ANNUAL REPORT
2018

AZGARD-9

AZGARD NINE LIMITED

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VISION STATEMENT

To become a major global Fashion Apparel Company

MISSION STATEMENT

To retain a leadership position as the largest value added denim products Company in Pakistan

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. Munir Alam
Mr. Abdul Hamid Ahmed Dagia
Mr. Abid Hussain

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
Deloitte Yousuf Adil
Chartered Accountants

SHARES REGISTRAR
M/s. Hameed Majeed Associates (Pvt.) Ltd.
H. M. House, 7-Bank Square, Lahore.
Ph: +92(0)42-37235081-82
Fax : +92(0)42-37358817

REGISTERED OFFICE
Ismail Aiwan-e-Science
Off: Shahrah-e-Roomi, Lahore, 54600.
Ph: +92(0)42 35761794-5
Fax: +92(0)42 35761791

E-MAIL
info@azgard9.com

BANKERS

Relationship with conventional side

JS Bank Limited
MCB Bank Limited
Citibank N.A
Faysal Bank Limited
Habib Bank Limited
Meezan Bank Limited
United Bank Limited
Standard Chartered Bank
 (Pakistan) Limited
National Bank of Pakistan
Allied Bank Limited
Silkbank Limited
Summit Bank Limited
Askari Bank Limited
Bank Al Habib Limited
Bankislami Pakistan Limited
Bank of Khyber

Relationship with Islamic window operations

Al Baraka Bank Pakistan Limited

PROJECT LOCATIONS

Textile & Apparel

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

Unit II
Alipur Road, Muzaffargarh.
Ph: +92(0)661 422503, 422651
Fax: +92(0)661 422652

Unit III
20 KM Off: Ferozepur Road,
6 KM Badian Road on Ruhi Nala,
Der Khurd, Lahore.
Ph: +92(0)42 38460333, 38488862

WEB PRESENCE

www.azgard9.com

CHAIRMAN'S REVIEW

I feel honoured to present to you the annual review of the audited financial statements for the year ended June 30, 2018 and the overall performance of Board. I would take this opportunity to invite you for the 25th Annual General Meeting of the Company.

REVIEW OF THE COMPANY'S PERFORMANCE

Plans of the Company to upgrade plant and machineries are resulting in better utilisations of production capacities and improved cost efficiency. Better marketing, production and management has resulted in a sales growth of 24.7% for the year. Many congratulations to the management for this good achievement.

In terms of profitability, performance of the Company has improved.

Profit from operations has increased by almost 50% during the year.

Considering the tough competition and economic slow down, efforts of the management are yielding these better results and are admirable.

The creditors scheme for the second financial restructuring has been filed with the Honourable Lahore High Court (LHC). Approval of this Scheme from LHC and its implementation would be a break through for the Company and should put the Company back onto solid financial footing.

Considering the challenging times, the Company has to continue to improve efficiencies in order to emerge as leader in this market.

REVIEW OF THE BOARD'S PERFORMANCE

The Board is aware of the importance of its role in achieving the objectives of the Company. The Board acknowledges its responsibility for Corporate and Financial reporting framework and is committed to good corporate governance. The Board is devoted and focused towards Company's values and mission. Board members do have the suitable knowledge, variety of expertise and experience that is required to successfully govern the business. Individual Board Members are committed to perform for the betterment of the Company.

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, 2018. The statement required in case of appointment of external independent consultant has been made in the Directors' Report. The Board's overall performance has been assessed as satisfactory. However, improvement is an ongoing process. The overall assessment as satisfactory is based on an evaluation of integral components including the Board's structure & composition, strategy & planning, effectiveness & operations, monitoring & evaluation of performance, risk management & compliance, 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 thank our valued customers for their continued confidence in the Company, the financial institutions for their support and our most valuable employees for their dedication and hard work, with which none of this would be possible.

September 29, 2018

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, 2018.

Financial statements have been endorsed by the Chief Executive Officer and the Chief Financial Officer having been recommended for approval by the Audit Committee of the Board and approved by the Board of Directors for presentation.

PRINCIPAL ACTIVITIES

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

Following are the operating financial results of Azgard Nine Limited for the year ended June 30, 2018(standalone):

	Year ended June 30, 2018	Year ended June 30, 2017
	Rupees	**Rupees**
Sales – net	15,971,672,335	12,802,374,277
Operating profit	1,411,813,665	932,002,570
Finance cost	(1,154,240,369)	(965,600,192)
Profit/(loss) before tax	299,076,038	(43,093,296)
Profit/(loss) after tax	196,622,622	(133,565,289)
Earnings/(loss) per share	0.43	(0.29)

REVIEW FOR THE YEAR

During this year, sales of the Company have increased by almost 24.7% as compared to previous year. Profit from operations has increased by 51.5% as compared to previous year. Company's profit after taxation is Rs. 196.6 million as compared to loss for the previous year of Rs. 133.6 million.

Sales of the garment segment increased by 42.8% as compared to previous year due to better sales strategy. Weaving segment registered a growth of 18.8% as compared to previous year. The Company managed to improve capacity utilization during the year. The Prime Minister's export support package which increased the rate of Duty Drawback of taxes helped the Company tremendously.

According to the Pakistan Bureau of Statistics, the country's overall textile exports for this year have increased by 9% as compared to the previous year. Despite some betterments in textile sector, spinning sector has remained under pressure due to high cost of raw materials and high cost of energy.

On the margins side, the garments segment has performed much better. The denim segment has been struggling to regain its lost footings, its margins have shown downward trend. The situation in Turkey has created a huge pressure on the denim business both in terms of margins and sales. Overall there continues to be increasing pressures from local and international competitors. The margins as always are very tough to maintain in these businesses.

On the costs side, the Company is still striving to reduce costs. Energy cost especially gas prices applicable in Punjab have had a negative impact on the results of the Company. The gas price in Punjab is a blend of 28% system gas and 72% RLNG – re-gasified liquid natural gas. RLNG is priced in US Dollars and is more than double the price of system gas. This creates the Punjab based mills a huge cost disadvantage over the mills in Sind.

However, in spite of all these challenges and after many years of efforts by the management the Company was finally able to make an accounting net profit after tax.

It is a huge achievement for the Company despite the continuously increasing level of competition in the sector both domestically and from around the world.

Funds of Rs.306.022 million due from sale of preference shares of Agritech Limited still have not been released. It is hoped that these can now be released during this coming financial year. Once released financial position of the Company is expected to improve.

FINANCIAL RESTRUCTURING OF DEBTS

After first restructuring of the Company in year 2012, due to liquidity crunch, the Company was unable to meet its obligations in respect of various debt finances. Resultantly a second financial restructuring was initiated in the year 2014. Now after a lot of effort, the creditors scheme of arrangement which has been prepared by creditors has been filed in the Lahore High Court (LHC). The LHC had formed a commission to hold a meeting with the creditors, and to obtain their consent on scheme of arrangement. The said meeting was held on May 14, 2018, the Commission has filed its final report to the LHC.

It is envisaged that once this scheme is approved by LHC, a major portion of the principal and related mark-up of debt would be settled through sale of certain non-core assets and a rights issue of the Company's share capital (subject to requisite approvals and regulatory consents). Subsequent to the implementation of this financial restructuring, it is hoped that the Company would be able to operate at sustainable levels. It is expected that post financial restructuring the debt obligations of the Company should be met in a timely manner.

FUTURE OUTLOOK -TEXTILE BUSINESS

So far, the outlook for the next year looks tough. The price of cotton has been very high during the July and August. Consequently, the cost of yarn has increased dramatically.

The Cost of chemicals has also risen dramatically due to the closure of capacities in China. China has clamped down on many companies that were not compliant with environmental pollution levels. Due to this reduction in supply the price of chemicals has shot up.

The market dynamics are very tough especially in Turkey which is one of the biggest markets for the Company's denim business. Due to continuing devaluation of the Turkish Lira, the Turkish domestic denim producers have become very competitive. As a result, the Company is struggling to keep its market share in Turkey.

Due to these market dynamics so far the Company has not been able to pass on the cost escalation to its customers and its margins have been compressed.

A lot depends now in what the new Government does regarding its policies towards exports. If they make policies that support exports then the situation may improve. However currently, as things stand, the coming year looks challenging.

CORPORATE SOCIALRESPONSIBILITY

The Management works towards empowering people by helping them develop the skills they need to succeed in a global economy. The Company equips communities with information, technology and the capacity to achieve improved health, education and livelihood.

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

Additionally, the Company has many internationally recognized certifications focused on keeping the environment clean and high standards for labor welfare.

Detailed Report on Corporate Social Responsibility is also given separately.

EARNINGS PER SHARE

The earning per share for the Company for the year ended June 30, 2018 is Rs 0.43 per share.

DIVIDENDS

Due to accumulated losses of the Company and circumstances discussed above, the Board of Directors has not recommended dividend for the year ended June 30, 2018.

PRINCIPAL RISKS AND UNCERTAINTIES

Performance of the Company is improving. Still business of the Company is surrounded by risks and uncertainties. Following are major risks and uncertainties for the Company:

1. Creditors have filed scheme of arrangement for financial restructuring of debts of Company in the Lahore High Court for its implementation. Post restructuring it is hoped that Company would operate at sustainable levels. Any delay or stoppage in this restructuring could impact the future profitability/viability of the Company.

2. Growing competition domestically and from neighboring countries can impact the future profitability of the Company.

3. For year 2018-19, the Government has reduced the rebate on exports on Garments and Fabric. This will impact the future profitability of the Company.

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 Directors' 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 Board in their respective meetings. The details of all related party transactions have been provided in Note 41 to the annexed financial statements for the year ended June 30, 2018.

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 its state of affairs 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 there from has been adequately disclosed and explained;
- The system of internal control 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, rectification is done timely;
- The Board is satisfied that the Company is a going concern. Auditors have emphasized the matter of going concern in their report however these financial statements have been prepared on going concern assumption for reasons more fully disclosed in the financial statements;
- 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, 2018 except for those disclosed in the financial statements;
- Directors, Executives and their spouses and minor children did not carry out any transaction in shares of the Company during the year;
- The Company has not arranged training programs for its directors during the year. However, the Company will arrange training Program for its directors in accordance with the requirements of Listed Companies (Code of Corporate Governance) Regulations, 2017; and

The statement of compliance with the best practices of Listed Companies (Code of Corporate Governance) Regulations, 2017 is provided in this annual report.

BOARD OF DIRECTORS

The Board of directors of the Company is predominantly independent which ensures transparency and good corporate governance. The Board comprises four independent directors including the Chairman, two non-executive directors and two executive directors (including the Chief Executive Officer). There are seven male directors and one female director on the Board. 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.

Following are names of persons who were directors of the Company during the year ended 30 June 2018, number of Board and Committees' meetings held during the year and status of attendance by each director:

BOARD OF DIRECTORS' MEETINGS

Eight (8) meetings were held during the period from July 1, 2017 to June 30, 2018

Name of Directors	Eligibility	Attended
Mr. Zahid Mahmood	8	8
Mr. Ahmed H. Shaikh	8	8
Mr. Nasir Ali Khan Bhatti	8	8
Mr. Usman Rasheed	8	8
Mr. Munir Alam	8	8
Ms. Maliha Sarda Azam	4	4
Mr. Abdul Hamid Ahmed Dagia	3	3
Mr. Abid Hussain	3	3
Mr. Saghir Ahmad	4	4
Mr. Aamer Ghias	5	5

Mr. Saghir Ahmad resigned from the Board on January 01, 2018 and Ms. Maliha Sarda Azam coopted as Director on January 15, 2018 in his place.

Election of Directors was held on April 04, 2018 wherein Mr. Zahid Mahmood, Mr. Munir Alam, Mr. Nasir Ali Khan Bhatti, Mr. Usman Rasheed, Ms. Maliha Sarda Azam were re-elected and Mr. Abdul Hamid Ahmed Dagia and Mr. Abid Hussain were elected as Directors.

Mr. Amir Ghias retired on April 04, 2018.

Mr. Ahmed H. Shaikh retired as Director on April 04, 2018 and continued as Chief Executive Officer. He was re-appointed as Chief Executive Officer for a term of three years on April 17, 2018.

Human Resource and Remuneration Committee (HRRC) Meetings

Two (2) meetings were held during the period from July 1, 2017 to June 30, 2018

Name of Directors	Eligibility	Attended
Ms. Maliha Sarda Azam	1	1
Mr. Usman Rasheed	2	2
Mr. Ahmed H. Shaikh	2	2
Mr. Nasir Ali Khan Bhatti	1	1

The HRRC was reconstituted on April 17, 2018 subsequent to election of Directors with Ms. Maliha Sarda Azam, Chairperson and Member and Mr. Usman Rasheed and Ahmed H. Shaikh as Members. Mr. Nasir Ali Khan Bhatti was previously the Chairman and Member of HRRC.

Audit Committee Meetings

Six (6) meetings were held during the period from July 1, 2017 to June 30, 2018

Name of Directors	Eligibility	Attended
Ms. Maliha Sarda Azam	2	2
Mr. Nasir Ali Khan Bhatti	6	6
Mr. Usman Rasheed	6	6
Mr. Zahid Mahmood	4	4

Audit Committee was reconstituted on April 17, 2018 subsequent to election of Directors with Mr. Nasir Ali Khan Bhatti as Chairman and Member and Ms. Maliha Sarda Azam and Mr. Usman Rasheed as Members. Mr. Zahid Mahmood was previously Member of HRRC.

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, 2018. 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, 2017 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/Non-Executive) 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 Company is paying fees to Non-Executive Directors for attending the Board and Committee meetings. The relevant information of remuneration/meeting fee paid to Directors is disclosed in Note 47.2 to the annexed financial statements for the year ended June 30, 2018.

MONTEBELLO S.R.L (SUBSIDIARY) AND CONSOLIDATED FINANCIAL STATEMENTS

During year ended 2015, the Court of Vicenza, Italian Republic granted bankruptcy proposal of public prosecutor and appointed trustee to manage affairs of Montebello S.R.L. (MBL). Considering the liquidation, the Company provided impairment of balance amount of Rs. 452.529 million during year ended 30 June 2015.

During the proceeding of this bankruptcy, 48 parties filed their claim with The Court of Vicenza and all have been accepted by the Court. Total claims of Euro 7,893,794.48 have been accepted. The value of priority claims included therein are of Euro 3,929,380.36 and the value of unsecured and subordinated claims are of Euro 3,964,414.12. The Company has been advised by its legal counsel that, in accordance to the law, priority claims would be paid first and then unsecured and subordinated claims will be paid. The Company’s claims aggregating to Euro 3,835,343.89 has been accepted on account of principal and interest as subordinate claim. The Company has been advised by its legal counsel that, by law in Italy Company cannot be a priority claimant as it is the parent company of MBL.

The Company has contested with the court that its claim should be accepted as at least unsecured claim rather than being subordinate claim. The Court appointed an expert to decide whether claim of the Company should be accepted as unsecured claim or subordinate. The expert has given his opinion that claim of the Company should be subordinated. However, the Company has questioned the decision of expert in the Court and is seeking the permission of the court to lodge its defense. The decision of the Court is now awaited.

During the year, the management, based on advice from the Company’s legal counsel, has concluded that as a result of ongoing bankruptcy proceedings and management of the affairs of MBL by the Court appointed trustee, the Company has ceased to exercise control over activities of MBL. Furthermore, in view of the guidance in International Financial Reporting Standard 10 ‘Consolidated Financial Statements’, the management has concluded that the Company does not have power to direct the activities of MBL. Hence the financial statements of the Company should not be consolidated with MBL.

AUDITORS' OBSERVATIONS

The auditors qualified their opinion in para a of audit report due to the fact that the Company could not make timely repayments of principal and interest / mark-up related to long term loans and certain financial and other covenants imposed by lenders could not be complied with. In this scenario, International Accounting Standard 1 - Presentation of Financial Statements requires that if an entity breaches a provision of long term loan, that liability becomes payable on demand and it should be classified as current. However, in our financial statements the long term debts continues to be classified as long term as per respective repayment schedule of loans. As mentioned in financial statements of the Company, the scheme for 2nd financial restructuring has been filed in Honorable Lahore High Court (LHC) for approval. Post restructuring the repayment schedules of the loans would be revised as per restructuring plan approved by LHC. Considering this situation, the Company has classified the long term debts as per respective repayment schedule of loans.

The auditors qualified their opinion in para b of audit report on carrying value of investment in term finance certificates ("TFC") of Agritech Limited. The management is of the view that sale of these TFCs is part of 2nd financial restructuring and ultimate value of these TFCs would be available after completion of 2nd financial restructuring.

The auditors qualified their opinion in para c of audit report regarding Company's investment in preference shares ("shares") of AGL. The adjustments proposed by auditors are required by International Accounting Standard on Financial Instruments: Recognition and Measurement (IAS-39). The management is of the view that as these shares would be sold under put option at same price at which the Company has purchased them through a written agreement with National Bank of Pakistan to this effect. Recognition of fair value adjustment and derivative financial instrument for these shares and then reversing the same on its sale, would be confusing for users of the financial statements.

The auditors qualified their opinion in para d of audit report due to non availability of details regarding MBL.As mentioned in note 21.2.2, the proceedings of the Court of Vicenza are going on and details would be available once the proceedings are concluded.

Auditors' observation in their audit report regarding Company's ability to continue as going concern due to liquidity issue. The operations of the Company are improving continuously. During the year, the Company has earned profit from operations of Rs. 1,411.81 million as compared to Rs. 932.00 million of previous year. Also the Company earned a net profit after tax of Rs. 196.62 million for the year as compared to loss of Rs.133.57 million of previous year. In addition to this,as mentioned above the second financial restructuring is in process. Once completed it is envisaged that the liquidity issue of the Company should be solved.

APPOINTMENT OF AUDITORS

Messers Deloitte Yousuf Adil,Chartered Accountants, (Deloitte) member firm of Deloitte Touche Tohmatsu Limited, 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 Deloitte for reappointment as auditors of the Company for the ensuing year.

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, inter alia, consist of ensuring transparent internal audits, accounting and control systems, adequate reporting structure as well as determining appropriate measures to safeguard the Company's assets.

INTERNAL AUDIT FUNCTION

The Board have set up an efficient and energetic internal control system with operational, financial and compliance controls to carry on the businesses of the Company. Internal audit findings are reviewed by the Audit Committee, and where necessary, action is taken on the basis of recommendations contained in the internal audit reports.

SHAREHOLDING PATTERN

The shareholding pattern as at June 30, 2018 is annexed.

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

The Board is thankful for the support of the management, staff and workers. It is all their hard work that's has made these results possible.

Confidence of all the valued customers of the Company is highly appreciated.

The Board would like to thank all the financial institutions for their cooperation and support without which the Company would not be able to function.

It is hoped that with the continued backing of all stakeholders, the Company may come back into good financial health soon.

On behalf of the Board of Directors

Chief Executive Officer	**Chairman**

Lahore
Date: September 29, 2018

ممبران کیلئے ڈائریکٹرز رپورٹ:۔

ایز گارڈ نائن لمیٹڈ (کمپنی) کے ڈائریکٹرز انتظامی ٹیم کے ہمراہ کمپنی کی سالانہ فنانشل آڈٹ رپورٹ برائے سال 30 جون 2018 پیش کر رہے ہیں۔

کوڈ آف کارپوریٹ گورنس کے تحت 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، ڈینم کپڑا اور تیار ڈینم ملبوسات کی مصنوعات کی پیداوار اور مارکیٹنگ پر مرکوز ہے۔

ایز گارڈ نائن لمیٹڈ (کمپنی) کے آپریٹنگ مالیاتی نتائج برائے سال 30 جون 2018 درج ذیل ہیں۔

تفصیلات	سال مختتمہ 30 جون 2018 (روپے)	سال مختتمہ 30 جون 2017 (روپے)
فروختگی (Net)	15,971,672,335	12,802,374,277
آپریٹنگ منافع	1,411,813,665	932,002,570
مالیاتی اخراجات	(1,154,240,369)	(965,600,192)
نقصان قبل از ٹیکس	299,076,038	(43,093,296)
نقصان بعد از ٹیکس	196,622,622	(133,565,289)
منافع / خسارہ فی شیئر	0.43	(0.29)

سالانہ جائزہ

اس سال کے دوران، کمپنی کی فروخت میں پچھلے سال کے مقابلہ 24.7 فیصد اضافہ ہوا ہے۔ آپریٹنگ منافع پچھلے سال کے مقابلہ 51.5 فیصد بڑھ گیا ہے۔ کمپنی کا بعد از ٹیکس منافع Rs.196.6 ملین رہا جبکہ پچھلے سال Rs.133.6 ملین کا نقصان تھا۔

بہتر فروخت کی حکمت عملی کی وجہ سے گارمنٹس کے شعبہ میں پچھلے سال کے مقابلہ فروخت میں 42.8 فیصد کا اضافہ ہوا ہے۔ ویونگ کی شعبہ میں پچھلے سال کے مقابلے 18.8 فیصد اضافہ ہوا ہے۔ اس سال کے دوران کمپنی نے منظم طریقہ سے اپنی پیداوار کی صلاحیت میں اضافہ کیا ہے۔ وزیراعظم کی طرف سے برآمدگی پیکج کی وجہ سے ٹیکسز کی ڈیوٹی ڈرابیک کی شرح میں اضافہ ہوا ہے، جس نے کمپنی کو زبردست مدد کی ہے۔

پاکستان بیورو آف سٹیٹسٹکس کے مطابق ملک کی مکمل ٹیکسٹائل برآمدات میں پچھلے سال کے مقابلہ میں 9 فیصد اضافہ ہوا ہے۔ ٹیکسٹائل کے شعبہ میں بہتری کے باوجود، سپننگ کا شعبہ مہنگے خام مال اور مہنگی توانائی کی وجہ سے دباؤ میں رہا ہے۔

گارمنٹس کے شعبہ کے مارجن میں بہتری آئی ہے۔ ڈینم کا شعبہ اپنا کھویا ہوا مقام حاصل کرنے کیلئے کوشش کر رہا ہے اور اس کے مارجن میں کمی دیکھنے میں آئی ہے۔ ترکی کے حالات نے ڈینم کے کاروبار بشمول مارجن اور سیلز پر شدید دباؤ بنائے رکھا۔ مجموعی طور پر مقامی اور بین الاقوامی حریفوں کی وجہ سے اس میں اضافہ ہوا ہے۔ اس کاروبار میں بقاء کیلئے مارجن ہمیشہ سخت رہا ہے۔

لاگت کی طرف دیکھیں تو کمپنی اپنی لاگت میں کمی کی کوشش کر رہی ہے۔ توانائی کی لاگت خاص طور پر گیس کی قیمتیں جو کہ پنجاب میں قابل اطلاق ہیں، نے کمپنی پر منفی اثر ڈالا ہے۔ پنجاب میں گیس کی قیمت 28 فیصد عام گیس اور 72 فیصد RNLG (مائع حالت میں قدرتی طور پر حاصل شدہ گیس) کا مجموعہ ہے۔ RNLG کی قیمت امریکی ڈالر میں لگائی جاتی ہے جو کہ عام گیس کی قیمت سے دگنی ہے۔

البتہ تمام تر مشکلات کے باوجود اور کمپنی کی انتظامیہ کی کئی سالوں کی انتھک محنت کی وجہ سے کمپنی آخرکار بعد از ٹیکس منافع بنانے میں کامیاب ہوگئی ہے۔ مسلسل مقامی اور بین الاقوامی مقابلہ میں اضافہ کے باوجود یہ بہت بڑی کامیابی ہے۔

Agritech لمیٹڈ کے ترجیحی حصص 306.022 ملین کی فروخت باقی ہے کمپنی اس کا فی الحال انتظار کر رہی ہے اور یہ امید ہے کہ آنے والے مالیاتی سال میں تمام فنڈز حاصل ہو جائیں گے یہ مزید بہتری کی وجہ بنے گی۔

قرضہ جات کی مالیاتی تنظیم نو

سال 2012ء میں پہلی تنظیم نو کے بعد، سرمایہ میں کمی کی وجہ سے کمپنی اپنے قرضوں کی ادائیگیاں نہیں کر پا رہی۔ نتیجہ میں سال 2014ء میں دوسری مالیاتی تنظیم نو کا آغاز کیا گیا۔ اب بہت سی کاوشوں کے بعد قرض دہندگان کی جانب سے قرض دہندگان کے انتظام کی منصوبہ بندی کا مسودہ بنا کر لاہور ہائی کورٹ، میں جمع کروا دیا گیا ہے۔ لاہور ہائی کورٹ نے قرض دہندگان کے اجلاس کے لئے کمیشن بنایا تاکہ انتظام کی منصوبہ بندی پر رضامندی حاصل کی جا سکے۔ مطلوبہ اجلاس مورخہ 14 مئی 2018ء کو منعقد ہوا، کمیشن نے اپنی رپورٹ لاہور ہائی کورٹ میں جمع کروا دی ہے۔

مستقبل کے نقطہ نظر سے ٹیکسٹائل کاروبار

اب تک، آنے والا سال مشکل نظر آ رہا ہے، جولائی اور اگست کے دوران روئی کی قیمت میں کافی اضافہ ہو گیا ہے۔ جس کی وجہ سے دھاگہ کی لاگت میں ڈرامائی طور پر اضافہ ہو گیا ہے۔

چائنہ میں ماحولیاتی معیار پر پورا نہ اترنے والی کیمیکل کمپنیز کو بند کرنے کی وجہ سے کیمیکل کی لاگت میں ڈرامائی طور پر اضافہ ہو گیا ہے اور فراہمی میں کمی کی وجہ سے قیمت میں بھی اضافہ ہو گیا ہے۔

ڈینم کاروبار کی سب سے بڑی منڈی ترکی کے لیرا کی مالیت میں کمی اور مقامی تیار کنندگان کا زیادہ مدمقابل ہونے کی وجہ سے منڈی کے محرکات کافی مشکل ہوتے جا رہے ہیں۔ کمپنی ترکی کی منڈی میں اپنے حصہ کیلئے کوشش کر رہی ہے۔ منڈی کے محرکات کی وجہ سے اب تک کمپنی لاگت میں اضافہ کو خریدار پر منتقل نہیں کر سکی جس کی وجہ سے مارجن میں کمی واقع ہوئی ہے۔

اب سارا انحصار نئی حکومت کی ایکسپورٹ پالیسیز پر ہے۔ ایکسپورٹ بڑھانے کی پالیسیز کی صورت میں بہتری آئے گی البتہ موجودہ صورتحال میں آنے والا سال مشکل دکھائی دیتا ہے۔

کارپوریٹ سماجی ذمہ داری

عالمی معیشت میں کامیابی کے لئے انتظامیہ لوگوں کو ضروری مہارت میں بااختیار بنانے کی طرف کام کر رہی ہے۔ کمپنی نے انفارمیشن ٹیکنالوجی، بہتر صحت، تعلیم اور رہائش، ذریعہ معاش سے حاصل ہونے والی آمدن میں سماج کو بااختیار بنایا ہے۔ اس کلیدی 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 دی گئی ہے۔

منافع فی شیئر

مختتمہ سال 30 جون 2018 میں کمپنی کا منافع فی شیئر مبلغ 0.43 روپے ہے۔

منافع

بورڈ آف ڈائریکٹرز نے مختتمہ سال 30 جون 2018 کے لئے مندرجہ بالا وجوہات اور مجموعی نقصان کی بناء پر کوئی منافع تجویز نہیں کیا۔

اہم خطرات اور غیر یقینی صورتحال

کمپنی کی کارکردگی میں بہتری آ رہی ہے۔ کمپنی کا کاروبار خطرات اور غیر یقینی صورتحال سے دوچار ہے۔ مندرجہ ذیل کچھ اہم خطرات اور غیر یقینی صورتحال ہیں۔

1۔ قرض دہندگان کی جانب سے انتظام کی منصوبہ بندی کا مسودہ کمپنی کی مالیاتی تنظیم نو کے لئے لاہور ہائی کورٹ میں عملدرآمد کیلئے جمع کروا دیا گیا ہے۔ بعد از تنظیم نو یہ امید کی جاتی ہے کہ کمپنی پائیدار سطح پر آ جائے گی۔ کسی قسم کی تاخیر یا رکاوٹ اس تنظیم نو میں کمپنی کے منافع اور استحکام پر اثر انداز ہو سکتی ہے۔

2۔ مقامی اور ہمسائیہ ممالک سے مقابلہ کی صورت میں مستقبل میں کمپنی کے منافع میں اثر ہو سکتا ہے۔

3۔ سال 19-2018 میں گورنمنٹ نے گارمنٹس اور کپڑے کی ایکسپورٹ ریبیٹ میں کمی کی ہے جو مستقبل میں منافع پر اثر انداز ہوگا۔

بیلنس شیٹ کے بعد کے معاملات

مالیاتی سال کے اختتام سے لیکر ڈائریکٹر رپورٹ کی تیاری 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 ڈائریکٹر کے سامنے پیش کیا۔ تمام لین دین کو متعلقہ آڈٹ کمیٹی اور بورڈ آف ڈائریکٹر کے اجلاس میں منظور کیا گیا ہے۔ متعلقہ پارٹیز کے ساتھ لین دین کی تفصیلات منسلک شدہ سال مختتمہ 30 جون 2018 کے مالیاتی اسٹیٹمنٹس کے نوٹ 41 میں مہیا کی گئیں ہیں۔

کارپوریٹ گورننس، مالیاتی رپورٹنگ اور انٹرنل کنٹرول سسٹمز

ہم رپورٹ پیش کرنے میں خوشی محسوس کرتے ہیں:

☆ کمپنی کی انتظامیہ کی طرف سے تیار شدہ مالیاتی اسٹیٹمنٹس معاملات کی حالت، اس آپریشن کے نتائج، کیش فلو اور ایکوٹی کے متعلق 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 پاکستان میں لاگو ہیں اور 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 تا کہ کمپنی کی پالیسیز و طریقہ کار پر قابو پانے کو یقینی بنانے پر زور دیا ہے تا کہ 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 اور اس حیثیت پر آڈیٹر نے اپنی رپورٹ میں تحفظات ظاہر کئے۔ البتہ ان مالیاتی اسٹیٹمنٹس کو بناتے وقت کمپنی کی اس ہی حیثیت کو مدنظر رکھا گیا ہے۔ وجوہات مالیاتی سٹیٹمنٹس میں بیان کی گئی ہیں۔

☆ پچھلے چھ سال کے قلیدی آپریٹنگ اور مالیاتی اعداد و شمار منسلک کئے گئے ہیں۔

☆ 30 جون 2018 تک ٹیکسز، ڈیوٹیز، لیویز اور بقایاجات کی مد میں کوئی ادائیگی بقایا نہیں ہے ماسوائے ان کے جو مالیاتی اسٹیٹمنٹس میں بیان کی گئی ہیں۔

☆ کمپنی کے شیئرز میں ڈائریکٹرز، ایگزیکٹو اور ان کی بیگمات اور نابالغ بچوں نے سال کے دوران میں کوئی بھی ٹرانسیکشن نہیں کی۔

☆ بورڈ نے سال کے دوران کسی ٹریننگ کا بندوبست نہیں کیا البتہ کمپنی، لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشن 2017 کے مطابق ڈائریکٹر ٹریننگ پروگرام کے انعقاد کا منصوبہ بنا چکی ہے۔

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشن 2017 کے تحت بہترین طریقوں کی اسٹیٹمنٹ آف کمپلائنس اس سالانہ رپورٹ میں مہیا کی گئی ہے۔

بورڈ آف ڈائریکٹرز

کمپنی کے بورڈ کے زیادہ ڈائریکٹرز غیر جانبدار ہیں جو کہ ٹرانسپرنسی اور اچھی کارپورٹ گورننس کی وجہ بنتے ہیں۔ بورڈ میں چار غیر جانبدار ڈائریکٹرز بشمول چیئرمین، دو نان ایگزیکٹوڈائریکٹر اور دو ایگزیکٹوڈائریکٹرز (بشمول چیف ایگزیکٹوآفیسر) ہیں۔ نان ایگزیکٹوڈائریکٹرز کمپنی کیلئے کاروبار، گورننس اور قانون کا وسیع تجربہ رکھتے ہیں۔ قیمتی مشورے دیتے ہیں اور کمپنی کے اونچے درجہ کے معاملات کے قانونی اصولوں اور کارپوریٹ کمپلائنس کو یقینی بناتے ہیں۔

سال مختتمہ 30 جون 2018 کے دوران ڈائریکٹرز کے نام بورڈ اور کمیٹیز 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 آٹھ میٹنگز 01 جولائی 2017 تا 30 جون 2018 تک منعقد ہوئی ہیں

نام	اہلیت	حاضری
جناب زاہد محمود	8	8
جناب احمد ایچ شیخ	8	8
جناب ناصر علی خان بھٹی	8	8
جناب عثمان رشید	8	8
جناب منیر عالم	8	8
محترمہ ملیحہ صاردہ اعظم	4	4
جناب عبدالحمید احمد ڈاگیا	3	3
جناب عابد حسین	3	3
جناب صغیر احمد	4	4
جناب عامر غیاث	5	5

جناب صغیر احمد نے مورخہ 01 جنوری 2018 کو بورڈ سے استعفٰی دیا اور محترمہ ملیحہ صاردہ اعظم مورخہ 15 جنوری 2018 کو ان کی جگہ پر تعینات ہوئی ہیں۔

ڈائریکٹرز کا انتخاب مورخہ 04 اپریل 2018 کو منعقد ہوا جس میں جناب زاہد محمود، جناب منیر عالم، جناب ناصر علی خان بھٹی، جناب عثمان رشید، محترمہ ملیحہ صاردہ اعظم، جناب عبدالحمید احمد ڈاگیا اور جناب عابد حسین منتخب ہوئے۔

جناب عامر غیاث 04 اپریل 2018 کو ریٹائرڈ ہوئے۔

جناب احمد ایچ شیخ 04 اپریل 2018 کو بطور ڈائریکٹر ریٹائرڈ ہوئے اور چیف ایگزیکٹوآفیسر کے طور پر تعینات رہے۔ وہ مورخہ 17 اپریل 2018 کو دوبارہ تین سال کے لئے چیف ایگزیکٹوآفیسر تعینات ہوئے۔

ہیومن ریسورس اور معاوضہ کمیٹی (HRRC) کی میٹنگز

سال 01 جولائی 2017 تا 30 جون 2018 تک دو میٹنگز منعقد ہوئی ہے۔

نام	اہلیت	حاضری
محترمہ ملیحہ صاردہ اعظم	1	1
جناب عثمان رشید	2	2
جناب احمد ایچ شیخ	2	2
جناب ناصر علی خان بھٹی	1	1

الیکشن آف ڈائریکٹرز کے بعد مورخہ 17 اپریل 2018 کو HRRC کی دوبارہ تشکیل کی گئی ۔جس کے نتیجہ میں محترمہ ملیحہ صاردہ اعظم ، چیئرپرسن وممبر اور جناب عثمان رشید اور احمد ایچ شیخ بطور ممبر تعینات ہوئے۔ جناب ناصر علی خان بھٹی پچھلی HRRC کے چیئرمین اور ممبر تھے۔

آڈٹ کمیٹی کی میٹنگز

سال 01 جولائی 2017 تا 30 جون 2018 تک 6 میٹنگز منعقد ہوئی ہیں۔

نام	اہلیت	حاضری
محترمہ ملیحہ صاردہ اعظم	2	2
جناب ناصر علی خان بھٹی	6	6
جناب عثمان رشید	6	6
جناب زاہد محمود	4	4

الیکشن آف ڈائریکٹرز کے بعد مورخہ 17 اپریل 2018 کو آڈٹ کمیٹی کی دوبارہ تشکیل کی گئی ۔جس کے نتیجہ میں جناب ناصر علی خان بھٹی بطور چیئرمین وممبر اور محترمہ ملیحہ صاردہ اعظم اور جناب عثمان رشید بطور ممبر تعینات ہوئے۔ جناب زاہد محمود پچھلی آڈٹ کمیٹی کے ممبر تھے۔

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 M/S PKF F.R.A.N.T.S (PKF) چارٹرڈ اکائونٹنٹس کو 30 جون 2018 کے لئے آزادانہ کارکردگی کے جائزہ کیلئے مقرر کیا گیا ہے۔PKF کا آئی کیپ کے QCR میں تسلی بخش درجہ ہے اور آڈٹ اوورسائیٹ بورڈ میں رجسٹرڈ ہے۔جس کا تقرر کیا گیا ہے تا کہ بورڈ کی کارکردگی مجموعی طور پر اور بورڈ ممبران کی کارکردگی انفرادی طور پر اور بورڈ/ کمیٹیوں (آڈٹ کمیٹی اور HRR کمیٹی) کمپنی کی طے کردہ اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشن 2017 کے وضع کردہ طریقہ کار کے مطابق کارکردگی کا جائزہ لیں اور اپنی سفارشات کے ساتھ اپنی رپورٹ پیش کریں تا کہ 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 نان ایگزیکٹو ڈائریکٹر 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 ایگزیکٹو ڈائریکٹرز کو راغب کرتی ہے۔ تا کہ وہ کمپنی کے ساتھ منسلک رہیں اور اس کو بہتر انداز میں چلاسکیں اور ڈائریکٹرز، ایگزیکٹوز اور حصہ داران کے درمیان رابطہ کا باعث بنیں۔

کمپنی اپنے نان ایگزیکٹو 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 2018 کے نوٹ 47.2 میں بیان کی گئی ہیں۔

Montebello S.R.L (Subsidiary) اور یکجا مالیاتی سٹیٹمنٹ

سال 2015 کے دوران جمہوریہ اٹلی Vicenza کی عدالت نے پبلک پراسیکیوٹر کی سفارش پر Montebello S.R.L (MBL) کو بنک دیوالیہ تجویز کیا اور ٹرسٹی تعینات کیا کہ وہ اس کے معاملات اور انتظام دیکھے۔اس کو مدنظر رکھتے ہوئے کمپنی نے ایمپیئر منٹ مبلغ 452.529 ملین روپے دوران اختتام سال 30 جون 2015 کی کتابوں میں ظاہر کی۔

اس بنک دیوالیہ کارروائی کے دوران، 48 پارٹیز نے Vicenza کی عدالت میں دعویٰ جات دائر کیے جو کہ عدالت نے تمام تر منظور کر لئے ۔اس طرح کل

7,893,794.48 یورو کے دعویٰ جات کو تسلیم کر لیا گیا۔ ترجیحی دعویٰ جات کی ویلیو 3,929,380.39 ہے اور غیر محفوظ اور سب اور ڈینیٹ دعویٰ جات کی ویلیو 3,964,414.12 یورو ہے۔ قانون کے مطابق ترجیحی دعویٰ جات کو پہلے ادائیگی ہوگی اور پھر غیر محفوظ اور سب اور ڈینیٹ دعویٰ جات کو ادائیگی ہوگی۔ MBL کی مادری کمپنی کی حیثیت سے اصل رقم و سود 3,835,343.89 یورو کا سب اور ڈینیٹ دعویٰ منظور ہو چکا ہے اور کمپنی کی قانونی مشیر نے کمپنی کو صلاح دی ہے کہ کمپنی ترجیحی دعویٰ دار نہیں ہو سکتی۔

کمپنی نے عدالت میں موقف اختیار کیا ہے کہ اس دعویٰ کو سب اور ڈینیٹ دعویٰ کے بجائے کم از کم غیر محفوظ دعویٰ کے طور تسلیم کیا جائے۔ عدالت نے ایک ماہر کو تعینات کیا تھا کہ وہ فیصلہ کرے کہ کمپنی کا دعویٰ غیر محفوظ ہو یا سب اور ڈینیٹ ہو۔ اس کی رائے کے مطابق کمپنی کا دعویٰ سب اور ڈینیٹ ہی ہوگا البتہ کمپنی نے ماہر کے فیصلے پر سوال اٹھاتے ہوئے اپنے دفاع کیلئے عدالت سے اجازت طلب کی ہے۔ فی الحال عدالت فیصلے کا انتظار ہے۔

سال کے دوران کمپنی کے لیگل کونسل کی رائے کے مطابق کمپنی نے نتیجہ اخذ کیا ہے کہ جاری شدہ بنک دیوالیہ کی کارروائی کی وجہ سے MBL کے معاملات عدالت کے مقرر کردہ ٹرسٹی کے زیر اثر ہونے کی وجہ سے کمپنی MBL کے معاملات پر کنٹرول کھو چکی ہے۔ یکجا مالیاتی اسٹیٹمنٹس کیلئے عالمی مالیاتی رپورٹنگ اسٹینڈرڈ 10 کی راہنمائی لیتے ہوئے انتظامیہ نے اخذ کیا ہے کہ MBL کے معاملات کمپنی کے زیر اثر نہیں جس کی وجہ سے کمپنی کی مالیاتی اسٹیٹمنٹس MBL کیساتھ یکجا نہیں کی جا سکتی۔

آڈیٹر کے مشاہدات

آڈیٹر نے آڈٹ رپورٹ کے پیرا a میں اپنی رائے دی کہ کمپنی نے وقت مقررہ پر اصل رقم اور طویل المیعادی قرضہ جات پر انٹرسٹ / مارک اپ نہیں دے سکی اور مخصوص مالیاتی اور دیگر وعدہ جات جو کہ قرض خواہ کی طرف سے عائد کئے گئے پر عملدرآمد نہیں کیا جا سکا۔ اس تناظر میں انٹرنیشنل اکاؤنٹنگ سٹینڈرڈ 1- پریزنٹیشن برائے مالیاتی سٹیٹمنٹ یہ کہتا ہے کہ اگر کوئی کمپنی طویل المدت کی شقوں کو توڑتی ہے تو مطالبہ پر liability قابل ادائیگی ہے اور اس کو current درجہ بندی دی جائے گی۔ البتہ ہماری مالیاتی سٹیٹمنٹس میں طویل المدتی قرضہ جات کی درجہ بندی قرضہ کی واپسی کا شیڈول کے مطابق کی گئیں ہیں۔ جیسا کہ کمپنی کی مالیاتی سٹیٹمنٹس میں بیان کیا گیا ہے کہ دوسری تنظیم نو ہونے جا رہی ہے اور باقی کے چند قرض دہندگان کی اجازت کے بعد اس مالیاتی تنظیم نو کو لاہور ہائی کورٹ میں اجازت کے لئے جمع کروا دیا ہے۔ بعد از مالیاتی تنظیم نو کمپنی توقع رکھتی ہے کہ لاہور ہائی کورٹ کی منظوری کے بعد اس کی حالت بہتر ہو جائے گی اور وہ اپنے قرضے اور مارک اپ دینے کے قابل ہو جائے گی۔ اس صورتحال میں کمپنی طویل المدتی قرضہ جات کی درجہ بندی قرضہ کی واپسی کے موجودہ شیڈول کے مطابق کی گئیں ہیں۔

آڈیٹر نے آڈٹ رپورٹ کے پیرا b میں Agritech لمیٹڈ کے ٹرم فنانس سرٹیفکیٹ ("TFC") میں سرمایہ کاری کی مالیت کے بارے میں اپنی رائے دی۔ انتظامیہ کا موقف ہے کہ ان TFC کی فروخت دوسری مالیاتی تنظیم نو کا حصہ ہے اور اس کی مالیت دوسری مالیاتی تنظیم نو کے بعد میسر ہوگی۔

آڈیٹر نے آڈٹ رپورٹ کے پیرا c میں کمپنی کی سرمایہ کاری AGL کے ترجیحی شیئر (شیئرز) کے بارے اپنی رائے دی۔ انٹرنیشنل اکاؤنٹنگ سٹینڈرڈ برائے مالیاتی انسٹرومنٹ: ریکوگنیشن اینڈ میئرمنٹ (IAS-39) کے مطابق آڈیٹر نے ایڈجسٹمنٹ تجویز کی ہے۔ انتظامیہ کا موقف ہے کہ یہ شیئرز اسی قیمت پر فروخت کر دیئے جائیں گے جس کے تحت نیشنل بنک آف پاکستان کے ساتھ معاہدہ ہے۔ اس فیئر ویلیو ایڈجسٹمنٹ اور ان شیئرز کو مالیاتی انسٹرومنٹ تسلیم کر لینا اور فروخت پر اس کی تبدیلی مالیاتی سٹیٹمنٹس کے استعمال کرنے والوں کو الجھائے گی۔

آڈیٹر نے آڈٹ رپورٹ کے پیرا d میں اپنی رائے دی کہ MBL کے بارے میں تفصیلات موجود نہیں ہیں۔ جیسا کہ نوٹ 21.2.2 میں بیان کیا گیا ہے کہ کمپنی کا دعویٰ Vicenza کی عدالت میں قبول کر لیا گیا ہے اور جب بنک دیوالیہ کارروائی مکمل ہوگی تو تفصیل دستیاب ہوگی۔

آڈیٹرز کی آڈٹ رپورٹ میں مشاہدے کے مطابق لیکوڈیٹی ایشو کی وجہ سے کمپنی کی حیثیت کہ یہ کام کرتی رہے گی، غیر یقینی ہے۔ کمپنی کی آپریٹنگ صلاحیت میں بہتری آئی ہے اس نے آپریٹنگ منافع Rs.1,411.81 ملین حاصل کیا ہے جبکہ یہ پچھلے سال Rs.932.00 ملین تھا اور اس سال بعد از ٹیکس منافع Rs.193.62 ملین ہے جبکہ پچھلے سال Rs,133.57 ملین کا نقصان تھا اور مزید یہ کہ جیسا کہ اوپر بیان کیا گیا ہے کہ کمپنی اپنی دوسری مالیاتی تنظیم نو کے عمل میں ہے اس کے پورا ہونے کے ساتھ قرضہ جات کا بیشتر حصہ ختم ہو جائے گا اور باقی قرضہ ریگولرائزڈ ہو جائے گا جس وجہ سے لیکوڈیٹی ایشو کا مسئلہ حل ہو جائے گا۔

آڈیٹرز کی تعیناتی

میسرز Deloitte یوسف عادل، چارٹرڈ اکاؤنٹنٹس، (Deloitte) ممبرز فرم آف Deloitte Touche Tohmatsu Limited، ایک باعزت چارٹرڈ اکاؤنٹس 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 دوبارہ تعیناتی کیلئے کمپنی کے آڈیٹر کے طور پر Deloitte کا نام تجویز 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 میں یقینی شفاف انٹرنل آڈٹ، اکاؤنٹنگ اور انتظامی کنٹرول رپورٹنگ سٹرکچر اور کمپنی کے اثاثہ جات کو محفوظ کرنا شامل ہیں۔

انٹرنل آڈٹ فنکشن

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

شیئر ہولڈنگ پیٹرن

عمومی شیئر ہولڈنگ پیٹرن، کوڈ آف کارپوریٹ گورننس کے مطابق 30 جون 2018 منسلک کیا گیا ہے۔

ویب موجودگی

کمپنی کی سالانہ اور عبوری مالیاتی سٹیٹمنٹس، شیئر ہولڈز اور دیگر کی معلومات کیلئے ایز گارڈ نائن کی ویب سائٹ www.azgard9.com پر موجود ہے۔

اعتراف

بورڈ، انتظامیہ، عملہ اور کارکنوں کی حمایت کا شکریہ ادا کرتا ہے۔ یہ ان کی سخت محنت ہے جس کی وجہ سے یہ نتائج ممکن ہوئے۔

ہمارے قابل قدر کسٹمرز کے اعتماد کا بے حد شکریہ۔

بورڈ اپنے تمام مالیاتی اداروں کے تعاون اور مدد کا شکریہ ادا کرتا ہے، جس کے بغیر کمپنی کو کام کرنا مشکل تھا۔

یہ امید کی جاتی ہے کہ تمام شراکت داروں کی مدد سے مالیاتی حالت میں بہتری آئے گی۔

بورڈ آف ڈائریکٹرز کی جانب سے

چیف ایگزیکٹو آفیسر

چیئرمین

لاہور 29 ستمبر 2018۔

CORPORATE SOCIAL RESPONSIBILITY

The Company is deeply committed to adopting and adhering to international norms and standards governing corporate social responsibility. We constantly strive to maintain a leadership role in this area and wholeheartedly support and fund outreach programs which have a beneficial impact on our environment, employees and the communities we live and work in. As part of this commitment, we are certified under the Social Accountability International's SA 8000 standard and BSCI and various other related programs pertaining to the following broad areas.

SOCIAL RESPONSIBILITY

Community Relations.
Impact on local communities. Participation in local communities.
Management of Human Rights.

ENVIRONMENTAL RESPONSIBILITY

Impact on the environment. Energy awareness

CORPORATE ETHICS

Standards of ethical conduct.
Recruitment and retainment of staff Fair Pay scheme & wages.
Rights of employees.
Safe and secure environment.
Compliance with local employment laws. Compliance with International Charter HR best practice policies

LEADERSHIP VALUES AND INTEGRITY

Some of our key certifications and initiatives are mentioned below.

INTERNATIONAL SOCIAL ACCOUNTABILITY SA 8000 CERTIFICATION

SA 8000 is based on the UN Universal Declaration of Human Rights, Convention on the Rights of the Child and various International Labour Organization (ILO) conventions.

SYSTEM CERTIFICATION SA 8000 SGS

This certification affirms that the Company is fulfilling all its social responsibilities and respects all applicable international / national rules and regulations relating to child labor, forced and compulsory labor, freedom of association and right to collective bargaining, health and safety, discrimination, disciplinary practices, working hours and remunerations etc. This standard is also used to prevent violation of Human Rights, Child Labor/ Discrimination and to comply with existing Laws, Rules, Regulations, etc.

BSCI

Company is certified through BSCI standards.
The Business Social Compliance Initiative (BSCI) is a broad based business-driven platform for social compliance monitoring and qualification of the supply chain.

BSCI Business Social Compliance Initiative

The BSCI 2.0 Code of Conduct includes elements of social management system and cascade effect, worker's involvement and protection, freedom of association and the right to collective bargaining, prohibition of discrimination, fair remuneration, decent working hours, workplace health and safety, prohibition of child labor, special protection for young workers, prohibition of forced and compulsory labor and disciplinary measures, environment and ethical business behaviors

ISO 9001

ISO 9001 is a family of standards for quality management systems. ISO 9001 is maintained by ISO.the International Organization for Standardization and is administered by authorized accreditation and certification bodies. The requirements of ISO 9001 include maintaining a set of procedures that cover all key processes in the business, to ensure they are effective, maintain adequate records,check output for defects, with appropriate and corrective action where necessary. The ISO 9001 family of standards also require regular reviews of individual processes and the quality system itself for effectiveness, and to facilitate continuous improvement

ISO 14001

ISO 14001 is an organizational system standard for monitoring, controlling, and improving quality of the environment. The ISO 14001 Environmental Management standards exist to help organizations minimize how their operations affect the environment (cause adverse changes to air, water, or land) and comply with applicable laws and regulations

FAIR TRADE (NGO) REGISTRATION IN PROCESS

Azgard Nine is in the process of registering under the Fair Trade NGO. This endeavor aims to underwrite social responsibility in real monetary terms whereby a part of the corporate profits is formally invested in the development of the community

GOTS, OCS (ORGANIC EXCHANGE) AND GRS (GLOBAL RECYCLING STANDARD) MEMBER

GOTS: The Global Organic Textile Standard
(GOTS) is a comprehensive Standard that covers all aspects of the production of natural fibers including processing, manufacturing, packaging, labeling, exportation, importation and distribution. The goal of GOTS is to define world-wide recognized requirements that ensure organic status of textiles, from harvesting of the raw materials, through environmentally and socially responsible manufacturing up to labeling in order to provide an auditable and credible assurance to the end consumer. By creating an international, uniform Standard, the GOTS working group sought to enable organic textile manufacturers and marketers to export their goods anywhere in the world with one universally accepted organic certification.

In organic production, GMO (Genetically modified organisms) are prohibited. In the certification of Organic Exchange, it is certified that the fiber (i.e cotton) is free from GMO and was grown organically.

GRS: The Global Recycled Standard (GRS) addresses input material verification, chain of custody, environmental principles, social requirements, and labelling for textile products made from recycled materials. It aims to be a full-product standard for recycled material content that balances rigor and practicality for the industry and end consumers.

ETI BASE CODE SEDEX

Sedex was founded in 2001 by a group of UK retailers to drive convergence in social audit standards and monitoring practices. The aims of Sedex are to ease the auditing burden on suppliers through the sharing of reports and to drive improvements in supply chain standards.
Sedex is a home to the world's largest collaborative platform for sharing responsible sourcing data on supply chains, used by more than 40,000 members in over 150 countries.
Tens of thousands of companies use Sedex to manage their performance around labour rights, health & safety, the environment and business ethics.
Sedex services enable members to bring together many kinds of different data, standards and certifications, to make informed business decisions, and to drive continuous improvement across their value chains

OEKO TEX 100

The Oeko-Tex standard 100 mark 'confidence in textiles- tested for harmful substances according to Oeko-tex standard 100" states that the marked product fulfills the conditions specified in the standard of Oeko-Tex 100, and that the product and its conformity test, as specified in this standard are under the supervision of an institute belonging to the international association for research and testing in the field of textile ecology. This certification ensures the absence of all internationally banned chemicals and dyes and that the product is not harmful for human skin.

Customs Trade Partnership Against Terrorism (CTPAT) is one layer in U.S. Customs and Border Protection's (CBP) multi-layered cargo enforcement strategy. Through this program, CBP works with the trade community to strengthen international supply chains and improve United States border security. CTPAT is a voluntary public-private sector partnership program which recognizes that CBP can provide the highest level of cargo security only through close cooperation with the principle stakeholders of the international supply chain such as importers, carriers, consolidators, licensed customs brokers, and manufacturers. The Security and Accountability for Every Port Act of CTPAT program and imposed strict program oversight requirements

HEALTH, SAFETY AND ENVIRONMENT

BUSINESS SUCCESS THROUGH HSE EXCELLENCE

mission zero

- **zero injuries** to our people, contractors & visitors
- **zero tolerance** of unsafe behaviour & acts
- **zero compromise** on safety
- **zero impacts** for our families & communities

ZERO HARM TO PEOPLE AND ENVIRONMENT!

That's the commitment we have made to our employees, contractors, partners, and the communities where we live and work.

HSE GOALS

Our company's Health, Safety and Environment initiative lays emphasis on and ensures;

Compliance with relevant local laws and regulations and taking additional measures considered necessary as per the chosen (OSHA) standards.

Continuous improvement in Health, Safety and Environment performance.

Taking measures to minimize waste, prevent pollution and conserve natural resources.

Requiring every member of staff and those who work on our behalf to exercise personal responsibility in preventing harm to themselves, others and the environment.

Providing resources and systems to prevent occupational illnesses to the staff

Providing appropriate Health, Safety and Environmental training and information to all Azgard Nine Limited employees, contractors and other stakeholders.

Including HSE performance in the appraisal of all staff and reward/recognize accordingly.

Managing HSE matters just as any other critical business activity.

HSE VISION

Safety is our number one priority, and we believe that all accidents and incidents are preventable.
Excellence in HSE performance in all Azgard Nine Businesses.

HSE STRATEGIC OBJECTIVES

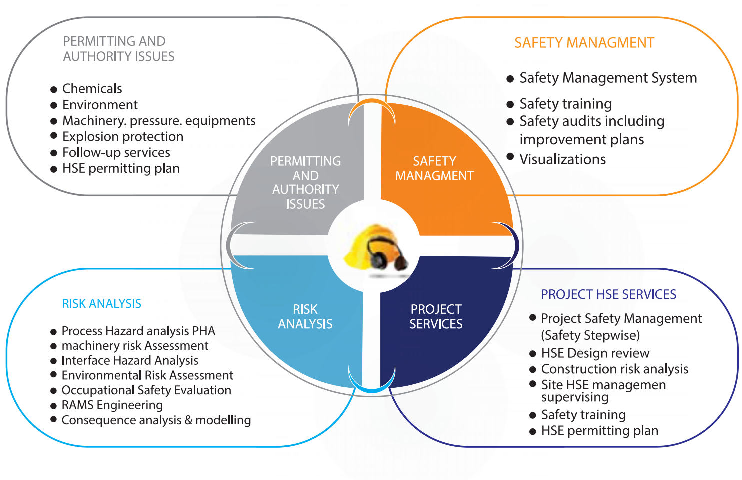
Elimination of fatal incidents.
Elimination of fires, explosions, and major spills.
Minimizing the impact to the people from our operations, products, processes and services.
Managing HSE matters just as any other critical business activity.

HSE MANAGEMENT SYSTEM

To achieve our Goals, Vision & Strategic Objectives, the Company is implementing an HSE Management System, a structured and systematic approach which ensures Hazards Identification & Risk Assessment of our critical operations & industrial processes. Our focus is on compliance with both local laws and global customer requirements.

At Azgard Nine, people are at the heart of all activities. We strive to prevent injury and occupational illness and ensure the presence of a free and motivating work environment.

The Company has initiated a number of projects and programs in the following areas of Health, Safety & Environment.



HEALTH

- Minimum Health Management Standards.
- Health Risk Assessment.
- Health Surveillance Program (in house Audio & Spirometry Procedures).
- Medical Emergency Response & Plan.
- First Aid Basic & Advanced CPR Training.
- In house Health Facilities.
- Health Screening Programs.
- Fitness to Work Protocols

SAFETY

- Firefighting equipment & hydrant system.
- Hazards Identification & Risk Assessment.
- Personal Protective Equipment Program.
- Road Transport Safety Program.
- Permit to Work Systems.
- Change Management.

ENVIRONMENT

- ISO 14001 Certification.
- Effluent Treatment Plants.
- Energy Conservation Program.
- Solid & Biological Waste Management Program.
- Spill Control program

PERMITTING AND AUTHORITY ISSUES

- Chemicals
- Environment
- Machinery, Pressure Equipment
- Explosion protection (ATEX)
- Follow-up services
- HSE Permitting plan

SAFETY MANAGEMENT

- Safety Management System
- Safety training
- Safety audits including improvement plans
- Visualizations

RISK ANALYSIS

- Process Hazard Analysis (PHA)
- Machinery Risk Assessment
- Interface Hazard Analysis
- Environmental Risk Assessment
- Occupational Safety Evaluation
- RAMS Engineering
- Consequence analysis & modelling

PROJECT SERVICES

- Project Safety Management (Safety Stepwise)
- HSE Design review
- Construction risk analysis
- Site HSE management and supervising
- Safety training

Azgard Nine Limited has established 'Minimum Health Management Standards' which cover the following areas:

Health Risk Assessment.
Monitoring of Health Performance.
Occupational Illness Incident Reporting.
Fitness to Work.
Local Health Facilities and Emergency Response. Human Factors Engineering in New Projects. Product Stewardship.
Health Impact Assessment.
Community Health Projects.

Compliance with National Statutory Requirements is mandatory for all aspects of health management. Currently accepted scientific knowledge is applied while interpreting these standards

HSE TRAINING PROGRAM

Company has established a comprehensive training program which caters to all layers of staff and contractors. Training modules are based on local laws, OSHA, Global Customers Code of Conduct Audit findings & ISO certification requirements.
More than 1000 employees training was imparted at various Azgard Nine sites during 2017-18.

KEY TRAINING MODULES

- Hazards & Risk Assessment.
- Chemicals Safety MSDS.
- Hearing Conservation Program.
- Environmental Management System (1S0 14001).
- Incident/Accident Reporting & Investigation Techniques / Tripod Analysis.
- Personal Protective Equipment Program.
- Heat Stress Management.
- Forklift Safety.
- Defensive Driving Course.
- Hearts & Minds Safety Program.
- Manual Handling / Backache Prevention Program.
- Emotional Stress Management / Work-Life Balance.

EFFLUENT TREATMENT

By adhering to international environment regulations, Azgard Nine is playing a leading role in maintaining a clean environment wherever it is operating.
The effluent treatment plants at both Manga and FPR have the capability to filter solid particles, separate grease, oils, dyes and other chemicals, remove organic decomposition and disinfect the water making it suitable for irrigation.

HEALTH SURVEILLANCE PROGRAM

Azgard Nine Limited is the only textile company in Pakistan to have a structured in house Health Surveillance Program. Specialized procedures like Audio & Spirometry are being carried out against hazards such as high noise levels and chemical vapors & cotton dust. The objective is health protection and early detection of potential health damage on account of any harmful occupational exposure. Latest equipment has been procured and in house doctors have undergone extensive training to help meet this objective. Companies has contiguous diseases Vaccination activity for workers on bi-annual basis which improves worker's health and companies' contribution to improve their living and health standards.

COMMUNITY PROGRAMS

BLOOD DONATION CAMP.

Company is also committed to help the community through blood donation for patients of thalassemia and for others who needs regular blood for lives. Yearly camp is arranged at site with different NGOs.

COMMUNITY HEALTH INITIATIVE

The Company is committed to the health and wellbeing of its local communities and employees. It has taken several steps for the enrichment of financially deprived local community, clean water is a basic need of humans and it was a long awaited desire of local community to install water filtration plants for the easy approach to the clean drinking water, which was a costly installation for the local community. Here Azgard Nine feeling it as its social responsibility took a step forward and installed first water filtration plant in the area.

This water filtration plant has a capacity of 500 LPH and it works 24/7 and serve the local community, which provides clean drinking water to the community at an annual cost of over Rs. 2.5 million.

PUNJAB SKILLED DEVELOPMENT PROGRAM

Azgard9 Limited with the help of Punjab Skill Development Fund initiated training program at its Garment Division to provide quality skills to the necessitous population of Punjab.
The program has been continued with same spirit for year 2017-18.
The following Training courses are initially started with the help of PSDF:

- Stitching operator
- Cutting expert
- Washing operator
- Apparel Supervisor
- Quality Controller

These training will not only improve the income generation opportunities for people of local community but will also provide the skilled labor to the organization and industry.

RECREATIONAL FACILITIES & ACTIVITIES

Azgard 9 limited always of belief that a healthy mind can be workable with healthy body. Sports always improves the efficiency at work place. Azagrd9 contributes in this activity with different sports activities. A cricket tournament named Azgard9 premier league for year 2017-18 was conducted and local community was also involved in this activity with great interest. There were 16 teams of employees and local community. This league charged the employees and local community with passion. There was an atmosphere of healthy competition and sportsman spirit.

This league was spread over a period of 5 weeks of passion, motivation and celebration. Total expenses were borne by the company.

INDEPENDENCE DAY

Independence day was celebrated with passion and making a promise to contribute in the growth of the country

TREE PLANTATION

Company is committed to make the environment healthy and contribute in the green Pakistan. Over 2000 trees are planted in various location of the organization and local community.

NOTICE OF TWENTY FIFTH ANNUAL GENERAL MEETING

Notice is hereby given that Twenty Fifth Annual General Meeting of the Members of AZGARD NINE LIMITED ('the Company') will be held on Friday, October 26, 2018 at 10.00 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 Extraordinary General Meeting of the Company held on April 04, 2018;

2. To receive, consider, approve and adopt the audited financial statements of the Company for the financial year ended June 30, 2018, 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, 2019 and to fix their remuneration. The Board of Directors on the recommendation of Audit Committee has recommended the appointment of retiring auditors, Messers Deloittee Yousuf Adil, 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

Lahore: October 03, 2018

MUHAMMAD AWAIS
Company Secretary

NOTES:

1. The Share Transfer Books of the Company will remain closed for the period from October 20, 2018 to October 26, 2018 (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 19, 2018 will be considered in time to attend and vote at the Meeting.

2. Financial Statements for the year ended June 30, 2018 will be available at the website of the Company www.azgard9.com twenty one days before the date of meeting.

   Further, as per approval obtained from members in Annual General Meeting of the Company held on October 29, 2016 to circulate Annual Audited Accounts through CD/DVD/USB in accordance with SRO 470(I)/2016 dated May 31, 2016 of Securities and Exchange Commission of Pakistan (SECP); Annual Audited Accounts of the Company for the year ended June 30, 2018 are being dispatched to the Members through CD/DVD. The Members may request a hard copy of Annual Audited Accounts free of cost. Standard request form is available at the website of the Company www.azgard9.com.

3. Pursuant to Section 223 of the Companies Act, 2017, the Company is allowed to send audited financial statements and reports to its members electronically. Members are therefore requested to provide their valid email IDs. For convenience, a Standard Request Form has also been made available on the Company's website www.azgard9.com.

4. Information of unclaimed dividends/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.

5. The Preference Shareholders are not entitled to attend the meeting.

6. 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.

7. 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 accounts holders and/or sub-account holder 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 holder and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per the above requirements.

ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

iii. Attested copies of CNIC or the passport of the beneficial owner and the proxy shall be furnished with the proxy form.

iv. The proxy shall produce his/her original CNIC or original Passport at the time of meeting.

v. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

8. Members 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 by quoting their folio numbers and name of the Company at the above mentioned address, if not earlier notified/submitted:

- Change in their addresses, if any.

- 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 issuance of dividend warrants and in the absence of this information payment of dividend shall be withheld.

- 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.

9. 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 25th Annual General Meeting of the Company.

   ____

   Signature of Member"

10. For any query/problem/information, Members may contact the Company at email companysecretary@azgard9.com and/or the Share Registrar of the Company at above mentioned address and at (+92 42) 37235081-82, email info@hmaconsultants.com. Members may also visit website of the Company www.azgard9.com for notices/information.

Financial Highlights
Six Years at a glance

Azgard Nine Limited	Year ended 30 June 2018	Year ended 30 June 2017	Year ended 30 June 2016	Year ended 30 June 2015	Year ended 30 June 2014	Year ended 30 June 2013
Operating performance (Rs. 000)						
Sales - net	15,971,672	12,802,374	13,176,284	10,701,888	13,301,847	13,719,626
Export sales-gross	14,132,591	11,186,121	11,737,168	9,087,740	11,140,090	11,715,767
Local sales-gross	984,077	1,213,012	1,323,912	1,534,400	2,085,594	2,038,185
Gross profit	2,580,313	1,885,660	1,499,159	1,063,159	962,331	461,580
Operating profit / (loss)	1,411,814	932,003	599,786	115,120	(31,003)	(1,054,167)
Profit / (loss) before tax	299,076	(43,093)	(683,602)	(2,828,250)	(1,992,912)	1,101,484
Profit / (loss) after tax	196,623	(133,565)	(814,147)	(2,934,239)	(2,125,556)	963,945
Financial position (Rs. 000)						
Total equity	(4,201,953)	(4,526,061)	(4,525,986)	(3,839,312)	(748,295)	1,262,286
Surplus on revaluation of property plant and equipment	4,630,688	4,753,666	4,879,014	4,568,030	4,703,688	3,470,587
Total equity with surplus	428,735	227,605	353,028	728,718	3,955,392	4,732,873
Long term debt	7,817,738	7,702,140	7,688,228	7,710,024	7,846,278	7,830,878
Property, plant and equipment	13,215,447	13,168,500	13,194,251	13,097,753	13,537,284	12,953,017
Financial analysis						
Current ratio (times)*	0.57	0.50	0.48	0.50	0.59	0.67
Debt to equity (ratio)	97:3	97:3	96:4	91:9	66:34	62:38
Profitability analaysis						
Operating profit to sales (%)	8.84	7.28	4.55	1.08	(0.23)	(7.68)
Earnings per share (Rs.)	0.43	(0.29)	(1.79)	(6.45)	(4.67)	2.12

* (excluding current portion of long term debt)

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

Name of Company: **Azgard Nine Limited (the Company)**
Year ended: **30-06-2018**

The Company has complied with the requirements of Listed Companies (Code of Corporate Governance) Regulations, 2017 (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:

a)	Independent Directors	4	Mr. Zahid Mahmood
			Ms. Maliha Sarda Azam
			Mr. Nasir Ali Khan Bhatti
			Mr. Abid Hussain
b)	Other Non - Executive Directors	2	Mr. Usman Rasheed
			Mr. Abdul Hamid Ahmed Dagia
c)	Executive Directors	2	Mr. Ahmed H. Shaikh
			Mr. Munir Alam

3. The Directors have confirmed that none of them is serving as a Director on more than five listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).

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. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by 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 Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.

8. The Board of Directors have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and the Regulations.

9. The Board has not arranged any Directors' Training program for its Directors during the financial year. However, the Company shall arrange Training Program for its Directors in accordance with the requirements of the Regulations.

10. The Board has approved appointment of CFO, 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. CFO and CEO 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	Six meetings were held during the financial year with at least one meeting in each quarter
b) HR and Remuneration Committee	Two meetings were held during the financial year

15. The Board has set up an effective internal audit function.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

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 other requirements* of the Regulations have been complied with.

*Mr. Nasir Ali Khan Bhatti, Director and Chairman Audit Committee could not attend the Annual General Meeting held on November 27, 2017 (AGM) as he was stuck in traffic due to blockage/closure of motorway at entry points of Lahore and adjacent domestic roads as well by the protestors of agitation against Election Reforms Bill. The fact was also briefed at the AGM.

Mr. Munir Alam, Executive Director could not attend the Extraordinary General Meeting held on January 05, 2018 (EOGM) as he was out of country due to his important meetings and had informed the Company regarding his unavailability at the EOGM due to unavoidable preoccupations. The fact was also briefed at the EOGM.

On behalf of Board of Directors

Chief Executive Officer

Chairman

Date: September 29, 2018

Deloitte Yousuf Adil
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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, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Azgard Nine Limited for the year ended June 30, 2018 in accordance with the requirements of regulation 40 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

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, 2018.

Deloitte Yousuf Adil

Chartered Accountants

Engagement Partner
Rana M. Usman Khan

Lahore
Date: September 29 , 2018

FINANCIAL STATEMENTS

Deloitte Yousuf Adil
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AUDITORS' REPORT

To the members of Azgard Nine Limited

Report on the Audit of the Financial Statements

QUALIFIED OPINION

We have audited the annexed financial statements of Azgard Nine Limited (the Company) which comprise the statement of financial position as at June 30, 2018, and the statement of profit or loss, statement of comprehensive income, the statement of cash flows and the statement of changes in equity, 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 paragraphs (b) to (d) below, 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 effect of the matter described in paragraph (a) and the possible effects of the matters discussed in paragraphs (b) to (d) in the Basis for Qualified Opinion section of our report, in our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2018 and of the profit, total comprehensive income, the changes in equity and its cash flows for the year then ended.

BASIS FOR QUALIFIED OPINION

a) as stated in notes 3.4 and 42.2.2 to the financial statements, the Company could not make timely repayments of principal and interest / mark-up related to long term debts and as at reporting date certain financial and other covenants imposed by the lenders could not be complied. The International Accounting Standard on Presentation of Financial Statements (IAS 1) requires that if an entity breaches a provision of a long-term loan arrangement on or before the end of the reporting period, with the effect that the liability becomes payable on demand, it should classify the liability as current. In these financial statements, the long term debts have been classified as long term according to the individual loan repayment schedules. Had these liabilities been classified as per the requirements of IAS - 1, current liabilities of the Company would have increased by Rs. 531.52 million and long term liabilities would have decreased correspondingly as at the reporting date;

b) the Company has investment in Term Finance Certificates ("TFCs") of Agritech Limited ("AGL"). As per the latest available financial statements of AGL, its equity has completely eroded. Further, the Company has not received due amount of principal and mark-up since October 2012, against which aggregate impairment loss amounting to Rs. 66.39 million has been recorded in these financial statements. Accordingly, the carrying value of the Company's investment in TFCs of AGL as at year end, amounting to Rs. 231.86 million and the related mark-up thereon amounting to Rs. 68.31 million as appearing in notes 21.2 and 26 respectively to the financial statements also appear doubtful of recovery. We were unable to determine the extent to which the amounts are likely to be recovered, if any, and time frame over which such recovery will be made.

c) as stated in note 27.1 to the financial statements, the Company has investment in preference shares ("shares") of AGL, with cost of Rs. 5.25 per share, designated as available for sale. The National Bank of Pakistan has agreed to repurchase these shares at Rs. 5.25 per share at a future date and subject to conditions as defined in the put option agreement. As per the latest available financial statements, AGL is in financial difficulties, is not able to timely service its long term debt and its equity has completely eroded. International Accounting Standard on Financial Instruments: Recognition and Measurement (IAS39) requires the investments classified as available for sale to be re-measured, at market rate prevailing as at the balance sheet date, with a resultant gain or loss to be recognized in other comprehensive income and to separately account for the derivative at fair value. However, the Company has not complied with the requirements of IAS-39 and has measured the investment and the derivative at the option price. We were unable to determine the respective fair values of the investment in preference shares and the derivative by alternative means, and consequently we were unable to determine the amount of adjustments required, if any.

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d) as stated in note 21.2.2 to the financial statements that on December 18, 2014, the Court of Vicenza, Italian Republic ("the Court") approved bankruptcy proposal of public prosecutor and appointed Trustee to manage the affairs of Montebello s.r.l. ("MBL"). The Company has recorded impairment allowance of Rs. 2,625.03 million against its investment in MBL and Rs. 452.53 million against the trade receivables from MBL. The management has represented through its legal counsel that the bankruptcy is currently in process with Italian Bankruptcy Court, a trustee has been appointed to manage the bankruptcy and the claims against MBL have yet to be determined and finalized. In view of the absence of definite determination of the Company's claims against MBL, we were unable to satisfy ourselves as to the appropriateness of the impairment recorded by the Company.

Except as stated in (b) to (d) above, we conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 3.3 to the financial statements which describes that during the year the current liabilities of the Company have exceeded its current assets by Rs. 12,323.77 million, and its accumulated losses at the year end stand at Rs. 11,888.54 million. These conditions, along with other matters as set forth in note 3.3 to the financial statements, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The management of the Company have assessed its ability to continue as going concern taking into consideration positive cash flows generated from operating activities and expected impact of ongoing financial restructuring. Our opinion is not qualified in respect of this matter.

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 Basis for Qualified Opinion and the Material Uncertainty Related to Going Concern sections, we have determined the matters described below to be the key audit matters to be communicated in our report.

Following are the Key audit matters:

S. No	Key audit matter	How the matter was addressed in our audit
1.	**Restructuring of financial liabilities**	
	Financial liabilities include redeemable capital, long term finances and short term borrowings aggregating to Rs. 8,503.43 million, where the Company has not been able to make timely repayments of principal or interest/mark-up. Additionally, the financial restructuring of the Company is ongoing and management expects it to significantly reduce the debt burden and finance cost for the Company. See notes 3.3.2 and 3.4 to the financial statements. In view of the monetary value of the overdue financial liabilities, management's anticipated impact of ongoing financial restructuring and judgements involved in determining of the adequacy of related disclosures in these financial statements,we have identified this area as a Key Audit Matter.	Our audit procedures included the following: • Made inquiries with the management and legal advisors to understand the status of ongoing restructuring processes; • Reviewed analysis of consenting creditors prepared by management; • Read relevant documents to verify facts and circumstances stated by management and legal advisors; and • Read and evaluated assessment prepared by management related to anticipated outcomes of restructuring.

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2.	Change in accounting policy as a result of changes in the Companies Act 2017	
	As referred to in note 3.1 to the accompanying financial statements, the Companies Act, 2017 (the Act) became applicable for the first time for the preparation of the Company's annual financial statements for the year ended June 30, 2018 due to which the Company has changed its accounting policy to account for surplus on revaluation of fixed assets (refer note 5) with retrospective effect. Previously, surplus on revaluation was presented in the financial statements below the equity and changes in surplus was taken directly to equity. Due to change in accounting policy, surplus on revaluation will be part of the equity and revaluation changes will be taken through other comprehensive income. We have considered the above as a Key Audit Matter due to the significant amount of surplus on revaluation of fixed assets, the complexity involved in the calculations for retrospective application and compliance with the disclosure requirements of IAS 8 – Accounting Policies and Changes in Accounting Estimates and Errors.	Our audit procedures included the following: • Obtained workings for retrospective accounting of surplus on revaluation of fixed assets; • Re-performed the calculations based on the working and valuation reports of the respective years. • Reviewed that values of fixed assets, surplus on revaluation of fixed assets and gain / loss on assets disposed-off have been properly restated in the financial statements; and • Assessed if the change in accounting policy has been properly disclosed by the management in the financial statements of the Company in accordance with IAS-8.
3.	Revenue Recognition	
	The Company's sales mainly comprise of revenue from the export sale of garments and denim as has been disclosed in note 30 to the financial statements. Revenue from sale of goods is recognized when risks and rewards incidental to the ownership of goods are transferred to the buyer(note 4.12). We identified revenue recognition as key audit matter as it is one of the key performance indicators of the Company considering its monitory value, because of the potential risks that revenue transactions may not have been recognized based on transfer of risk and rewards to the customers, in line with the accounting policy adopted and in the appropriate period.	Our audit procedures to address the Key Audit Matter included the following: • Obtained an understanding of and assessing the design and implementation and operating effectiveness of controls around recognition of revenue; • Assessed the appropriateness of the Company's accounting policies for export sales recognition and compliance of those policies with applicable accounting standards; • Checked on a sample basis the recorded sales transactions with underlying supporting documents; and • Tested timeliness of revenue recognition by comparing individual sales transactions before and after the year end to underlying supporting documents.

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INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

Management is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the financial statements and our audit 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 arerequired to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND BOARD OF DIRECTORS FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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We communicate with the board of directors regarding, among other matters, the planned scope and timing of audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Based on our audit, we further report that in our opinion:

a) except for the effect of the matter described in paragraph (a) and the possible effects of the matters discussed in paragraphs (b) to (d) in the 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 effect of the matter described in paragraph (a) and the possible effects of the matters discussed in paragraphs (b) to (d) 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 auditors' report is Rana M. Usman Khan.

Deloitte Yousuf Adil
Chartered Accountants

Lahore
Date: September 29, 2018

STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees (Restated)	2016 Rupees (Restated)
EQUITY AND LIABILITIES				
Share capital and reserves				
Authorized share capital	7	**15,000,000,000**	15,000,000,000	15,000,000,000
Issued, subscribed and paid up capital	7	**4,548,718,700**	4,548,718,700	4,548,718,700
Reserves	8	**3,137,869,073**	3,133,361,726	3,125,219,206
Surplus on revaluation of fixed assets	9	**4,630,687,703**	4,753,665,775	4,879,013,896
Accumulated losses		**(11,888,540,649)**	(12,208,141,343)	(12,199,924,175)
		428,734,827	227,604,858	353,027,627
Non-current liabilities				
Redeemable capital - secured	10	**108,002,203**	199,795,928	569,990,116
Long term finances - secured	11	**381,987,672**	489,365,286	645,410,117
Liabilities against assets subject to finance lease - secured	12	**9,807,058**	11,944,118	-
Deferred liability	13	**232,042,381**	141,320,117	72,304,556
		731,839,314	842,425,449	1,287,704,789
Current liabilities				
Current portion of non-current liabilities	14	**7,439,381,488**	7,105,618,541	6,496,782,456
Short term borrowings	15	**4,590,852,774**	4,691,105,238	4,782,488,627
Trade and other payables	16	**1,846,555,112**	1,533,519,965	1,659,746,105
Interest / mark-up accrued on borrowings	17	**4,809,245,944**	4,220,170,414	3,599,534,431
Dividend payable on preference shares	18	**9,413,535**	9,413,535	9,413,535
Unclaimed dividend on ordinary shares		**3,783,005**	4,002,037	4,002,037
Provision for taxation	28	**7,374,778**	56,125,955	78,264,470
		18,706,606,636	17,619,955,685	16,630,231,661
Contingencies and commitments	19			
		19,867,180,777	18,689,985,992	18,270,964,077
ASSETS				
Non-current assets				
Property, plant and equipment	20	**13,215,447,217**	13,168,499,962	13,194,251,156
Long term investments	21	**231,864,928**	231,864,928	231,896,478
Long term deposits - unsecured, considered good	22	**37,036,296**	21,606,295	18,632,696
		13,484,348,441	13,421,971,185	13,444,780,330
Current assets				
Stores, spares and loose tools	23	**138,204,200**	132,545,743	128,867,511
Stock-in-trade	24	**2,468,069,912**	1,859,013,514	1,769,136,595
Trade debts	25	**1,354,829,408**	1,240,968,769	1,177,074,507
Advances, deposits, prepayments and other receivables	26	**1,973,310,989**	1,570,242,442	1,301,764,543
Short term investments	27	**306,022,500**	306,022,500	306,022,500
Cash and bank balances	29	**142,395,327**	159,221,839	143,318,091
		6,382,832,336	5,268,014,807	4,826,183,747
		19,867,180,777	18,689,985,992	18,270,964,077

The annexed notes from 1 to 52 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, 2018

	Note	2018 Rupees	2017 Rupees
Sales - net	30	15,971,672,335	12,802,374,277
Cost of sales	31	(13,391,359,653)	(10,916,714,003)
Gross profit		2,580,312,682	1,885,660,274
Selling and distribution expenses	32	(674,269,971)	(517,315,341)
Administrative expenses	33	(494,229,046)	(436,342,363)
Profit from operations		1,411,813,665	932,002,570
Other income	34	57,243,586	36,274,618
Other expenses	35	(15,740,844)	(45,770,292)
Finance cost	36	(1,154,240,369)	(965,600,192)
Profit / (loss) before taxation		299,076,038	(43,093,296)
Taxation	37	(102,453,416)	(90,471,993)
Profit / (loss) after taxation		196,622,622	(133,565,289)
Earning / (loss) per share - basic and diluted	38	0.43	(0.29)

The annexed notes from 1 to 52 form an integral part of these financial statements.

Lahore | **Chief Exective Officer** | **Director** | **Chief Financial Officer**

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017
	Rupees	Rupees
Profit / (loss) after taxation	**196,622,622**	(133,565,289)
Items that are or may be subsequently reclassified to profit and loss account		
Re-measurement of post retirement benefits obligation	**4,507,347**	8,712,130
Fair value gain realized on sale of available for sale financial assets	-	(569,610)
	4,507,347	8,142,520
Total comprehensive income / (loss) for the year	**201,129,969**	(125,422,769)

The annexed notes from 1 to 52 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, 2018

	Note	2018 Rupees	2017 Rupees
Cash flows from operating activities			
Cash generated from operations	39	1,016,412,011	808,406,323
Interest / mark-up paid		(214,969,175)	(129,771,312)
Taxes paid		(151,204,593)	(112,610,508)
Long term deposits - net		(15,430,001)	(2,973,599)
Post retirement benefits paid		(15,566,544)	(15,190,961)
Net cash generated from operating activities		619,241,698	547,859,943
Cash flows from investing activities			
Capital expenditure		(435,614,175)	(392,842,407)
Proceeds from disposal of property, plant and equipment		1,950,000	4,531,595
Disposal of long term investments		-	601,160
Net cash used in investing activities		(433,664,175)	(387,709,652)
Cash flows from financing activities	43		
Repayment of long term finances		(33,673,176)	(34,043,148)
Repayment of liabilities against assets subject to financial lease		(54,659,687)	(18,972,187)
Short term borrowings - net		(197,367,603)	85,372,139
Dividend paid		(219,032)	-
Net cash (used in) / generated from financing activities		(285,919,498)	32,356,804
Net (decrease) / increase in cash and cash equivalents		(100,341,975)	192,507,095
Cash and cash equivalents at beginning of the year		(464,610,233)	(657,117,328)
Cash and cash equivalents at end of the year	40	(564,952,208)	(464,610,233)

The annexed notes from 1 to 52 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, 2018

	Issued, subscribed and paid-up capital	Capital reserves					Accumulated losses	Total reserves	Total equity
		Share premium	Reserve on merger	Preference share redemption reserve	Available for sale financial assets	Post retirement benefits obligation reserve	Surplus on revaluation of fixed assets			
	Rupees									
As at July 01, 2016	4,548,718,700	2,358,246,761	105,152,005	661,250,830	569,610	-	-	(12,199,924,175)	(9,074,704,969)	(4,525,986,269)
Impact of restatement - note 5	-	-	-	-	-	-	4,879,013,896	-	4,879,013,896	4,879,013,896
As at July 01, 2016 - as restated	4,548,718,700	2,358,246,761	105,152,005	661,250,830	569,610	-	4,879,013,896	(12,199,924,175)	(4,195,691,073)	353,027,627
Total comprehensive loss for the year										
Loss for the year ended June 30, 2017	-	-	-	-	-	-	-	(133,565,289)	(133,565,289)	(133,565,289)
Other comprehensive income for the year ended June 30, 2017	-	-	-	-	(569,610)	8,712,130	-	-	8,142,520	8,142,520
Total comprehensive loss for the year	-	-	-	-	(569,610)	8,712,130	-	(133,565,289)	(125,422,769)	(125,422,769)
Transfer of incremental depreciation from surplus on revaluation of fixed assets	-	-	-	-	-	-	(123,025,472)	123,025,472	-	-
Reversal of revaluation surplus on disposal of fixed assets	-	-	-	-	-	-	(2,322,649)	2,322,649	-	-
As at June 30, 2017 - as restated	4,548,718,700	2,358,246,761	105,152,005	661,250,830	-	8,712,130	4,753,665,775	(12,208,141,343)	(4,321,113,842)	227,604,858
As at July 01, 2017	**4,548,718,700**	**2,358,246,761**	**105,152,005**	**661,250,830**	**-**	**8,712,130**	**4,753,665,775**	**(12,208,141,343)**	**(4,321,113,842)**	**227,604,858**
Total comprehensive income for the year										
Income for the year ended June 30, 2018	-	-	-	-	-	-	-	196,622,622	196,622,622	196,622,622
Other comprehensive income for the year ended June 30, 2018	-	-	-	-	-	4,507,347	-	-	4,507,347	4,507,347
Total comprehensive income for the year	-	-	-	-	-	4,507,347	-	196,622,622	201,129,969	201,129,969
Transfer of incremental depreciation from surplus on revaluation of fixed assets	-	-	-	-	-	-	(122,978,072)	122,978,072	-	-
As at June 30, 2018	**4,548,718,700**	**2,358,246,761**	**105,152,005**	**661,250,830**	**-**	**13,219,477**	**4,630,687,703**	**(11,888,540,649)**	**(4,119,983,873)**	**428,734,827**

The annexed notes from 1 to 52 form an integral part of these financial statements.

Lahore

Chief Executive Officer

Director

Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

1 Reporting entity

Azgard Nine Limited ("the Company") is incorporated in Pakistan as a public limited company and is listed on Pakistan Stock Exchange Limited. The Company is a composite spinning, weaving, dyeing and stitching unit engaged in the manufacturing of yarn, denim and denim products. The registered office of the Company is situated at Ismail Aiwan-e-Science, off Shahrah-e-Roomi, Lahore. The Company has three production units with Unit I located at 2.5 km off Manga, Raiwind Road, District Kasur, Unit II at Alipur Road, Muzaffargarh and Unit III at 20 km off Ferozpur Road, 6 km Badian Road on Ruhi Nala, Der Khurd, Lahore.

2 Significant transactions and events affecting the Company's financial position and performance

Due to applicability of the Companies Act, 2017 to the financial statements of the Company, amounts reported for the previous period have been restated. For detailed information please refer to note 5; and

All other significant transactions and events that have affected the Company's financial position and performance during the year have been adequately disclosed in the notes to these financial statements.

3 Basis of preparation

3.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) 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 Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.2 Investment in Montebello s.r.l. ("MBL")

The Company had the following subsidiary at the start of the year:

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

As mentioned in previous financial statements of the Company, during the year ended June 30, 2015, the Court of Vicenza, Italian Republic (the Court) granted bankruptcy proposal of the Italian Public Prosecutor and appointed trustee to manage affairs of MBL.

During the year, the management, based on advice from the Company's legal counsel, has concluded that as result of ongoing bankruptcy proceedings and management of affairs of MBL by the Court appointed trustee, the Company has ceased to exercise control over activities of MBL. Furthermore, in view of the guidance in International Financial Reporting Standard 10 'Consolidated Financial Statements', the management has concluded that the Company does not have 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 21.2).

3.3 Going concern assumption

During the year the current liabilities of the Company have exceeded current assets by Rs. 12,323.77 million (2017: Rs. 12,351.94 million), financial liabilities include Rs. 13,250.74 million (2017: Rs. 12,060.26 million) relating to overdue principal and mark-up thereon, and the accumulated losses stand at Rs. 11,888.54 million (2017: Rs. 12,208.14 million). These conditions cast doubt about the Company's ability to continue as a going concern. These financial statements have, however, been prepared on a going concern basis.

3.3.1 Cashflows from operations

The assumption that the Company would continue as a going concern is based on the fact that operationally the position of the Company is improving which is evident from the financial results of the Company for the year. These are attributable to enhanced capacity utilizations, continuation of textile package by Government of Pakistan and cost controls by management and the Company expects to generate better results and maintain positive cash flows from operations in future.

3.3.2 Financial restructuring

The financial restructuring of the Company is underway which is expected to significantly reduce the debt burden and finance cost of the Company. Accordingly, in order to reorganize and restructure the obligations of the Company, towards its creditors, the creditors have prepared and filed scheme of arrangement in the Honorable Lahore High Court (LHC) for approval. Post restructuring, it is anticipated that the Company's debt levels shall be sustainable and resultantly the debt obligations of the Company would be met on time, subject to impact, if any, of uncontrollable external factors such as the local and global market conditions.

The LHC had formed a commission to hold a meeting with the creditors, and to obtain their consent on scheme of arrangement. The said meeting was held on May 14, 2018, the Commission has filed its final report to the LHC.

3.4 Financial liabilities

The Company has not been able to make timely repayments of principal and related interest / mark-up for its redeemable capital, long term finances and certain of its short term borrowings. As at the balance sheet date, the total redeemable capital, long term finances and short term borrowings with overdue principal repayments aggregate to Rs. 8,503 million. Further, as at the reporting date, the Company could not comply with certain financial and other covenants imposed by the lenders. As per the agreed terms of long term debts the lenders have unconditional right to call the loans if timely repayments are not made or covenants are not complied.

International Accounting Standard on Presentation of Financial Statements (IAS - 1) requires that if an entity breaches a provision of a long term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand, it should classify the liability as current.
However, in the financial statements, debts of Rs. 531.52 million (2017: Rs. 732.95 million) as detailed below, have been classified as long term in accordance with respective debt repayment schedules as the Company is in discussion with its lenders for reprofiling of its long term debts:

Principal net of current maturity	Rupees
Redeemable capital	
Privately Placed Term Finance Certificates	81,614,046
Privately Placed Term Finance Certificates	54,300,000
	135,914,046
Long term finances	
Deutsche Investitions - Und MBH (Germany)	395,602,401
	531,516,447

3.5 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 cash flow statement, all transactions have been accounted for on accrual basis.

3.6 Use of estimates and judgments

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:

3.6.1 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.

3.6.2 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.

3.6.3 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 measure of the risk return factors inherent in the financial instrument.

3.6.4 Taxation

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

3.6.5 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.

3.6.6 Revaluation of fixed assets

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 revaluation depends upon the changes in fair values of the items of property, plant and equipment being revalued. When the fair value of a revalued asset differs materially from its carrying amount, a further revaluation is required. Such frequent revaluations are unnecessary for items of property, plant and equipment with only insignificant changes in fair value. Instead, it may be necessary to revalue the item only every three or five years.

3.6.7 Contingencies

The Company has disclosed its contingent liabilities for the pending litigations and claims against the Company based on its judgment and the advice of the legal advisors for the estimated financial outcome. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the balance sheet date. However, based on the best judgment of the Company and its legal advisors, the likely outcome of these litigations and claims is remote and there is no need to recognize any liability at the balance sheet date.

3.6.8 Provision for doubtful debts, advances and other receivables

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

3.6.9 Stores, spare parts, loose tools and stock in trade

The Company reviews the stores, spare parts, loose tools and stock in trade for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of stores, spare parts, loose tools and stock in trade with a corresponding affect on the provision.

3.7 Functional currency

These financial statements have been prepared in Pak Rupees which is the Company'sfunctional currency

4 Summary of significant accounting policies

Significant accounting policies set out below have been applied consistently in the presentation of these financial statements.

4.1 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 profit and loss account as incurred.

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

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

Leased

Assets held under finance lease arrangements are initially recorded at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets. Subsequently, these assets are carried at initially recorded amount less accumulated depreciation and accumulated impairment. Depreciation on leased assets is charged by applying reducing balance method at the rates used for similar owned assets, so as to depreciate the assets over their estimated useful lives in view of certainty of ownership of assets at end of the lease term.

4.2 Surplus / (deficit) arising on revaluation of fixed assets

Increases in the carrying amounts arising on revaluation of property, plant and equipment are recognised, net of tax, in other comprehensive income and accumulated in revaluation surplus in shareholders' equity. To the extent that increase reverses a decrease previously recognised in the statement of profit or loss, the increase is first recognised in the statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to the statement of profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from revaluation surplus on property, plant and equipment to unappropriated profit.

4.3 Stores, spare parts and loose tools

These are stated at lower of cost and net realizable value. Cost is determined using the weighted average method. Items in transit are valued at cost comprising invoice value and other charges paid thereon.

4.4 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, labor 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.

4.5 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 profit and loss account unless it is included in the cost of inventories or property, plant and equipment as permitted or required by the approved accounting standards. If the amount paid exceeds the undiscounted amount of benefits, the excess is recognized as an asset to the extent that the prepayment would lead to a reduction in future payments or cash refund.

Post-employment benefits

Defined benefit plan

The Company operates an unfunded gratuity scheme for all employees according to the terms of employment subject to a minimum qualifying period of service. Annual provision is made on the basis of actuarial valuation to cover obligations under the scheme for all employees eligible to gratuity benefits irrespective of the qualifying period. The latest actuarial valuation for gratuity scheme was carried out as at June 30, 2018.

4.6 Investments

The Company classifies its investments into following classes depending on the purpose for which the investments are made. Investments are either classified as investment in subsidiary, investment in debt security or financial instruments as follows:

4.6.1 Investment in subsidiary

Investment in subsidiary is initially recognized at cost. At subsequent reporting date, recoverable amounts are estimated to determine the extent of impairment loss, if any, and carrying amount of investment is adjusted accordingly. Impairment losses are recognized as expense in profit or loss. Where impairment loss is subsequently reversed, the carrying amounts of investment are increased to its revised recoverable amount but limited to the extent of initial cost of investment. Reversal of impairment losses are recognized in the profit or loss. The profits and losses of subsidiaries are carried forward in their financial statements and not dealt within these financial statements except to the extent of dividend declared by the subsidiaries. Gains and losses on disposal of investment are included in other income. When the disposal of investment in subsidiary resulted in loss of control such that it becomes an associate, the retained investment is carried at cost.

4.6.2 Financial instruments

A financial instrument is recognized when the Company becomes a party to the contractual provisions of the instrument. The Company classifies its financial instruments into following classes depending on the purpose for which the financial assets and liabilities are acquired or incurred. The Company determines the classification of its financial assets and liabilities at initial recognition.

4.6.2(a) ***Financial assets at fair value through profit or loss***

Financial assets at fair value through profit or loss are financial assets that are either designated as such on initial recognition or are classified as held for trading. Financial assets are designated as financial assets at fair value through profit or loss if the Company manages such assets and evaluates their performance based on their fair value in accordance with the Company's risk management and investment strategy. Financial assets are classified as held for trading when these are acquired principally for the purpose of selling and repurchasing in the near term, or when these are part of a portfolio of identified financial instruments that are managed together and for which there is a recent actual pattern of profit taking, or where these are derivatives, excluding derivatives that are financial guarantee contracts or that are designated and effective hedging instruments. Financial assets in this category are presented as current assets. The Company does not have any financial assets classified as financial asset at fair value through profit or loss as at the balance sheet date.

4.6.2(b) ***Held-to-maturity investments***

Non-derivative financial assets with fixed or determinable payments and fixed maturity that the Company has the positive intention and ability to hold to maturity are classified as held-to-maturity investments unless these are designated on initial recognition as financial assets at fair value through profit or loss or available for sale financial assets or these meet the definition of loans and receivables. Where, as a result of change in intention or ability to hold financial assets initially classified as held-to-maturity investments to maturity or where due to sales or reclassification of a significant amount of held-to-maturity investments, classification as held-to-maturity investments is no longer appropriate, these are reclassified as available for sale financial assets. Financial assets in this category are presented as non-current assets except for maturities within twelve months from the reporting date where these are presented as current assets. The Company does not have any investment classified as held-to-maturity investment as at the reporting date.

4.6.2(c) ***Loans and receivables***

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Assets in this category are presented as current assets except for maturities greater than twelve months from the reporting date, where these are presented as non-current assets. The particular measurement methods adopted are disclosed in the individual policy statements associated with each instrument.

4.6.2(d) ***Available for sale financial assets***

Investments intended to be held for an indefinite period of time, which may be sold in response to need for liquidity, or changes to interest rates or equity prices are classified as available for sale. After initial recognition, investments which are classified as available for sale are measured at fair value. Gains or losses on available for sale investments are recognized directly in other comprehensive income until the investment is sold, derecognized or is determined to be impaired, at which time the cumulative gain or loss previously reported in other comprehensive income is included in profit and loss account.

Quoted

For investments that are actively traded in organized capital markets, fair value is determined by reference to stock exchange quoted market bids at the close of business on balance sheet date

Un-quoted

Investments in unquoted equity instruments are stated at cost less any identified impairment losses

4.6.2(e) ***Held-to-maturity***

Held-to-maturity investments are initially recognized at acquisition cost, which includes transaction cost associated with the investment. Subsequently, these are measured at amortized cost using the effective interest rate method, less any impairment loss recognized to reflect irrevocable amounts.

4.6.2(f) ***Financial liabilities at amortized cost***

Non-derivative financial liabilities that are not financial liabilities at fair value through profit or loss are classified as financial liabilities at amortized cost. Financial liabilities in this category are presented as current liabilities except for maturities greater than twelve months from the reporting date where these are presented as non-current liabilities. Carrying values of financial liabilities as at the balance sheet date approximates their amortized cost.

4.6.2(g) ***Derivative financial instruments***

Derivatives are classified as financial assets and liabilities at fair value through profit or loss unless the derivative is a designated and effective hedging instrument or a financial guarantee contract. Derivatives are initially recognized at cost, being fair value on the date the contract is entered into by the Company. Subsequent to initial recognition these are measured at fair value. Gains and losses arising from changes in fair value of derivatives classified as financial assets and liabilities at fair value through profit or loss are recognized in profit or loss.

4.6.3 De-recognition

Financial assets are de-recognized if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are de-recognized if the Company's obligations specified in the contract expire or are discharged or cancelled. Any gain or loss on de-recognition of financial assets and financial liabilities is recognized in profit and loss account.

4.6.4 Off-setting

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Company has legally enforceable right to off-set the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.6.5 Regular way purchases and sales of financial assets

Regular way purchases and sales of financial assets are recognized on trade dates.

4.7 Loans and borrowings

Loans and borrowings are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost with any difference between cost and value at maturity recognized in the profit and loss account over the period of the borrowings on an effective interest basis.

4.8 Leases

Leases are classified as finance lease whenever terms of the lease transfer substantially all risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The liability to the lessor is included in the balance sheet as liabilities against assets subject to finance lease. The liabilities are classified as current and non-current liabilities depending upon the timing of payment. Lease payments are apportioned between finance charges and reduction of the liabilities against assets subject to finance lease so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit and loss account, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on borrowing costs.

Rentals payable under operating leases are charged to profit and loss account on a straight line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

4.9 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

4.10 Provisions and contingencies

Provisions are recognized when the Company has a legal and constructive obligation as a result of past events and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provision is recognized at an amount that is the best estimate of the expenditure required to settle the present obligation at the reporting date. Where outflow of resources embodying economic benefits is not probable, or where a reliable estimate of the amount of obligation cannot be made, a contingent liability is disclosed, unless the possibility of outflow is remote.

4.11 Trade and other receivables

4.11.1 Financial assets

These are classified as 'loans and receivables'. On initial recognition, these are measured at cost, being their fair value at the date of transaction, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in profit and loss account.

4.12 Revenue

Revenue is measured at the fair value of the consideration received or receivable, net of returns allowances, trade discounts and rebates, and represent amounts received or receivable for goods and services provided and other income earned in the normal course of business. Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company, and the amount of revenue and the associated costs incurred or to be incurred can be measured reliably.

Revenue from different sources is recognized as follows:

Revenue from sale of goods is recognized when risks and rewards incidental to the ownership of goods are transferred to the buyer.

Dividend income is recognized when the Company's right to receive payment is established.

Interest income is recognized as and when accrued on effective interest method.

4.13 Income tax

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

Since the income of the Company is subject to tax under Final Tax Regime, no deferred tax liability has been accounted for in these financial statements as the Company's tax liability will be assessed under the said regime, hence, no temporary differences are likely to arise in respect of sales whereas, temporary differences in respect of other income are expected to be negligible.

4.14 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

4.15 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 value, and are used by the Company in the management of its short-term commitments.

4.16 Segment reporting

Segment reporting is based on the operating (business) segments of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to the transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the chief executive officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.
Segment results that are reported to the chief executive officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those incomes, expenses, assets, liabilities and other balances which can not be allocated to a particular segment on a reasonable basis are reported as unallocated.

The Company has three reportable business segments. Spinning (production of different qualities yarn using natural and artificial fibers), Weaving (production of different qualities of fabric using yarn), and Garments (manufacturing garments using processed fabric).

4.17 Foreign currency transactions and balances

Transactions in foreign currencies are translated to the respective functional currencies of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

4.18 Impairment

4.18.1 Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment loss in respect of a financial asset measured at fair value is determined by reference to that fair value. All impairment losses are recognized in profit and loss account. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

4.18.2 Non-financial assets

The carrying amount of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the assets or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit and loss account. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

4.19 Dividend distribution

Dividend is recognized as a liability in the period in which it is declared. However, there is a restriction on dividend declaration under Master Restructuring and Inter creditor Agreement.

5 Change in accounting policy

The specific provision / section in the repealed Companies Ordinance, 1984 relating to the surplus on revaluation of fixed assets has not been carried forward in the Companies Act, 2017. Previously, section 235 of the repealed Companies Ordinance, 1984 specified the accounting treatment and presentation of the surplus on revaluation of fixed assets, which was not in accordance with the IFRS requirements. Accordingly, in accordance with the requirements of International Accounting Standard (IAS) 16, Property, Plant and Equipment, surplus on revaluation of fixed assets would now be presented under equity. Following the application of IAS 16, the Company's accounting policy for surplus on revaluation of land and building stands amended as follows:

Increases in the carrying amounts arising on revaluation of land and buildings are recognised, net of tax, in other comprehensive income and accumulated in revaluation surplus in shareholders' equity. To the extent that increase reverses a decrease previously recognised in the statement of profit or loss, the increase is first recognised in the statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to the statement of profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from revaluation surplus on property, plant and equipment to unappropriated profit.

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated.

5.1 The effect of change in accounting policy is summarised below:

	As at June 30, 2017			As at June 30, 2016		
	As previously reported	As re-stated	Re-statement	As previously reported	As re-stated	Re-statement
	---Rupees---			---Rupees---		
Effect on statement of financial position						
Surplus on revaluation of property, plant and equipment	4,753,665,775	-	(4,753,665,775)	4,879,013,896	-	(4,879,013,896)
Share capital and reserves	-	4,753,665,775	4,753,665,775	-	4,879,013,896	4,879,013,896
Effect on statement of changes in equity						
Revaluation surplus on property, plant and equipment	-	4,753,665,775	4,753,665,775	-	4,879,013,896	4,879,013,896

	For the year ended June 30, 2017		
	As previously reported	As re-stated	Re-statement
	---Rupees---		
Effect on statement of comprehensive income			
Gain on revaluation of fixed assets	-	-	-

6 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2018

The following standards, amendments and interpretations are effective for the year ended June 30, 2018. These standards, interpretations and the amendments 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.

Standards or Interpretations	Effective from annual period beginning on or after:
- Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative	January 01, 2017
- Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealised losses.	January 01, 2017

Certain annual improvements have also been made to a number of IFRSs

The Companies Act, 2017 (the Act) has also brought certain changes with regard to preparation and presentation of annual financial statements of the Company. Further, the disclosure requirements contained in the fourth schedule to the Act have been revised, resulting in the:

- elimination of duplicative disclosures with the IFRS disclosure requirements; and
- incorporation of certain additional disclosures

6.1 New accounting standards / amendments and IFRS interpretations that are not yet effective

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

Standards or Interpretations	Effective from annual period beginning on or after:
- Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions.	January 01, 2018
- IFRS 4 'Insurance Contracts': Amendments regarding the interaction of IFRS 4 and IFRS 9.	January 01, 2018
- IFRS 9 'Financial Instruments'- This standard will supersede IAS 39 Financial Instruments: Recognition and Measurement upon its effective date	July 01, 2018
- Amendments to IFRS 9 'Financial Instruments' - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities.	January 01, 2019
- IFRS15 'Revenue'- This standard will supersede IAS18, IAS11, IFRIC 13, 15 and 18 and SIC 31 upon its effective date.	July 01, 2018
- IFRS 16 'Leases': This standard will supersede IAS 17 'Leases' upon its effective date.	January 01, 2019
- Amendments to IAS 19 'Employee Benefits' - Amendments regarding plan amendments, curtailments or settlements.	January 01, 2019
- Amendments to IAS 28 'Investments in Associates and Joint Ventures' Amendments regarding long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	January 01, 2019

- Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property	January 01, 2018. Earlier application is permitted.
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.	January 01, 2018. Earlier application is permitted.
- IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'	January 01, 2019

In addition to above, the management is in process of identifying the impact of the following standards on the financial statements:

- Amendments to IFRS 9 'Financial Instruments'
- IFRS 15 'Revenue'

Certain annual improvements have also been made to a number of IFRSs.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 17 – Insurance Contracts

7. Share capital	**2018 Rupees**	2017 Rupees
Authorized share capital		
Ordinary shares of Rs. 10 each		
900,000,000 (2017: 900,000,000) voting shares	**9,000,000,000**	9,000,000,000
300,000,000 (2017: 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 (2017: 300,000,000) non-voting shares	**3,000,000,000**	3,000,000,000
	15,000,000,000	15,000,000,000
Issued, subscribed and paid-up capital		
Voting ordinary shares of Rs. 10 each		
323,712,733 (2017: 323,712,733) shares fully paid in cash	**3,237,127,330**	3,237,127,330
62,548,641 (2017: 62,548,641) shares issued as paid bonus shares	**625,486,410**	625,486,410
12,276,073 (2017: 12,276,073) shares issued as consideration for machinery	**122,760,730**	122,760,730
50,811,992 (2017: 50,811,992) shares issued as consideration on merger	**508,119,920**	508,119,920
	4,493,494,390	4,493,494,390
Non-voting ordinary shares of Rs. 10 each		
4,753,719 (2017: 4,753,719) shares fully paid in cash	**47,537,190**	47,537,190
768,712 (2017: 768,712) shares issued as fully paid bonus shares	**7,687,120**	7,687,120
	55,224,310	55,224,310
	4,548,718,700	4,548,718,700

As at June 30, 2018, Jahangir Siddiqui & Co. Limited (JSCL), holds 112,157,863 (2017: 112,157,863) number of voting ordinary shares of the Company.

8	Reservses	Note	2018 Rupees	2017 Rupees
	Share premium	8.1	2,358,246,761	2,358,246,761
	Merger reserve	8.2	105,152,005	105,152,005
	Redemption of preference shares	8.3	661,250,830	661,250,830
	Post retirement benefits obligation reserve	8.4	13,219,477	8,712,130
			3,137,869,073	3,133,361,726

8.1 **Share premium**

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

8.2 **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.

8.3 **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 Companies Act, 2017.

8.4 **Post retirement benefits obligation reserve**

This represents surplus on revaluation of defined benefit plan comprisingan un-funded gratuity scheme for its permanent employees during the year.

9	Surplus on revaluation of fixed assets	2018 Rupees	2017 Rupees
	As at beginning of the year	**4,753,665,775**	4,879,013,896
	Less: incremental depreciation transferred to accumulated losses	**(122,978,072)**	(123,025,472)
	Less: transfer to accumulated losses on ultimate disposal of assets	**-**	(2,322,649)
	As at end of the year	**4,630,687,703**	4,753,665,775

The Company's freehold land and buildings on freehold land were revalued by Arif Evaluators, an independent valuator not connected with the Company and approved by Pakistan Banks' Association (PBA) in "any amount" category, on December 31, 2015. The Plant and Machinery were revalued by Mericon Consultants, independent valuer not related to the Company, as at June 30, 2014. The basis of revaluation of property, plant and equipment were as follows:

Freehold Land

Property brokers, dealers and estate agents were contacted to ascertain the asking and selling prices for properties of the same nature in the immediate neighbourhood and adjoining areas. Neighbouring properties which have been recently sold or purchased, were investigated to ascertain a reasonable selling / buying price. Properties that were up for sale were examined for asking price. An average of the above values was then assigned to the property.

Buildings on freehold land

Construction specifications were noted for each building and structure and new construction rates / GI sheet with iron structure were used to obtain replacement values of buildings, to which a depreciation formula was applied, based upon our estimates of balance life to arrive at the current assessed value.

Plant and Machinary

Plant and machinery have been evaluated / assessed by keeping in view their present physical condition, the remaining useful life / economic life and technological obsolescence. Further, new replacement values for the similar type of plant and machinery were inquired from various dealers / vendors and manufacturers of plant accessories. The new replacement values were depreciated using reducing balance method of depreciation to determine the best estimates of the assessed / depreciated replacement values.

10	Redeemable capital secured	Note	2018 Rupees	2017 Rupees
	Term Finance Certificates - II	10.1	651,066,836	651,066,836
	Privately Placed Term Finance Certificates - IV	10.2	991,167,294	1,024,840,470
	Term Finance Certificates -V	10.3	527,682,637	527,682,637
	Privately Placed Term Finance Certificates - VI	10.4	3,218,300,030	3,218,300,030
	Privately Placed Term Finance Certificates	10.5	326,456,184	326,456,184
	Privately Placed Term Finance Certificates	10.6	217,200,000	217,200,000
			5,931,872,981	5,965,546,157
	Less: effect of present value	10.7	-	-
	Less: transaction costs	10.8	(27,911,843)	(26,727,482)
			5,903,961,138	5,938,818,675
	Less: current maturity presented under current liabilities	14	(5,795,958,935)	(5,739,022,747)
			108,002,203	199,795,928

10.1 These Term Finance Certificates - II ("TFC - II") have been issued by way of private placements and public subscription and are listed on Pakistan Stock Exchange Limited. The total issue comprises of 428,734 certificates of Rs. 5,000 each out of which 28,550 certificates were converted into Ordinary shares in 2008 and at reporting date the outstanding certificates are 400,184. The terms and conditions of the issue as per Amendment no. 1 to Master Restructuring and Intercreditor Agreement ("MRA-1") dated April 11, 2012 are as follows:

Principal redemption

The principal redemption of TFC - II is structured to be in ten unequal installments. First installement amounting to Rs. 847.582 million was settled by the Company during the year ended June 30, 2013. Remaining nine installments are to be paid semi-annually starting from September 20, 2013 and ending on September 20, 2017.

Return on TFC - II

The issue carries return as per the following applicable mark-up rates, payable semi-annually:

Six months KIBOR plus 1.00% per annum in 2010 - 2011
Six months KIBOR plus 1.25% per annum in 2012 - 2015
Six months KIBOR plus 1.75% per annum in 2016 onwards

Trustee

In order to protect the interests of TFC - II holders, Faysal Bank Limited has been appointed as trustee under a trust deed with power to enforce the Company's obligations in case of default and to distribute the proceeds of any such enforcement, in accordance with the terms of the trust deed and Master Restructuring and Intercreditor Agreement (MRA).

Security

For detail of securities, refer to note 10.9.

Overdue status

At the reporting date, principal amounting to Rs. 651.07 million (2017: Rs. 516.06 million) and interest / mark-up amounting to Rs. 458.32 million (2017: Rs. 391.68 million) were overdue.

10.2 These Privately Placed Term Finance Certificates - IV ("PPTFC - IV") have been issued by way of private placements. The total issue comprises of 500,000 certificates of Rs. 5,000 each. The terms and conditions of the issue as per MRA-1 dated April 11, 2012 are as follows:

Principal redemption

The principal redemption of PPTFC - IV is structured to be in ten unequal installments. First installment amounting to Rs. 1,414.231 million was settled by the Company during the year ended June 30, 2013, and there was also a settlement of Rs. 33.673 million (2017: Rs. 33.673) in the reporting period. Remaining nine installments are to be paid semi-annually starting from December 04, 2013 and ending on December 04, 2017.

Return on PPTFC - IV

The issue carries return as per the following applicable mark-up rates, payable semi-annually;

Six months KIBOR plus 1.00% per annum in 2010 - 2011
Six months KIBOR plus 1.25% per annum in 2012 - 2015
Six months KIBOR plus 1.75% per annum in 2016 onwards

Trustee

In order to protect the interests of PPTFC - IV holders, Pak Brunei Investment Company has been appointed trustee of the issue, with power to enforce the Company's obligations, in case of default and to distribute the proceeds of any such enforcement, in accordance with the terms of the trust deed and MRA.

Security

For detail of securities refer to note 10.9.

Overdue status

At the reporting date, principal amounting to Rs. 991.17 million (2017: Rs. 799.94 million) and interest / mark-up amounting to Rs. 744.12 million (2017: Rs. 661.37 million) were overdue.

10.3 These Term Finance Certificates - V ("TFC - V") represent restructuring of various short term facilities amounting to Rs. 825 million. The total issue comprised of 165,000 TFCs having face value of Rs. 5,000 each. The terms and conditions of the issue as per MRA-1 dated April 11, 2012 are as follows:

Principal redemption

The principal redemption of TFC - V is structured to be in nine unequal installments. First installement amounting to Rs. 297.317 million was settled by the Company during the year ended June 30, 2013. Remaining eight installments were to be paid quarterly starting from February 18, 2014 and ending on November 18, 2015.

Return on TFC - V

The issue carries return as per the following applicable mark-up rates, payable quarterly:

Twelve months KIBOR plus 1.00% per annum from May 18, 2010 till May 18, 2011
Three months KIBOR plus 1.00% per annum from May 18, 2011 till November 18, 2011
Three months KIBOR plus 1.25% per annum from November 18, 2011 onwards

Trustee

In order to protect the interests of TFC - V holders, Faysal Bank Limited has been appointed as trustee under a trust deed, with power to enforce the Company's obligations, in case of default and to distribute the proceeds of any such enforcement, in accordance with the terms of the trust deed and MRA.

Security

For detail of securities refer to note 10.9.

Overdue status

At the reporting date, principal amounting to Rs. 527.68 million (2017: Rs. 527.68 million) and interest / mark-up amounting to Rs. 331.53 million (2017: Rs. 292.04 million) were overdue. Refer to note 42.2.2.

10.4 These Privately Placed Term Finance Certificates - VI ("PPTFC - VI") represent restructuring of outstanding mark-up amounting to Rs. 3,218.670 million related to long term debts and short term borrowings till March 31, 2012. The total issue comprises of 643,734 TFCs having face value of Rs. 5,000 each. The terms and conditions of the issue are as follows:

Principal redemption

The principal redemption of PPTFC - VI was structured to be in seven unequal semi annual installments starting from March 31, 2014 and ending on March 31, 2017.

Call option

The Company shall be allowed to call the PPTFC - IV in full or in part. Call option will be exercisable at any time after the expiry of one year from the issue date and upon giving to the PPTFC - VI holders not less than thirty days notice in writing, to redeem on the following redemption date.

Return on PPTFC - VI

The issue carries nil return (refer to note 10.7).

Trustee

In order to protect the interests of PPTFC - VI holders, Faysal Bank Limited has been appointed as trustee under a trust deed, with power to enforce the Company's obligations, in case of default and to distribute the proceeds of any such enforcement, in accordance with the terms of the trust deed and MRA.

Security

The issue is secured by:

-Ranking hypothecation charge in favor of the Trustee over the hypothecated assets in the amount of up to Rs. 4,666.667 million; and

-Ranking mortgage charge over the mortgaged properties in the amount of up to Rs. 4,666.667 million.

Overdue status

At the reporting date principal amounting to Rs. 3,218.30 million (2017: Rs. 3,218.30 million) was overdue.

10.5 These represent restructuring of outstanding principal amounting to Rs. 256.020 million and outstanding mark-up along with preference dividend and other charges amounting to Rs. 70.436 million related to preference shares into fresh issue of Privately Placed Term Finance Certificates ("PPTFCs") by way of Settlement Agreement ("the Agreement") between the Company and JS Global Capital Limited dated October 22, 2012 effective from October 19, 2012. The total issue comprised of 12 PPTFCs having face value of Rs. 27.205 million each. The terms and conditions of the issue are as follows:

Principal redemption

The principal redemption of PPTFCs is structured to be in twelve equal installments amounting to Rs. 27.205 million each. Installments are to be paid semi-annually starting from April 19, 2015 and ending on October 19, 2020.

Return on PPTFCs

The issue carries a fixed mark-up rate at 11.00% per annum.

Twelve months KIBOR plus 1.00% per annum from May 18, 2010 till May 18, 2011
Three months KIBOR plus 1.00% per annum from May 18, 2011 till November 18, 2011
Three months KIBOR plus 1.25% per annum from November 18, 2011 onwards

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, with power to enforce the Company's obligations, in case of default and to distribute the proceeds of any such enforcement, in accordance with the terms of the Trust Deed.

Security

The issue is secured by personal guarantee of Sponsor Director.

Overdue status

At the reporting date principal amounting to Rs. 190.43 million (2017: Rs. 136.02 million) and interest / mark-up amounting to Rs. 125.73 million (2017: Rs. 89.82 million) were overdue. Refer to note 42.2.2.

10.6 These represent restructuring of outstanding principal amounting to Rs. 170.132 million and outstanding mark-up along with preference dividend and other charges amounting to Rs. 47.068 million related to preference shares into fresh issue of Privately Placed Term Finance Certificates ("PPTFCs") by way of Settlement Agreement ("the Agreement") between the Company and Lenders dated October 22, 2012 effective from October 19, 2012. The total issue comprised of 21,720 PPTFCs having face value of Rs. 10,000 each. The terms and conditions of the issue are as follows:

Principal redemption

The principal redemption of PPTFCs is structured to be in twelve equal installments amounting to Rs. 18.100 million each. Installments are to be paid semi-annually starting from April 19, 2015 and ending on October 19, 2020.

Return on PPTFCs

The issue carries a fixed mark-up rate at 11.00% 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, with power to enforce the Company's obligations, in case of default and to distribute the proceeds of any such enforcement, in accordance with the terms of the Trust Deed.

Security

The issue is secured by personal guarantee of Sponsor Director.

Overdue status

At the reporting date, principal amounting to Rs. 126.70 million (2017: Rs. 90.5 million) and interest / mark-up amounting to Rs. 83.65 million (2017: Rs. 59.76 million) were overdue. Refer to note 42.2.2.

10.7 This represented the difference between amortized cost and face value of zero-coupon Privately Placed Term Finance Certificates - VI, with five year maturity (refer to note 10.4). Amortized cost has been determined using effective interest rate of 13.23% per annum being the weighted average rate of return on redeemable capital. Movement is as follows:

Effect of present value	Note	2018 Rupees	2017 Rupees
As at beginning of the year		-	76,387,438
Less: amortized during the year	36	-	(76,387,438)
As at end of the year		-	-

10.8 Transaction costs

		2018 Rupees	2017 Rupees
As at beginning of the year		26,727,482	30,655,195
Capitalised during the year		11,146,189	-
Less: amortized during the year	36	(9,961,828)	(3,927,713)
As at end of the year		27,911,843	26,727,482

10.9 Common security

All redeemable capital and long term finances except for TFC - VI and PPTFCs have been secured by way of common security which is as follows:

-First charge in favor of National Bank of Pakistan, as security trustee for the benefit of the financers, on all present and future assets and properties of the Company.

-Personal guarantee of Sponsor Director.

11 Long term finances - secured

	Note	2018 Rupees	2017 Rupees
Deutsche Investitions - Und MBH (Germany)	11.1	994,591,224	844,036,091
Saudi Pak Industrial and Agricultural Investment Company Limited	11.2	43,251,155	43,251,155
Meezan Bank Limited	11.3	234,568,765	234,568,765
Citi Bank N.A (Pakistan)	11.4	565,781,488	565,781,488
		1,838,192,632	1,687,637,499
Less: transaction costs	11.6	(13,614,729)	(17,056,368)
		1,824,577,903	1,670,581,131
Less: current maturity presented under current liabilities	14	(1,442,590,231)	(1,181,215,845)
		381,987,672	489,365,286

11.1 This represents Euros 15 million obtained from Deutsche Investitions - Und MBH (Germany) ("DEG") to finance the setup of new textile and apparel project. Terms and conditions are as follows:

Principal repayment

As per the rescheduling terms of the MRA, dated December 01, 2010, the loan is payable in twenty-one unequal installments. During year ended June 30, 2013, first installment amounting to Rs. 641.221 million was settled by the Company. Remaining twenty installments are to be paid quarterly starting from July 15, 2015.

Return on facility

As per rescheduling agreement, the finance carries mark-up as per the following applicable mark-up rates, payable quarterly:

Six months EURIBOR plus 3.25% per annum.
Three months EURIBOR plus 0.75% per annum from date of sale of AGL to July 14, 2015.
Three months EURIBOR plus 1.00% per annum from July 15, 2015 onwards.

In addition to the above, additional interest of 2% per annum will be levied if principal and mark-up are not paid on due dates.

Security
For detail of securities refer to note 10.9.

Overdue status
At the reporting date, principal amounting to Rs. 994.59 million (2017: Rs. 844.03 million) and interest / mark-up amounting to Rs. 320.78 million (2017: Rs. 204.48 million) were overdue. Refer to note 42.2.2.

11.2 This finance has been obtained from Saudi Pak Industrial and Agricultural Company Limited for long term working capital requirements. Terms and conditions are as follows:

Principal repayment

As per MRA-1 dated April 11, 2012, loan is payable in eighteen unequal installments. First installment amounting to Rs. 56.749 million was settled by the Company during year ended June 30, 2013. Remaining seventeen installments are to be paid quarterly starting from November 13, 2013 and ending on November 13, 2017.

Return on facility

As per rescheduling agreement, the finance carries mark-up as per the following applicable mark-up rates, payable quarterly:

- Six months KIBOR plus 1.00% per annum in 2010 - 2011
- Six months KIBOR plus 1.25% per annum in 2012 - 2015
- Six months KIBOR plus 1.75% per annum in 2016 onwards

In addition to the above, additional interest of 5.00% per annum will be levied if mark-up is not paid on due dates.

Security
For detail of securities refer to note 10.9.

Overdue status
At the reporting date, principal amounting to Rs. 43.25 million (2017: Rs. 34.17 million) and interest / mark-up amounting to Rs. 44.97 million (2017: Rs. 41.05 million) were overdue. Refer to note 42.2.2.

11.3 This finance has been obtained from Meezan Bank Limited for long term working capital requirements. Terms and conditions are as follows:

Principal repayment

As per MRA-1 dated 11 April 2012, the loan was payable in nine unequal installments. First three installments amounting to Rs. 37.51 million was settled by the Company during year 2013 and 2014 and further Rs. 0.033 million was paid in last year. Remaining six installments were to be paid semi-annually starting from May 01, 2013 and ending on November 01, 2016.

Return on facility

As per rescheduling agreement, the finance carries mark-up as per the following applicable mark-up rates, payable semi-annually:

Six months KIBOR plus 1.00% per annum in 2010 - 2012
Six months KIBOR plus 1.25% per annum in 2013 onwards

Security

For detail of securities refer to note 10.9.

Overdue status

At the reporting date, principal amounting to Rs. 234.57 million (2017: Rs. 234.57 million) and interest / mark-up amounting to Rs. 145.29 million (2017: Rs. 127.75 million) were overdue. Refer to note 42.2.2.

11.4 As part of the overall debt restructuring, the finance was converted from various short term borrowings. Terms and conditions are as follows:

Principal repayment

As per MRA-1 dated 11 April 2012, the loan was payable in six unequal installments. Installment were to be paid semi-annually starting from May 01, 2014 and ending on November 01, 2016.

Return on facility

As per rescheduling agreement, the finance carries mark-up as per the following applicable mark-up rates, payable semi-annually:

Six months KIBOR plus 1.00% per annum in 2010 - 2012
Six months KIBOR plus 1.25% per annum in 2013 onwards

Security

For detail of securities refer to note 10.9.

Overdue status

At the reporting date, principal amounting to Rs. 565.78 million (2017: Rs. 565.78 million) and interest / mark-up amounting to Rs. 337.05 million (2017: Rs. 294.75 million) were overdue. Refer to note 42.2.2.

11.5 At the reporting date, interest / mark-up amounting to Rs. 83.894 million (2017: Rs. 83.894 million) related to long term loans which were fully settled by the Company in the previous years was overdue. Refer to note 42.2.2.

11.6 Transaction costs	**Note**	**2018 Rupees**	2017 Rupees
As at beginning of the year		**17,056,368**	17,369,984
Capitalised during the year		**3,453,811**	-
Less: amortized during the year	**36**	**(6,895,450)**	(313,616)
As at end of the year		**13,614,729**	17,056,368

12 Liabilities against assets subject to finance lease - secured

	Note	2018 Rupees	2017 Rupees
Present value of minimum lease payments	12.1 & 12.2	62,272,125	48,956,812
Less: current maturity presented under current liabilities	14	(52,465,067)	(37,012,694)
		9,807,058	11,944,118

12.1 This represents vehicles, plant and machinery acquired under finance lease arrangements. The leases are secured by 20% to 25% down ownership, insurance in lessor's favor and post dated cheques in favor of lessor for entire principal along with markup amount. Rentals are payable monthly / annually. The leases are priced at six month KIBOR plus 3% to 4% per annum (2017: six month KIBOR plus 3% to 4% per annum). Under the terms of agreement, taxes, repairs, replacements and insurance costs in respect of assets subject to finance lease are borne by the Company. The Company also has the option to acquire these assets at the end of the respective lease terms and intends to exercise the option.

12.2 The amount of future payments under the lease arrangements and the period in which these payments will become due are as follows:

	2018 Rupees	2017 Rupees
Not later than one year	57,457,533	39,694,071
Later than one year but not later than five years	10,852,999	13,769,721
Total future minimum lease payments	68,310,532	53,463,792
Less: finance charge allocated to future periods	(6,038,407)	(4,506,980)
Present value of future minimum lease payments	62,272,125	48,956,812
Not later than one year	(52,465,067)	(37,012,694)
Later than one year but not later than five years	9,807,058	11,944,118

13 Deferred Liability

	2018	2017
Gratuity payable	232,042,381	141,320,117

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

13.1.1 Amounts recognized in the balance sheet

	2018 Rupees	2017 Rupees
Present value of the defined benefit obligation	235,291,330	144,180,249
Benefits due but not paid	(3,248,949)	(2,860,132)
Net liability recognized in the balance sheet	232,042,381	141,320,117

13.1.2 Movement in the present value of the defined benefit obligation

	2018 Rupees	2017 Rupees
Obligation at the beginning of the year	144,180,249	72,304,556
Current service cost	100,850,933	88,227,244
Interest cost	10,334,039	4,691,408
Benefits paid during the year	(15,566,544)	(12,330,829)
Actuarial losses during the year	1,155,509	289,851
Experience adjustments	(5,662,856)	(9,001,981)
Obligation at the end of the year	235,291,330	144,180,249

13.1.3 Movement in liability	2018 Rupees	2017 Rupees
Staff gratuity fund at the beginning of the year	**144,180,249**	72,304,556
Charge for the year	**111,184,972**	92,918,652
Remeasurements chargeable in Other Comprehensive Income	**(4,507,347)**	(8,712,130)
Benefits paid	**(15,566,544)**	(12,330,829)
Net liability	**235,291,330**	144,180,249

13.1.4 Amount recognized in profit and loss

Current service cost	**100,850,933**	88,227,244
Interest cost	**10,334,039**	4,691,408
	111,184,972	92,918,652

13.1.5 Amount chargeable to other comprehensive income

Actuarial losses from changes in financial assumptions	**1,155,509**	289,851
Experience adjustments	**(5,662,856)**	(9,001,981)
	(4,507,347)	(8,712,130)

Expense recognized in following line items in profit and loss account

Cost of Sales	**88,927,626**	72,586,433
Selling and distribution Expenses	**5,477,104**	4,563,590
Administrative Expenses	**16,780,242**	15,768,629
	111,184,972	92,918,652

13.1.6 Principal actuarial assumptions used were as follows

Discount rate used for interest cost in profit and loss account	**7.75%**	7.25%
Discount rate used for year end obligation	**9.00%**	7.75%
Future salary increase per annum	**8.00%**	6.75%
Mortality Rates	**SLIC 2001-2005**	SLIC 2001-2005
Withdrawal Factor	**Age Based**	Age Based
Retirement Age of the employee	**60 years**	60 years

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

	2018	
	Impact on defined benefit obligation	
	1% Increase in assumption	**1% Decrease in assumption**
Discount rate	**216,702,921**	**249,876,072**
Salary growth rate	**250,674,175**	**215,696,709**

	2017	
	Impact on defined benefit obligation	
	1% Increase in assumption	1% Decrease in assumption
Discount rate	132,076,784	152,090,232
Salary growth rate	152,594,622	131,446,662

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	2018 Rupees	2017 Rupees
Preference shares of Rs.10 each (2017 : Rs.10 each)	14.1	**148,367,255**	148,367,255
Redeemable capital -secured	10	**5,795,958,935**	5,739,022,747
Long term finances - secured	11	**1,442,590,231**	1,181,215,845
Liabilities against assets subject to finance lease - secured	12	**52,465,067**	37,012,694
		7,439,381,488	7,105,618,541

14.1 These represent non-voting, non-participatory, partly convertible and cumulative preference shares which were redeemable upto September 24, 2010.

At the reporting date, entire outstanding amount of preference shares was overdue. Refer to note 42.2.2 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.

15 Short term borrowings

Secured

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

	Note	2018 Rupees	2017 Rupees
Running finance	15.1&15.3	**707,347,535**	623,832,072
Term loan	15.1&15.3	**3,318,845,961**	3,536,343,194
Morabaha / LPO	15.1&15.3	**158,490,103**	169,094,075
Bills payable	15.3&15.4	**406,169,175**	361,835,897
		4,590,852,774	4,691,105,238

15.1 These facilities have been obtained from various banking companies and financial institutions for working capital requirements and are secured by common security (refer to note 10.9), lien over documents of title of imported goods, lien over firm export orders, trust receipts, demand promissory notes, counter guarantees, pledge of stocks, ranking charge amounting to Rs. 750 million on current and future assets of the Company.

Mark-up on these finances is payable quarterly / semi-annually. Local currency finances carry mark-up at rates ranging from one to twelve months KIBOR plus 1.00% per annum (2017: one to twelve months KIBOR plus 1.00% per annum). Foreign currency finances carry mark up at LIBOR of matching tenure plus 4.00% per annum (2017: LIBOR of matching tenor plus 4.00% per annum). Mark-up on pre / post shipment finances refinanced by the State Bank of Pakistan is payable at SBP refinance rate of 2.00% per annum plus banks' spread of 1.00% per annum (2017: 2.00% per annum plus banks' spread of 1.00% per annum). Morabaha / LPO carry mark-up at rates ranging from six to twelve months KIBOR plus 1.00% to 3.00% per annum (2017: six to twelve months KIBOR plus 1.00% to 3.00% per annum). Letters of credit / guarantee carry commission at rates ranging from 0.10% to 0.40% per quarter (2017: 0.10% to 0.40% per quarter). Certain finances also carry a penalty interest / mark-up.

At the reporting date, interest / mark-up amounting to Rs. 253.53 million (2017: Rs. 222.98 million), Rs. 1,245.18 million (2017: Rs. 1,068.99 million) and Rs. 155.91 million (2017: Rs. 130.43 million) were overdue in respect of running finance, term loan and morabaha / LPO respectively. Further, principal amounting to Rs. 19.94 million (2017: Rs. 26.42 million), and Rs. 454.08 million (2017: Rs. 480.50 million) were overdue in respect of running finance and term loan respectively. Refer to note 42.2.2 for details.

15.2 At the reporting date, interest / mark-up amounting to Rs. 62.176 million (2017: Rs. 62.176 million) related to bridge finance, which was settled in the prior years, was overdue. Refer to note 42.2.2 for details.

15.3 The aggregate available short term funded facilities amounts to Rs. 5,939 million (2017: Rs. 5,513 million) out of which Rs. 714.24 million (2017: Rs. 1,185 million) remained unavailed as at the reporting date. Limits available for opening of letters of credit amounts to Rs. 588.48 million (2017: Rs. 588.48 million) of which the limits remaining unutilized as at the reporting date amounts to Rs. 182.32 million (2017: Rs. 202.89 million).

15.4 At the reporting date, bills payable amounting to Rs. 337.50 million (2017: 338.90 million) and interest / mark-up amounting to Rs. 235.95 million (2017: 262.60 million) were overdue. Refer to note 42.2.2 for details.

15.5 The borrowings from related parties have been disclosed in note 40.2.1 to the financial statements.

			2018	2017
16	**Trade and other payables**	**Note**	**Rupees**	Rupees
	Trade and other creditors		**1,253,182,003**	1,146,103,507
	Accrued liabilities		**513,033,612**	317,535,840
	Advances from customers		**35,162,390**	47,937,762
	Tax deducted at source		**18,253,943**	11,157,650
	Workers' profits participation fund	**16.1**	**15,740,844**	-
	Other payables		**11,182,320**	10,785,206
			1,846,555,112	1,533,519,965

16.1 Workers' profits participation fund

Balance at the beginning of the year		**-**	**-**
Allocation for the year	**35**	**15,740,844**	**-**
Less: Payments during the year		**-**	**-**
Balance at the end of the year		**15,740,844**	-

17	**Interest / mark-up accrued on borrowings**		
	Redeemable capital -secured	**1,865,108,725**	1,623,259,509
	Long term finances - secured	**931,987,306**	770,625,623
	Short term borrowings - secured	**2,012,149,913**	1,826,285,282
		4,809,245,944	4,220,170,414

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

18 Dividend payable on preference shares

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

19 Contingencies and commitments

19.1 Contingencies

19.1.1 Several ex-employees of formal subsidiary of the Company, Agritech Limited ("AGL"), have filed a petition against the Company demanding terminal benefits including those under the golden hand shake scheme. The claim, valued at Rs. 8.0 million, is pending before the Honorable Lahore High Court and the Company expects a favorable outcome.

19.1.2 The Company has not accrued expense relating to Gas Infrastructure Development Cess ("GIDC"). Total amount billed to the Company till June 30, 2018 is Rs. 146.373 million (2017: Rs. 123.004 million). This practice was followed by the Company, in lieu of stay orders granted by Honourable High Court of Lahore against GIDC arrears in SNGPL bills. Also, as per legal advisor, the Company prima facie has arguable case and a favorable decision is expected.

19.1.3 The Company has issued indemnity bonds amounting to Rs. 928.781 million (2017: Rs. 608.371 million) in favor 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 fulfillment of the terms of related notifications.

19.1.4 Counter guarantees given by the Company to its bankers as at the reporting date amount to Rs. 171.328 million (2017: Rs. 169.665 million).

19.1.5 Bills discounted as at reporting date aggregated to Rs. 2,602.935 million (2017 Rs: 1,974.356 million).

19.1.6 NAB court reference has been filed on September 9, 2017, in relation to the earlier settlement (first restructuring) of the Company's financing arrangements in 2012, whereby eighteen financial institutions had partially rescheduled / settled the Company's liabilities against its investment in the shares of Agritech Limited. The hearings of the reference are in initial phase and the Company's management, based on legal counsel opinion, is of the view that the matter is not expected to have any adverse consequences.

		Note	2018 Rupees	2017 Rupees
19.2	**Commitments**			
19.2.1	**Commitments under irrevocable letters of credit for:**			
	- purchase of raw material		**15,229,387**	18,847,920
	- purchase of machinery		**-**	25,709,960
			15,229,387	44,557,880
19.2.2	Commitments for capital expenditure		**16,103,163**	9,256,578
20	**Property, plant and equipment**			
	Operating fixed assets	**20.1**	**13,163,865,121**	12,991,109,596
	Capital work in progress - at cost	**20.2**	**51,582,096**	177,390,366
			13,215,447,217	13,168,499,962

20.1 Operating fixed assets

Particulars	2018											
	Cost / Revalued amount						Depreciation					Net Book Value
	As at July 01, 2017	Additions	Transfers	Disposals	As at June 30, 2018	Rate %	As at July 01, 2017	For the year	Transfers	Disposals	As at June 30, 2018	as at June 30, 2018
	Rupees						Rupees					
Owned assets												
Freehold land												
- Cost	558,010,025	-	-	-	558,010,025	-	-	-	-	-	-	558,010,025
- Revaluation	1,596,379,975	-	-	-	1,596,379,975	-	-	-	-	-	-	1,596,379,975
	2,154,390,000	-	-	-	2,154,390,000		-	-	-	-	-	2,154,390,000
Buildings on freehold land												
- Cost	2,708,844,435	100,257,466	-	-	2,809,101,901	2.5	775,279,171	49,105,621	-	-	824,384,792	1,984,717,109
- Revaluation	1,421,644,214	-	-	-	1,421,644,214	2.5	414,129,161	25,890,338	-	-	440,019,499	981,624,715
	4,130,488,649	100,257,466	-	-	4,230,746,115		1,189,408,332	74,995,959	-	-	1,264,404,291	2,966,341,824
Plant and machinery												
- Cost	9,796,573,931	327,964,970	58,742,746	-	10,183,281,647	4-5	4,485,864,052	239,475,845	12,703,864	-	4,738,043,761	5,445,237,886
- Revaluation	4,301,061,328	-	-	-	4,301,061,328	4-5	2,151,290,578	97,087,733	-	-	2,248,378,311	2,052,683,017
	14,097,635,259	327,964,970	58,742,746	-	14,484,342,975		6,637,154,630	336,563,578	12,703,864	-	6,986,422,072	7,497,920,903
Furniture, fixtures and office equipment	210,073,896	8,080,519	-	-	218,154,415	10	137,068,586	7,779,772	-	-	144,848,358	73,306,057
Vehicles	65,275,688	1,535,475	-	(3,513,902)	63,297,261	20	55,416,819	2,151,034	-	(2,921,958)	54,645,895	8,651,366
Tools and equipment	456,769,450	23,566,388	-	-	480,335,838	10	245,216,056	22,402,196	-	-	267,618,252	212,717,586
Electrical installations	204,149,404	9,169,058	-	-	213,318,462	10	123,122,959	8,432,754	-	-	131,555,713	81,762,749
	21,318,782,346	470,573,876	58,742,746	(3,513,902)	21,844,585,066		8,387,387,382	452,325,293	12,703,864	(2,921,958)	8,849,494,581	12,995,090,485
Assets subject to finance lease												
Plant and machinery	58,742,746	158,434,751	(58,742,746)	-	158,434,751	4-5	12,703,864	600,716	(12,703,864)	-	600,716	157,834,036
Vehicles	14,785,000	-	-	-	14,785,000	20	1,109,250	2,735,150	-	-	3,844,400	10,940,600
	73,527,746	158,434,751	(58,742,746)	-	173,219,751		13,813,114	3,335,866	(12,703,864)	-	4,445,116	168,774,636
			-					-				
Grand Total	21,392,310,092	629,008,627	-	(3,513,902)	22,017,804,817		8,401,200,496	455,661,159	-	(2,921,958)	8,853,939,697	13,163,865,121

Particulars	2017											
	Cost / Revalued amount					Rate %	Depreciation					Net Book Value as at June 30, 2017
	As at July 01, 2016	Additions	Transfers	Disposals	As at June 30, 2017		As at July 01, 2016	For the year	Transfers	Disposals	As at June 30, 2017	
	Rupees						Rupees					
Owned assets												
Freehold land												
- Cost	558,010,025	-	-	-	558,010,025	-	-	-	-	-	-	558,010,025
- Revaluation	1,596,379,975	-	-	-	1,596,379,975	-	-	-	-	-	-	1,596,379,975
	2,154,390,000	-	-	-	2,154,390,000		-	-	-	-	-	2,154,390,000
Buildings on freehold land												
- Cost	2,691,063,524	17,780,911	-	-	2,708,844,435	2.5	725,969,351	49,309,820	-	-	775,279,171	1,933,565,264
- Revaluation	1,421,644,214	-	-	-	1,421,644,214	2.5	388,238,823	25,890,338	-	-	414,129,161	1,007,515,053
	4,112,707,738	17,780,911	-	-	4,130,488,649		1,114,208,174	75,200,158	-	-	1,189,408,332	2,941,080,317
Plant and machinery												
- Cost	9,545,162,138	255,295,747	-	(3,883,954)	9,796,573,931	4-5	4,249,210,962	238,885,754	-	(2,232,664)	4,485,864,052	5,310,709,879
- Revaluation	4,303,383,977	-	-	(2,322,649)	4,301,061,328	4-5	2,054,155,444	97,135,134	-	-	2,151,290,578	2,149,770,750
	13,848,546,115	255,295,747	-	(6,206,603)	14,097,635,259		6,303,366,406	336,020,888	-	(2,232,664)	6,637,154,630	7,460,480,629
Furniture, fixtures and office equipment	204,543,049	5,530,847	-	-	210,073,896	10	129,318,793	7,749,793	-	-	137,068,586	73,005,310
Vehicles	70,025,023	983,550	-	(5,732,885)	65,275,688	20	58,183,725	2,380,571	-	(5,147,477)	55,416,819	9,858,869
Tools and equipment	429,266,891	27,502,559	-	-	456,769,450	10	224,071,673	21,144,383	-	-	245,216,056	211,553,394
Electrical installations	193,756,846	10,392,558	-	-	204,149,404	10	114,795,706	8,327,253	-	-	123,122,959	81,026,445
	21,013,235,662	317,486,172	-	(11,939,488)	21,318,782,346		7,943,944,477	450,823,046	-	(7,380,141)	8,387,387,382	12,931,394,964
Assets subject to finance lease												
Plant and machinery	58,742,746	-	-	-	58,742,746	4-5	10,581,584	2,122,280	-	-	12,703,864	46,038,882
Vehicles	-	14,785,000	-	-	14,785,000	20	-	1,109,250	-	-	1,109,250	13,675,750
	58,742,746	14,785,000	-	-	73,527,746		10,581,584	3,231,530	-	-	13,813,114	59,714,632
								-				
Grand Total	21,071,978,408	332,271,172	-	(11,939,488)	21,392,310,092		7,954,526,061	454,054,576	-	(7,380,141)	8,401,200,496	12,991,109,596

20.1.1 The forced sale for Land and Building based on fair value measurement as at December 31, 2015 was Rs. 1,938.951 million and Rs. 2,796.424 million respectively while the forced sale of Plant & Machinery based on fair value measurement as at June 30, 2014 was Rs. 7,649.120 million

20.1.2 Particulars of immovable property (i.e. land and building) in the name of the Company are as follows:

Location	Usage of immovable property	Total area (in acres)	Covered area (in sq.ft)
Manga	Manufacturing facility	71.54	1,389,022
Muzaffar Garh	Manufacturing facility	59.19	595,918
FPR Unit	Manufacturing facility	24.56	187,760

20.1.3 Disposal of property, plant and equipment

	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of buyer
	----------------	----------------	Rupees	----------------	----------------		
Owned							
Vehicles							
Suzuki APV	1,756,951	(1,436,744)	320,207	825,000	504,793	Negotiation	Khurram Farooq
Suzuki APV	1,756,951	(1,485,214)	271,737	1,125,000	853,263	Negotiation	Malik Tariq
June 30, 2018	**3,513,902**	**(2,921,958)**	**591,944**	**1,950,000**	**1,358,056**		
June 30, 2017	11,939,488	(7,380,141)	4,559,348	4,531,595	(27,753)		

20.1.4 The depreciation charge for the year has been allocated as follows:

	Note	2018 Rupees	2017 Rupees
Cost of sales	**31**	**442,996,274**	442,816,141
Administrative expenses	**33**	**12,664,885**	11,238,436
		455,661,159	454,054,577

20.1.5 The Company follows the revaluation model for its Land, Building and Plant & Machinery. The fair value measurement of Land and Building as at December 31, 2015 was performed by Arif Evaluators, independent valuer not related to the Company. Arif Evaluators 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.

The fair value measurement of Plant and Macihinery as at June 30, 2014 was performed by Mericon Consultants, independent valuer not related to the Company. Mericon Consultants was on panel of Pakistan Banks Association as 'any amount' asset valuator. It was also on panel of State Bank of Pakistan and possesses appropriate qualification and recent experience in the fair value measurements in the relevant locations.

The fair value of the assets was determined using the comparable price method after performing detailed enquiries and verification from various estate agents, brokers and builders keeping in view the location of the property/project, condition, size, utilization, and other relevant factors.

Details of the Company's assets and information about fair value hierarchy as at June 30, 2018 are as follows:

	Level 1	Level 2	Level 3	Total
	Rupees			
Land	-	2,154,390,000	-	2,154,390,000
Building	-	2,966,341,824	-	2,966,341,824
Plant and machinery	-	7,497,920,903	-	7,497,920,903
Total	-	**12,618,652,727**	-	**12,618,652,727**

20.2 Capital work in progress

	2018			
	As at July 01, 2017	**Additions**	**Transfers**	**As at June 30, 2018**
	Rupees			
Building	**89,970,516**	**18,558,760**	**(101,118,406)**	**7,410,871**
Plant and machinery	**87,419,850**	**324,019,643**	**(367,268,268)**	**44,171,225**
	177,390,366	**342,578,403**	**(468,386,674)**	**51,582,096**

	2017			
	As at July 01, 2016	Additions	Transfers	As at June 30, 2017
	Rupees			
Building	21,260,851	84,964,296	(16,254,631)	89,970,516
Plant and machinery	55,537,960	276,631,556	(244,749,666)	87,419,850
	76,798,811	361,595,852	(261,004,297)	177,390,366

21 Long term investments

These represent investments in equity and debt securities, classified as available for sale financial assets.

Particulars of investments are as follows:

	Note	**2018 Rupees**	2017 Rupees
Investments in related parties			
Unquoted	**21.1**	-	-
Other investments		-	-
Unquoted	**21.2**	**231,864,928**	231,864,928
		231,864,928	231,864,928

21.1 Investment in related party - unquoted

	2018 Rupees	2017 Rupees
Montebello s.r.l. ("MBL")		
6,700,000 ordinary shares with a capital of Euro 6,700,000		
Proportion of capital held: 100%		
Activity: Textile and Apparel		
Relationship: Subsidiary		
Cost	-	2,625,026,049
Accumulated impairment	-	(2,625,026,049)
	-	-

21.1.1 As disclosed in the note 3.2 the management, based on advice from the Company's legal counsel, has determined that the MBL has ceased to be a subsidiary of the Company. Accordingly, the investment in MBL has been presentend in note 21.2 as other investment-unquoted.

21.2 Other investments - unquoted

	Note	2018 Rupees	2017 Rupees
Agritech Limited	21.2.1		
53,259 (2017: 53,259) Term Finance Certificates of Rs. 5,000 each			
Cost		266,074,508	266,074,508
Less: impairment allowance		(34,209,580)	(34,209,580)
		231,864,928	231,864,928
Montebello s.r.l. ("MBL")	21.2.2		
6,700,000 ordinary shares with a capital of Euro 6,700,000			
Cost		2,625,026,049	-
Accumulated impairment		(2,625,026,049)	-
		-	-
		231,864,928	231,864,928

21.2.1 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. For details of investments pledged as security, refer to note 46 to the financial statements.

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

21.2.2 MBL has gone into liquidation process and the Court of Vicenza has appointed a trustee to manage the affairs of MBL.

During the bankruptcy proceedings, 48 parties filed their claims with the Court and all have been accepted by the Court aggregating to Euro 7,893,794.48. The value of priority claims included therein are of Euro 3,929,380.36 and the value of unsecured and subordinated claims are of Euro 3,964,414.12. The Company has been advised by its legal counsel that, in accordance to the law, priority claims would be paid first and then unsecured and subordinated claims will be paid. The Company's claim aggregating to Euro 3,835,344 has been accepted on account of principal and interest as subordinate claim due to Company being the parent of MBL.

The Company has contested with the Court that its claim should be accepted as at least unsecured claim rather than being subordinate claim. The Court has appointed an expert to decide whether claim of the Company should be accepted as unsecured claim or subordinate. The expert has given his opinion that claim of the Company should be subordinated. The Company has questioned the decision of expert in the Court and sought permission to lodge defence. Decision of the Court is now awaited.

22	**Long term deposits - unsecured, considered good**	**Note**	**2018 Rupees**	2017 Rupees
	Utility companies, regulatory authorities and others	**22.1**	**34,134,296**	16,904,295
	Financial institutions	**22.2**	**2,902,000**	4,702,000
			37,036,296	21,606,295

22.1 These have been deposited with various utility companies and regulatory authorities. These are classified as 'loans and receivables' under IAS 39 'Financial Instruments - Recognition and Measurement' which are required to be carried at amortized cost. 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.

23	**Stores, spare parts and loose tools**	**Note**	**2018 Rupees**	2017 Rupees
	Stores, spare parts and loose tools		**138,204,200**	132,545,743
24	**Stock-in-trade**			
	Raw material		**717,700,982**	598,246,516
	Work in process		**1,186,321,061**	841,189,875
	Finished goods	**24.2**	**564,047,869**	419,577,123
			2,468,069,912	1,859,013,514

24.1 Details of stock in trade pledged as security are referred to in note 46 to the financial statements.

24.2 Finished goods include stock in transit amounting to Rs. 160.75 million (2017: Rs. 42.5 million).

25	**Trade debts**	**Note**	**2018 Rupees**	2017 Rupees
	Local			
	- secured	**25.1**	**87,308,626**	125,988,436
	- unsecured, considered good		**38,389,702**	13,238,352
	- unsecured, considered doubtful		**4,678,918**	65,492,772
			130,377,246	204,719,560
	Foreign			
	- secured	**25.1**	**995,117,693**	736,940,939
	- unsecured, considered good		**234,013,386**	364,801,042
	- unsecured, considered doubtful		**452,529,561**	1,006,172,468
			1,681,660,640	2,107,914,449
		25.3	**1,812,037,886**	2,312,634,009
	Less: provision against trade debts	**25.2**	**(457,208,478)**	(1,071,665,240)
			1,354,829,408	1,240,968,769

25.1 These are secured against letters of credit.

25.2 Movement in provision of trade debts

	2018	2017
	Rupees	Rupees
As at beginning of the year	**1,071,665,240**	1,025,922,701
Provision (reversed) / recognized during the year	**(25,849,717)**	45,742,539
Less: provision written off	**(588,607,045)**	-
As at end of the year	**457,208,478**	1,071,665,240

25.3 This includes an amount of Rs. 452.529 million (2017: 452.529 million) receivable from MBL, a related party, and this amount have been fully provided for due to the facts mentioned in note 21.1.

25.4 Jurisdiction wise trade debts - foreign

Region	Category	**2018 Rupees**	2017 Rupees
Asia	Letter of Credit	**146,335,231**	250,279,893
	Secured-Contract	**23,248,035**	20,711,881
	Unsecured-Contract	**8,673,727**	174,656,170
Europe	Letter of Credit	**546,348,132**	249,005,391
	Secured-Contract	**264,602,877**	208,662,477
	Unsecured-Contract	**677,869,220**	994,913,937
North America	Letter of Credit	-	-
	Secured-Contract	**6,733,949**	-
	Unsecured-Contract	-	65,590
South America	Letter of Credit	-	-
	Secured-Contract	-	-
	Unsecured-Contract	-	137,330,647
Africa	Letter of Credit	-	3,778,040
	Secured-Contract	**7,849,469**	4,503,257
	Unsecured-Contract	-	64,007,166
	Secured	**995,117,693**	736,940,939
	Unsecured	**686,542,947**	1,370,973,510
		1,681,660,640	2,107,914,449

26 Advances, deposits, prepayments and other receivables

	Note	**2018 Rupees**	2017 Rupees
Advances to suppliers - unsecured, considered good		**362,888,911**	322,196,114
Advances to employees - unsecured, considered good			
- against salaries and post employment benefits	**26.1**	**12,163,791**	7,389,966
- against purchases and expenses		**30,676,023**	28,644,638
Security deposits		**13,866,138**	13,837,137
Margin deposits	**26.2**	**35,710,668**	36,213,874
Rebate receivable		**1,000,951,413**	499,346,835
Sales Tax / FED recoverable		**391,739,341**	540,486,233
Due from AGL - secured		**100,492,120**	100,492,120
Less: impairment allowance		**(32,179,608)**	(32,179,608)
		68,312,512	68,312,512
Letters of credit		**47,649,550**	18,405,242
Insurance claims		**718,085**	15,755,659
Other receivables - unsecured, considered good		**8,634,557**	19,654,232
		1,973,310,989	1,570,242,442

26.1 These represent 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 against salaries is as follows:

	2018 Rupees	2017 Rupees
As at beginning of the year	**3,151,864**	2,121,229
Additions during the year	**3,998,290**	2,262,000
Less: receipts / adjustments during the year	**(4,409,090)**	(1,231,365)
As at end of the year	**2,741,064**	3,151,864

Due to change in definition of "executives" in fourth schedule of Companies Act, 2017, comparative figures have been changed.

26.2 These represent deposits against bank guarantees.

27 Short term investments

These represent investments in equity securities. These have been classified as available for sale financial assets. Particulars of investments are as follows:

	Note	2018 Rupees	2017 Rupees
Other Investments			
Quoted	**27.1**	**306,022,500**	306,022,500

27.1 **Agritech Limited:**
58,290,000 (2017: 58,290,000) fully paid Preference shares of Rs. 5.25 each

	2018	2017
Cost	**306,022,500**	306,022,500
Fair value adjustment	**-**	-
	306,022,500	306,022,500

This represents investment in preference shares of Agritech Limited received as part consideration against sale of ordinary shares of Agritech Limited to National Bank of Pakistan. The Company has a put option to sell these shares to NBP at the purchase price i.e. Rs. 5.25 per share.

28 Provision for taxation

	Note	2018 Rupees	2017 Rupees
As at beginning of the year		**56,125,955**	78,264,470
Provision for the year		**102,453,416**	90,471,993
Paid / adjusted during the year		**(151,204,593)**	(112,610,508)
As at end of the year		**7,374,778**	56,125,955

29 Cash and bank balances

	Note	2018 Rupees	2017 Rupees
Cash in hand		**2,045,303**	3,933,606
Cash at banks:			
- current accounts in local currency		**51,421,726**	119,560,261
- deposit accounts in local currency	**29.1**	**88,409,159**	35,285,768
- deposit accounts in foreign currency	**29.2**	**519,139**	442,204
		140,350,024	155,288,233
		142,395,327	159,221,839

29.1 These carry return under mark-up arrangement at 4.50% to 6.00% per annum (2017: 3.75% to 5.50% per annum).

29.2 These carry return under mark-up arrangement at prevailing LIBOR per annum (2017: prevailing LIBOR per annum).

30 Sales - net

	Note	2018 Rupees	2017 Rupees
Local	**30.1**	**984,077,501**	1,213,011,753
Export	**30.2 & 30.3**	**14,132,590,582**	11,186,121,260
		15,116,668,083	12,399,133,013
Rebate on exports		**876,330,779**	414,509,130
Discount		**(21,326,527)**	(11,267,866)
		15,971,672,335	12,802,374,277

30.1 Local

	2018 Rupees	2017 Rupees
Sales	**968,651,984**	926,649,759
Processing income	**5,084,526**	293,265,111
Waste	**16,818,597**	12,151,623
	990,555,107	1,232,066,493
Less: sales tax	**(6,477,606)**	(19,054,740)
	984,077,501	1,213,011,753

30.2 These include indirect exports, taxable under Section 154 (3b) of the Income Tax Ordinance, 2001, amounting to Rs. 1,733.860 million (2017: Rs. 1,520.284 million).

30.3 Export Development Surcharge applicable under SRO 10(1)/2003 dated January 04, 2003 amounting Rs. Rs. 30.438 million (2017: Rs. 23.607 million) has been deducted from gross export sales.

31	Cost of sales	Note	2018 Rupees	2017 Rupees
	Raw and packing materials consumed		**9,275,477,461**	7,007,301,812
	Salaries, wages and benefits	**31.1**	**2,475,918,268**	1,892,051,355
	Fuel and power		**867,911,446**	889,956,300
	Store, spares and loose tools consumed		**230,902,522**	182,386,488
	Traveling, conveyance and entertainment		**139,712,382**	98,923,874
	Rent, rates and taxes		**34,644,816**	3,745,860
	Insurance		**32,320,999**	43,628,309
	Repair and maintenance		**22,587,829**	39,641,556
	Processing charges		**341,735,116**	217,593,414
	Depreciation	**20.1.4**	**442,996,274**	442,816,141
	Printing and stationery		**9,094,341**	6,294,512
	Communications		**6,176,859**	5,403,286
	Miscellaneous		**1,483,272**	1,590,029
			13,880,961,585	10,831,332,936
	Work in process:			
	As at beginning of the year		**841,189,875**	729,638,306
	As at end of the year		**(1,186,321,061)**	(841,189,875)
			(345,131,186)	(111,551,569)
	Cost of goods manufactured		**13,535,830,399**	10,719,781,367
	Finished goods:			
	As at beginning of the year		**419,577,123**	616,509,759
	As at end of the year		**(564,047,869)**	(419,577,123)
			(144,470,746)	196,932,636
			13,391,359,653	10,916,714,003

31.1 These include charge in respect of employees retirement benefits amounting Rs. 88.93 million (2017: Rs. 72.59 million).

32	Selling and distribution expenses	Note	2018 Rupees	2017 Rupees
	Salaries and benefits	**32.1**	**190,487,281**	156,099,203
	Traveling, conveyance and entertainment		**55,182,969**	50,942,765
	Repair and maintenance		**1,832,055**	472,351
	Rent, rates and taxes		**3,441,176**	1,275,745
	Insurance		**4,260,647**	1,766,868
	Freight and other expenses		**195,813,687**	148,192,203
	Communication		**48,310,042**	36,472,910
	Advertisement and marketing		**35,784,752**	36,731,838
	Fee and subscription		**5,197,349**	7,485,557
	Commission		**133,455,265**	77,405,282
	Miscellaneous		**504,748**	470,619
			674,269,971	517,315,341

32.1 These include charge in respect of employees retirement benefits amounting Rs. 5.48 million (2017: Rs. 4.56 million).

33	Administrative expenses	Note	2018 Rupees	2017 Rupees
	Salaries and benefits	33.1	318,980,123	274,059,975
	Traveling, conveyance and entertainment		36,951,357	48,557,584
	Fuel and power		10,984,052	9,331,488
	Repair and maintenance		22,704,059	25,608,627
	Rent, rates and taxes		7,550,482	7,469,650
	Insurance		2,980,801	2,481,617
	Printing and stationery		2,849,211	2,863,242
	Communication		22,773,931	14,560,201
	Legal and professional charges	33.2	15,680,594	13,415,678
	Depreciation	20.1.4	12,664,885	11,238,436
	Fee and subscription		34,286,264	21,906,300
	Miscellaneous		5,823,287	4,849,565
			494,229,046	436,342,363

33.1 These include charge in respect of employees retirement benefits amounting Rs. 16.78 million (2017: Rs. 15.77 million).

		2018 Rupees	2017 Rupees
33.2	These include following in respect of auditors' remuneration		
	Annual statutory audit	2,373,000	2,260,000
	Half yearly review	780,000	750,000
	Review report under Code of Corporate Governance	243,600	231,000
	Certification and other services	50,000	50,000
	Out of pocket expenses	320,400	302,000
		3,767,000	3,593,000

34	Other income	Note	2018 Rupees	2017 Rupees
	Gain on sale of investment		-	582,767
	Foreign exchange gain	34.1	10,762,984	22,726,393
	Return on bank deposits		15,697,124	11,672,880
	Reversal of provision for trade debts		25,849,717	-
	Gain on disposal of property, plant and equipment		1,358,056	-
	Miscellaneous		3,575,705	1,292,578
			57,243,586	36,274,618

34.1 This represents gain due to foreign currency rate fluctuation on party balances.

35	Other expenses	Note	2018 Rupees	2017 Rupees
	Loss on disposal of property, plant and equipment	20.1.3	-	27,753
	Provision against trade debts	25.2	-	45,742,539
	Workers' profits participation fund	16.1	15,740,844	-
			15,740,844	45,770,292

36 Finance cost

	Note	2018 Rupees	2017 Rupees
Interest / mark-up on:			
- Redeemable capital		245,970,945	243,461,674
- Long term finances		161,361,676	121,505,491
- Liabilities against assets subject to finance lease		3,357,027	4,702,494
- Short term borrowings		378,755,057	380,737,636
		789,444,705	750,407,295
Amortization of transaction costs and unwinding effect of present value	10.7, 10.8 & 11.6	16,857,278	80,628,767
Exchange loss on foreign currency borrowings		164,154,809	26,755,247
Bank discounting and other charges		183,783,577	107,808,883
		1,154,240,369	965,600,192

36.1 Interest / mark-up on borrowings from related party have been disclosed in note 41.1.1 to the financial statements.

37 Taxation

	Note	2018 Rupees	2017 Rupees
Income tax			
- current tax	37.1	102,453,416	90,471,993
- deferred tax	37.5	-	-
		102,453,416	90,471,993

37.1 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.

37.2 The assessments of the Company up to and including tax year 2017 have been completed except for tax years 2003, 2007, 2008 and 2009 which are referred by the Income Tax Department in Honorable High Court of Lahore ("Court"). However, orders of CIR Appeal and Appellate Tribunal Inland Revenue (ATIR) for mentioned tax years are in the favor of the Company. Even in case of unfavorable decision of the Court, there will be no material impact is expected on the financial statements.

37.3 Other cases involving point of law are subject to adjudication before Honorable Lahore High Court.

37.4 In the year 2012, the Company claimed refund of an amount of Rs. 40.320 million in the sales tax return for the month of November 2012. This relates to payment of FED in sale tax mode to National Bank of Pakistan. The claim was rejected by DCIR, however the Commissioner Appeals has accepted the appeal filed by the Company. The Commissioner Zone-I filed an appeal before the ATIR which has upheld the decision of Commissioner Appeals in favor of the Company. Consequent to this decision, the management is expecting to receive the refund in due course of time.

37.5 Export sales, including proposed claims for indirect exports of the Company are expected to achieve the threshold for the Company, with the option to be taxed under the Final Tax Regime. This trend is expected to continue in foreseeable future. Accordingly, no provision for deferred tax has been made.

37.6 Relationship between tax expense and accounting profit

	2018 Rupees	2017 Rupees
Profit / (loss) before tax	299,076,038	(43,093,296)
Tax calculated at the rate of 30% (2017: 31%)	89,722,811	(13,358,922)
Effect of taxes applicable on the basis other than profit	12,730,605	103,830,915
Tax charge for the year	102,453,416	90,471,993

38 Earning / (loss) per share - basic and diluted

38.1 Basic earning / (loss) per share

	Unit	2018	2017
Profit / (loss) attributable to ordinary shareholders	Rupees	**196,622,622**	(133,565,289)
Weighted average number of ordinary shares outstanding during the year	No. of shares	**454,871,870**	454,871,870
Earning / (loss) per share	Rupees	**0.43**	(0.29)

38.2 Diluted loss per share

There is no dilutive effect on the basic loss per share as the Company does not have any convertible instruments in issue as at June 30, 2018 and June 30, 2017.

39 Cash generated from operations

	Note	2018 Rupees	2017 Rupees
Profit / (Loss) before tax		**299,076,038**	(43,093,296)
Interest / mark-up expense	36	**789,444,705**	750,407,295
(Profit) / loss on disposal of fixed assets	20.1.3	**(1,358,056)**	27,753
Provision (reversed) / recognised for trade debts	35	**(25,849,717)**	45,742,539
Foreign exchange loss - net		**153,391,825**	26,755,247
Depreciation	20.1.4	**455,661,159**	454,054,577
Provision for workers' profit participation fund	35	**15,740,844**	-
Provision for employee benefits	13.1.4	**111,184,972**	92,918,652
Amortization of transaction costs and deferred notional income	36	**16,857,278**	80,628,767
		1,515,073,010	1,450,534,830
Operating profit before changes in working capital		**1,814,149,048**	1,407,441,534
Changes in working capital			
Increase in current assets:			
Stores, spares and loose tools		**(5,658,457)**	(3,678,232)
Stock in trade		**(609,056,398)**	(89,876,919)
Trade debts		**(77,247,938)**	(109,636,801)
Advances, deposits, prepayments and other receivables		**(403,068,547)**	(268,477,899)
		(1,095,031,340)	(471,669,851)
Increase / (decrease) in current liabilities:			
Trade and other payables		**297,294,303**	(127,365,360)
Cash generated from operations		**1,016,412,011**	808,406,323

40 Cash and cash equivalents

	2018	2017
Short term borrowings - running finance - secured	**(707,347,535)**	(623,832,072)
Cash and bank balances	**142,395,327**	159,221,839
	(564,952,208)	(464,610,233)

41 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 comprise of JSCL with equity investment (note 7) in the Company and its group companies.
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.

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

41.1	Transactions with related parties	Note	2018 Rupees	2017 Rupees
41.1.1	Other related parties			
	JS Bank Limited			
	Mark-up expense	36	27,459,545	22,224,848
	Remuneration of Trustee	10.5 & 10.6	1,500,000	1,500,000
	Mark-up paid	15	21,690,056	16,335,849
	JS Value Fund Limited			
	Mark-up expense	36	1,564,324	1,540,634
	Unit Trust of Pakistan			
	Mark-up expense	36	2,393,327	2,352,260
	JS Large Cap Fund			
	Mark-up expense	36	9,147,600	9,172,662
	JS Global Capital Limited			
	Mark-up expense	36	35,910,180	35,910,180
	JS Principal Secure Fund			
	Mark-up expense	36	3,682,800	3,682,800
	JS Income Fund			
	Mark-up expense	36	2,983,859	2,933,849
	JS Growth Fund			
	Mark-up expense	36	8,365,603	8,345,862

41.1.2 Key management personnel

The remuneration paid to chief executive, directors, executive and key management personnel in terms of their employment is disclosed in note 47 to the financial statements.

41.2	Balances with related parties	Note	2018 Rupees	2017 Rupees
41.2.1	**Other related parties**			
	JS Bank Limited			
	Redeemable capital - PPTFC IV	10.2	65,021,777	65,021,777
	Short term borrowing	15	333,427,332	332,955,019
	Mark-up payable	17	52,493,581	41,405,599
	JS Value Fund Limited			
	Redeemable capital - TFC II	10.1	19,523,024	19,523,024
	Redeemable capital - TFC VI	10.4	12,900,000	12,900,000
	Mark-up payable	17	13,813,112	11,814,661
	Unit Trust of Pakistan			
	Redeemable capital - TFC V	10.3	31,980,766	31,980,766
	Redeemable capital - PPTFC VI	10.4	19,265,000	19,265,000
	Mark-up payable	17	20,098,670	17,705,343
	JS Large Cap Fund			
	Redeemable capital - PPTFCs	10.6	83,160,000	83,160,000
	Mark-up payable	17	32,029,131	22,881,531
	JS Global Capital Limited			
	Redeemable capital - PPTFCs	10.5	326,456,184	326,456,184
	Mark-up payable	17	125,734,823	89,824,643
	JS Principal Secure Fund			
	Redeemable capital - PPTFCs	10.6	33,480,000	33,480,000
	Mark-up payable	17	12,894,845	9,212,045
	JS Pension Savings Fund			
	Redeemable capital - PPTFC VI	10.4	3,850,000	3,850,000
	JS Income Fund			
	Redeemable capital - TFC II	10.1	7,369,942	7,369,942
	Redeemable capital - TFC V	10.3	31,980,766	31,980,766
	Redeemable capital - PPTFC VI	10.4	24,135,000	24,135,000
	Mark-up payable	17	25,313,120	22,165,378
	JS Growth Fund			
	Redeemable capital - TFC II	10.1	16,269,187	16,269,187
	Redeemable capital - PPTFC VI	10.4	10,750,000	10,750,000
	Redeemable capital - PPTFCs	10.6	64,200,000	64,200,000
	Mark-up payable	17	36,237,601	27,510,225
41.2.2	**Key management personnel**			
	Short term employee benefits payable		13,732,805	11,581,072

42 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 of Directors 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 controls 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 of Directors 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.

42.1 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.

42.1.1 Exposure to credit risk

Credit risk of the Company arises principally from the investments, trade debts, 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:

	Note	2018 Rupees	2017 Rupees
Available for sale financial assets			
Long term investments	21	231,864,928	231,864,928
Short term investments	27	306,022,500	306,022,500
Loans and receivables			
Long term deposit - utility companies, regulatory authorities and others	22	34,134,296	16,904,295
Long term deposit - financial institutions	22	2,902,000	4,702,000
Trade debts	25	1,354,829,408	1,240,968,769
Due from Agritech Limited - unsecured, considered good	26	68,312,512	68,312,512
Other receivables - unsecured, considered good	26	8,634,557	19,654,232
Security deposits	26	13,866,138	13,837,137
Margin deposits	26	35,710,668	36,213,874
Insurance claims	26	718,085	15,755,659
Cash at banks	29	140,350,024	155,288,233
		1,659,457,688	1,571,636,711
		2,197,345,116	2,109,524,139

42.1.2 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:

	2018 Rupees	2017 Rupees
Customers	**1,354,829,408**	1,240,968,769
Banking companies and financial institutions	**176,060,692**	191,502,107
Others	**666,455,016**	677,053,263
	2,197,345,116	2,109,524,139

42.1.3 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.

42.1.3(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	2018	2017
	Short term	Long term		Rupees	Rupees
Bank balances					
Albaraka Bank (Pakistan) Limited	A1	A	PACRA	**41,070**	54,315
Askari Bank Limited	A1+	AA+	PACRA	**30**	29
Bank Al-Habib Limited	A1+	AA+	PACRA	**34,433,051**	32,599,777
Bank Alfalah Limited	A1+	AA+	PACRA	**1,009,095**	6,560,134
Bank Islami Pakistan Limited	A1	A+	PACRA	**42,530**	42,635
Faysal Bank Limited	A1+	AA	PACRA	**887,235**	855,516
Habib Bank Limited	A-1+	AAA	JCR-VIS	**4,074**	4,074
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	**22,027**	8,734
JS Bank Limited	A1+	AA-	PACRA	**9,811,292**	10,770,986
MCB Bank Limited	A1+	AAA	PACRA	**53,121,445**	155,411
Meezan Bank Limited	A-1+	AA+	JCR-VIS	**16,468**	30,278
National Bank of Pakistan	A1+	AAA	PACRA	**1,564,883**	294,547
NIB Bank Limited	A1+	AAA	PACRA	**-**	32,265,020
Silk Bank Limited	A-2	A-	JCR-VIS	**1,687,327**	19,009
Soneri Bank Limited	A1+	AA-	PACRA	**4,564**	5,065
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	**141,357**	141,357
Summit Bank Limited	A-1	A-	JCR-VIS	**36,111,404**	58,024,206
Samba Bank Limited	A-1	AA	JCR-VIS	**13,960**	5,931
The Bank of Punjab	A1+	AA	PACRA	**677**	677
United Bank Limited	A-1+	AAA	JCR-VIS	**1,437,139**	1,437,139
Bank of Khyber	A1	A	PACRA	**396**	12,013,393
				140,350,024	155,288,233
Margin deposits					
Summit Bank Limited	A-1	A	JCR-VIS	**35,710,668**	36,213,874

42.1.3(b) Counterparties without external credit ratings

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

	2018		2017	
	Gross carrying amount	**Accumulated impairment**	Gross carrying amount	Accumulated impairment
	----- Rupees -----		----- Rupees -----	
Not yet due	**1,065,569,500**	-	711,309,222	-
Past due by 0 to 6 months	**157,247,503**	-	177,352,930	-
Past due by 6 to 12 months	**44,995,990**	-	136,340,427	-
Past due by more than one year	**544,224,893**	**(457,208,478)**	1,287,631,430	(1,071,665,240)
	1,812,037,886	**(457,208,478)**	2,312,634,009	(1,071,665,240)

42.1.3(c) The Company's five significant customers account for Rs. 610.062 million (2017: Rs. 512.492 million) of trade receivables as at the reporting date, apart from which, exposure to any single customer does not exceed 8.5% (2017: 8%) of trade receivables as at the reporting date. Further, trade receivables amounting to Rs. 1,082.426 million (2017: Rs. 862.929 million) secured through confirmed letters of credit and thus do not carry any significant credit risk.

The Board has formulated a policy to create provision allowance for trade debts on a time based criteria. Provision allowance on closing trade receivable balances 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 good payment record with the Company.

The Company at the time of making investments performs detailed due diligence process to mitigate the risk of failure of the counter party.

42.1.4 Collateral held

The Company does not hold any collateral to secure its financial assets with the exception of trade debts, which are partially secured through confirmed letters of credit and investment in debt securities which are secured by charge over issuer's operating assets.

42.1.5 Credit risk management

As mentioned in note 42.1.3(b) to the financial statements, the Company's financial assets do not carry significant credit risk, with the exception of trade debts, which are exposed to losses arising from any non-performance by counterparties. In respect of trade debts, the Company manages credit risk by limiting significant exposure to management and administration of receivables are established and executed. In monitoring customer any single customer. Formal policies and procedures of credit 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.

42.2 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.

42.2.1 Exposure to liquidity risk

42.2.1(a) Contractual maturities of financial liabilities, including estimated interest payments

The following are the remaining contractual maturities at the reporting date. The amounts are grossed and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

	Note	2018 Carrying amount	2018 Contractual cash flows	2018 One year or less	2018 One to three years	2018 More than three years
		Rupees				
Non-derivative financial liabilities						
Redeemable capital	10	5,931,872,981	5,981,776,399	5,823,375,095	158,401,304	-
Long term finances	11	1,838,192,632	1,836,939,578	1,438,809,260	398,130,318	-
Liabilities against assets subject to finance lease	12	62,272,125	65,188,096	57,237,097	5,976,894	1,974,105
Preference shares	14	148,367,255	157,780,790	157,780,790	-	-
Short term borrowings	15	4,590,852,774	4,911,397,691	4,911,397,691	-	-
Trade creditors	16	1,253,182,003	1,056,056,600	1,056,056,600	-	-
Accrued liabilities	16	513,033,612	513,033,613	513,033,613	-	-
Gratuity payable	13	232,042,381	235,291,330	235,291,330	-	-
Workers' profits participation fund	16	15,740,844	15,740,844	15,740,844	-	-
Other payables	16	11,182,320	7,799,103	7,799,103	-	-
Mark-up accrued on borrowings	17	4,809,245,944	4,809,245,940	4,809,245,940	-	-
Dividend payable	18	13,196,540	13,196,557	13,196,557	-	-
		19,419,181,411	19,603,446,540	19,038,963,919	562,508,516	1,974,105

	Note	2017 Carrying amount	2017 Contractual cash flows	2017 One year or less	2017 One to three years	2017 More than three years
		Rupees				
Non-derivative financial liabilities						
Redeemable capital	10	5,965,546,157	6,076,614,120	5,800,187,293	226,124,977	50,301,850
Long term finances	11	1,687,637,499	1,700,967,439	1,187,906,034	513,061,405	-
Liabilities against assets subject to finance lease	12	48,956,812	53,463,791	53,463,791	-	-
Preference shares	14	148,367,255	148,367,255	148,367,255	-	-
Short term borrowings	15	4,691,105,238	4,703,093,992	4,703,093,992	-	-
Trade creditors	16	1,146,103,507	1,146,103,507	1,146,103,507	-	-
Accrued liabilities	16	317,535,840	317,535,840	317,535,840	-	-
Gratuity payable	13	141,320,117	141,320,117	141,320,117	-	
Other payables	16	10,785,206	10,785,206	10,785,206	-	-
Mark-up accrued on borrowings	17	4,220,170,414	4,220,170,414	4,220,170,414	-	-
Dividend payable	18	13,415,572	13,415,572	13,415,572	-	-
		18,390,943,617	18,531,837,253	17,742,349,021	739,186,382	50,301,850

42.2.2 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.

The Company is facing liquidity shortfall due to the facts disclosed in note 3.3 as a result of which it was unable to meet its obligations in respect of various debt finances. The details are as follows:

	2018		
	Principal	**Preference dividend / interest / mark-up**	**Total**
	------- **Rupees** -------		
Nature of liability			
Redeemable capital	**5,705,349,572**	**1,743,363,497**	**7,448,713,069**
Long term finances	**1,838,192,632**	**931,987,305**	**2,770,179,937**
Preference shares	**148,367,255**	**9,413,535**	**157,780,790**
Short term borrowings	**474,015,216**	**1,826,598,019**	**2,300,613,235**
Bills payables	**337,503,037**	**235,949,100**	**573,452,137**
	8,503,427,712	**4,747,311,456**	**13,250,739,168**

	2017		
	Principal	Preference dividend / interest / mark-up	Total
	------- Rupees -------		
Nature of liability			
Redeemable capital	5,288,513,410	1,494,669,312	6,783,182,722
Long term finances	1,678,560,330	751,919,393	2,430,479,723
Preference shares	148,367,255	9,413,535	157,780,790
Short term borrowings	506,919,216	1,580,390,102	2,087,309,318
Bills payables	338,903,037	262,603,192	601,506,229
	7,961,263,248	4,098,995,534	12,060,258,782

As mentioned in note 3.3 that the financial restructuring is in progress. For the said purpose, the petition has been filed with the Honorable Lahore High Court by the creditors for restructuring of over due principal as well as interest / markup accrued.

42.3 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.

42.3.1 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 Hong Kong dollars, Euros, US dollars, Renminbi, Pound Sterling and Swiss franc.

42.3.1(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:

	2018			
	EURO	**USD**	**GBP**	**Total**
	---- Rupees ----			
Assets				
Trade debts	**319,101,365**	**1,362,559,275**	**-**	**1,681,660,640**
Cash and bank balances	**374,424**	**144,715**	**-**	**519,139**
	319,475,789	**1,362,703,990**	**-**	**1,682,179,779**
Liabilities				
Long term finances	**(994,591,224)**	**-**	**-**	**(994,591,224)**
Short term borrowings	**-**	**-**	**-**	**-**
Mark-up accrued on borrowings	**(320,779,097)**	**-**	**-**	**(320,779,097)**
Trade creditors	**(24,860,584)**	**(91,582,344)**	**-**	**(116,442,928)**
Bills payable	**-**	**(215,249,507)**	**-**	**(215,249,507)**
	(1,340,230,905)	**(306,831,851)**	**-**	**(1,647,062,756)**
Net balance sheet exposure	**(1,020,755,116)**	**1,055,872,139**	**-**	**35,117,023**

	2017			
	EURO	USD	GBP	Total
	---- Rupees ----			
Assets				
Trade receivables	527,543,084	1,564,592,195	15,779,168	2,107,914,447
Cash and bank balances	317,744	124,460	-	442,204
	527,860,828	1,564,716,655	15,779,168	2,108,356,651
Liabilities				
Long term finances	(844,036,092)	-	-	(844,036,092)
Short term borrowings	-	(332,955,019)	-	(332,955,019)
Mark-up accrued on borrowings	(222,724,119)	(5,617,956)	-	(228,342,075)
Trade creditors	(24,745,483)	(31,992,063)	-	(56,737,546)
Bills payable	-	(139,653,207)	-	(139,653,207)
	(1,091,505,694)	(510,218,245)	-	(1,601,723,939)
Net balance sheet exposure	(563,644,866)	1,054,498,410	15,779,168	506,632,712

42.3.1(b) Exchange rates applied during the year

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

	2018			2017		
	Reporting date spot rate		**Average rate**	Reporting date spot rate		Average rate
	Buying	**Selling**	**for the year**	Buying	Selling	for the year
	---- Rupees ----			---- Rupees ----		
EURO	141.33	141.57	131.13	119.91	120.14	114.19
USD	121.40	121.60	109.97	104.80	105.00	104.75
GBP	159.14	159.41	148.27	136.42	136.68	134.85
CHF	122.11	122.32	113.32	109.54	109.75	105.69
HKD	15.63	15.65	15.39	13.57	13.59	13.49
RMB	18.73	18.76	18.27	15.70	15.73	15.38

42.3.1(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.

	2018	2017
	Profit	Profit
	Rupees	Rupees
EURO	**(102,075,512)**	(56,364,486)
USD	**105,587,214**	105,449,841
GBP	**-**	1,577,917
	3,511,703	50,663,272

42.3.1(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.

42.3.2 Interest rate risk

Interest 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.

42.3.2(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:

	2018		2017	
	Financial asset	**Financial liability**	Financial asset	Financial liability
	--------------------- Rupees ---------------------		--------------------- Rupees ---------------------	
Non-derivative financial instruments				
Fixed rate instruments	**88,928,298**	**692,023,439**	35,727,976	692,023,439
Variable rate instruments	**266,074,508**	**8,661,234,298**	266,074,508	8,631,289,506

42.3.2(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 profit and loss account. Therefore, a change in profit / mark-up / interest rates at the reporting date would not affect profit and loss account.

42.3.2(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.

	2018 Rupees	2017 Rupees
Increase of 100 basis points	**83,951,598**	(83,652,150)
Decrease of 100 basis points	**(83,951,598)**	83,652,150

42.3.2(d) Interest rate risk management

The Company manages interest rate risk by analyzing its interest rate exposure on a dynamic basis. Cash flow interest rate risk is managed by simulating various scenarios taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Company calculates impact on profit after taxation and equity of defined interest rate shift, mostly 100 basis points.

As mentioned in note 3.3, the financial restructuring is in process. It is anticipating that on completion of financial restructuring, there would be decrease in liabilities and interest cost.

42.3.3 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.

42.4 Fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date plus an adequate credit spread. For instruments carried at amortized cost, since the majority of the interest bearing investments are variable rate based instruments, there is no difference in carrying amount and the fair value. Further, for fixed rate instruments, since there is no significant difference in market rate and the rate of instrument and therefore most of the fixed rate instruments are short term in nature, fair value significantly approximates to carrying value.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table presents the Funds/Company's financial assets which are carried at fair value:

	2018			
	Level 1	**Level 2**	**Level 3**	**Total**
	---------- Rupees ----------			
Financial assets - at fair value				
Available for sale - Listed Securities				
- Agritech Limited	**-**	**231,864,928**	**306,022,500**	**537,887,428**
	-	**231,864,928**	**306,022,500**	**537,887,428**

	2017			
	---------- Rupees ----------			
Financial assets - at fair value				
Available for sale - Listed Securities				
- Agritech Limited	-	231,864,928	306,022,500	537,887,428
	-	231,864,928	306,022,500	537,887,428

42.4.1 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, the fair value and levels of revalued property plant and equipment are disclosed in note 20.1.5. Fair values have been determined for measurement and / or disclosure purposes based on the following methods.

Long term investments - level 3

The fair value of available for sale investment is determined by reference to their quoted closing repurchase price at the reporting date.

42.4.2 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.

42.5 Financial liabilities at amortised cost	**2018** **Rupees**	2017 Rupees
Redeemable capital - secured	**5,903,961,138**	5,938,818,675
Long term finances - secured	**1,824,577,903**	1,670,581,131
Preference shares	**148,367,255**	148,367,255
Liabilities against assets subject to finance lease - secured	**62,272,125**	48,956,812
Deferred liability	**232,042,381**	141,320,117
Trade and other payables	**1,846,555,112**	1,533,519,965
Interest / mark-up accrued on borrowings	**4,809,245,944**	4,220,170,414
Short-term borrowings	**4,590,852,774**	4,691,105,238
Dividend payable on preference shares	**9,413,535**	9,413,535
Unclaimed dividend on ordinary shares	**3,783,005**	4,002,037
Provision for taxation	**7,374,778**	56,125,955
	19,438,445,950	18,462,381,134

43 Reconciliation of liablities arising from financing activities

	June 30, 2017	Availed during the year	Repaid during the year	Foreign exchange losses-Non cash changes	June 30, 2018
Redeemable capital - secured	5,965,546,157	-	(33,673,176)	-	5,931,872,981
Long term finance	1,687,637,499	-	-	150,555,133	1,838,192,632
Liabilities against assets subject to finance lease - secured	48,956,812	67,975,000	(54,659,687)	-	62,272,125
Short term borrowing	4,691,105,238	2,107,398,094	(2,221,250,234)	13,599,676	4,590,852,774
	12,393,245,706	**2,175,373,094**	**(2,309,583,097)**	**164,154,809**	**12,423,190,512**

44 Segment information

44.1 Information about reportable segments

44.1.1 Segment revenues and results

	Spinning segment		Weaving segment		Garment segment		Elimination		Total	
	2018 Rupees	2017 Rupees	**2018 Rupees**	2017 Rupees	**2018 Rupees**	2017 Rupees	**2018 Rupees**	2017 Rupees	**2018 Rupees**	2017 Rupees
Revenue										
External revenues	**1,583,031,632**	1,828,534,029	**6,344,194,748**	5,342,314,876	**8,044,445,956**	5,631,525,372	**-**	-	**15,971,672,335**	12,802,374,277
Inter-segment revenues	**321,871,535**	70,469,613	**2,414,064,491**	1,997,229,898	**4,643,523**	6,886,552	**(2,740,579,550)**	(2,074,586,062)	**-**	-
Reportable segment revenue	**1,904,903,166**	1,899,003,642	**8,758,259,239**	7,339,544,774	**8,049,089,479**	5,638,411,924	**(2,740,579,550)**	(2,074,586,062)	**15,971,672,335**	12,802,374,277
Cost of sales										
- intersegment excluding depreciation	**(321,871,535)**	(70,469,613)	**(2,414,064,491)**	(1,997,229,898)	**(4,643,523)**	(6,886,552)	**2,740,579,550**	2,074,586,062	**-**	-
- external excluding depreciation	**(1,443,629,313)**	(1,797,955,363)	**(4,978,020,382)**	(4,056,054,285)	**(6,526,713,679)**	(4,619,888,215)	**-**	-	**(12,948,363,375)**	(10,473,897,863)
	(1,765,500,847)	(1,868,424,975)	**(7,392,084,874)**	(6,053,284,183)	**(6,531,357,203)**	(4,626,774,767)	**2,740,579,550**	2,074,586,062	**(12,948,363,375)**	(10,473,897,863)
Gross profit	**139,402,319**	30,578,666	**1,366,174,365**	1,286,260,591	**1,517,732,277**	1,011,637,157	-	-	**3,023,308,961**	2,328,476,414
Selling and distribution expenses	**(29,832,015)**	(27,886,344)	**(312,888,223)**	(235,781,437)	**(331,549,733)**	(253,647,560)	-	-	**(674,269,971)**	(517,315,342)
Administrative and general expenses excluding depreciation	**(79,920,476)**	(77,732,558)	**(199,275,277)**	(168,474,877)	**(202,368,413)**	(178,896,492)	-	-	**(481,564,165)**	(425,103,927)
	(109,752,491)	(105,618,902)	**(512,163,500)**	(404,256,314)	**(533,918,146)**	(432,544,052)	-	-	**(1,155,834,136)**	(942,419,267)
Segment results	**29,649,828**	(75,040,236)	**854,010,866**	882,004,277	**983,814,131**	579,093,105	-	-	**1,867,474,824**	1,386,057,146
Depreciation									**(455,661,159)**	(454,054,576)
Other income									**57,243,586**	36,274,618
Other expenses									**(15,740,844)**	(45,770,292)
Finance cost									**(1,154,240,369)**	(965,600,192)
Taxation									**(102,453,416)**	(90,471,993)
Loss after taxation									**196,622,622**	(133,565,289)

44.1.2 Inter-segment sales and purchases

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

44.1.3 Basis of inter-segment pricing

All inter-segment transfers are made at negotiated rates.

	Spinning segment		Weaving segment		Garment segment		Elimination		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	Rupees	Rupees	**Rupees**	Rupees	**Rupees**	Rupees	**Rupees**	Rupees	**Rupees**	Rupees
44.1.4 Assets										
Total assets for reportable segments	**685,505,664**	565,077,886	**3,249,126,045**	3,279,720,641	**2,847,139,760**	1,862,395,145	**(398,939,133)**	(439,178,866)	**6,382,832,336**	5,268,014,807
Other unallocated amounts	**-**	-	**-**	-	**-**	-	**-**	-	**13,484,348,441**	13,421,971,185
	685,505,664	565,077,886	**3,249,126,045**	3,279,720,641	**2,847,139,760**	1,862,395,145	**(398,939,133)**	(439,178,866)	**19,867,180,777**	18,689,985,992
44.1.5 Liabilities										
Total liabilities for reportable segments	**344,937,891**	463,762,104	**806,033,777**	628,480,381	**1,339,761,498**	1,035,191,975	**(398,939,133)**	(439,178,866)	**2,091,794,033**	1,688,255,594
Other unallocated amounts	**-**	-	**-**	-	**-**	-	**-**	-	**17,346,651,911**	16,774,125,540
	344,937,891	463,762,104	**806,033,777**	628,480,381	**1,339,761,498**	1,035,191,975	**(398,939,133)**	(439,178,866)	**19,438,445,944**	18,462,381,134

44.1.6 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.

	2018	2017
	Rupees	Rupees
Revenue		
Foreign revenue		
Asia	**2,455,304,310**	3,289,028,432
Europe	**9,632,074,693**	5,840,476,410
South America	**1,342,733**	-
North America	**10,579,276**	138,652
Africa	**125,262,189**	246,415,761
Other countries	**1,908,027,381**	1,810,062,005
	14,132,590,582	11,186,121,260
Local revenue		
Pakistan	**984,077,501**	1,213,011,753
	15,116,668,083	12,399,133,013

44.1.7 Non-current assets

Pakistan	**13,484,348,441**	13,421,971,185
	13,484,348,441	13,421,971,185

45 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	2018	2017
Total debt	Rupees	**7,817,737,737**	7,702,140,468
Total equity including revaluation surplus	Rupees	**428,734,827**	227,604,858
Total capital employed	Rupees	**8,246,472,564**	7,929,745,326
Gearing	Percentage	**94.80%**	97.13%

Total debt comprises of redeemable capital, long term finances and liabilities against assets subject to finance lease.

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, as referred to in note 42.2.2 to the financial statements, 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 including restriction on dividend declaration, imposed by the providers of debt finance which the Company could not comply as at the reporting date. The consequences of non-compliance are narrated in note 3.4.

46 Restriction on title and assets pledged as security

	2018 Rupees	2017 Rupees
Mortgages and charges		
First		
Hypothecation of all present and future assets and properties	**27,000,000,000**	27,000,000,000
Mortgage over land and building	**27,000,000,000**	27,000,000,000
Ranking		
Hypothecation of all present and future assets and properties	**4,666,666,667**	4,666,666,667
Mortgage over land and building	**4,666,666,667**	4,666,666,667
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
Pledge		
Raw material	**361,208,710**	419,050,997
Finished goods	**351,832,350**	349,354,080
Investments in debt securities	**126,080,519**	126,080,519

47 Remuneration of chief executive, directors and executives

The aggregate amount in respect of chief executive, directors and executives on account of managerial remuneration, perquisites and benefits, post employment benefits and the number of such directors and executives are as follows:

	2018			
		Directors		
	Chief Executive	Executive	Non-executive	Executives
	Rupees			
Managerial remuneration	**15,999,996**	**4,966,665**	**-**	**143,826,994**
Medical	**1,599,996**	**496,665**	**-**	**14,382,701**
Utilities and house rent	**6,400,008**	**2,036,670**	**-**	**59,864,325**
Post employment benefits	**1,333,333**	**413,889**	**-**	**11,985,583**
	25,333,333	**7,913,889**	**-**	**230,059,603**
Number of persons as at year end	**1**	**1**	**6**	**68**

	2017			
		Directors		
	Chief Executive	Executive	Non-executive	Executives
	Rupees			
Managerial remuneration	15,999,996	6,661,998	-	112,105,025
Medical	1,599,996	666,198	-	11,210,543
Utilities and house rent	6,400,008	2,670,970	-	45,695,042
Post employment benefits	1,333,333	555,167	-	9,342,085
	25,333,333	10,554,333	-	178,352,695
Number of persons as at year end	1	2	4	56

47.1 The Chief Executive is provided with free use of Company maintained car.

47.2 Aggregate amount charged in the financial statements for meeting fee to six directors (2017: four directors) was Rs. 1 million (2017: Rs 0.600 million).

47.3 Due to change in definition of "executives" in fourth schedule of Companies Act, 2017, comparative figures have been changed.

48 Plant capacity and actual production

Spinning	Unit	2018	2017
Number of rotors installed	**No.**	**3,304**	2,992
Annual installed capacity			
converted into 10 count	**Kgs**	**12,184,435**	11,975,730
Actual production converted into 10 count for the year	**Kgs**	**8,025,873**	7,924,607
Number of spindles installed	**No.**	**54,888**	54,888
Annual installed capacity			
converted into 20s count	**Kgs**	**14,668,821**	14,668,821
Actual production converted into 20s count for the year	**Kgs**	**-**	8,939,041
Weaving			
Number of looms installed	**No.**	**242**	230
Annual installed capacity			
converted into 48.5 picks	**Mtrs.**	**40,037,984**	38,710,700
Actual production converted into 48.5 picks for the year	**Mtrs.**	**30,427,617**	26,228,970
Garments			
Number of stitching machines installed	**No.**	**2,824**	2,471
Annual installed capacity	**Pcs**	**13,680,000**	12,000,000
Actual production for the year	**Pcs**	**9,812,931**	6,976,692

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.

Due to change in the Company's production pattern, actual average production has been changed in terms of counts / picks, according to corresponding numbers has been changed.

49 Number of employees

	2018	2017
The average and total number of employees are as follows:		
Average number of employees during the year	**5,992**	5,242
This includes 5,474 (2017: 4,789) number of factory employees		
Total number of employees as at end of year	**6,438**	5,574
This includes 5,882 (2017: 5,097) number of factory employees		

50 Corresponding figures

The preparation and presentation of these financial statements for the year ended June 30, 2018 is in accordance with requirements in Companies Act, 2017. The fourth schedule to the Companies Act, 2017 has introduced certain presentation and classification requirements for the elements of financial statements. Accordingly, the corresponding figures have been rearranged and reclassified, wherever considered necessary, to comply with the requirements of Companies Act, 2017. Following major reclassifications due to Companies Act, 2017 together with other changes have been made during the year:

Reclassified from	Reclassified to	Reason	Rupees
Dividend payable	Unclaimed dividend on ordinary shares (Presented on face of statement of financial position)	Companies Act, 2017	3,783,005
Dividend payable	Dividend payable on preference shares (Presented on face of statement of financial position)	Companies Act, 2017	9,413,535

51 Date of authorization for issue

These financial statements were authorized for issue on September 29, 2018 by the Board of Directors of the Company.

52 General

Figures have been rounded off to the nearest rupee.

Lahore

Chief Executive Officer

Director

Chief Financial Officer

PATTERN OF SHAREHOLDING

ORDINARY SHARES

AS ON JUNE 30, 2018

THE COMPANIES ACT, 2017

FORM 34

PATTERN OF SHAREHOLDING

1. Incorporation Number **0029409**

2. Name of the Company **AZGARD NINE LIMITED**

3. Pattern of holding of the shares held by the Shareholders as at **30 06 2018**

4.

Number of Shareholders	Shareholdings from		to		Total Shares held
383	1	-	100	Shares	13,431
741	101	-	500	Shares	294,629
767	501	-	1000	Shares	701,245
1446	1001	-	5000	Shares	4,044,170
496	5001	-	10000	Shares	3,945,535
152	10001	-	15000	Shares	1,978,858
107	15001	-	20000	Shares	1,970,492
87	20001	-	25000	Shares	2,064,707
45	25001	-	30000	Shares	1,294,101
24	30001	-	35000	Shares	802,048
35	35001	-	40000	Shares	1,341,859
11	40001	-	45000	Shares	484,000
42	45001	-	50000	Shares	2,075,504
14	50001	-	55000	Shares	726,612
14	55001	-	60000	Shares	817,000
14	60001	-	65000	Shares	887,880
10	65001	-	70000	Shares	685,369
7	70001	-	75000	Shares	520,061
4	75001	-	80000	Shares	315,000
6	80001	-	85000	Shares	496,948

4	85001	-	90000	Shares	356,500
3	90001	-	95000	Shares	276,744
27	95001	-	100000	Shares	2,695,500
5	100001	-	105000	Shares	513,186
5	105001	-	110000	Shares	544,200
4	110001	-	115000	Shares	451,852
2	115001	-	120000	Shares	236,000
7	120001	-	125000	Shares	871,000
3	125001	-	130000	Shares	381,500
4	130001	-	135000	Shares	530,900
3	135001	-	140000	Shares	412,000
2	140001	-	145000	Shares	287,000
7	145001	-	150000	Shares	1,050,000
2	150001	-	155000	Shares	307,500
2	155001	-	160000	Shares	320,000
2	160001	-	165000	Shares	325,500
2	165001	-	170000	Shares	338,500
1	170001	-	175000	Shares	172,000
2	175001	-	180000	Shares	356,197
1	185001	-	190000	Shares	190,000
9	195001	-	200000	Shares	1,796,500
3	210001	-	215000	Shares	635,398
1	215001	-	220000	Shares	220,000
3	220001	-	225000	Shares	673,000
1	225001	-	230000	Shares	227,000
1	230001	-	235000	Shares	234,500
2	235001	-	240000	Shares	476,500
1	240001	-	245000	Shares	241,000
4	245001	-	250000	Shares	1,000,000
1	255001	-	260000	Shares	259,500
1	265001	-	270000	Shares	267,500
1	290001	-	295000	Shares	291,000

2	295001 -	300000	Shares	600,000
1	305001 -	310000	Shares	307,500
2	315001 -	320000	Shares	638,500
1	320001 -	325000	Shares	325,000
2	325001 -	330000	Shares	659,000
2	330001 -	335000	Shares	666,354
1	335001 -	340000	Shares	336,102
1	340001 -	345000	Shares	345,000
1	350001 -	355000	Shares	355,000
1	360001 -	365000	Shares	364,000
1	365001 -	370000	Shares	370,000
1	395001 -	400000	Shares	400,000
1	400001 -	405000	Shares	404,000
1	445001 -	450000	Shares	450,000
1	455001 -	460000	Shares	460,000
1	475001 -	480000	Shares	478,523
2	485001 -	490000	Shares	975,500
2	495001 -	500000	Shares	1,000,000
1	535001 -	540000	Shares	537,000
1	545001 -	550000	Shares	550,000
1	555001 -	560000	Shares	557,500
1	590001 -	595000	Shares	595,000
1	595001 -	600000	Shares	600,000
2	635001 -	640000	Shares	1,277,000
1	675001 -	680000	Shares	676,500
2	695001 -	700000	Shares	1,400,000
1	735001 -	740000	Shares	736,455
1	845001 -	850000	Shares	850,000
1	910001 -	915000	Shares	915,000
1	930001 -	935000	Shares	934,500
1	945001 -	950000	Shares	950,000
1	985001 -	990000	Shares	987,000

2	995001 -	1000000	Shares	2,000,000
1	1020001 -	1025000	Shares	1,024,500
1	1185001 -	1190000	Shares	1,187,500
1	1355001 -	1360000	Shares	1,359,000
2	1370001 -	1375000	Shares	2,749,500
1	1395001 -	1400000	Shares	1,400,000
1	1445001 -	1450000	Shares	1,450,000
1	1450001 -	1455000	Shares	1,453,500
1	1555001 -	1560000	Shares	1,560,000
1	1620001 -	1625000	Shares	1,622,222
1	1700001 -	1705000	Shares	1,701,000
1	2045001 -	2050000	Shares	2,050,000
1	2295001 -	2300000	Shares	2,300,000
1	2325001 -	2330000	Shares	2,327,500
1	2380001 -	2385000	Shares	2,380,260
1	2410001 -	2415000	Shares	2,414,500
1	2620001 -	2625000	Shares	2,625,000
1	2770001 -	2775000	Shares	2,772,000
1	2855001 -	2860000	Shares	2,857,500
1	3175001 -	3180000	Shares	3,178,000
1	3180001 -	3185000	Shares	3,181,297
1	3895001 -	3900000	Shares	3,900,000
1	3910001 -	3915000	Shares	3,913,972
1	4585001 -	4590000	Shares	4,586,819
2	4995001 -	5000000	Shares	10,000,000
1	5595001 -	5600000	Shares	5,600,000
1	5665001 -	5670000	Shares	5,669,500
1	6245001 -	6250000	Shares	6,250,000
1	6525001 -	6530000	Shares	6,528,418
1	6665001 -	6670000	Shares	6,669,500
1	8400001 -	8405000	Shares	8,401,344
1	9495001 -	9500000	Shares	9,500,000

1	9735001	-	9740000	Shares	9,735,883
1	11660001	-	11665000	Shares	11,663,656
1	14285001	-	14290000	Shares	14,289,000
1	15370001	-	15375000	Shares	15,373,845
1	15885001	-	15890000	Shares	15,886,000
1	17170001	-	17175000	Shares	17,172,500
1	22395001	-	22400000	Shares	22,400,000
1	22505001	-	22510000	Shares	22,510,000
1	30445001	-	30450000	Shares	30,450,000
1	112155001	-	112160000	Shares	112,157,863
4606			**TOTAL**		**449,349,439**

5.	Categories of Shareholders	Shares held	Percentage
5.1	Directors, Chief Executive Officer, and their spouse and minor children	30,628,088	6.82%
5.2	Associated Companies, undertakings and related parties	112,157,863	24.96%
5.3	NIT and ICP	8,398	0.00%
5.4	Banks, Development Financial Institutions, Non-Banking Financial Institutions	15,498,924	3.45%
5.5	Insurance Companies	6,967,079	1.55%
5.6	Modarabas and Mutual Funds	-	0.00%
5.7	Shareholders holding 10%	112,157,863	24.96%
5.8	General Public		
	a. Local	178,293,369	39.68%
	b. Foreign	6,643,335	1.48%
5.9	Others		
	Investment Companies	5,048,776	1.12%
	Joint Stock Companies	89,349,405	19.88%
	Provident/Pension Funds and Misc.	4,754,202	1.06%

Form of Proxy
Azgard Nine Limited

AZGARD-9

I/We ____

son/daughter/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/daughter /wife of ______________________________________ or failing him/her

Mr./Ms./Mrs. ____

son/daughter/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 Annual General Meeting of the Company to be held on Friday, the 26th day of October 2018 at 10:00 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 where of on this __________ day of ________________ 2018

WITNESSES:

1. Signature ____________________

   Name ____________________

   Address ____________________

   ____

   CNIC ____________________

2. Signature ____________________

   Name ____________________

   Address ____________________

   ____

   CNIC ____________________

Affix Revenue Stamp

Member's Signature

NOTE:

1. The Form of Proxy should be deposited at the Registered Office of the Company not later than 48 hours before the time for holding the meeting.
2. CDC Shareholders, entitled to attend and vote at this meeting, must bring with them their National Identity Cards/Passport in original to authenticate his/her identity, and in case of Proxy, must enclose an attested copy of his/her CNIC or Passport. Representative of corporate members should bring the usual documents for such purpose.

AFFIX
CORRECT
POSTAGE

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

AZGARD-9

پراکسی فارم

ایزگارڈ نائن لمیٹڈ

میں / ہم ....

ولد / دختر / زوجہ ....

ایزگارڈ نائن لمیٹڈ کی ممبراور ہولڈر ....

عمومی شیئرز اورر جسٹرڈ فولیو نمبر .... جناب / محترمہ ....

ولد / دختر / زوجہ ....

کاتقرر کرتا/کرتی ہوں یا اس کے ناکام ہونے پر ....

ولد / دختر / زوجہ ....

جو کہ خود بھی کمپنی کا/کی رجسٹرڈ فولیونمبر .... کے تحت ممبر ہے میرے / ہمارے پروکسی کے طور پر شرکت کرے ، تقریر / بیان کرے۔ میرے / ہمارے لئے ووٹ دے کمپنی کے سالانہ اجلاس عام جو کہ بروز جمعہ 26 اکتوبر 2018 وقت 10:00 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 .... 2018 کوروبرو گواہان تحریر کیا ہے۔

گواہ شد	گواہ شد	
دستخط	دستخط	ریونیو ٹکٹ لگائیں۔
نام	نام	
پتہ	پتہ	
شناختی کارڈ نمبر	شناختی کارڈ نمبر	

ممبر کے دستخط ....

نوٹ:

1. پراکسی فارم کو لازمی طور پر کمپنی کے رجسٹرڈ آفس میں اجلاس سے 48 گھنٹے قبل جمع کروائیں۔

2. CDC شیئرہولڈرز 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 کارڈیا پاسپورٹ کی کاپی منسلک کریں گے کارپوریٹ ممبر ز کے نمائندگان اس مقصد کیلئے عمومی کاغذات ہمراہ لائیں گے۔

AFFIX
CORRECT
POSTAGE

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

AZGARD-9

Contact info:
Registered/Head Office:

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