



July 26, 2019

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building,
Stock Exchange Road,
Karachi.

Subject: **Addendum to Notice of Extraordinary General Meeting**

Dear Sir,

This is with reference to Notice dated July 09, 2019 of Extraordinary General Meeting of the Company to be held on Tuesday, July 30, 2019 at 10.00 am and addendum dated July 25, 2019 regarding change of venue of EOGM.

Now, attached addendum is being issued to provide additional information in the Statement of Material Facts, annexed with the Notice dated July 09, 2019 of Extraordinary General Meeting of Azgard Nine Limited ('the Company') to be held on July 30, 2019, concerning the Special Business at Agenda Item No. 2 of the above said Notice i.e. sale of two units of the Company.

Thanking you.

Yours Sincerely,


MUHAMMAD AWAIS
Company Secretary

C.C:

The Director/HOD (Surveillance and Enforcement Department)
Securities and Exchange Commission of Pakistan
NIC Building, 63 Jinnah Avenue, Blue Area, Islamabad.

AZGARD NINE LIMITED

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ADDENDUM

Further Information Reference Notice dated July 09, 2019 of Extraordinary General Meeting of Azgard Nine Limited to be held on July 30, 2019 on direction of Honourable Lahore High Court

Reference the case C.O. 133794/2018 pending before Honourable Lahore High Court, following further information is being published as part of the Statement of Material Facts as annexed with the Notice of General Meeting of Azgard Nine Limited ('the Company') which is being held on July 30, 2019 on the direction of Honourable Lahore High Court, Lahore:

While the units of the Company will be sold only upon enforcement of the Creditors' Scheme of Arrangement that is pending approval before Honourable Lahore High Court, members' approval through the proposed EOGM is only being sought only to comply with the order of the Honorable High Court.

1) **Detail of assets to be sold**

| Description/name of asset | Spinning Unit, Alipur Road, Muzaffargarh | Stitching Unit, 20 KM off Ferozpur Road, 6 KM Badian Road on RuhiNala, Der Khurd, Lahore |
|---|--|--|
| Acquisition date of asset | December 19, 2002 | March 08, 2006 |
| Cost | Rs. 4,649,867,548 | Rs. 812,545,999 |
| Revaluation amount | Rs. 1,160,510,708 | Rs. 288,837,702 |
| Date of last revaluation | Land and Building on 31-12-2015 Plant and machinery on 30-06-2014 | Land and Building on 31-12-2015 Plant and machinery on 30-06-2014 |
| Book value* | Rs. 3,199,017,727 | Rs. 818,413,457 |
| Approximate current market price/fair value | The Company shall be liable to act as per terms of the approved Scheme. The asset shall be sold upon allowance of the Scheme by the Honorable Lahore High Court. Therefore, current market price will be irrelevant at the time of disposal of assets. | The Company shall be liable to act as per terms of the approved Scheme. The asset shall be sold upon allowance of the Scheme by the Honorable Lahore High Court. Therefore, current market price will be irrelevant at the time of disposal of assets. |
| Reason if expected price is lower than book value or fair value | Book value represents replacement value while expected price will be based on the market feedback and sentiment of spinning sector. | Book value represents replacement value while expected price will be based on the market feedback and sentiment of garments sector. |
| Additional information for Land | | |
| Location | Alipur Road, Muzaffargarh | 20 KM Off Ferozpur Road, 6 KM Badian Road on RuhiNala, Der Khurd, Lahore |
| Nature of Land | Industrial | Industrial |
| Area proposed to be sold | 59.2 Acres (473 Kanals and 6 Marlas) | 24.39 Acres (195 Kanals and 10 Marlas) |



* The revaluation of assets as on June 30, 2019 is under process. The book value presented is without impact of this revaluation.

2) The proposed manner of disposal of assets

The assets shall be sold under and as per terms of Creditors' Scheme of Arrangement. For this purpose, once the Honorable Lahore High Court allows the above Scheme, the Company shall be liable to act as per terms of the Scheme.

3) Purpose of the sale

a) Utilization of proceeds received from the transaction

Proceeds would be used for repayment/restructuring of Company's loans/liabilities.

b) Effect on operational capacity of the Company

There will be no impact on present operational/running capacity of the Company. Further there will be no impact on the sales of the Company as these non-core assets are not presently in operation.

c) Expected benefits to accrue to the members

- 1) Loans would be partially paid or restructured.
- 2) Finance cost of the Company would be reduced.
- 3) One time gain from write off/waivers of principal loans/liabilities and markup/zero coupon loans and hair cut would be there from this financial restructuring.

Resultantly Equity and EPS of the Company would improve.