,701,048,677
Balance as at 01 July 2024	4,913,753,370	2,358,246,761	105,152,005	148,367,255	710,174,286	3,321,940,307	2,853,088,946	13,701,048,677
Comprehensive income	-	-	-	-	-	-	-	200,025,760
Profit after income taxes	-	-	-	-	-	-	-	200,025,760
Other comprehensive income	-	-	-	-	-	-	-	-
Other transactions	-	-	-	-	-	-	-	-
Transfer of incremental depreciation to retained earnings	-	-	-	-	-	-	-	73,016,009
Deferred tax liability on incremental depreciation	-	-	-	-	-	-	-	(73,016,009)
Transfer to new zero coupon PPTFCs redemption reserve	-	-	-	-	-	-	-	(385,087,143)
Transaction with owners	-	-	-	-	-	-	-	-
Balance as at 31 December 2024 - (Un-audited)	4,913,753,370	2,358,246,761	105,152,005	148,367,255	1,065,261,429	3,677,057,450	2,960,424,687	13,922,240,009

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements



Chief Executive Officer



Director



Chief Financial Officer

Lahore

**Notes to the Condensed Financial Statements (Un-audited)
For The Six-Month Period Ended 31 December 2024**

1 LEGAL STATUS AND OPERATIONS

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.

1.1 Location of business units

Registered Office	Ismail Aiwan-e-Science, off Shahrah-e-Roomi, Lahore.
Manufacturing Unit - 1	2.5 KM, off Manga, Raiwind Road, District kasur, Pakistan
Manufacturing Unit - 2 (Rented)	18 KM, Atta Buksh Road, off Ferozepur Road, Mouza Atari Saroba, Tehseel Cantt, Lahore Pakistan

2 BASIS OF PREPARATION

These interim financial statements are un-audited and have been presented in condensed form and do not include all the information as is required to be provided in a full set of annual financial statements. These interim financial statements should be read in conjunction with the annual audited financial statements of the Company for the year ended 30 June 2024.

These interim financial statements have been subjected to limited scope review by the auditors of the company, as required under section 237 of the Companies Act, 2017. The comparative condensed interim statement of financial position as at 30 June 2024 and the related notes to the interim financial statements are based on audited financial statements. The comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows and related notes to the condensed interim financial statements for the six-month period ended 31 December 2024 are based on unaudited, reviewed interim financial statements. The condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the three-month period ended 31 December 2024 and 31 December 2023 are neither audited nor reviewed.

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 comprises of:

- International Accounting Standard 34 - Interim Financial Reporting, issued by 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.

2.2 Basis of measurement

These interim financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis as at the reporting date.

Items	Measurement basis
Financial liabilities	Amortized cost
Financial assets	Fair value/amortized cost
Employee retirement benefits	Present value

2.3 Judgments, estimates and assumptions

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgements 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 judgements 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 estimate is revised and in any future periods affected.

There were no changes in key judgements applied and, estimates and assumptions made by the Company during the period except as explained below:

The Company has reviewed its position regarding the ongoing litigation with Taybah Capital Limited ("TCL"), involving TCL's claim of EUR 7 million in the Court of Venice and the liquidation damages of EUR 2.049 million awarded to TCL by the Court of Vicenza. Based on legal counsel's advice and in light of related legal considerations, management has determined that both TCL's claim of EUR 7 million and the liquidation damages of EUR 2.049 million awarded by the Court of Vicenza do not satisfy the criteria for recognition as a "Provision" under IAS 37 Provisions, Contingent Liabilities, and Contingent Assets. Consequently, no liability has been recorded in the statement of financial position.

2.4 Functional currency

These interim financial statements have been prepared in Pak Rupees which is the Company's functional currency. The amounts reported in these interim financial statements have been rounded to the nearest Rupees unless specified otherwise.

2.5 Date of authorization for issue

These interim financial statements have been approved by the Board of Directors of the Company and authorized for issue on 27 February 2025.

3 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS EFFECTIVE DURING THE YEAR.

The following new and revised International Financial Reporting Standards [IFRS] and International Accounting Standards [IAS], interpretations and amendments to IFRS and IAS are effective in the current period but are either not relevant to the Company or their application does not have any material impact on the interim financial statements of the Company other than presentation and disclosures, except as stated otherwise.

3.1 Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

3.2 Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.

3.3 Non-current Liabilities with Covenants (Amendments to IAS 1)

The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

3.4 Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.

4 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET EFFECTIVE.

The following standards, interpretations and amendments are in issue which are not effective as at the reporting date and have not been early adopted by the Company.

	Effective date (annual periods beginning on or after)
Lack of Exchangeability (Amendments to IAS 21)	01 January 2025
Amendments IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments	01 January 2026
Annual Improvements to IFRS Accounting Standards — Volume 11	01 January 2026
IFRS 17 Insurance Contracts	01 January 2026
IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information	01 July 2026
IFRS S2 Climate-related Disclosures	01 July 2026

Other than afore mentioned standards, interpretations and amendments, IASB has also issued the following standards which have not been notified by the Securities and Exchange Commission of Pakistan for adoption.

- IFRS 1 - First Time Adoption of International Financial Reporting Standards
- IFRS 18 Presentation and Disclosures in Financial Statements
- IFRS 19 Subsidiaries without Public Accountability: Disclosures

The Company intends to adopt these new standards on their effective dates, subject to notification by Securities and Exchange Commission of Pakistan under section 225 of the Companies Act, 2017 regarding their adoption. The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will not have a material impact on the Company's interim financial statements other than in presentation/disclosures.

16 | Azgard Nine Limited

5 ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these interim financial statements are the same as those applied in the preparation of preceding annual financial statements of the Company for the year ended 30 June 2024.

	<i>Notes</i>	(Un-audited) 31-Dec-24	(Audited) 30-Jun-24
		<i>Rupees</i>	<i>Rupees</i>
6 SHORT TERM BORROWINGS			
Export refinances/ term loans		2,138,251,090	2,138,251,091
Bills payable		94,960,159	59,075,241
Bank overdraft	9	3,272,921	8,093,584
		<u>2,236,484,170</u>	<u>2,205,419,916</u>

7 CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

7.1.1 There is no material change in the status of contingencies as disclosed in the financial statements for the year ended Jun 30, 2024 except that during the period, hearing of Court of Venice was held and the judge has granted the parties time to submit statements and replies.

7.2 Commitments

7.2.1 Commitments under irrevocable letters of credit for:

- purchase of plant, machinery and loose tools	156,716,001	182,475,526
- purchase of raw material	54,675,130	52,774,586
	<u>211,391,131</u>	<u>235,250,112</u>

7.2.2 Commitments for capital expenditures

- commitments for capital expenditures	613,799,339	158,676,099
	<u>613,799,339</u>	<u>158,676,099</u>

7.2.3 Counter Guarantees given by the company to its bankers as at the reporting date amount to Rs.285.79 million (2024: Rs.285.79 million).

7.2.4 Bills discounted as at reporting date aggregated to Rs. 3,409.95 million (2024: Rs. 2,767.17 million)

8 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	8.1	10,528,852,082	10,277,401,479
Capital work in progress		509,711,998	691,074,808
Right of use assets		-	968,929
		<u>11,038,564,080</u>	<u>10,969,445,216</u>

		(Un-audited) 31-Dec-24	(Audited) 30-Jun-24
	<i>Notes</i>	<i>Rupees</i>	<i>Rupees</i>
8.1 Operating fixed assets			
Net book value at beginning of the period/year		10,277,401,479	10,056,855,140
Additions during the period/year			
Buildings on freehold land		-	63,371,599
Plant and machinery		607,021,463	323,115,372
Furniture and fixtures and equipment		10,301,882	60,310,208
Electrical installations		16,853,421	21,473,595
Computer equipment		14,016,444	12,365,709
Vehicles		14,093,760	138,482,276
		662,286,970	619,118,759
Net book value of assets disposed during the period/year		(1,636,996)	(12,531,843)
Assets transfer from leased to own		968,929	-
Revaluation adjustment		-	405,548,775
Depreciation for the period/year		(410,168,300)	(791,589,352)
Net book value at end of the period/year		10,528,852,082	10,277,401,479

9 CASH AND CASH EQUIVALENTS AT END OF THE PERIOD

Short term borrowings - running finance	6	(3,272,921)	(8,093,584)
Cash and bank balances		931,892,504	910,552,389
Funds for restructuring		885,567,256	842,684,023
		1,814,186,839	1,745,142,828

		(Un-audited) 31-Dec-24	(Un-audited) 31-Dec-23
		<i>Rupees</i>	<i>Rupees</i>
10 FINANCE COSTS			
Interest on redeemable and long term finances		66,274,544	80,972,406
Interest on lease liabilities		11,780	86,672
Interest on short term borrowings		176,191,140	200,002,484
Amortization of transaction costs		16,283,407	8,352,480
Bank charges		360,130,528	214,682,793
		618,891,399	504,096,835

11 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 (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:

	Six-month period ended	
	(Un-audited) 31-Dec-24	(Un-audited) 31-Dec-23
	<i>Rupees</i>	<i>Rupees</i>
11.1 Transactions with related parties		
11.1.1 Other Related parties		
JS Bank Limited		
Markup expense	349,608	8,381,915
Fee paid to trustee	1,500,000	1,500,000
Markup Paid	-	9,936,254
Profit received on deposit accounts	12,873,417	19,939,539
Unit Trust of Pakistan		
Markup expense	615,070	734,796
JS Large Cap Fund		
Markup expense	1,638,181	1,959,991
Markup Paid	1,240,019	1,560,080
JS Global Capital Limited		
Markup expense	6,430,908	7,694,219
Markup Paid	4,867,867	6,124,312
JS Principle Secure Fund		
Markup expense	659,527	789,087
Markup Paid	499,228	628,084
JS Income Fund		
Markup expense	756,753	904,054
JS Growth Fund		
Markup expense	1,952,956	2,335,362
Markup Paid	957,302	1,204,391
	(Un-audited) 31-Dec-24	(Audited) 30-June-24
11.2 Balances with related parties	<i>Rupees</i>	<i>Rupees</i>
11.2.1 Other Related parties		
JS Bank Limited		
Settlement Finance under restructuring Scheme	13,870,315	13,870,315
Balance at bank accounts	205,882,804	549,253,273
Mark-up payable	2,551,758	2,202,150
Unit Trust of Pakistan		
Sub PPTFCs	16,625,000	19,000,000
Settlement Finance under restructuring Scheme	6,822,073	6,822,073
New Zero Coupon PPTFCs	49,485,000	49,485,000
Mark-up payable	1,862,164	1,247,094

	(Un-audited) 31-Dec-24	(Audited) 30-Jun-24
	<i>Rupees</i>	<i>Rupees</i>
JS Large Cap Fund		
Redeemable capital - PPTFCs	44,686,151	51,069,886
Settlement Finance under restructuring Scheme	17,739,525	17,739,525
New Zero Coupon PPTFCs	59,745,000	59,745,000
Mark-up payable	3,655,356	3,257,193
JS Global Capital Limited		
Redeemable capital - PPTFCs	175,421,720	200,481,966
Settlement Finance under restructuring Scheme	69,638,980	69,638,980
New Zero Coupon PPTFCs	234,545,000	234,545,000
Mark-up payable	14,349,608	12,786,567
JS Principal Secure Fund		
Redeemable capital - PPTFCs	17,990,529	20,560,604
Settlement Finance under restructuring Scheme	7,141,887	7,141,887
New Zero Coupon PPTFCs	24,050,000	24,050,000
Mark-up payable	1,471,637	1,311,338
JS Pension Savings Fund		
New Zero Coupon PPTFCs	3,850,000	3,850,000
JS Income Fund		
Sub PPTFCs	20,454,000	23,376,000
Settlement Finance under restructuring Scheme	8,394,214	8,394,214
New Zero Coupon PPTFCs	62,040,000	62,040,000
Mark-up payable	2,291,217	1,534,463
JS Growth Fund		
Redeemable capital - PPTFCs	34,497,966	39,426,247
Sub PPTFCs	18,602,500	21,260,000
Settlement Finance under restructuring Scheme	21,330,137	21,330,137
New Zero Coupon PPTFCs	107,080,000	107,080,000
Mark-up payable	4,905,909	3,910,255

12 FINANCIAL INSTRUMENTS

The carrying amounts of the Company's financial instruments by class and category are as follows:

	(Un-audited) 31-Dec-24	(Audited) 30-Jun-24
	<i>Rupees</i>	<i>Rupees</i>
12.1 Financial assets		
<i>Financial assets at amortized cost</i>		
Long term deposits and receivables	150,160,178	40,380,372
Trade receivables	4,273,217,525	4,229,804,959
Other receivables	6,548,320	8,153,286
Security deposits	15,499,650	52,870,845
Margin deposits	42,252,010	45,309,925
Insurance claims	6,548,320	-
Cash at banks	921,373,923	905,555,505
Funds for restructuring scheme	885,567,256	842,684,023
	6,301,167,182	6,124,758,915
<i>Financial assets designated as fair value through OCI</i>		
Long term investments	13,410,515	13,410,515
Short term investments	138,054,273	138,054,273
<i>Financial assets designated as fair value through profit or loss</i>		
Investment in mutual funds	364,557	16,589,373
	6,452,996,527	6,292,813,076
12.2 Financial liabilities		
<i>Financial liabilities at amortized cost</i>		
Redeemable capital - secured	804,078,205	1,030,263,477
New zero coupon privately placed term finance certificates	3,032,968,739	2,914,312,783
Long term finances - current portion	1,081,208,932	1,081,208,932
Preference shares	179,907,996	216,848,846
Lease liabilities	-	773,955
Trade and other payables	3,501,677,825	3,215,967,672
Interest / mark-up accrued on borrowings	127,677,069	201,801,459
Short-term borrowings	2,236,484,170	2,205,419,916
Unclaimed dividend on ordinary shares	3,753,252	3,753,252
	10,967,756,188	10,870,350,292

13 SEGMENT INFORMATION

13.1 Segment revenues and results

	Spinning segment		Weaving segment		Garment segment		Elimination		Total	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Revenue										
External	1,447,464,605	1,501,442,071	6,665,924,372	6,174,105,494	13,847,972,684	9,249,838,687	-	-	21,979,361,661	16,925,366,252
Inter-segment	392,251,215	199,993,970	4,252,573,998	3,100,265,659	14,389,900	88,620	(4,659,215,113)	(3,300,348,449)	-	-
	1,839,715,820	1,701,436,041	10,938,498,370	9,274,371,353	13,862,362,584	9,249,927,307	(4,659,215,113)	(3,300,348,449)	21,979,361,661	16,925,366,252
Cost of sales										
External	(1,396,639,248)	(1,435,149,717)	(5,214,908,800)	(4,886,662,266)	(12,710,095,969)	(8,443,907,577)	4,659,215,113	3,300,348,449	(14,662,428,904)	(11,465,371,113)
Inter-segment	(392,251,215)	(199,993,970)	(4,252,573,998)	(3,100,265,659)	(14,389,900)	(88,620)	-	-	(4,659,215,113)	(3,300,348,449)
	(1,788,890,463)	(1,635,143,687)	(9,467,482,798)	(7,986,928,127)	(12,724,485,869)	(8,443,996,197)	4,659,215,113	3,300,348,449	(19,321,644,017)	(14,765,719,562)
Gross profit	50,825,357	66,292,354	1,469,015,572	1,287,443,226	1,137,876,715	805,931,110	-	-	2,657,717,644	2,159,666,690
Selling and distribution expenses	(25,414,735)	(32,771,837)	(282,499,945)	(233,211,383)	(800,821,910)	(480,009,682)	-	-	(1,108,496,590)	(745,992,912)
Administrative expenses	(66,035,201)	(85,297,132)	(201,708,221)	(175,361,030)	(226,683,007)	(186,768,886)	-	-	(494,426,429)	(447,427,048)
	(91,449,936)	(118,068,969)	(484,188,166)	(408,572,423)	(1,027,304,917)	(666,778,568)	-	-	(1,602,923,019)	(1,193,419,960)
Profit / (Loss) from operations	(40,624,579)	(51,776,615)	984,847,406	878,870,803	110,571,798	139,152,542	-	-	1,054,794,625	966,246,730
Other income									241,326,077	253,108,607
Other expenses									(26,700,314)	(29,035,550)
Finance cost									(618,891,399)	(504,096,835)
Amortization of notional income									(138,414,538)	(134,547,494)
Statutory levies									(142,393,668)	(152,328,476)
Taxation									(169,695,003)	(102,703,594)
Profit after taxation									200,025,780	286,643,388

13.2 Inter-segment sales and purchases

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

13.3 Basis of inter-segment pricing

All inter-segment transfers are made at negotiated rates.

	Spinning segment		Weaving segment		Garment segment		Elimination		Total	
	31-Dec-24	30-Jun-24	31-Dec-24	30-Jun-24	31-Dec-24	30-Jun-24	31-Dec-24	30-Jun-24	31-Dec-24	30-Jun-24
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Assets										
Total assets for reportable segments	2,851,439,643	2,764,788,341	12,409,985,831	11,888,317,668	11,290,194,098	13,292,639,498	(1,672,290,023)	(2,257,330,066)	24,879,329,549	25,688,415,941
Property, plant and equipment - common	-	-	-	-	-	-	-	-	1,478,737,606	1,328,223,524
Long term investments	-	-	-	-	-	-	-	-	13,410,515	13,410,515
Short term investments	-	-	-	-	-	-	-	-	138,418,830	154,843,646
Funds for restructuring scheme	-	-	-	-	-	-	-	-	885,567,256	842,884,023
	2,851,439,643	2,764,788,341	12,409,985,831	11,888,317,668	11,290,194,098	13,292,639,498	(1,672,290,023)	(2,257,330,066)	27,395,463,756	28,027,377,649
Liabilities										
Total liabilities for reportable segments	682,167,787	562,733,186	2,422,132,638	2,799,799,216	3,862,540,296	4,304,223,477	(1,672,290,023)	(2,257,330,066)	5,294,559,698	5,409,425,813
Corporate liabilities - common	-	-	-	-	-	-	-	-	8,024,068,989	8,404,479,575
	682,167,787	562,733,186	2,422,132,638	2,799,799,216	3,862,540,296	4,304,223,477	(1,672,290,023)	(2,257,330,066)	13,318,628,687	13,813,905,388

13.4 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.

	(Un-audited) 31-Dec-24	(Un-audited) 31-Dec-23
	<i>Rupees</i>	<i>Rupees</i>
Revenue		
<u>Foreign revenue</u>		
Asia	1,079,330,042	1,656,738,205
Europe	14,387,886,680	10,330,096,953
South America	240,749,444	544,029,986
North America	-	3,229,502
Africa	-	16,737,204
Other countries	5,450,502,516	3,250,983,890
	21,158,468,682	15,801,815,740
<u>Local revenue</u>		
Pakistan	820,892,979	1,123,570,512
	21,979,361,661	16,925,386,252
	(Un-audited) 31-Dec-24	(Audited) 30-Jun-24
	<i>Rupees</i>	<i>Rupees</i>
13.5 Non-current assets		
Pakistan	11,235,134,773	11,056,236,103
	11,235,134,773	11,056,236,103

14 FAIR VALUE MEASUREMENTS

The Company measures some of its assets at fair value. The fair value hierarchy of financial instruments measured at fair value and the information about how the fair values of these financial instruments are determined are as follows:

14.1 Financial instruments measured at fair value

14.1.1 Recurring fair value measurements

Nature of asset	Hierarchy	Valuation techniques/Key inputs	(Un-audited) 31-Dec-24	(Audited) 30-Jun-24
			<i>Rupees</i>	<i>Rupees</i>
Long term investments	Level 2	Unquoted prices in an active market	13,410,515	13,410,515
Short term investments	Level 2	Unquoted prices in an active market	138,418,830	154,643,646

14.1.2 Non-recurring fair value measurements

There are no non-recurring fair value measurements as at the reporting date.

14.2 Financial instruments not measured at fair value

The management considers the carrying amount of all financial instruments not measured at fair value to approximate their carrying values.

14.3 Assets and liabilities other than financial instruments.

None of the assets and liabilities other than financial instruments are measured at fair value.

15 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the audited annual published financial statements of the Company for the year ended 30 June 2024.

16 EVENTS AFTER THE REPORTING PERIOD

There are no significant events after the reporting period that may require adjustment of and/or disclosure in these interim financial statements.

17 RECOVERABLE AMOUNTS AND IMPAIRMENT

As at the reporting date, recoverable amounts of all assets/cash generating units are equal to or exceed their carrying amounts, unless stated otherwise in these interim financial statements.

18 GENERAL

18.1 There are no other significant activities since 30 June 2024 affecting the interim financial statements.

18.2 Corresponding figures have been re-arranged where necessary to facilitate comparison. However, there are no significant reclassifications during the period.

Lahore



Chief Executive Officer



Director



Chief Financial Officer

AZGARD9

AZGARD NINE LIMITED

Ismail Aiwan-e-Science, Off Shahrah-e-Roomi,
Lahore-54600, Pakistan.

Phone: +92(0)4235761794-5

info@azgard9.com



[/AZGARD9LTD](#)



www.azgard9.com