



Crescent Steel and
Allied Products Limited

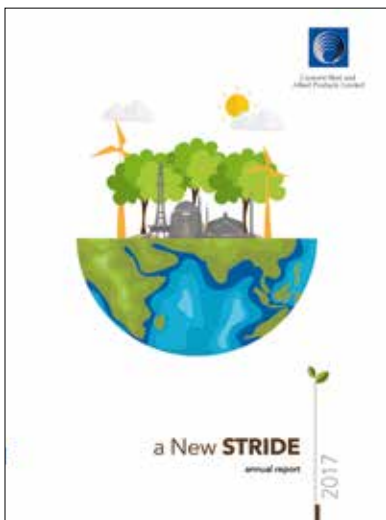


a New **STRIDE**

annual report

2017





a New **STRIDE**

The greatest treasure that we can leave to our future generations is the planet we call home - Earth. By taking action today, we can ensure a beautiful and healthier tomorrow for our successors, and instil within them the value of our environment. Let us save the world today for a brighter future tomorrow.

KEY PERFORMANCE INDICATORS

Based on results of the Company as presented in the Unconsolidated Financial Statements

Sales Revenue

10,208.6

(PKR in million)

Profit before Tax

1,391.7

(PKR in million)

Gross Profit ratio

18.2

%

Net Profit margin

10

%

EBITDA

1,682.0

(PKR in million)

Earnings per Share
(Basic and diluted)

13.04

(Rupees per share)

Total Assets

12,179.6

(PKR in million)

Shareholders' Equity

6,819.7

(PKR in million)

Capital Expenditure

215.2

(PKR in million)

Break-up Value

87.8

(Rupees per share)

Cash Dividend
(Including final proposed)

5.25

(Rupees per share)

Return on average
Capital Employed

17.1

%

Gearing ratio

31.0

%

Current ratio

1.4:1

Ratio

Price Earnings ratio

18.3

Times

Share Price

238.6

(Rupees per share)

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WATER CONTAMINATION

Water is one of the most precious resources of our planet, crucial for sustaining life. However, fresh water supplies have witnessed contamination from nearby sources such as factories and overpopulated communities. This puts our environment at serious risk, and is an issue that must be catered to with the most urgency.

VISION, MISSION & CORE VALUES

VISION

To excel across all our operations and deliver sustainable value to all stakeholders.

MISSION

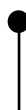
- Grow and enhance company value, and pursue new growth opportunities
- Maintain cost and quality leadership in an internationally competitive environment
- Promote best use of human talent in a safe environment as an equal opportunity employer
- Conduct business as a responsible corporate citizen and to seek and support local communities in areas where we operate
- Contribute towards an educated Pakistan

CORE VALUES

Our core values are at the heart of our business because they define who we are, how we work, what we believe in and what we stand for. Our core values set out how we act and how we expect to be treated as part of Crescent Steel.



INTEGRITY



CONSISTENTLY DOING THE RIGHT THING

Being ethically unyielding and honest in the way we conduct business.



OWNERSHIP



ACTING WITH STEWARDSHIP

to build a better, stronger and more dynamic organization.



CUSTOMER FOCUS



LEVERAGING RELATIONSHIPS FOR PERFORMANCE

Delivering value through responsiveness to internal and external customers.



CONTINUOUS IMPROVEMENT



CONTINUOUS IMPROVEMENT GIVES US COMPETITIVE ADVANTAGE.

Fostering collaboration, innovation, and creativity as individuals and as teams.



COMMUNITY CARE



SOCIAL RESPONSIBILITY IS AT THE HEART OF OUR BUSINESS.

Enabling change in communities where we operate through impact investment programs.

BOARD OF DIRECTORS



AHMAD WAQAR, 68

Joined Board: 30 January 2012

Chairman
(Non-Executive, Independent)

Masters in English Literature,
MBA (Finance)

Other engagements:

Principal Advisor to Chairman
- Petroleum Exploration (Private)
Limited (PEL)

Past engagements:

Secretary - Revenue Division/
Chairman FBR, Investment
Division/Board of Investment,
Finance Division, Ministry
of Petroleum and Natural
Resources, Privatization
Commission/Additional Secretary
Incharge, Ministry of Privatization
Chairman - Saindak Metals
(Private) Limited, Pakistan Mineral
Development Corporation,
Government Holdings (Private)
Limited

Director/Member - State
Bank of Pakistan, United Bank
Limited, Habib Bank Limited,
Pak-Kuwait Investment Company,
Pakistan Telecommunication
Company Limited, Pakistan
International Airline, Hydro
Carbon Development Institute
of Pakistan, Pakistan Electronic
Media Regulatory Authority,
Private Power Infrastructure
Board, Overseas Pakistanis
Foundation, Ufone

Deputy Auditor General -
Government of Pakistan
Member Finance - Capital
Development Authority,
Islamabad

Chief Accounts Officer -
Pakistan Telephone and
Telegraph Department presently
Pakistan Telecommunication
Company Limited

Deputy Secretary - Cabinet
Division, Government of Pakistan
**Controller/Joint Controller/
Deputy Controller/Assistant
Controller** - Pakistan Military
Accounts Department



AHSAN M. SALEEM, 64

Joined Board: 01 August 1983

Chief Executive Officer and
Managing Director

Masters in Economics

Other engagements:

Director - Central Depository
Company of Pakistan Limited
(CDC), CDC Trustee Company
Limited, The Citizens Foundation,
Pakistan Centre for Philanthropy
Trustee - Comcecs Educational
Trust

Past engagements:

Chief Executive - Shakarganj
Limited



FARRUKH V. JUNAIDY, 58

Joined Board: 29 January 2015

Director
(Non-Executive, Independent)

FCA

Other engagements:

Senior Partner - Junaidy Shoaib
Asad Chartered Accountants

Past engagements:

Director - Karachi Stock
Exchange, National Clearing
Company of Pakistan
Group Chief Financial Officer -
Dewan Mushtaq Group
Partner - KPMG Pakistan
**Company Secretary and Senior
Vice President** - Ghandhara
Leasing Company Limited
Vice President - The Institute
of Chartered Accountants of
Pakistan



NASIR SHAFI, 68

Joined Board: 01 August 1983

Director
(Non-Executive)

MBA

Other engagements:

Chief Executive Officer -
Crescent Bahuman Limited

Past engagements:

Director - The Crescent Textile
Mills Limited



S.M. EHTISHAMULLAH, 78

Joined Board: 30 January 2000

Director (Non-Executive)

FCA

Past engagements:

Director - Agriauto Industries Limited, Al-Ghazi Tractors Limited, Crescent Leasing Corporation Limited, Hinopak Motors Limited



SYED ZAHID HUSSAIN, 72

Joined Board: 01 September 2010

Director (Non-Executive, Independent)

B.Sc, LLB, MA

Other engagements:

Director - Nishat Mills Limited, Pakistan LNG Terminal Limited

Past engagements:

Chairman - Pakistan Industrial Development Corporation, State Cement Corporation of Pakistan, State Petroleum Refining and Petrochemical Corporation (Private) Limited
Managing Director - Indus Steel Pipes Limited, Sindh Engineering Limited (Mazda Automobiles), Oil and Gas Development Company Limited
High Commissioner / Ambassador - Kenya*



ZAHID BASHIR, 72

Joined Board: 01 August 1983

Director (Non-Executive)

MBA

Other engagements:

Chairman - Equity Textile Mills Limited, Mohammad Amin Mohammad Bashir Limited, Premier Financial Services (Private) Limited, Premier Insurance Limited
Director - Crescent Powertec Limited, Ahsan Associates (Private) Limited, Amin Bashir C.G.P.F and Oil Mills (Private) Limited and Crescent Cotton Mills Limited



MUHAMMAD SAAD THANIANA, 49

Company Secretary and Chief Financial Officer

FCA, ACMA, Certified Director of Corporate Governance from PICG

Other engagements:

Chief Executive Officer - Shakarganj Energy (Private) Limited, Solution de Energy (Private) Limited
Director - CS Capital (Private) Limited, Crescent Hadeed (Private) Limited, Shakarganj Food Products Limited

* With accredited assignments of Ambassadorship in Tanzania, Uganda, Rwanda, Krundse, Ethiopia and Eritrea

BOARD OF DIRECTORS AND IT'S COMMITTEES

THE BOARD

The Company has a unitary board structure consisting of seven directors of which three are independent. The Chief Executive Officer is the only executive director on the Board. Crescent gives due consideration to the qualifications and expertise of individuals when deciding on the Board's composition to ensure that a vast range of expertise and experience is represented on the Board in the best interest of stakeholders and the Company.

The Board has formulated policies which it reviews on periodic basis including risk management, procurement of fixed assets, goods and services, investments, borrowings, donations, charitable giving and contributions, whistle blowing, delegation of financial authority, transactions with related parties and transfer pricing, provision for slow moving stores and spares and impairment of assets, Board charter etc. and such policies are implemented and monitored through delegation of duties to three standing committees of the Board: The Audit, Human Resource and Remuneration, and Governance and Evaluation Committees

BOARD COMMITTEES

AUDIT

The Committee comprises of four members who all are Non-Executive Directors, including an Independent Director as Chairman.

The terms of reference of the Audit Committee include the following:

- To provide the Board of Directors ("the Board") with an independent and objective evaluation of the operations, policies, procedures and controls implemented within the Company.
- To provide supplemental assistance and resources to the internal audit department of the Company in order for them to provide the management and the Board of the Company with an independent, objective evaluation of their operations, policies, procedures and controls.
- To provide the Board with an oversight of the internal audit department in the Company to assure that an effective internal audit function is in place system-wide, which includes a risk based annual and long-range audit plan, a reporting mechanism and a quality control plan.
- To provide assistance to the Board in fulfilling their oversight responsibility relating to integrity of the financial statements and financial reporting.
- To review and evaluate procedures established to comply with laws and regulations and to monitor compliance thereof.

- To assess the Company's risk management process including risk related to Financial Statements and Financial Reporting.
- To recommend the appointment of the Internal and External Auditor for the Board's approval.

HUMAN RESOURCE AND REMUNERATION

The Committee comprises of four members who are Non- Executive Directors. The Committee has been constituted to address and improve the area of Human Resource Development. The main aim of the committee is to assist the Board and guide the management in the formulation of the market driven HR policies regarding performance management, HR staffing, compensation and benefits, that are compliant with the laws and regulations.

The terms of reference of the Committee includes the following:

- Recommending human resource management policies to the Board.
- Recommending to the Board the selection, evaluation, compensation (including retirement benefits) of the CEO, CFO, Company Secretary and Head of Internal Audit.

- Ensure a proper system of succession planning for top management is in place and the adequacy of the same in the rest of the organization.
- Review the organizational structure and recommend changes, if any, to increase the effectiveness and efficiency of reporting lines and the division of authority and responsibility.
- Review the effectiveness of the recruitment and recommend changes, if any.
- Guide management in development/revision of all employees benefits, policies and rewards.
- Oversee employee development by monitoring HR aspects of organizational learning and development.
- Ensure that the performance management system is achieving its objectives of fairly rewarding employees' performance and is in line with company objectives.

GOVERNANCE AND EVALUATION

The Committee comprises of two Non-Executive Directors and Executive Director of the Board including an Independent Director as Chairman. The role of the Committee is to assist the Board in the discharge of its function as well as compliance with the Company's governing principles. The Committee takes a leadership role in shaping the Company's governing principles in order to keep them in line with International best practices.

It is responsible for the following:

- Monitoring compliance with the Code of Corporate Governance (SECP's and Company's Governing Principles) other than those areas which fall under the oversight of the Audit Committee.
- Advising Directors on Governance principles periodically and changes in the requirements of the Code of Corporate Governance whenever required.

- Reviewing that the key functions of the Company and assignment/responsibilities of main functionaries are consistent with the business objectives.
- Advising the CEO on the adequacy of available skills and expertise for achieving the business objectives.
- Examining the need for additional Board Committees and recommending changes/modifications in the structure/functions of the existing Board Committees.
- Evaluating the performance of the Board and its committees.

ATTENDANCE IN BOARD AND COMMITTEE MEETINGS

Attendance in Meetings	Board		Audit Committee		HR and Remuneration Committee		Governance and Evaluation Committee	
	Required	Attended	Required	Attended	Required	Attended	Required	Attended
Non-Executive Directors								
Mr. Ahmad Waqar	7	7	-	-	-	-	2	2
Mr. Farrukh V. Junaidy	7	7	5	5	-	-	-	-
Mr. Nasir Shafi	7	6	5	5	1	1	-	-
Mr. S.M. Ehtishamullah	7	6	5	4	1	1	-	-
Mr. Zahid Hussain	7	7	5	5	1	1	-	-
Mr. Zahid Bashir	7	7	-	-	1	1	2	2
Executive Directors								
Mr. Ahsan M. Saleem	7	7	-	-	-	-	2	2

OUR GOVERNING PRINCIPLES

We conduct our business in a responsible manner and with honesty, and integrity. We also have the same expectations from all those with whom we have relationships. We insist on doing what is right and this sets the tone of our actions and underpins the functioning of our organization and the people we work with. We also insist that all transactions be open, transparent and within the legal framework culminating in responsible financial reporting.

INTEGRITY

CSAPL does not use bribe as an instrument for any business or financial gain. Employees are not authorized to give or receive any gift or payment which may be construed as such. Employees are also required to avoid engaging in any personal activity or financial interests which would conflict with their responsibility to the Company.

ROLE OF THE BOARD OF DIRECTORS

The Board has a fiduciary responsibility for the proper direction and control of the activities of the Company. This responsibility includes such areas of stewardship as the identification and control of the Company's business risks, the integrity of management information systems and transparent reporting to shareholders. The Board accepts its primary responsibility for the overall control architecture of the Company. However, it recognizes that the internal control system has to be cost effective and that no cost effective system will preclude all errors or irregularities.

The system is based upon written procedures, policies, guidelines, an organogram that provides an appropriate division of responsibility, a programme of internal audit, manning of all key functions by qualified personnel and constant training.

REMUNERATION OF BOARD OF DIRECTORS AND CHAIRMAN

All directors of the Company are Non-Executive except for the Chief Executive Officer. The CEO is paid fixed salary as determined by the Board; performance of CEO is evaluated against approved criteria by the HR & R Committee and recommended to the Board for approval. All the other directors are paid Director's fee for attending board meetings which is also fixed in light of applicable laws and regulations. Further, Chairman of the board is paid honorarium for his services to the Company as approved by the Board.

CODE OF CONDUCT

The Board has adopted a code of conduct for its members, executives and staff, specifying the business standards and ethical considerations in conducting its business. The code includes:

- Corporate governance
- Relationship with employees, customers and regulators
- Confidentiality of information
- Trading in Company's shares
- Environmental responsibilities

BOARD COMMITTEES

The Board has constituted the following committees:

- Audit Committee
- Human Resource and Remuneration Committee
- Governance and Evaluation Committee

Through its committees, the Board provides proactive oversight in some of the key areas of business and the performance of CEO. The Board regularly reviews the respective charters of these committees.

AUDIT COMMITTEE

The Audit Committee operates under a charter approved by the Board. The governing charter of the Audit Committee addresses the requirement of the Code of Corporate Governance and includes the requirements of best practices. The Committee is accountable to the Board for the recommendation of appointment of external auditors, directing and monitoring the audit function and reviewing the adequacy and quality of the audit process.

CEO and the CFO are responsible for the accuracy of financial information for inclusion in the annual report; the Committee provides the Board with additional assurance. The Committee also ensures that the Company has an effective internal control framework. These controls include safe-guarding of assets, maintaining of proper accounting records complying with legislation and ensuring the reliability of financial information.

HUMAN RESOURCE AND REMUNERATION COMMITTEE (HR & R)

The HR & R Committee reviews the human resource architecture of the Company and addresses the requirements of the Code of Corporate Governance. The Committee has been constituted to address and improve the crucial area

of human resource development. Its aim is to assist the Board and guide the management in the formulation of the market driven HR policies regarding performance management, HR staffing, compensation and benefits. The expanded role of the Committee is to review CEO performance and to recommend CEO compensation for the approval of the Board. Further, the selection, evaluation and compensation of CFO, Company Secretary and Head of Internal Audit is also reviewed and recommended to the Board by the Committee. It is also responsible for consideration and approval of CEO recommendations on selections, evaluation and compensation for key management positions that report directly to CEO.

GOVERNANCE AND EVALUATION COMMITTEE

The role of Governance and Evaluation Committee is to assist the Board in the discharge of its function as well as compliance with the Company's governing principles. The Committee takes a leadership role in shaping the code of business conduct (governing principles) in order to keep them in line with international best practices. The committee will also monitor compliance with the Code of Corporate Governance other than those areas which fall under the oversight of the Audit Committee and Human Resource and Remuneration Committee.

The Board has established a mechanism for the evaluation of Board's and Board Committees' performance on the recommendation of the Governance and Evaluation Committee. This evaluation is based on the mechanism of self-assessment by the individual Board / Committee members. For this purpose, a toolkit has been designed for assessing Board's / Committees' performance.

Governance and Evaluation Committee evaluates the Board's and Board Committees' performance in line with the methodology approved by the Board and recommend the same to the Board for their review and approval.

MANAGEMENT STRUCTURE

The Company has three distinct business units, a Steel Division, a Cotton Division, and an Investment and Infrastructure Development Division. Respective Business Unit Heads are accountable for performance and bottom line of business units. The accounting for these units is done separately in an arm's length manner to arrive at the true profit before tax for each unit. Three business unit heads and four corporate functional heads as defined in the management structure with clear responsibility and authority matrix have direct reporting lines to the Chief Executive Officer. Limits of authority at all levels are clearly defined in our control manual. The Internal Audit function is responsible to monitor compliance with the manual.

The Company also has four directly and indirectly wholly owned subsidiaries:

- CS Capital (Private) Limited
- Crescent Hadeed (Private) Limited
- Shakarganj Energy (Private) Limited
- Solution de Energy (Private) Limited

SERVICE TO SOCIETY

We are committed to be active as responsible corporate citizens. We believe in "giving something back" by addressing issues such as education, healthcare, public safety, environmental health etc. This is also arising from our belief that individual entities when they work together

can create powerful synergies and help to improve the conditions of the society in which they are operating. These principles are not just put forth on paper but we have over the years actively strived to promote issues of education, health and environment. Major portion of our budget for philanthropy and sponsorship is allocated to primary and secondary schooling for less privileged children.

HEALTH, SAFETY AND ENVIRONMENT

At CSAPL we take maintenance of health and safety standards at our plants and offices seriously. We are committed to actively managing health and safety risks associated with our business and are actively working towards improving our procedures to reduce, remove or control the risk of fire, accidents or injuries to employees and visitors. All activities at all our campuses are required to conform to international standards for health and safety certified by ISO 14001 and OHSAS 18001.

We also ensure that our products are shipped in a safe manner complying with the safety standards and legal requirements.

SHAREHOLDERS

The Board aims to ensure that shareholders are informed of all major developments affecting the Company's state of affairs. Information is communicated to the shareholders in the annual report, interim quarterly reports and through information portal of Pakistan Stock Exchange as and when required. The Board encourages the shareholders' participation at the Annual General Meetings to ensure a high level of accountability. The Company's financial statements are available on the Company's website and an officer is designated to answer all shareholders enquiries.

STAKEHOLDER ENGAGEMENT APPROACH

Our primary purpose is to run our business efficiently and profitably to enhance shareholders' value but we do it with responsibility to all stakeholders. Profitability is essential to discharge this responsibility and the corporate resources are primarily deployed in the achievement of this end. However, the Company does not operate in isolation with its environment and accordingly feels responsible to all stakeholders which are:



OUR SHAREHOLDERS

To protect shareholders' investments and provide an acceptable return to them.



OUR CUSTOMERS

To win and maintain customers by developing and providing products and services, which offer value in terms of price, quality, safety and environmental impact supported by requisite technological expertise.



OUR PEOPLE

To respect the human and legal rights of its employees with good and safe conditions of work, competitive terms of service and development of their skills through planned and extensive training.



OUR BUSINESS PARTNERS

To seek mutually beneficial relationships with contractors and suppliers of goods and services to the Company.



OUR SOCIETY

To conduct business as a responsible member of society, to observe laws, express support for basic human rights and give proper regard to health, safety and environment not only at our various campuses but also beyond, extending it to society at large.

MECHANISM FOR PROVIDING INFORMATION AND RECOMMENDATION TO THE BOARD

Information regarding any matter of concern or recommendation is put forward by the CEO to the respective committees of the board.

FORMAL REPORTING LINE

The prevailing operational structure of the Company consists of various divisions, each of which is headed by a Business Unit Head (BUH). The BUHs are responsible for the performance of the respective division / department and Board Committees have access to BUHs for any information they require pertaining to their respective division. Further information regarding any matter of concern or recommendation is also put forward by the CEO to the respective committees of the Board.

EMPLOYEES

Our employees are encouraged to express their views and forward their suggestions to the management and the Board. We have established several forums for them through which they can give their feedback and ideas regarding the business and the Company. For our employees, suggestion boxes have been installed across our locations and we also have a virtual suggestion box on our dashboard. These suggestion boxes act as a direct line to the CEO. Through this, employees can give their suggestions, grievances and concerns or raise any matter related to the Company, which is reviewed and monitored directly by the CEO. In case, the matter is of a significant nature, the same is addressed in the meetings of the Management Committee, Board

of Directors or the relevant Board Committee. The Company also has a Whistle Blowing Policy to enable employees to raise serious concerns to the management regarding the business or Company without fear of repercussions.

An Open House session with the CEO is also held annually with employees, through which they are provided with the opportunity to have a one-on-one meeting with the CEO and express their concerns and suggestions directly to him. These meetings are aimed at capturing free and first-hand suggestions that are useful in refining operations and in improving work environment.

SHAREHOLDERS

Every year the Annual General Meeting of shareholders is called in accordance with the requirements of the Companies Act, 2017 which is attended by CEO, Chairman Board of Audit Committee and Company Secretary. The interactive session between the Company's management and shareholders allows the shareholders to ask questions on financial, economic, social and any other issues and also to provide any recommendation. The CEO responds to all such queries and takes necessary actions accordingly.

Moreover, the Company has provided contact details of all the relevant personnel who should be contacted for general and specific queries on its website:

www.crescent.com.pk/shareholders-information/ and also prints the same on the Annual Report sent to the shareholders.

MANAGING CONFLICT OF INTEREST

The Company in compliance with the Code of Corporate Governance, annually circulates and obtains a signed copy of Code of Conduct applicable to all its employees and directors, which also relates to matters relating to conflict of interest. Further, the directors are annually reminded of the insider trading circular issued by the Securities and Exchange Commission of Pakistan to avoid dealing in shares while they are in possession of "insider information".

As per the provisions of the Companies Act, 2017, every director is required to provide to the Board complete details regarding any material transaction which may bring conflict of interest with the Company for prior approval of the Board. The interested director(s) do not participate in the discussion neither they vote on such matters.

The transactions with all the related parties are made on arms-length basis and complete details are provided to the board for their approval. Further all the transactions with the related parties are fully disclosed in the annual financial statements of the Company.



CO₂ HAZARDS

One of today's major concerns is the amount of carbon emissions into the environment due to industry. Having a large carbon footprint has significant concerns for people the world over with regards to climate change, air pollution, health, etc. While steps are being taken to draw up policy on carbon emissions, we must work diligently to enforce a lower carbon footprint to ensure that our planet remains a safe and habitable place for generations to come.

CORPORATE STRATEGY

As part of the regular strategy review in 2017, the Crescent Group reviewed, honed and adjusted the corporate strategy to new challenges. The successful corporate strategy ACT (which stands for Agility, Creativity and Tenacity) 2020 was augmented and revised to ACT H3 - 2020; H3 is for Head, Hands and Heart and represents our increased focus on the way we work. However, the conditions at present do not necessitate any radical change of our long-term targets or corporate strategy. The core targets remain unchanged.

We continue to believe that the engineering sector will remain the engine for economic growth in Pakistan and our strategic focus is geared towards developing a robust engineering sector portfolio.

Our overall objectives are to strengthen our position in Pakistan's engineering industry, maintain and grow as a leading steel line pipe producer for the Pakistan market and to become a leading supplier of integrated pipeline solutions/ services in Pakistan.

To do this we have formulated strategic perspectives/maps for different time-frames. The basis is our long-term vision: "To be the leader in every business we do, by delivering sustainable value to all stakeholders" Based on this vision, we are steering the Company with a medium-term strategy focused on the following priorities:

- Improving returns and delivering growth
- Delivering growth and development in natural gas, LNG and water/sewerage management - through our contribution to infrastructure development

- A strong corporate structure to withstand periods of inactivity in core businesses
- Capital management and liquidity

The operational objectives of our strategy, which are based on four perspectives, are a balanced product offering, strong corporate structure, technological leadership, skills adequacy, and a leading position in the market segments relevant to us, as well as agility, customer focus and community care.

To advance our objective, we plan to pursue the following business strategies:

- Enhance leading position in Pakistan line pipe market and provide value added solutions to help deliver growth in LNG and natural gas transmission upcountry
- Deliver a sustainable national water transmission/ management network
- Leverage technical expertise and know how to provide pipeline services, solutions and consultancy
- Review opportunities for participating in regional pipeline projects

- Leverage engineering expertise to build ancillary business lines in the steel long products segment/secondary steel markets.
- Strengthen our culture of high performance and continue to assess ourselves with fairness

Enhancing the value of the entity on a long-term basis means sustainable, lasting success.

To enable our people to act on the vision and strategy, we close in on integrated set of objectives and measures, agreed by all business units. These objectives describe the long-term drivers of success for our business. Our managers are all part of the strategy mapping process ensuring that everyone - individuals and teams - understands the long-term goal of the Company and that departmental and individual goals remain aligned and clear.

Our operational strategy is centered on:

- Enhancing shareholders' value by delivering growth and consistent returns
- Moderate risk exposure and strong, regularly monitored controls

- Observing the law and all rules and regulations in letter and spirit
- Growing responsibly through business acquisitions and organic growth in engineering, energy and food
- Leveraging cost and quality leadership to enhance customers' value maintaining international standards of quality, safety and health
- Leveraging the information system for maximum and efficient business intelligence
- Identifying, retaining, developing and leveraging quality human talent
- Fostering our values
- Enhanced employee engagement
- An educated and skilled Pakistan.
- Working with the communities where we operate with a focus managing the impacts of our operations as well to invest in education, emergency and quality affordable healthcare and a safe, clean and healthy environment that promotes the development of public spaces.

Our business strategy concentrates on the profitability of business segments and subsidiaries. Going ahead we will keep on working towards growing our current base (steel line pipes, line pipe coatings,

steel long products and other core assets) and work towards harvesting gains on strategic investments in power projects. We have made moves to proactively reshape the arrangement of organizations in accordance with our long-term mission of making various, sizeable organizations while reallocating management resources to the most encouraging opportunities. In the meantime, we will refocus on capital and operational expenses to enhance our effectiveness. We are focusing on identifying processes for improvement across all areas, strengthen supply chain management, expand supplier-base and improve risk and capital management.

Our market strategy calls for us to accelerate our business development by leveraging our shift towards the engineering sector with the objective to ensure sustainable growth by capturing growth in this sector both locally and internationally.

In order to optimize our offerings, we have structured all new businesses as fully owned subsidiaries. The move is geared towards bringing independent focus to businesses, enhanced monitoring and evaluation, transparency and fostering a culture of greater autonomy and accountability. This will not only enable us to effectively divest in underperforming segments

but also to select and strengthen high performing units.

We plan to remain at the cutting edge of technology by upgrading our plants and carrying out regular process innovations. Our strategic direction is geared to achieve capacity enhancements, diversify revenue streams and to deliver value to our customers through product development, manufacturing excellence and supply chain management. We have invested and will continue investing in energy saving equipment and remain committed to reducing and sustainably managing waste.

Our Information Technology strategy is tightly aligned with business goals, and is designed to continuously enhance enterprise value of Crescent Steel, reform administrative procedures and develop operations. We continue to leverage our investment in enterprise resource planning systems for business intelligence to support and enable calculated decision making.

The Human Resource strategy is designed to contribute to our durability by providing our people with good jobs and working environments that maximize their skills and realize the potential of both individual employees and teams. The HR strategy focuses on developing programs to

supplement Crescent Steel's policies in a manner that strengthens the organization's human capital, develops a corporate culture, improves working environments and delivers on upholding our values. The HR strategy focuses on acquiring the right people and encouraging lifelong learning among our employees, promoting an interactive environment, improving succession readiness for future leadership, and, fostering a culture of innovation and accountability where people are listened to and assessed with fairness.

The Social Investment and Corporate Social Responsibility strategy integrates our business, environmental and citizenship activities to create shared value. We take pride in supporting our community and are committed to our investment in Pakistan through strategic and targeted contributions to the education, environment and health sectors. By effectively engaging community partners we enhance employee engagement, reinforce our values and regularly measure the impact of our social investments. Our strategic focus is in the following areas:

- An educated and skilled Pakistan
- Emergency medical services

- Affordable and quality healthcare
- Safety
- Environmental stewardship and advocacy
- Local arts
- Pakistani (Citizenship)

The strategy for our investment portfolios broadly remains the same – our portfolios provide necessary buffer for liquidity and are free of leverage; we intend to remain invested over the long term on the back of strong growth expectations over the medium-long term. Looking ahead we expect the KSE-100 to remain volatile, providing modest returns over the short-medium term. We have taken measures to protect our trading portfolios against anticipated capital erosion. Business continuity and effective financial management are driven by adequate gearing, real-time funds forecasting and reasonable returns from supplemental investments.

We continue to evaluate investments of long-term strategic importance, including projects: to invest in energy infrastructure of Pakistan; to reduce our energy dependency; to enhance our engineering sector operations; and to fund investments through our own cashflow and assets as liquidity requirements become increasingly vital to our operations.

Over the long-term, our strategy is to be forward-looking, grow responsibly, generate a competitive return on capital and meet our financial and stakeholder obligations. We remain committed to being a world leader in safety and environmental stewardship; improving our quality, cost competitiveness and customer service; and to attracting, developing and retaining a diverse workforce with the talent and skills needed for our long-term success.

OUR HISTORY (1983-2017)

1983-2000

1983 Incorporation of Crescent Steel and Allied Products Limited*

1987 Commercial Production
Listing on Stock exchange
API Certification accreditation

1989-90 Modification of pipe plant to produce line pipes up to 90 inches in outside diameter

1991 Exported line pipes
Investment made in 3-layer polyolefin coating facility

1992 First ever 3LPE coating project in Pakistan executed

1995-96 Change of Reporting Period from December to June
New Logo of Company

1997 First company in its sector to obtain ISO 9001 accreditation
Reported on Environment and Social Responsibility

2000 Diversified into the textile sector by acquiring Crescent Cotton Products consisting of 19,680 spindles*

2001-2010

2001-02 BMR at Crescent
Cotton Products

2003 Adaptation of the Code of Corporate Governance
Formation of the Board Audit Committee
Formation of the Board Human Resource Committee

2004 Implementation of ERP and other IT related initiatives taken
Testing facilities for our service line pipes acquired

2005 Installed fine count unit at Crescent Cotton Products consisting 25,344 spindles*

2006 Pipe manufacturing and coating plant significantly upgraded to produce pipes for cross country pipelines
New spinning mill completed and commenced production
Acknowledged among KSE - Top 25 Companies 2005
First Pakistani Company to acquire oil and gas industry specifics ISO/TS 29001, QMS Certification from API 1st Position
Best Corporate Report Awards 2005 (ICAP and ICMAP)

2007 Implementation of Oracle e-business suite initiated
The Investment and Infrastructure Development Division (IID) was carved out as a separate business unit

2008 Port piles work executed
1st Position - Best Corporate Report Award 2007

2009 Oracle e-business suite go - live
SAFA Merit certificate - Best Presented Accounts and Corporate Governance Disclosure Awards 2009
Acknowledged among KSE - Top 25 Companies 2008
2nd Position - Best Corporate Report Award 2008

2010 Acquired a 100% stake in Shakarganj Energy (Private) Limited, a bagasse fired thermal generation power plant*
Adapted horizontal and vertical integration in the steel business
ISO 14001 and OHSAS 18001 requirements complied for the first time
2nd Position - Best Corporate Report Award 2009

2011-2017

2011

Upgraded coating plant capacity to 60" making it the only coating plant of this capacity

Migrated entire ERP system to Cloud Infrastructure

Acknowledged among KSE - Top 25 Companies 2010

Machinery enhancement at Crescent Cotton Products

2nd Position - Best Corporate Report Award 2010

2012

Acquired 100% stake in CS Capital (Private) Limited*

Steel Division upgraded with state of the art digital control systems and HMI (Human Machine Interface) capabilities

Acknowledged among KSE - Top 25 Companies 2011

BMR at Crescent Cotton Products

1st position for "Best Management and Decent Work Practices" by the Employers' Federation of Pakistan

2nd Position - Best Practices Award on OSH&E (Occupational Safety, Health and Environment) in 7th Employers' Federation of Pakistan

2nd Position - Best Corporate Report Award 2011

2013

Incorporated wholly owned subsidiary Crescent Hadeed (Private) Limited to manufacture steel billets*

High energy efficient motors installed for reducing consumption of energy during production

As a permanent cost reduction and quality assurance measure the Cotton Division was upgraded with production cards

BMR at Crescent Cotton Products

Defined Crescent Core Values

Launched Crescent Communications, an internal communication platform

Developed a sustainability reporting framework

1st Position - Best Corporate Report Award 2012

2nd Prize - Corporate Excellence Award by Management Association of Pakistan

2014

Ground breaking of Crescent Hadeed (Private) Limited

Incorporated Solution de Energy (Private) Limited, a wholly owned subsidiary of Shakarganj Energy (Private) Limited*

Obtained LOI of Solar Power Plant from Punjab Power Development Board by wholly owned subsidiary of Shakarganj Energy (Private) Limited

1st Position - Employer of the Year Award 2012

1st Position - 9th Best Practice Award on OHSAS 2013

2nd Position - Best Corporate Report Award 2013

3rd Best CEO Award 2013

4th Position - Best Sustainability Award 2013

5th Position - Corporate Philanthropy Awards 2012

2015

Land allocated by Punjab Power Development Board to Solution de Energy (Private) Limited to establish solar power generation facility

Commencement of commercial production of Shakarganj Energy (Private) Limited

Installation of 7,680 compact attachments to enhance efficiency*

Crescent Cotton Products registered as active member of Better Cotton Initiative (BCI)

Received KSE - Top 25 Companies Award for the years 2010, 2011 and 2013

1st Prize - Corporate Excellence Award by Management Association of Pakistan

2nd Position - Best Presented Annual Report Award 2013 by South Asian Federation of Accountants

3rd Position - 10th Best Practice Award on OSH&E 2014

2016

Rights issued to finance expansion in the line pipe manufacturing unit by adding another SP Line

Installation and commencement of operation by second SP Machine enhancing the installed capacity and product offering*

Record production of 58,202 tons of Mixed-dia bare pipe and coating of 590,738 square meter

Installation of Condensing extraction steam turbine generator of 16.5 MW at Shakarganj Energy (Private) Limited for off-season electricity generation

Commencement of commercial production at Crescent Hadeed (Private) Limited

1st in the Diversified Holdings Sector - South Asian Federation of Accountant's Best Presented Annual Report Awards 2014

3rd position in the Engineering Sector and 2nd position for Sustainability Report - Best Corporate and Sustainability Report Awards 2014 (ICAP and ICMAP)

2nd in the category of Human Resource Development Employer's Federation of Pakistan's 3rd Employer of the year award of the year 2014

2017

Record production of 88,110 tons of Mixed-dia bare pipe.

Commissioning of second furnace at Crescent Hadeed (Private) Limited expanding production to 85,000 MT of steel *

Assigned initial entity ratings of 'A+/A-2' (Single A Plus/A-Two) by JCR-VIS.

1st in the Diversified Holdings Sector - South Asian Federation of Accountant's Best Presented Annual Report Awards 2015

3rd position in the Engineering Sector and 3rd position for Sustainability Report - Best Corporate and Sustainability Report Awards 2015 (ICAP and ICMAP)

1st position in the Engineering and Autos Sector and 3rd position for Sustainability Report - Best Corporate and Sustainability Report Awards 2016 (ICAP and ICMAP)

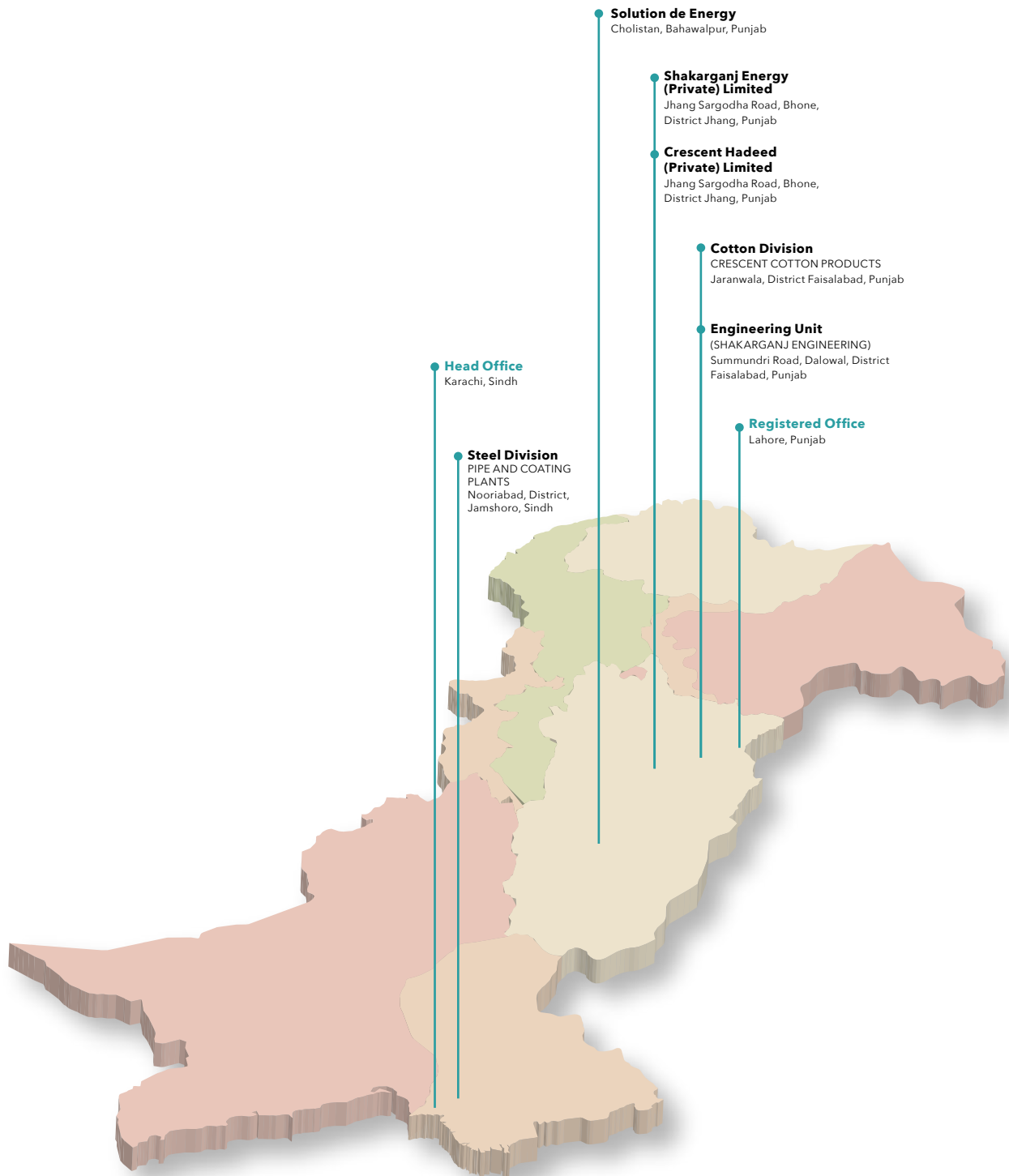
* Denote diversification into new business, major expansion in existing units and landmark achievements.



WASTE DISPOSAL

With the issue of overpopulation comes the very real concern of waste disposal. As more people consume resources, they produce more waste, which requires greater effort to dispose off so that it does not harm our planet. By issuing and adhering to more eco-friendly waste disposal policies, as well as investing more in biodegradable goods, we will be able to curtail a significant amount of waste disposal problems for all.

OUR FOOTPRINT



COMPANY PROFILE

Crescent Steel and Allied Products Limited is a conglomerate listed on the Pakistan Stock Exchange as 'CSAP'. Starting commercial operations with a line pipe manufacturing facility in March 1987, today the company operates businesses in four industry segments - engineering, textiles, capital markets and power - spread over six campuses in Pakistan. The Company operates three divisions and four wholly owned subsidiaries (directly and indirectly). The group structure is illustrated on page 33.

STEEL DIVISION - SPIRAL PIPE PRODUCTION LINE, PIPE COATINGS AND FABRICATION

The Company's Steel Division operates two Helical Seam Submerged Arc Welded Steel Pipe manufacturing lines and an external coating application line at Nooriabad and, a fabrication facility - Shakarganj Engineering - in Dalawal, Faisalabad.

The Pipe Plant manufactures high quality steel pipes in the diameter range of 8" - 120" (219 mm - 3,048 mm) in wall thickness from 4 mm - 25 mm up to lengths of 40 feet per pipe and material grades up to API 5L X-100. The unit has authorization to use API monogram of the American Petroleum Institute (API) - the highest international standard accredited for quality of steel line pipe in the Oil and Gas Sector and also continues to retain the ISO 9001 certification.

The Coating Plant is capable of applying various flow efficient and corrosion protection coatings such as Multilayer Polyolefin and Polypropylene coatings, Single Layer Fusion Bonded Epoxy coatings, Liquid Epoxy coatings and High Temperature Heat Shrink Tape

coatings on steel pipes ranging from 4" - 60" (114 mm - 1,524 mm), tape coatings on pipe diameter above 60" (1,524 mm) and internal epoxy coatings on diameters ranging from 8" - 60" (219 mm - 1,524 mm).

Crescent Steel is a serious and responsible local line pipe manufacturer that continues to serve as a partner in important national energy projects with demonstrated commitment in terms of quality, experience, financial strength and technical expertise. Over the course of the last 30 years the Company has supplied 3,430 Km, 30% of the national transmission network of 11,370 Km and is the sole operational line pipe manufacturer in the high end segment in the country.

The fabrication unit is engaged in fabrication and erection of machinery at par with international standards and designs, especially for sugar and cement industry. The unit has a wide product fabrication capability and specializes in the manufacture and supply of cane shredders, juice heaters, evaporators, batch and continuous vacuum pans, centrifugal machines, stainless steel spray clusters and multi-jet condensers, perforated plates and vibrio screens, and high voltage transformer tanks.

The unit has recently developed the capability to fabricate and erect machinery used in the secondary steel sector and has supplied partial fabrication for a Continuous Caster Machine, girders for overhead cranes and a vibro feeder to the fully owned subsidiary Crescent Hadeed (Private) Limited.

COTTON DIVISION - COTTON YARN SPINNING UNIT

The Cotton Division comprises of one spinning unit with 19,680 spindles and is located in Jaranwala. The unit operating as "Crescent Cotton Products" (CCP), has a daily production capacity of 385 Bags of high quality cotton/synthetic carded yarn, in counts ranging from 10s to 31s.

CCP is a division of the company but its operating results are shown separately, CCP as a division holds ISO 9001 Quality Management Credentials, is registered with Ministry of Textile Industry Pakistan and is a member of International Cotton Association Limited (ICA Limited) and All Pakistan Textile Mills Association (APTMA). CCP produces quality cotton/synthetic yarn with value addition of Slub, Siro and Compact Attachments. CCP is equipped with modern high-tech

European and Japanese machinery ensuring a high-quality yarn making process, producing various counts from 10s to 31s and has a notional capacity (based on 20s) of 6.36 million Kgs per annum. The brand is known for high quality and demands a premium.

INVESTMENT AND INFRASTRUCTURE DEVELOPMENT DIVISION

The division manages a portfolio of equity investments and real estate. The portfolio is balanced in a way that spreads risk over a diversified spectrum and offers potential for growth as well as dividend yields, while real estate investments are held for rental as well as long term appreciation.

SUBSIDIARY COMPANIES

CS CAPITAL (PRIVATE) LIMITED

CS Capital (Private) Limited is a fully owned subsidiary. The principal activity of the subsidiary is to manage investment portfolios in shares, real estate, commodities and other securities (strategic as well as short term).

SHAKARGANJ ENERGY (PRIVATE) LIMITED

The company operates as a fully owned subsidiary of Crescent Steel and Allied Products Limited and its primary business is to generate, accumulate, distribute, sell and supply electricity to Crescent Hadeed (Private) Limited and to Distribution companies, as permitted.

Initially equipped with a 15 MW co-generation, thermal generation power plant at Bhone, Punjab, the Unit commenced commercial operations in December 2014. The Unit also employs a 16.5 MW condensing and extraction turbine to process steam during off-season periods to ensure uninterrupted supply to Crescent Hadeed throughout the year. The Generation Plants use bagasse in the combustion process to produce power and processed steam.

SOLUTION DE ENERGY (PRIVATE) LIMITED

Solution de Energy (Private) Limited was incorporated in Pakistan in October 2013 as a fully owned subsidiary of Shakarganj Energy (Private) Limited. The principal

activity of the Company is to build, own, operate and maintain a 100MW solar power project.

CRESCENT HADEED (PRIVATE) LIMITED

Crescent Hadeed (Private) Limited, a wholly owned subsidiary of Crescent Steel and Allied Products Limited, was incorporated in May 2013 alongside Shakarganj Energy (Private) Limited. The principal activity of the Company is to manufacture steel long products. At present the Company operates a melt shop and billet manufacturing facility with an annual production capacity of 85,000 MT of steel billets in various sizes and a standard length of 6 meters. The billets manufactured at our facility are used by re-rolling mills to manufacture rebar and other steel long products for use in the construction and engineering sectors. Successfully concluding the trial-run in May 2016, CHL commenced commercial production from 1 June 2016 and is well positioned to capture the growth in the engineering segment.

COMPANY INFORMATION

BOARD OF DIRECTORS

Ahmad Waqar
*Chairman, Non-Executive Director
(Independent)*

Ahsan M. Saleem
Chief Executive Officer and Managing Director

Farrukh V. Junaidy
*Non-Executive Director (Independent) NIT
Nominee*

Nasir Shafi
Non-Executive Director

S.M. Ehtishamullah
Non-Executive Director

Syed Zahid Hussain
Non-Executive Director (Independent)

Zahid Bashir
Non-Executive Director

COMPANY SECRETARY

Muhammad Saad Thaniana

AUDIT COMMITTEE

Syed Zahid Hussain
*Chairman, Non-Executive Director
(Independent)*

Farrukh V. Junaidy
*Member, Non-Executive Director
(Independent)*

Nasir Shafi
Member, Non-Executive Director

S.M. Ehtishamullah
Member, Non-Executive Director

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Zahid Bashir
Chairman, Non-Executive Director

Nasir Shafi
Member, Non-Executive Director

S.M. Ehtishamullah
Member, Non-Executive Director

Syed Zahid Hussain
*Member, Non-Executive Director
(Independent)*

* Year of Joining

Disclaimer: Other than the position of Chairman and CEO, listings are in alphabetical order.

GOVERNANCE AND EVALUATION COMMITTEE

Ahmad Waqar
*Chairman, Non-Executive Director
(Independent)*

Ahsan M. Saleem
Member, Chief Executive Officer

Zahid Bashir
Member, Non-Executive Director

MANAGEMENT TEAM

Ahsan M. Saleem – 1983*
Chief Executive Officer and Managing Director

Muhammad Saad Thaniana – 2007*
*Chief Financial Officer and CEO Shakarganj
Energy (Private) Limited and Solution De
Energy (Private) Limited*

Abdul Rouf – 2000*
BU Head – Cotton Division

Arif Raza – 1985*
BU Head – Steel Division

Ehsan Durrani – 2008*
Human Resource Advisor

Hajerah A. Saleem – 2012*
*BU Head - Investments and Infrastructure
Development Division and Head of Corporate
Affairs and CEO CS Capital (Private) Limited*

Hasan Altaf Saleem – 2010*
*Resident Director and
COO Crescent Hadeed (Private) Limited*

Iqbal Abdulla – 2014*
IT Advisor

Iqbal Zafar Siddiqui – 2008*
*Head of Supply Chain and CEO of Crescent
Hadeed (Private) Limited*

Mushtaque Ahmed – 1985*
Head of Manufacturing – Steel Division

HEAD OF INTERNAL AUDIT

Muhammad Fahad - 2010*

AUDITORS

EXTERNAL AUDITORS

KPMG Taseer Hadi & Co.
Chartered Accountants

INTERNAL AUDITORS

BDO Ebrahim & Co
Chartered Accountants

LEGAL ADVISOR

Hassan and Hassan, Advocates,
Lahore
A.K. Brohi & Co., Advocates, Karachi

BANKERS

CONVENTIONAL

Allied Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
Industrial and Commercial Bank of
China
MCB Bank Limited
National Bank of Pakistan
Sindh Bank Limited
Summit Bank Limited

SHARIAH COMPLIANT

Al-Baraka Bank Pakistan Limited
BankIslami Pakistan Limited
Dubai Islamic Bank Pakistan Limited

SUBSIDIARIES*

Crescent Hadeed (Private) Limited
CS Capital (Private) Limited
Shakarganj Energy (Private) Limited
Solution de Energy (Private) Limited

REGISTERED OFFICE

E-Floor, IT Tower, 73-E/1, Hali Road,
Gulberg-III, Lahore.
Tel: +92 42 3578 3801-03
Fax: +92 42 3578 3811

LIAISON OFFICE LAHORE

E-Floor, IT Tower, 73-E/1, Hali Road,
Gulberg-III, Lahore.
Tel: +92 42 3578 3801-03
Fax: +92 42 3578 3811
Email: ejaz.ahmed@crescent.com.pk

PRINCIPAL OFFICE

9th Floor, Sidco Avenue Centre, 264
R.A. Lines, Karachi-74200.
Tel: +92 21 3567 4881-85
Fax: +92 21 3568 0476
Email: info@crescent.com.pk

PRODUCTION SITES

STEEL DIVISION

PIPE AND COATING PLANTS

A/25, S.I.T.E., Nooriabad, District
Jamshoro, Sindh-73090.
Tel: +92 25 4670 020-22
+92 25 4670 055
Email: arif.raza@crescent.com.pk

ENGINEERING UNIT

(Shakarganj Engineering)
17 Kilometer Summudri Road,
Dalowal, District Faisalabad, Punjab.
Tel : +92 41 2569 825-26
Fax: +92 41 2679 825

CRESCENT HADEED (PRIVATE) LIMITED

59 Kilometer, Jhang Sargodha Road,
Bhone, District Jhang
Tel: +92 48 6889 210 - 12
Email: iqbal.siddiqui@crescent.com.pk

COTTON DIVISION

CRESCENT COTTON PRODUCTS

1st Mile, Lahore Road, Jaranwala,
District Faisalabad.
Tel: +92 41 4318 061-65
Fax: +92 41 4318 066
Email: abdul.rouf@crescent.com.pk

POWER PLANT

SHAKARGANJ ENERGY (PRIVATE) LIMITED

57 Kilometer, Jhang Sargodha Road,
Bhone, District Jhang.
Tel: +92 48 6889 210 - 12

PUBLIC INFORMATION

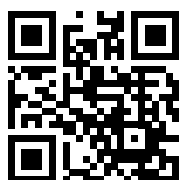
Financial analysts, stock brokers,
interested investors and financial
media desiring information
regarding the Company contact

Mr. Umair Ali Bhatti
Manager Treasury and Corporate Compliance

9th Floor, Sidco Avenue Centre, 264
R.A. Lines, Karachi-74200.
Tel: +92 21 3567 4881-85
Email: umair.bhatti@crescent.com.pk

CORPORATE WEBSITE

To visit our website, go to
www.crescent.com.pk.



FINANCIAL STATEMENTS

For Annual Report for the year
ended go to <http://www.crescent.com.pk/annual-report-June-2017>



CORPORATE RESPONSIBILITY REPORT

The complete report can be found
on: <http://www.crescent.com.pk/sustainability-report-2017/>



*Registered Office and Principal Office are same as holding company

SHAREHOLDERS INFORMATION

STOCK EXCHANGE LISTING

Crescent Steel and Allied Products Limited is a listed Company and its shares are traded on the Pakistan Stock Exchange. The Company's shares are quoted in leading dailies under the Engineering Sector with symbol 'CSAP'.

OWNERSHIP

On 30 June 2017, there were 2,814 shareholders on record of the Company's ordinary shares.

ANNUAL GENERAL MEETING

The annual shareholders meeting will be held on Tuesday, 17 October 2017 at 12:00 noon at Noor Banquet Hall, 9-E-II-A, Gulberg-III, Lahore. Shareholders as of 10 October 2017 are encouraged to participate and vote. A member entitled to attend and vote at this meeting may appoint any other member as his/her proxy to attend and vote instead of him/her. A Proxy must be a member of the Company. Proxies should be filed with the company at least 48 hours before the meeting time.

DIVIDEND PAYMENT

The proposal of the board of directors for dividend payment will be considered at the annual general meeting. Provided the proposal is approved, the dividend warrants will be sent soon thereafter to persons listed in the register of members on 10th October 2017. Income tax will be deducted in accordance with the current regulations.

BOOK CLOSURE

The Share Transfer Books of the Company will remain closed from 11th October 2017 to 17th October 2017 (both days inclusive). Transfers received in order at Share Registrar's Office, CorpTec Associates (Private) Limited, by the close of business on 10th October 2017, will be treated in time for the entitlement of cash dividend to the transferees and to attend the meeting.

SHARE REGISTRAR

Enquiries concerning lost share certificates, dividend payments, change of address, verification of transfer deeds and share transfers should be directed to Company's Share Registrar.

M/s CorpTec Associates (Private) Limited, 503-E Johar Town, Lahore.
Tel: +92 42 3517 0336-37
Fax: +92 42 3517 0338
Email: info@corptec.com.pk

PLACEMENT OF FINANCIAL STATEMENTS

The Company has placed the Audited Annual Unconsolidated and Consolidated Financial Statements for the year ended 30 June 2017 along with Auditors and Directors Report thereon on Company's website. All quarterly reports are also regularly posted on the Company's website.

FINANCIAL CALENDAR

RESULTS AND DIVIDEND ANNOUNCED FY2017

RESULTS

1st Quarter ending 30 September 2016	Approved and announced on	27 October 2016
2nd Quarter ending 31 December 2016	Approved and announced on	31 January 2017
3rd Quarter ending 31 March 2017	Approved and announced on	28 April 2017
Year ended 30 June 2017	Approved and announced on	12 August 2017

DIVIDENDS

Final – Financial Year 2016	Approved	30 September 2016
	Book Closure date	23 September 2016
	Paid on	29 October 2016
First Interim – Financial Year 2017	Approved	31 January 2017
	Book Closure date	17 April 2017
	Paid on	17 May 2017
Second Interim – Financial Year 2017	Approved	28 April 2017
	Book Closure date	4 July 2017
	Paid on	3 August 2017

EXPECTED MEETING CALENDAR FY2018

The company follows the period of July 01 to June 30 as the financial year. Financial Results will be announced as per the following schedule:

Annual General Meeting	17 October 2017
1st Quarter ending 30 September 2017	26 October 2017 *
2nd Quarter ending 31 December 2017	31 January 2018 *
3rd Quarter ending 31 March 2018	26 April 2018 *
Year ending 30 June 2018	31 July 2018 *

SHARE PRICE SENSITIVITY ANALYSIS

CSAP' opened FY17 at PKR 114.61, peaking at a high PKR 283.07, up 146% in May 2017 (dropping to a low of PKR 116.02) on the back of new pipeline and transmission network augmentation projects tendered by SSGC and SNGPL, specifically RLNG-III. Share price, however, remained under pressure due to uncertainty in the market as it closed the year at PKR 238.57 trading between PKR 116.02 and PKR 157.77 during the first half of fiscal year 2017 and PKR 161.21 and PKR 283.07 during the second half of the fiscal year. The share price however, was adjusted for the total dividend pay-out of 50% announced during the fiscal year.

COMPANY SHARE PRICE



* Dates are tentative and the Company reserves the right to change.

PERFORMANCE HIGHLIGHTS FOR THE YEAR

PERFORMANCE

Sales	37.7% ▲
Gross Profit	13.3% ▼
Income from Investment	5.88x ▲
Profit before tax	5.8% ▲
Profit after tax	4.7% ▲
Total Assets	28.4% ▲
Shareholders' Equity	17.4% ▲
Break-up value	17.3% ▲
Market price	108% ▲
Share of profit in equity accounted investees	64% ▲



AWARDS AND ACCOLADES



CORPORATE REPORT AWARDS 2016 (ICAP & ICMAP)

The Annual Report of the Company for the year 2016 secured first position in the Engineering and Autos Sector



SUSTAINABILITY REPORT AWARDS 2016 (ICAP & ICMAP)

Our Sustainability Report for the year 2016 secured third position



CORPORATE REPORT AWARDS 2015 (ICAP & ICMAP)

The Annual Report of the Company for the year 2015 secured third position in the Engineering Sector



SUSTAINABILITY REPORT AWARDS 2015 (ICAP & ICMAP)

Our Sustainability Report for the year 2015 secured third position



SAFA'S BEST PRESENTED ANNUAL REPORT AWARDS 2015

Our Company was ranked first in the Diversified Holdings Sector

MANAGEMENT COMMITTEES

MANAGEMENT COMMITTEE

Ahsan M. Saleem, <i>Chairman</i>
Abdul Rouf
Arif Raza
Hajerah A. Saleem
Hasan Altaf Saleem
Iqbal Zafar Siddiqui
Muhammad Saad Thaniana

The Committee devises long-term policies and vision for the Company with the sole objective for providing the best returns to shareholders by optimally allocating existing resources. The Committee is also responsible for reviewing the Company's operations on regular basis, establishing and ensuring adequacy of internal controls and, monitoring compliance of key policies. The Management Committee meets on a quarterly basis. Terms of reference of the committee include the following:

- To Prepare, approve and keep an updated long-term plan,
- Provide guidelines to the Business Strategy Committee for medium and short-term tactics,
- Discuss new ideas and new business lines, new product lines, new markets, and / or refer new opportunities and feasible ideas to another committee for refinement,
- Analyse current market situation with a view to maintain sustainable competitive advantage,
- To discuss in detail the plans of the Group and accordingly adjust the policies of the Company to avoid any conflict, and
- Analyse group investment opportunities and refer to investment committee, if required.

BUSINESS STRATEGY COMMITTEE

Ahsan M. Saleem, <i>Chairman</i>
Abdul Rouf
Arif Raza
Hajerah A. Saleem
Hasan Altaf Saleem
Iqbal Zafar Siddiqui
Muhammad Saad Thaniana

The Committee is responsible for formulation of business strategy, review of risks and their mitigation plan. Further, the Committee is also responsible for staying abreast of developments and trends in the Industry to assist the Board in planning for future capital-intensive investments and growth of the Company. The Committee meets at least twice a year. The terms of reference include the following:

- To prepare, approve and recommend to the Board a framework of business strategy,
- Develop and approve medium term plan(s) to meet interim objectives and milestone for any long-term project approved by the Executive Committee,
- Review the progress of different new projects of the Company,
- Approve short term goals which will be qualitative and quantitative for different segments of the Company,
- Reviews periodically the targets achieved and revise the operational targets, if required,
- Review allocation of resources to different segments such as investments, core business etc., and
- Gather information of the competitors' business and prepare an updated SWOT analysis of the Company, to be submitted to the Executive Committee.

IT STEERING COMMITTEE

Ahsan M. Saleem, <i>Chairman</i>
Hajerah A. Saleem
Iqbal Abdulla
Muhammad Saad Thaniana

The Committee monitors the implementation of IT Strategy on a regular basis. It ensures that CSAPL stays current with the evolving new technologies and Information System Processes. The Committee prepares long-term IT plan including fostering an IT Culture at all levels. Terms of reference of the committee include the following:

- To Guide the IS Department and Management in preparing the IT Strategy of the Company in a cost-effective manner,
- Monitor the implementation of the IT Strategy on a regular basis,
- Ensure that CSAPL stays current with the evolving new technologies and the latest Information System Processes as applicable to the business and growth of the company,
- Provide the basis for preparing long-term IT plans while not losing sight of the immediate goals and objectives,
- Facilitate the promotion of IT Culture in the Company at all levels. This has been done by traditional training interventions including company-wide workshops at all levels, and
- Assist the Board to ensure that the IT vision provided by the Board is manifested in the IT Strategy and its subsequent implementation.

INVESTMENT COMMITTEE

Ahsan M. Saleem, *Chairman*

Hajerah A. Saleem

Muhammad Saad Thaniana

The Committee helps to maintain a balanced portfolio of investments and maximize returns while keeping risk at a desirable low level. Terms of reference of the committee include the following:

- To determine the sector wise weightage of the portfolio based on market condition,
- Assess and monitor the risk associated to the portfolio, and
- Review the performance of the investment and take decision relating to scrip wise entry and exit.

SOCIAL INVESTMENT AND CSR COMMITTEE

Muhammad Saad Thaniana, *Chairman*

Abdul Rouf

Arif Raza

Hajerah A. Saleem

Hasan Altaf Saleem

Iqbal Zafar Siddiqui

The Committee reviews the distribution of charitable contribution in line with Company's Policy for donations, charities and contributions. Terms of reference of the committee include the following:

- To Review and recommend any changes to Company's Policy relating to Corporate Social Responsibility for the approval of BOD,
- Review and recommend the distribution of charitable contribution in line with the Corporate Social Responsibility policy,
- Review and monitor CSR activities, and
- Engage and measure social investments for impact

OTHER COMMITTEES

In addition to the above committees, the Company has also constituted the following committees which work in their respective domains as per approved terms of references:

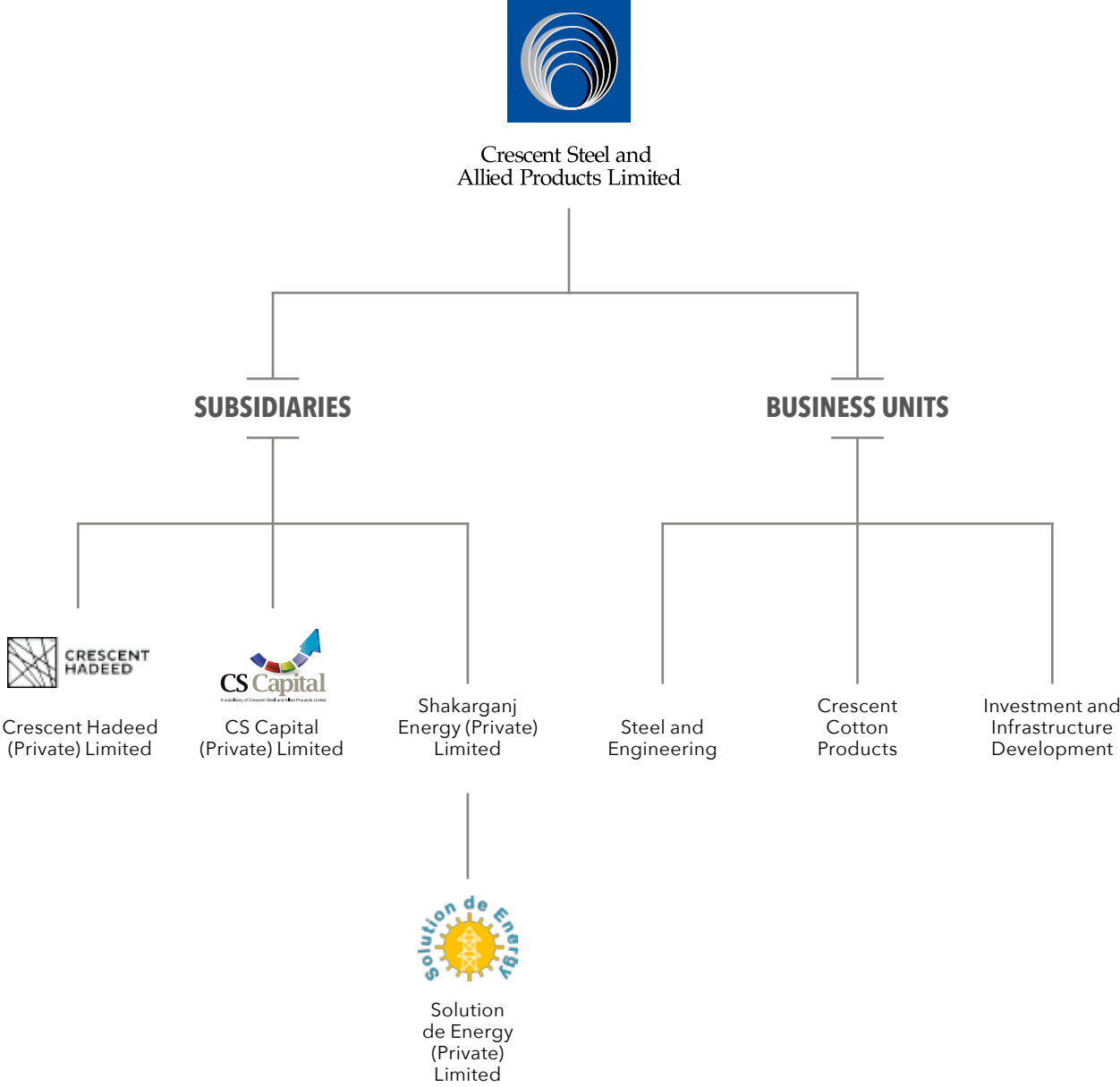
- Budget Committee
- Capital Assets Committee
- HSE Council
- Tender Committee
- Website Committee



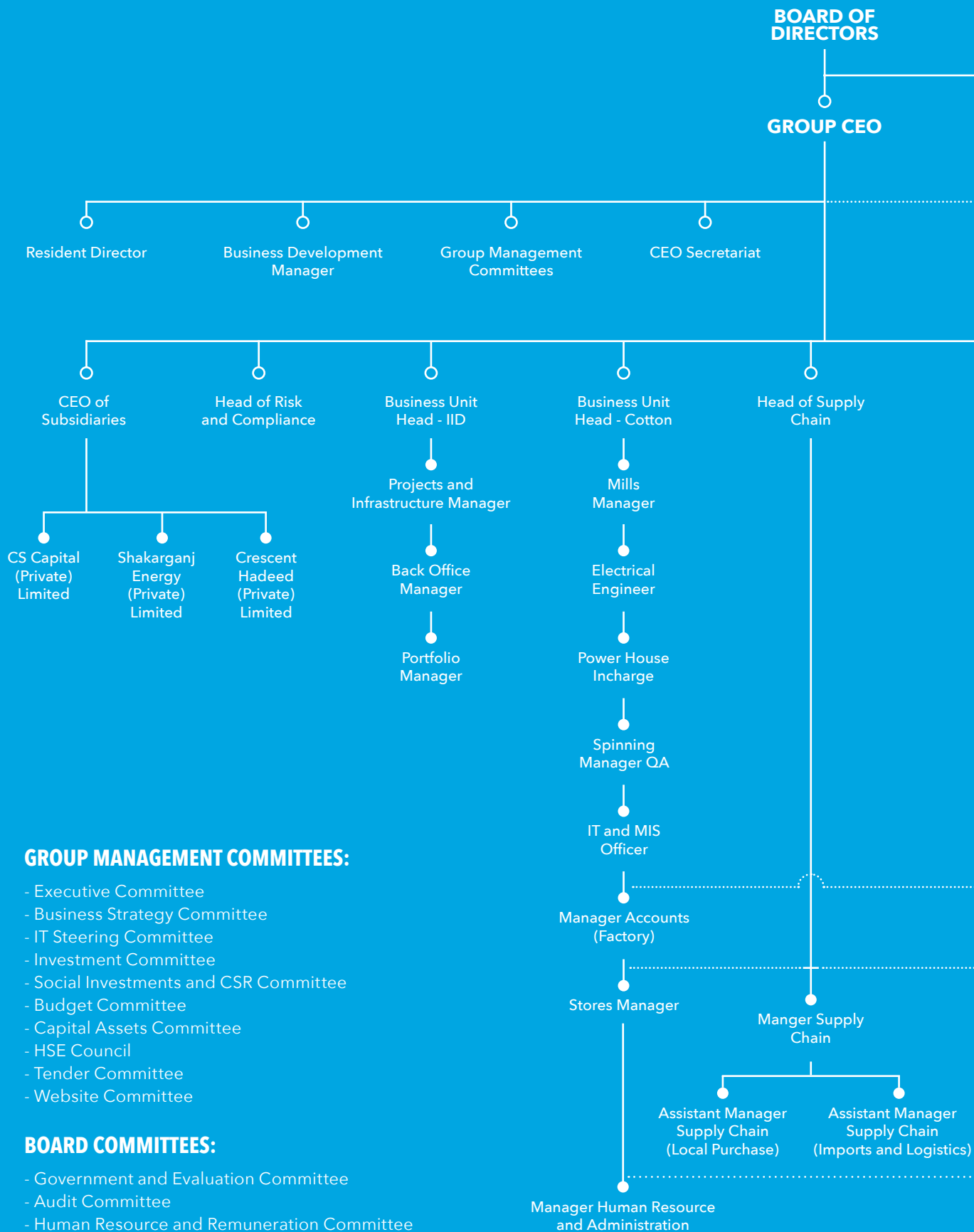
DEFORESTATION

Plant life is an important part of our ecosystem, and with the alarming rate of deforestation, our environment is in danger of losing its natural guardian. With greater steps being taken to plant trees and protect them, we will be able to maintain a greener, healthier planet Earth for our future generations.

GROUP STRUCTURE



STRUCTURE OF THE COMPANY

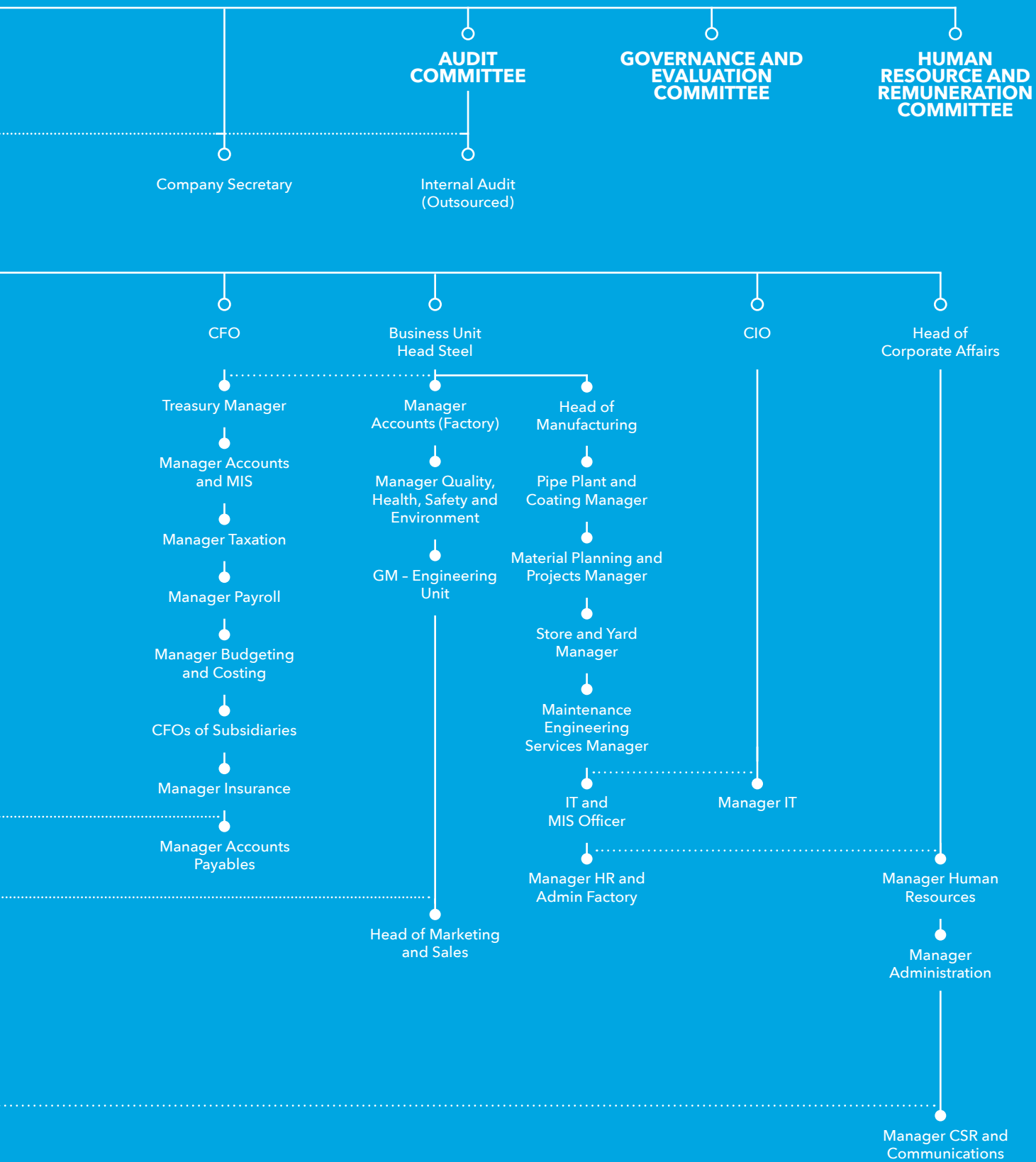


GROUP MANAGEMENT COMMITTEES:

- Executive Committee
- Business Strategy Committee
- IT Steering Committee
- Investment Committee
- Social Investments and CSR Committee
- Budget Committee
- Capital Assets Committee
- HSE Council
- Tender Committee
- Website Committee

BOARD COMMITTEES:

- Government and Evaluation Committee
- Audit Committee
- Human Resource and Remuneration Committee



REVIEW REPORT BY THE CHAIRMAN



Crescent Steel has implemented a strong governance framework supportive of an effective and prudent management of business matters which is regarded as instrumental in achieving long-term success of the company.

During the year the Board committees continued to work with a great measure of proficiency. The Audit Committee has focused in particular on the management and control of risks associated with

the business. This is of particular significance in an expanding company. At the same time, the Human Resource and Remuneration Committee has ensured that the HR policies regarding performance management, HR staffing, compensation and benefits are market driven and are properly aligned to the company's performance, shareholders' interests and the long-term success of the company. The Governance Committee has continued to

It gives me immense pleasure to present this report to the shareholders of Crescent Steel and Allied Products Limited pertaining to the overall performance of the Board and the effectiveness of its role in attaining the company's aims and objectives.

assess the mix of the skills and experience on the Board along with evaluating the Company's corporate governance policies and recommend to the Board such changes as the Committee considers desirable and in the larger interest of the company keeping in view the emerging corporate governance trends.

The Board as a whole has reviewed the Annual Report and Financial Statements, and is pleased to

confirm that in its view the report and financial statements, taken as a whole, are fair, balanced and understandable.

The Board carries out a review of its effectiveness and performance each year after the closure of the Fiscal year, on a self-assessment basis. Last such review was carried out on October 27, 2016 for the Fiscal year 2016. Overall effectiveness of the Board was assessed as satisfactory (91.6%). Areas which required improvement were duly considered and suitable action plans were framed. Next review is scheduled for October, 2017.

The overall assessment was based on an evaluation of the following integral components:

- 1. Vision, mission and values:** Board members are familiar with the current vision, mission and values and supported them and were found appropriate for the organization.
- 2. Engagement in strategic planning:** Board has a clear understanding of the stakeholders whom the organization is meant to serve (shareholders, customers, employees, vendors, society). The Board has the strategic vision of how the organization should be evolving over the next three to five years and has identified key indicators for tracking its progress.
- 3. Formulation of policies:** The Board has established policies that cover all essential areas of board responsibility and operations of the company.

4. Monitor the organization's business activities: The Board is knowledgeable about the organization's current business activities including strengths and weaknesses of each major activity and has an effective process for tracking activity/ area wise performance.

5. Adequacy of financial resources management: The Board is knowledgeable about key aspects relating to managing the financial resources of the Company and provides appropriate direction and oversight on a timely basis.

6. Provide effective fiscal oversight: The Board ensures that the budget reflects the priorities established in the annual strategic plan and it complies with regulations governing the audit or independent examination of accounts and considers all recommendations made in the independent auditor's report and management letter.

7. Act as a responsible employer: The Board has created necessary policies which ensure that the organization behaves in an equitable and legal manner towards staff, contractors, vendors and any other individual working on its behalf.

8. Relationship between Board and Staff: Roles and Responsibilities of Board and management staff are clearly defined and understood and climate of mutual trust and respect exists between Board and management.

9. Organization's Public Image: Board members promote positive image of the organization in the community.

10. Review of CEO performance: The Board assesses the performance of CEO in a fair and systematic manner and ensures that CEO's pay is properly aligned with the Company's performance, shareholders' interests and the long-term success of the company.

11. Board Structure and Dynamics: Size and composition of the Board is adequate to govern the Board procedures and the members are actively engaged in the work of the Board. The Board meets frequently enough to adequately discharge its responsibilities.

On an overall basis, I believe that the strategic direction of the Company for the next three years is clear and appropriate. Further, the processes adopted in developing and reviewing the overall corporate strategy and achievement of company's objectives are commendable which are truly reflected by the current financial results and performance of the Company.



Ahmad Waqar
Chairman

12 August 2017

DIRECTORS' REPORT

The Directors of the Company have the pleasure in submitting their report together with audited financial statements of the Company for the year ended 30 June 2017.

OPERATING RESULTS

The financial results of the Company are summarized below:

	2017	2016
	(Rupees in '000)	
Profit for the year before taxation	1,391,703	1,315,573
Taxation charge	(379,268)	(348,437)
Profit after taxation	1,012,435	967,136
Total other comprehensive income for the year	379,591	184,301
Unappropriated profit brought forward	1,363,706	488,642
Profit available for appropriation	2,755,732	1,640,079
APPROPRIATIONS:		
- Final dividend	2015 - @ 7%	-
- First interim dividend	2016 - @ 15%	(43,475)
- Second interim dividend	2016 - @ 15%	(116,449)
- Final dividend	2016 - @ 20%	(116,449)
- First interim dividend	2017 - @ 15%	-
- Second interim dividend	2017 - @ 15%	-
	(155,265)	-
	(116,449)	-
	(116,449)	-
	(388,163)	(276,373)
Transfer to general reserve	(1,000,000)	-
Unappropriated profit carried forward	1,367,569	1,363,706
Basic and diluted earning per share	PKR 13.04	PKR 12.97

The Board of Directors of the Company in their meeting held on 12th August 2017 have proposed a final cash dividend for the year ended 30 June 2017 of PKR 2.25 per share (i.e. 22.5%) (2016: PKR 2 per share) amounting to PKR 174.673 million. This is in addition to the first and second interim cash dividends of PKR 1.5 per share each (i.e. 15% each) already distributed and recorded in these financial statements; i.e. a total cash distribution of PKR 5.25 per share (i.e. 52.5%) for the year ended 30 June 2017.

The proposed final cash dividend is subject to the approval of the members at the Annual General

Meeting to be held on 17 October 2017. These financial statements do not include the effect of above proposal which will be accounted for in the period in which it is approved by the members.

FINANCIAL AND OPERATIONAL PERFORMANCE BASED ON UNCONSOLIDATED FINANCIAL STATEMENTS

During the year ended 30 June 2017 (FY17) the Company's pre-tax profits stood at PKR 1,391.7 million (FY16: PKR 1,315.6 million). The after-tax profit increased to PKR 1,012.4 million (FY16: PKR 967.1

million) whereas Earning per Share (EPS) for the current year stood at PKR 13.04 (FY16: PKR 12.97). Other comprehensive income for the year was PKR 387.7 million (FY16: PKR 183.5 million) resulting in total comprehensive income for the year PKR 1,400.1 million (FY16: PKR 1,150.7 million). Tax charge for FY17 stands at PKR 379.3 million (FY16: PKR 348.4 million) includes PKR 36.6 million (FY16: PKR 40.1 million) on account of Super Tax levied by the Government.

The Company posted record profits for FY17 primarily on account of business generated by the Steel Division. IID Division's contributed significantly to the profit despite the

volatility in the local bourse due to the political instability that plagued the market, while the Cotton Division performed near break-even during the year as market conditions were challenging and not conducive for profitability.

Company's sales revenue stood at PKR 10,208.6 million (FY16: PKR 7,412 million) and mainly constitutes turnover from Steel Division. The Steel Division posted sales of PKR 8,920.1 million (FY16: PKR 7,378.1 million). Cotton Division's sales stood at PKR 1,288.5 million (FY16: PKR 33.9 million). Investment income from IID Division amounted to PKR 246.9 million (FY16: PKR 42.5 million).

OUTLOOK

As we step into FY18, we are optimistic and excited about upcoming energy and other infrastructure projects. We are proud to be part of projects of national importance and are well positioned as a leading local manufacturer to capture demand growth in the line pipe segment. While in the immediate short term, energy infrastructure augmentation projects including RLNG-III will trigger demand for steel line pipes - the medium to long term prospects remain healthy as we expect line pipe usage in construction and water management networks to significantly pick up.

In our steel long products business demand stimulus is likely to arise from increased economic activity and an increase in construction activities on the back of a strong PSDP outlay as well as CPEC related activities. Additionally, as Pakistan already imports most of its steel and

iron requirements and enough of a supply gap exists for exploitation.

Our outlook on the spinning continues to remain conservative and we feel that without requisite CAPEX and Government stimulus the segment is likely to underperform on account of a high fixed cost base.

The local bourse, is also expected to provide modest returns at best and consequently returns from our investments division are likely to be affected. We have however, switched positions to higher yielding investments and in sectors that have a natural hedge to the anticipated PKR devaluation.

The outgoing year saw many challenges on the economic and political front, however, FY18 looks a promising year for Pakistan and for Crescent Steel, in view of upcoming development projects and we maintain a positive outlook.

FINANCIAL AND OPERATIONAL PERFORMANCE BASED ON CONSOLIDATED FINANCIAL STATEMENTS

Consolidated pre-tax profits [including the results of the wholly owned subsidiary companies CS Capital (Private) Limited, Crescent Hadeed (Private) Limited and Shakarganj Energy (Private) Limited (SEL)] stood at PKR 1,592 million with the Steel Division contributing PKR 968.3 million. Consolidated profit after tax and EPS for the Group for FY17 stood at PKR 1,187.1 million (FY16: PKR 1,122.2 million) and PKR 15.29 (FY16: PKR 15.05). Net share of profit from equity-accounted

investees amounted to PKR 569.3 million (FY16: PKR 347.1 million). Other comprehensive income for the year was PKR 483.2 million (FY16: PKR 200.5 million) resulting in total comprehensive income for the year PKR 1,670.3 million (FY16: PKR 1,322.7 million).

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- These financial statements, prepared by the management of the Company, present fairly its state of affairs, 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 preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of financial statements and departure therefrom has been adequately disclosed and explained, if any.
- The system of internal control is sound in design and has been effectively implemented. The system is continuously monitored by Internal Audit and through other such monitoring procedures. The process of

monitoring internal controls will continue as an ongoing process with the objective to further strengthen the controls and bring improvements in the systems. Further, Board also accepts its primary responsibility for the overall control architecture of the Company including Internal Financial Controls.

- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.
- Principal activities of the company and the group are mentioned in Company Profile; whereas details of significant changes in the Company's operations during the current year as compared to last year and significant plans and decisions for the future prospects of profits are stated in the Chief Executive's Message as endorsed by Board of Directors.
- Key operating and financial data for last six years in summarized form is annexed.
- Names and Details of Directors are stated in the section 'Board of Directors'.
- Information about taxes and levies is given in the notes to the financial statements.
- The number of employees as at 30 June 2017 were 481 (2016: 891).

- Value of investment of following funds based on the audited accounts are as follows:

Name of Fund	Value of Investment	Period of latest audited accounts
Provident Fund	PKR. 188.9 million	31 December 2014
Gratuity Fund	PKR. 113.2 million	31 December 2014
Pension Fund	PKR. 370.9 million	31 December 2014
CCP Provident Fund	PKR. 25.187 million	30 June 2016

- During the year seven meetings of Board of Directors and five meetings of Audit Committee were held, whereas two meetings of Governance and Evaluation Committee and one meeting of Human Resource and Remuneration Committee were convened. Attendance by each director is attached separately.

Exchange Commission of Pakistan (SECP) in accordance with the provisions of PSX Rule Book and Securities Act, 2015. Other than that no trading in the shares of the Company was carried out by any other Director, the Chief Executive Officer, the Chief Financial Officer, the Company Secretary, Executives and their spouses and minor children.

PATTERN OF SHAREHOLDING AND SHARES TRADED

The pattern of shareholding and additional information regarding pattern of shareholding is attached separately.

During the year, Mr. Nasir Shafi (Director) had disposed off 37,876 shares of the Company whereas 100 shares were acquired by him subsequent to such sale. Mr. Ahsan M. Saleem (CEO) had gifted 40,000 shares of the Company to his children whereas Ms. Hajerah Ahsan Saleem (Executive) had acquired 1,000 shares from market and 10,000 shares as a gift from her father.

The aforesaid information was also disclosed to Pakistan Stock Exchange (PSX) and Securities and

DIRECTORS

Election of Directors was held on 29 January 2015 and a seven member Board excluding the Chief Executive Officer was elected unopposed whose term of office will expire on 29 January 2018. Subsequent to Election of Directors, the Board in their 134th meeting held on 11 February 2015 unanimously appointed Mr. Ahsan M. Saleem as Chief Executive for a further period of three years to 11 February 2018.

During the year ended 2016, a casual vacancy in the Board of Directors arose due to the resignation of Mr. Khurram Mazhar Karim with effect from 28 January 2016. Mr. Ahsan M. Saleem, who was a deemed director by virtue of being a Chief Executive, was appointed as Director of the Company to fill in this casual vacancy.

No casual vacancy occurred on the Board during the current year.

Further, for the purposes of clause 5.19.11 (f) (xii) of the PSX Rule Book, the Board had set the threshold that Functional Heads of all the Departments of the Company shall be considered as "Executive". The Board has reviewed the threshold and found it satisfactory keeping in view the management structure of the Company.

PERFORMANCE EVALUATION OF BOARD OF DIRECTORS AND ITS COMMITTEES

Governance and Evaluation Committee has assessed the performance of Board of Directors and its committees based on the established mechanism of self-assessment by the individual Board or Committee members as the case may be. The above mechanism was approved by the Board on the recommendation of Governance and Evaluation Committee.

CEO'S PERFORMANCE EVALUATION

During the year, the Human Resource and Remuneration Committee of the Board evaluated the performance of the CEO in line with the established performance based evaluation system.

The evaluation was reviewed against the following criteria:

- Leadership
- Policy and Strategy
- People Management
- Business Processes/Excellence
- Governance and Compliance
- Financial Performance
- Impact on Society

Subsequently, on the recommendation of the Committee, this was approved by the Board after their review.

ABSTRACT UNDER SECTION 218(1) OF THE REPEALED COMPANIES ORDINANCE, 1984

During the year ended 30 June 2017, the Board of Directors had revised the remuneration of Mr. Ahsan M. Saleem, Chief Executive Officer from PKR 1,200,000 to PKR 1,380,000 per month effective from 1 January 2017. Further, in accordance with company policy, performance incentive of PKR 5,580,000 was also paid to him. There was no change in other terms and conditions of his appointment.

Mr. Ahsan M. Saleem was a director of the Company in addition to being a Chief Executive and was considered as interested in the aforesaid revision of his terms of appointment.

FINANCIAL STATEMENTS

As required under clause 5.19.14(a) of PSX Rule Book, the Chief Executive Officer and Chief Financial Officer presented the financial statements, duly endorsed under their respective signatures, for consideration and approval of the Board of Directors and the Board, after consideration and approval, authorized the signing of financial statements for issuance and circulation.

The financial statements of the Company have been duly audited and approved without qualification by the auditors of the Company, KPMG Taseer Hadi & Co., Chartered Accountants and their report is attached with the financial statements.

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.

AUDITORS APPOINTMENT

The auditors, KPMG Taseer Hadi & Co., Chartered Accountants are due to retire in the forthcoming Annual General Meeting of the company and have offered themselves for re-appointment. The Audit Committee and the Board of Directors of the Company have recommended their appointment for shareholders consideration and approval at the forthcoming Annual General Meeting.

The Directors endorse the contents of this annual report and they shall form an integral part of the Directors' Report in terms of section 227 of the Companies Act, 2017 and the requirements of the Code of Corporate Governance under the Pakistan Stock Exchange (PSX) Rule Book.

By order of the Board



Ahsan M. Saleem
Chief Executive Officer



Zahid Bashir
Director

12 August 2017

کمپنی کے فنانشل اسٹیٹمنٹس، کمپنی کے آڈیٹرز، کے پی ایم جی تاثیر ہادی اینڈ کو، چارٹرڈ اکاؤنٹینٹس کی طرف سے کوالیفیکیشن کے بغیر درست طریقے سے آڈٹ اور منظور کیے گئے ہیں اور ان کی رپورٹ ان فنانشل اسٹیٹمنٹس کے ساتھ منسلک ہے۔

مالی سال، جس سے اس بیلنس شیٹ کا تعلق ہے، کے اختتام اور ڈائریکٹرز رپورٹ کی تاریخ کے درمیان کوئی ایسی مادی تبدیلیاں وقوع پذیر نہیں ہوئیں جن سے کمپنی کی پوزیشن متاثر ہوتی ہو۔

ڈائریکٹرز، اس سالانہ رپورٹ کے مندرجات کی توثیق کرتے ہیں اور یہ کمپنیز ایکٹ، 2017 کے سیکشن 227 اور پاکستان اسٹاک ایکچینج (پی ایس ایکس) رول بک کے تحت کوڈ آف کارپوریٹ گورننس کے تقاضوں کے حوالے سے ڈائریکٹرز رپورٹ کا اثاوت حصہ ہوں گے۔

بحکم بورڈ



احسان ایم سلیم
چیف ایگزیکٹو آفیسر

آڈیٹرز کا تقرر

آڈیٹرز، کے پی ایم جی تاثیر ہادی اینڈ کو، چارٹرڈ اکاؤنٹینٹس، کمپنی کے اگلے سالانہ اجلاس عام میں ریٹائر ہونے والے ہیں، اور انھوں نے خود کو دوبارہ تقرر کے لیے پیش کیا ہے۔ بورڈ آڈٹ کمیٹی اور کمپنی کے بورڈ آف ڈائریکٹرز نے اگلے سالانہ اجلاس عام میں ان کے تقرر پر شیئر ہولڈرز کی طرف سے غور اور منظوری کی سفارش کی ہے۔



زاہد شایر
ڈائریکٹر

12 اگست 2017

فنانس کا نام	دیلیو آف انویسٹمنٹ	آخری آڈٹ شدہ حسابات کی مدت
پراویڈنٹ فنڈ	188.9 ملین روپے	31 دسمبر، 2014
گرچیٹی فنڈ	113.2 ملین روپے	31 دسمبر، 2014
پینشن فنڈ	370.9 ملین روپے	31 دسمبر، 2014
سی سی پی پراویڈنٹ فنڈ	25.187 ملین روپے	30 جون، 2016

درج ذیل طریقہ کار کو پیمانہ بنا کر ایپلو ایٹن پر غور کیا گیا:

- قیادت
- پالیسی اور حکمت عملی
- پیپل مینجمنٹ
- بزنس پروسیجرز / ایکسلینس
- گورننس اور کمپلائنس
- مالیاتی کارکردگی
- معاشرے پر اثر

جناب احسان ایم سلیم کو مزید تین سال کی مدت کے لیے چیف ایگزیکٹو مقرر کیا، جو 11 فروری، 2018 کو ختم ہوگی۔

2016 کو ختم ہونے والے سال میں بورڈ آف ڈائریکٹرز میں 28 جنوری، 2016 سے جناب خرم مظہر کریم کے استعفا کی وجہ سے ایک عارضی اسامی پیدا ہوئی۔ اس عارضی اسامی کو پُر کرنے کے لیے جناب احسان ایم سلیم کو جو چیف ایگزیکٹو ہونے کی وجہ سے deemed ڈائریکٹر تھے، کمپنی کا ڈائریکٹر مقرر کیا گیا۔

چنانچہ، کمپنی کی سفارش پر بورڈ کی طرف سے غور کے بعد اس کی منظوری دی گئی۔

منسوخ شدہ کمپنیز آرڈیننس 1984 کے سیکشن (1) 218 کے تحت خلاصہ

30 جون، 2017 کو ختم ہونے والے سال کے دوران بورڈ آف ڈائریکٹرز نے جناب احسان ایم سلیم، چیف ایگزیکٹو آفیسر کا مشاہرہ یکم جنوری 2017 سے 1,200,000 روپے سے بڑھا کر 1,380,000 روپے کرنے کی منظوری دی۔ مزید برآں، کمپنی کی پالیسی کے مطابق انھیں 5,580,000 روپے کا پرفارمنس incentive بھی ادا کیا گیا۔ ان کے تقرر کے دوسرے کسی ضابطے یا شرائط میں کوئی تبدیلی نہیں ہوئی۔

جناب احسان ایم سلیم، چیف ایگزیکٹو ہونے کے علاوہ کمپنی کے ڈائریکٹر بھی ہیں اور ان کی شرائط تقرر پر مذکورہ بالا نظر ثانی میں ان کو interested تصور کیا جائے گا۔

فنانشل اسٹیٹمنٹس

پی ایس ایکس رول بک کی شق (a) 5.19.14 کے تحت چیف ایگزیکٹو آفیسر اور چیف فنانشل آفیسر نے بورڈ آف ڈائریکٹرز کے غور اور منظوری کے لیے فنانشل اسٹیٹمنٹس پیش کیے اور اپنے اپنے دستخط سے ان کی توثیق کی۔ بورڈ نے غور اور فکر کے بعد ان فنانشل اسٹیٹمنٹس کی منظوری دی اور اسے اور سرکولیشن کے لیے دستخط کا اختیار دیا۔

رواں سال کے دوران بورڈ میں کوئی عارضی اسامی پیدا نہیں ہوئی۔ مزید برآں، پی ایس ایکس رول بک کی شق (f)(xii) 5.19.11 کے مقاصد کے لیے بورڈ نے یہ پیمانہ مقرر کیا کہ کمپنی کے تمام ڈیپارٹمنٹس کے فکشنل ہیڈز کو "ایگزیکٹو" تصور کیا جائے گا۔ بورڈ نے اس پیمانے کا جائزہ لیا اور کمپنی کے انتظامی ڈھانچے کے پیش نظر اسے اطمینان بخش پایا۔

بورڈ آف ڈائریکٹرز اور اس کی کمیٹیوں کی پرفارمنس ایپلو ایٹن

گورننس اینڈ ایپلو ایٹن کمیٹی نے انفرادی بورڈ یا کمیٹی کے ارکان، جو بھی صورت حال ہو، کے ذریعے سیلف ایسسمنٹ کے مسلمہ طریقہ کار کی بنیاد پر بورڈ آف ڈائریکٹرز اور اس کی کمیٹیوں کی پرفارمنس کا اندازہ لگایا۔ گورننس اینڈ ایپلو ایٹن کمیٹی کی سفارش پر بورڈ کی طرف سے مذکورہ بالا طریقہ کار کی منظوری دی گئی تھی۔

سی ای او کی پرفارمنس ایپلو ایٹن

سال کے دوران بورڈ کی انسانی وسائل اور مشاہرہ کمیٹی نے پرفارمنس کی بنیاد پر مسلمہ ایپلو ایٹن سسٹم کے مطابق سی ای او کی پرفارمنس کو جانچا۔

سال کے دوران بورڈ آف ڈائریکٹرز کے سات اور آڈٹ کمیٹی کے پانچ اجلاس ہوئے، جبکہ گورننس اینڈ ایپلو ایٹن کمیٹی کے دو اور انسانی وسائل اور مشاہرہ کمیٹی کا ایک اجلاس بلا یا گیا۔ ہر ڈائریکٹر کی طرف سے حاضری، الگ سے منسلک ہے۔

شیر ہولڈنگ کا پیرن اور ٹریڈ کیے جانے والے شیئرز

شیر ہولڈنگ کے پیرن اور اس کے بارے میں اضافی معلومات الگ سے منسلک ہیں۔

سال کے دوران جناب ناصر شفیع (ڈائریکٹر) نے کمپنی کے 37,876 شیئرز بیچے اور 100 شیئرز حاصل کیے۔ جناب احسان ایم سلیم (سی ای او) نے کمپنی کے 40,000 شیئرز اپنے بچوں کو تحفے میں دیئے، جبکہ محترمہ حاجرہ احسان سلیم (ایگزیکٹو) نے 1,000 شیئرز مارکیٹ سے اور 10,000 شیئرز تحفے کے طور پر اپنے والد سے حاصل کیے۔

پی ایس ایکس رول بک کی دفعات اور سکیورٹیز ایکٹ، 2015 کے مطابق مذکورہ بالا اطلاع پاکستان اسٹاک ایکسچینج (پی ایس ایکس) اور سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) کو بھی دی گئی۔ اس کے علاوہ کسی دوسرے ڈائریکٹر، چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، کمپنی سیکرٹری، ایگزیکٹوز ان کے شریک حیات اور نابالغ بچوں کی طرف سے کمپنی کے شیئرز کی کوئی ٹریڈنگ نہیں ہوئی۔

ڈائریکٹرز

کمپنی کے ڈائریکٹرز کا انتخاب 29 جنوری، 2015 کو ہوا اور چیف ایگزیکٹو آفیسر کے علاوہ سات رکنی بورڈ بلا مقابلہ منتخب ہوا جس کی میعاد 29 جنوری، 2018 کو ختم ہوگی۔

ڈائریکٹرز کے الیکشن کے بعد بورڈ نے 11 فروری، 2015 کو ہونے والے اپنے 134 ویں اجلاس میں اتفاق رائے سے

کمپنی کا سبز ریویو 2016، 10 ملین پاکستانی روپے رہا (FY16: 7,412 ملین پاکستانی روپے) اور اس میں زیادہ تر آئٹیل ڈویژن کا خرچ اور شامل ہے۔ آئٹیل ڈویژن نے 8,920.1 ملین پاکستانی روپے کی سبز پوسٹ کیس (FY16: 7,378.1 ملین پاکستانی روپے) کاٹن ڈویژن کی سبز پوسٹ کیس (FY16: 33.9 ملین پاکستانی روپے) آئی آئی ڈویژن سے انویسٹمنٹ اکم 246.9 ملین پاکستانی روپے رہی (FY16: 42.5 ملین پاکستانی روپے)۔

منظر نامہ

اب، جبکہ ہم مالی سال 18 میں داخل ہو رہے ہیں ہم آنے والے انرجی اور دوسرے انفراسٹرکچر منصوبوں کے بارے میں پرامید اور پر جوش ہیں۔ ہمیں قومی اہمیت کے حامل منصوبوں کا حصہ ہونے پر فخر ہے اور ایک قائدانہ لوکل مینوفیکچرنگ کی حیثیت سے لائن پائپ سیکٹ کی بڑھتی ہوئی مانگ کو پورا کرنے کی بہتر پوزیشن میں ہیں۔ فوری قلیل مدت کے حوالے سے انرجی انفراسٹرکچر کے بڑھتے ہوئے منصوبے، بشمول آرائل این جی-III، آئٹیل لائن پائپ کی طلب میں تیزی پیدا کرے گا۔ درمیانے سے طویل مدت کے امکانات بدستور صحت مندر ہیں گے، جیسا کہ ہمیں امید ہے کہ کنسرکشن اور وائر مینجمنٹ نیٹ ورکس میں لائن پائپ کا استعمال خاطر خواہ حد تک بڑھے گا۔

بڑھتی ہوئی معاشی سرگرمی اور ایک مضبوط پی ایس ڈی پی outlay کے سبب تعمیراتی سرگرمیوں اور سی پیک سے متعلق سرگرمیوں میں اضافے کی وجہ سے ہمارا آئٹیل لاگ پراڈکٹس بزنس بڑھے گا۔ اس کے علاوہ پاکستان پہلے ہی اپنی زیادہ تر آئٹیل اور آئرن کی ضروریات درآمدات سے پوری کرتا ہے اور استعمال کے لیے چلائے گا کافی خلاء موجود ہے۔

اسپیننگ کے بارے میں ہمارا انداز فکر بدستور پہلے جیسا ہے اور ہم محسوس کرتے ہیں کہ مطلوبہ CAPEX اور کوآپریٹو کوششوں کے بغیر، ہائی فلڈ کاسٹ میں کے باعث اس سیکٹ کی کارکردگی کم رہے گی۔

مقامی اسٹاک ایکسچینج سے بھی توقع ہے کہ وہ معتدل منافع دے گا اور اس کے نتیجے میں ہمارے انویسٹمنٹ ڈویژن کے منافع کے متاثر ہونے کا امکان ہے۔ تاہم، ہم نے زیادہ منافع دینے والے اور ایسے

سیکٹرز کی طرف رجوع کیا ہے جو پاکستانی روپے کی قدر میں کمی کے بارے میں پیشگی فطری تحفظ رکھتے ہیں۔

گزشتہ سال نے معاشی اور سیاسی محاذ پر متعدد چیلنجز دیکھے، تاہم مالی سال 18، آنے والے ترقیاتی منصوبوں کے پیش نظر پاکستان اور کریسٹل آئٹیل کے لیے پرامید سال نظر آتا ہے اور اس بارے میں ہمارا انداز فکر مثبت ہے۔

مربوط فنانشل اسٹیٹمنٹس کی بنیاد پر مالیاتی اور آپریشنل

کارکردگی

قبل ازیکس مربوط منافع [بشمول مکمل ملکیتی سبسڈری کمپنیوں سی ایس کیپیٹل (پرائیویٹ) لمیٹڈ، کریسٹل حدید (پرائیویٹ) لمیٹڈ اور شکر گنج انرجی (پرائیویٹ) لمیٹڈ (ایس ای ایل) کے نتائج] 1,592 ملین پاکستانی روپے رہا، جس میں آئٹیل ڈویژن کا حصہ 968.3 ملین روپے تھا۔ بعد ازیکس مربوط منافع اور ای پی ایس برائے گروپ مالی سال 17 کے لیے 1,187.1 ملین روپے رہا۔ (FY16: 1,122.2 ملین روپے) اور 15.29 پاکستانی روپے (FY16: 15.05 پاکستانی روپے) رہا۔ ایکویٹی اکاؤنٹیڈ انویسٹرز کے منافع کا خالص شیئر 3.69 ملین پاکستانی روپے (FY16: 347.1 ملین روپے) رہا۔ دیگر جامع آمدنی برائے سال 483.2 ملین روپے (FY16: 200.5 ملین روپے) تھی، اس کے نتیجے میں کل جامع آمدنی برائے سال 1,670.3 ملین پاکستانی روپے (FY16: 1,322.7 ملین روپے) رہی۔

کارپوریٹ اینڈ فنانشل رپورٹنگ فریم ورک کے بارے میں

اسٹیٹمنٹ

کمپنی کی انتظامیہ کی طرف سے تیار کیے گئے یہ مالیاتی اسٹیٹمنٹس، اس کی صورت حال، اس کے آپریشنز کے نتائج، کیش فلوز اور ایکویٹی میں تبدیلیوں کا درست طور پر اظہار کرتے ہیں۔ کمپنی کے حسابات کے کھاتے مناسب طریقے سے رکھے جا رہے ہیں۔ مالیاتی اسٹیٹمنٹس کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کا مسلسل اطلاق کیا گیا اور اکاؤنٹنگ کے تخمینوں کی بنیاد محقول اور محتاط فیصلوں پر ہیں۔

فنانشل اسٹیٹمنٹس کی تیاری میں انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز (آئی ایف آر ایس) پر، جیسا کہ پاکستان میں قابل اطلاق ہیں، عمل کیا گیا ہے اور ان سے کسی بھی انحراف کو، اگر کوئی ہوا ہے، مناسب طور پر، منکشف کیا گیا ہے اور اس کی وضاحت کی گئی ہے۔

انٹرنل کنٹرول کا سسٹم ڈیزائن کے اعتبار سے مستحکم ہے اور اسے موثر طریقے سے نافذ کیا گیا ہے۔ انٹرنل آڈٹ کے ذریعے اور اس قسم کے دوسرے مانیٹرنگ طریقوں سے اس سسٹم کو مسلسل مانیٹر کیا جاتا ہے۔ کنٹرول کو مزید مضبوط بنانے اور سسٹم میں بہتری لانے کے مقصد کے ساتھ انٹرنل کنٹرولز کو مانیٹر کرنے کا عمل آگے بڑھنے والے عمل کے طور پر جاری رہے گا۔ مزید یہ کہ بورڈ اس بات کو تسلیم کرتا ہے کہ کمپنی کا مجموعی کنٹرول نظام بشمول اندرونی مالیاتی کنٹرول اس کی بنیادی ذمہ داری ہے۔

کمپنی کے آگے بڑھنے والے ادارے کی حیثیت سے برقرار رہنے کی صلاحیت کے بارے میں کوئی قابل ذکر شک نہیں ہے۔

کارپوریٹ گورننس کے بہترین طور طریقوں سے، جیسا کہ لسٹنگ ریگولیشنز میں کہا گیا ہے، کوئی مادی انحراف نہیں کیا گیا۔

کمپنی اور گروپ کی بنیادی سرگرمیاں کمپنی پروفائل میں درج ہیں جبکہ چیف ایگزیکٹو کے پیغام میں، جس کی بورڈ آف ڈائریکٹرز نے توثیق کی، پچھلے سال کے مقابلے میں کمپنی کے آپریشنز میں اہم تبدیلیوں، اہم منصوبوں اور منافع کے مستقبل کے امکانات کی تفصیل بتائی گئی ہے۔

پچھلے چھ سال کے اہم آپریشن اور فنانشل ڈیٹا کا خلاصہ اس کے ساتھ منسلک فارم میں درج ہے۔

ڈائریکٹرز کے نام اور تفصیلات بورڈ آف ڈائریکٹرز کے سیکشن میں دی گئی ہیں۔

ٹیکس اور لیویز کے بارے میں معلومات فنانشل اسٹیٹمنٹس کے نوٹس میں دی گئی ہیں۔

30 جون 2017 کو ملازمین کی تعداد 481 تھی (2016: 891)۔

آڈٹ شدہ اکاؤنٹس کی بنیاد پر درج ذیل فنڈز کی ویلیو آف انویسٹمنٹ اس طرح تھی:

ڈائریکٹر صاحبان کی رپورٹ

کمپنی کے ڈائریکٹر صاحبان کو 30 جون، 2017 کو ختم ہونے والے سال کی رپورٹ بمع کمپنی کے آڈٹ شدہ حسابات پیش کرتے ہوئے خوشی محسوس ہو رہی ہے۔

آپریٹنگ نتائج

کمپنی کے مالیاتی نتائج کا خلاصہ حسب ذیل ہے:

2016	2017	(روپے "000 میں)
1,315,573	1,391,703	قبل از ٹیکس منافع برائے سال
(348,437)	(379,268)	ٹیکسیشن چارج
967,136	1,012,435	بعد از ٹیکس منافع
184,301	379,591	دیگر کل جامع آمدنی برائے سال
488,642	1,363,706	افتتاحی غیر تخصیص شدہ منافع
1,640,079	2,755,732	تخصیص کے لیے دستیاب منافع
		تخصیصات:
(43,475)	-	2015-@7%
(116,449)	-	2016-@15%
(116,449)	-	2016-@15%
-	(155,265)	2016-@20%
-	(116,449)	2017-@15%
-	(116,449)	2017-@15%
(276,373)	(388,163)	
-	(1,000,000)	عمومی ذخائر کو منتقلی
1,363,706	1,367,569	افتتاحی غیر تخصیص شدہ منافع
12.97 روپے	13.04 روپے	بنیادی اور ڈائریکٹوریٹ آمدنی فی شیئر

پاکستانی روپے)۔ مالی سال 17 کے لیے ٹیکس چارج 379.3 ملین رہا (FY16: 348.4 ملین پاکستانی روپے) اس میں حکومت کی طرف سے لگائے جانے والے سوپر ٹیکس کی مد میں 36.6 ملین پاکستانی روپے شامل ہیں (FY16: 40.1 ملین پاکستانی روپے)

کمپنی نے مالی سال 17 میں ریکارڈ منافع، اسٹیل ڈویژن کی طرف سے جزیٹ کیے گئے برنس کی مد میں کمایا۔ آئی ڈی ڈویژن نے مقامی اسٹاک ایکسچینج میں غیر یقینی کی صورت حال کے باوجود، جو کہ سیاسی عدم استحکام کی وجہ سے تھی اور جس نے مارکیٹ کو خراب رکھا ہوا تھا، منافع میں ایک بڑا حصہ ادا کیا، جبکہ سال کے دوران کاسٹن ڈویژن نے کوئی نفع یا نقصان نہیں کمایا کیونکہ مارکیٹ کے حالات چیلنجنگ اور منافع کمانے کے لیے سازگار نہیں تھے۔

غیر مربوط مالیاتی اسٹیٹمنٹس کی بنیاد پر مالیاتی اور آپریٹنگ کارکردگی

30 جون، 2017 کو ختم ہونے والے سال (FY17) کے دوران کمپنی کا قبل از ٹیکس منافع 1,391.7 ملین پاکستانی روپے رہا (FY16: 1,315.6 ملین پاکستانی روپے)۔ بعد از ٹیکس منافع بڑھ کر 1,012.4 ملین پاکستانی روپے ہو گیا (FY16: 967.1 ملین پاکستانی روپے) جبکہ رواں سال کے دوران فی شیئر آمدنی (ای پی ایس) 13.04 پاکستانی روپے رہی (FY16: 12.97 پاکستانی روپے) دیگر جامع آمدنی برائے سال 387.7 ملین پاکستانی روپے تھی (FY16: 183.5 ملین)۔

اس کا نتیجہ سال کے دوران 1,400.1 ملین پاکستانی روپے کی جامع آمدنی کی صورت میں نکلا (FY16: 1,150.7 ملین

کمپنی کے بورڈ آف ڈائریکٹرز نے 12 اگست، 2017 کو اپنے اجلاس میں 30 جون، 2017 کو ختم ہونے والے سال کے لیے 2.25 روپے فی شیئر (یعنی 22.5% نقد منافع منقسمہ تجویز کیا (2016: 2 روپے فی شیئر) جس کی مالیت 174.673 ملین روپے ہے۔ یہ 1.5 روپے فی شیئر (یعنی 15% فی) کے اس پہلے اور دوسرے نقد منافع منقسمہ کے علاوہ ہے جو پہلے ہی تقسیم کیا جا چکا ہے اور ان مالیاتی گوشواروں میں درج ہے، اس طرح 30 جون، 2017 کو ختم ہونے والے سال کے لیے کل نقد منافع منقسمہ کی تقسیم 5.25 روپے فی شیئر (یعنی 52.5%) ہو جاتی ہے۔

مجوزہ نقد منافع منقسمہ 17 اکتوبر، 2017 کو ہونے والے سالانہ اجلاس عام میں ممبرز کی منظوری سے مشروط ہے۔ ان مالیاتی اسٹیٹمنٹس میں مذکورہ بالا تجویز کا اثر شامل نہیں ہے، جسے اس مدت میں شمار کیا جائے گا جس میں ممبرز کی جانب سے منظوری دی جائے گی۔

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER



I am pleased to report that Crescent Steel had a good year. We continued to fulfil our promises and commitments to our various stakeholders and assisted many clients while delivering robust performance, both financial and non-financial.

Dear shareholders and business partners,

It is a great pleasure for me to present our 2017 annual report.

We have just finished another eventful year both locally and globally - especially on the economic and political front - and for us at Crescent Steel. At the end of fiscal year 2016 we had just commissioned our second spiral pipe manufacturing line and were getting ready to commission the second furnace at our steel melt-shop.

It was a year of sustained higher performance at Crescent Steel. We achieved good organic volume growth, with an operating profit margin of more than 15% and an EBITDA margin of 16.5 % (FY16: 22.6%). The consistent performance from our line pipe manufacturing business resulted in strong cash generation with an EBITDA of PKR 1,682 million. The underlying profit for the year was PKR 1,012.4 million - 4.7% higher than in FY16. The Separate and Consolidated EPS stood at PKR 13.04 and PKR 15.29, respectively; an earnings growth of 0.6% over last year and 110.8% over

the last five years. Our operating profit margin declined to 15.5% (FY16: 21%) primarily due to higher HRC prices toward the end of 2016. ROCE also declined from 18.3% to 15.9% on account of an increase in borrowings in line with higher working capital requirements. We proposed a final dividend of PKR 2.25 per share, bringing the total dividend per share over FY17 to PKR 5.25. This is a payout ratio of 40.3% of the reported net profit. We have delivered 108% growth in our share price during the year and an average dividend growth rate of 13.24% p.a over the last 5 years.

We were also able to enhance our impact on society - we have covered our non-financial performance in our Corporate Responsibility Report in greater detail. We strive to keep moving forward along our journey towards achieving the true potential of Crescent Steel.

During fiscal year 2017, the incremental production capacity and service capabilities enabled us to ensure on time supply to our customers and offer collaborative solutions to help manage their operational challenges. The Company is contributing towards key energy infrastructure projects including RLNG II and RLNG III by consistently providing high quality steel line pipes and was the only local manufacturer in this space during the outgoing year.

We closed the year with record line pipe production and financial performance of 88,110 tons, 380 KMs of line pipe during the year and there is great pride in being in a position to contribute to Pakistan's energy and water infrastructure landscape as the most reliable line pipe manufacturer in Pakistan.

At an operational level Crescent Steel did well and was supported by a strong balance sheet. Our spinning operations continue to face challenging market and structural conditions. We are putting arrangements in place to mitigate impacts. Crescent Hadeed (Private) Limited was not able to generate enough cash from operations resulting in tight liquidity positions; with the addition of a second furnace, resulting in

doubling of capacity to 85,000 tons, we will be able to lower input costs, strengthen margins and improve cash generation. CS Capital (Private) Limited posted healthy earnings in line with capital market performance.

Fiscal year 2018 looks promising with respect to our line pipe business and we will strive to maintain our earnings performance from the segment, although margins will remain squeezed as steel prices trend upwards. We are not expecting significant returns from our investments division as looming political and regional uncertainty is expected to keep capital markets volatile. We have shifted our portfolios to hedge against imminent devaluation and capital losses. We will continue to invest in the future and we aim to achieve sustainable growth - meaning we will be selective in our pursuit of growth, focusing on sectors in which we have proven expertise.

Pursuing our Vision - "To excel across all our operations and deliver sustainable value to all stakeholders" - we have taken actions that have made us stronger as a company.

We have made a clear prioritization of where we want to grow and have narrowed our focus on those parts of the business where we can leverage our strengths. We have also taken measures to remove complexity from processes and plant operations. We continue to invest in a skilled Pakistan and strive to ensure that there is no ill impact on the communities where we operate.

In response to growing demand for line pipes and enhanced working capital requirements, we demonstrated strong access to capital with the support of our lenders and other financial advisers. We secured credit ratings of A (long term) and A-2 (instrument/short term rating) through JCR-VIS.

In addition to this we have ring-fenced our business. Our ancillary business lines help buffer the any periods of famine in the business by protecting our Group top and bottom lines; separating them as subsidiaries help protect independent balance sheets.

During late fiscal year 2017 we extended the scope of our change programs to supply chain excellence and we expect to start seeing the benefits during the course of fiscal year 2018.

I am pleased that we have been able to sustain our FY2016 performance in FY2017 and I am hopeful that, while there will be cycles of sluggish demand, we have undertaken to establish strong earnings bases centered on diversified revenue streams and a corporate structure that can overcome a severe environment through various measures, based on a long-term viewpoint.

LOOKING AHEAD

Located at the junction of South Asia, Central Asia China and the Middle East, Pakistan has important strategic geopolitical advantage and development potential to connect vast regional markets with a large population, diverse resources, and untapped potential for trade.

Growth accelerated last year and ADB estimates put growth rates at 5% in 2017 and on an increasing trajectory for the next three years. The outlook is favorable; however, sustained growth requires consistent reforms. An educated Pakistan, energy and water security, alongside permanent improvement in security is critical to economic growth in Pakistan. Operational readiness to manage the skills gap, regional security conditions, and local political conditions could also affect the pace of progress on key milestones.

We have a clear strategy and our focus for the year ahead remains on expanding our position in the engineering sector with ongoing investment in our two engineering sector businesses as we continue to build pathways toward future, sustainable and long-term growth.

We operate in a dynamic and competitive environment where new investment in the region is catapulting us into a world of rapid growth, change and competition; likely to force innovation. We see great opportunity to embrace this growth, great opportunity for those of us that will view this from a prism of sustained national security and great opportunity for Pakistani businesses and Pakistan.

We understand that we need to continue to innovate and to ensure we can build our capability in our growth areas. Our business is highly dependent on key infrastructure development projects in the energy and water sectors. Development is deeply rooted to society and so demand in this segment fluctuates significantly.

As economic activity picks up on the back of OBOR/CPEC we can expect demand for products from our core businesses - line pipes and steel long products - to deliver double digit growth as vital water, energy and trade/port infrastructure development becomes necessary and construction activity picks up. Steel pipes are also increasingly being used for construction and piling.

Multiple projects that have been on the cards are yet to be awarded and are likely to materialize in the medium term. These include the Karachi Bulk Water Supply (K4) project, Thar Coal Power Project and, Islamabad Water Supply Project.

The Federal Budget for FY18 has targeted an aggregate outlay of PKR 4.75 trillion and allocated PKR 1 trillion to the Public-Sector Development Programme (PSDP). In the immediate short term, the 1,100 km Karachi-Lahore pipeline is due to be completed by October 2018 and is likely to progress seamlessly triggering demand for pipes and coating applications. The project, valuing PKR 120 billion has been partially tendered (550Km) and the remainder is likely to be tendered during H1FY18. In addition to orders in hand upcoming business should

keep our line pipe operations busy throughout the fiscal year. We will be exposed to higher raw material prices and lower margins on some of the orders we secured early on in FY18, however, prices are likely to remain range bound and we are taking measures to protect margins across all manufacturing processes with greater focuses on coil quality parameters.

In concluding, I would like to thank our people for their extraordinary efforts. While this year has presented rewards and challenges alike, we can look to the future with increasing optimism and confidence.

Finally, I would like to recognise and thank our other key stakeholders - our customers, the communities in which we operate, our business partners and particularly you, our shareholders for your ongoing support.

I look forward to your continued support in our collective journey to build a sustainable and value creating enterprise.



Ahsan M. Saleem

Chief Executive Officer
12 August 2017

STEEL SEGMENT PERFORMANCE

FINANCIAL PERFORMANCE

Our capacity expansion last financial year allowed us to continue taking advantage of the opportunities offered by the Gas distribution companies in view of extensive network infrastructure expansion projects to accommodate the import of LNG.

Resultantly this led to record sales of PKR 8,920.1 million (FY16: PKR 7,378.1 million) for the Steel Division. Gross Profit (GP) for the division stood at PKR 1,865.4 million (FY16: PKR 2,254.0 million) despite having higher sales than previous year, the historic margins could not be sustained due to upward movement in prices of Hot Rolled Steel Coils and due to lower revenue from coating activities. Profit before tax (PBT) for the period was recorded at PKR 1,121.6 million (FY16: PKR 1,370.8 million).

Distribution and selling expenses at PKR 13.8 million were at par with corresponding period last year, and well-restricted within the budget expenditure due to lower expenses incurred in salaries and wages, advertisement, travelling & conveyance and legal & professional expenses.

Other operating expenses during the year were PKR 412.2 million (FY16: PKR 417.5 million) mainly due to provision for WWF and WPPF levies of PKR 81.1 million and liquidated damages amounting to PKR 309.6 million against deductions by Customers due to deliveries made beyond purchase order dates.

Mixed-dia bare pipe production during the year was 88,110 tons (FY16: 58,202 tons). On a notional basis this works out to 107,699 tons (FY16: 66,811 tons). Line-pipe coating of 397,103 square metres

was recorded during FY17 as compared to 590,738 square meters during the FY16.

QUALITY

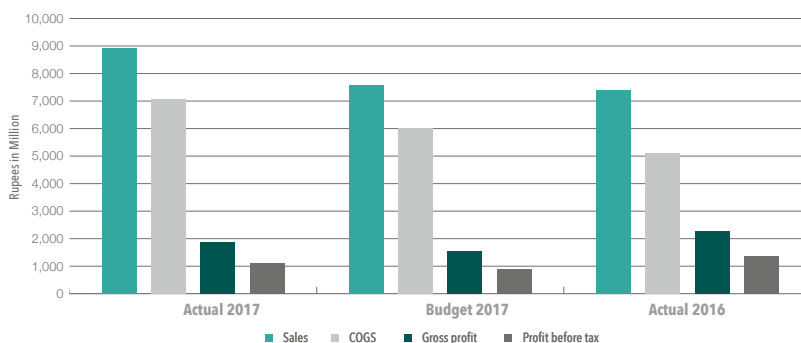
Crescent Steel is committed to the highest standards of quality in product delivery and services while maintaining strong customer focus. We strive to apply cutting edge technology and remain client centric to drive profitability and efficiency, without compromising on quality. Every year, we make sure incremental improvements are made through specific quality improvement projects that run parallel to our strategic and process improvement initiatives. Effectiveness of our Quality Management System is ensured through an independent quality function.

This year Crescent Steel has expanded its testing facility and added state of the art technologies to improve its quality of product. In this regard, a Fluoroscopy unit comprising of an X-ray system and X-ray Imaging Kit has also been setup to strengthen the non-destructive testing facilities of the Company.

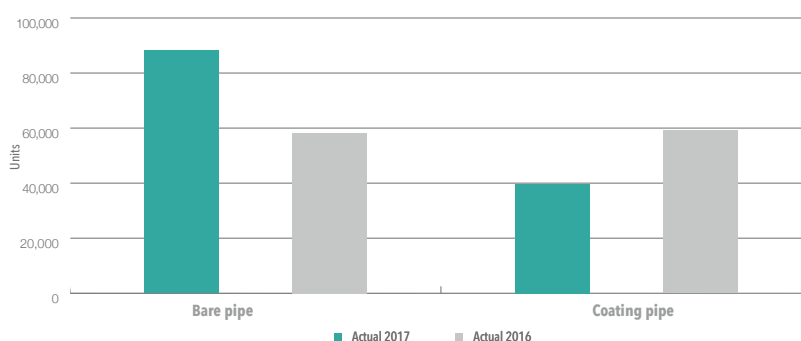
In order to ensure sustainability of the quality, we have acquired the Quality management system (QMS) in line with API Q1 and ISO 9001 and have been constantly maintaining it. An independent quality function is also in place to ensure the effectiveness of the QMS throughout the facility.

Furthermore, our skilled manpower are provided extensive on the job trainings and required technical trainings to enable effective quality assurance and restrict any skill gaps.

OPERATING PERFORMANCE



PRODUCTION



IID SEGMENT PERFORMANCE

FINANCIAL PERFORMANCE

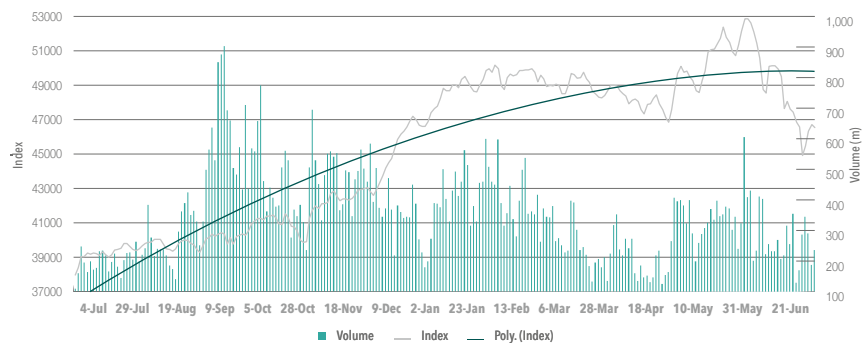
During the year ended 30 June 2017, the division's Held for Trading (HFT) segment recorded an ROI of 25.65% on weighted average investments of PKR 375.8 million during the same period the benchmark KSE-100 index increased by 23.24%. Realised gains (gains from trading activities and, dividend income) from HFT investments stood at PKR 28.1 million i.e. an ROI of 7.46% on weighted average investments while unrealized gains contributed PKR 68.3 million i.e. 18.19% to the HFT segment ROI. On an overall basis, the portfolio ROI on marketable securities stood at 102.5% on weighted average investments of 2,977.8 million.

The portfolio's accumulated profit before tax (PBT) for the year ended 30 June 2017 stood at PKR 315.5 million, as against FY16 (PBT) of PKR 83.3 million. The PBT includes an impairment reversal on strategic investments in Shakarganj Limited (SML) to the tune of PKR 100.6 million and dividend on equity accounted investments in Altern Energy Limited (AEL) of PKR 140 million; this constitutes 76% of the division PBT.

THE EQUITIES MARKET - KSE 100 INDEX

The KSE-100 index closed the year at 46,565 points, gaining 23% during fiscal year 2017, outperforming the MSCI emerging Markets index

THE MARKET PERFORMANCE FOR FY17



(21.6%) and MSCI Frontier Markets index (15%). The last quarter of FY17 kept the benchmark bourse under pressure with the Panama Leaks verdict looming and foreign selling, albeit, on low traded volumes.

June saw a post MSCI reclassification correction, shedding 6,562 points (12%) during the remainder of the fiscal year, from its all-time high of 53,127 points in May.

A plethora of negative events and news that missed expectations created insecurity and hesitation for investors and as a result, volumes remained dull averaging 257 million shares per day and USD 121.6 million in June 2017 as against average daily volumes of 350 million shares traded per day.

Pakistan's weight in the MSCI EM index is currently 0.14%, with 6 large cap companies (OGDC, HBL, MCB, UBL, LUCK and ENGRO); a 9% weight was allocated to Pakistan under Frontier Markets with a total of 36 constituents under large, mid and small caps.

Major sectors that underperformed during FY17 were Beverages (-77%), Household Goods (-31%) and Power and Generation (-7%). Top performers include Industrial Metals and Mining (+191%), Multi-utilities (+168%) and Automobile & Parts (+96%).

The KSE-100 index is currently trading at a forward P/E multiple of 8.0x, a steep discount to MSCI EM index (12.5) and other EM/Regional peers; India (18.4x), Malaysia (16x), China (13.3x), Indonesia (16.1x) and Bangladesh (13.79x). Despite an anticipated PKR devaluation, the 2018 general elections and political uncertainty in the immediate short term, the local bourse is expected to provide modest returns during FY18 on the back of strong buffers in terms of corporate performance, improving indicators, energy availability, surplus local liquidity and improved local security.

COTTON SEGMENT PERFORMANCE

During the year, division recorded revenue of PKR. 1,288 million (FY16: PKR 33.9 million). Gross loss of PKR. 6.58 million (FY16: PKR 111 million) was recorded due to challenging market conditions and a high fixed cost in the segment. The year ended with a loss before tax of PKR 45.5 (FY16: 138.7 million).

Higher cost of energy and raw material has affected textile sectors competitiveness with countries like Bangladesh, Vietnam, China and India, which are supported by export rebates.

Local mills are investing in new and modern technology to meet the challenges of future and enhancing their number of spindles to minimize the cost of production by lowering their per spindle cost. Cotton Division production was switched to Cotton and Synthetic yarn to remain competitive, but could not perform well on account of market challenges. We closed manufacturing operations at the segment and are revisiting our strategy on this business with hopes to recommence as soon as market conditions become favorable.

SUBSIDIARIES PERFORMANCE

SHAKARGANJ ENERGY LIMITED (SEL)

During FY17 SEL reported loss of PKR 57.6 million (FY16: PKR 51.5 million), net of profit amounting to PKR 39.39 million during sugar crushing season (18 November 2016) and ending on 3 April 2017) while (FY16: net loss PKR 1.2 million during the season period January 2016 to February 2016). During first half of FY17, loss amounted to PKR 63.34 million while there was profit of PKR 5.62 million during the next half.

Loss during the year was incurred mainly due to fixed production overheads, low activity and high bagasse cost during pre-season.

CRESCENT HADEED (PRIVATE) LIMITED (CHL)

During FY17 the Company manufactured 31,962.26 tons of billets (FY16: 2,638.1 tons) while sold 31,835 tons (FY16: 2,904.77* tons); and reported net loss amounting PKR 151.85 million (FY16: PKR 66.56 million). During first half of FY17, loss amounted to PKR 89.0 million and loss of PKR 62.85 million was incurred during the second half.

With the commissioning of second Furnace near the close of FY17, the Company would achieve economies of scale and improved financial results going forward.

CS CAPITAL (PRIVATE) LIMITED

During the year, profit after tax of CS Capital (Private) Limited (CSCL) amounted to PKR 52 million (FY16: PKR 5.4 million). Portfolio performance remained resilient primarily on account of unrealised gains on HFT investments of PKR 48.7 million and dividend income of PKR 15.1 million from investments in Altern Energy Limited and The Crescent Textile Mills Limited.

* Post commercial production 1 June 2016.

CHALLENGES AND INITIATIVES

TARIFF ANOMALIES

Historically, of the total business tendered, a significant portion of the business is awarded to foreign manufacturers as local manufacturers face unfair competition in the face of export rebates available to foreign manufacturers coupled with local tariff anomalies on the import of pipe and, interpretation issues with the application of price preference to local manufacturers under SRO 827(I)/2001. Local manufacturers in Pakistan face survival challenges as large diameter pipe imports are largely unregulated, with little difference between duties on imported raw material and finished product (for large diameter welded pipes). We remain persistent in our effort to engage the Engineering Development Board (EDB), Board of Investment (BoI) and FBR in an attempt to seek trade remedies/ protection for local large diameter pipe manufacturers.

FY16-FY17 saw demand significantly increase for steel line pipes as required energy infrastructure projects kicked off. Local manufacturers were booked at capacity, however, the tariff anomalies remain unaddressed and a significant portion of line pipe demand is met by importing pipes. We are constantly in touch with the relevant regulatory authorities and trade bodies for meaningful dialogue on these anomalies.

REGIONAL COMPETITION

Regional players in the local line pipe industry, specifically Chinese manufacturers have a competitive

edge and are able to beat local prices on the back of export rebates offered to them on pipes. Consequently, local manufacturers are unable to beat foreign prices without significant erosion to margin.

CAPITAL MANAGEMENT AND LIQUIDITY

The sharp increase in the volume of business and investment asks of newly established subsidiary units added liquidity pressures to meet working capital requirements. To address the liquidity challenges, the Company harvested trading investments, raised capital against promissory notes, and leveraged the balance sheet position to secure additional banking facilities.

SUPPLY CHAIN:

High steel grade hot rolled coils (HRC) is not available locally and has to be imported from Chinese, Korean and European markets. The lack of local upstream suppliers for our basic raw material as well as other basic materials add constraints and pushes up input costs.

INITIATIVES

Innovation, machinery optimization and process improvement initiatives are of great value to us at Crescent Steel. We remain relentless in our pursuit of enhancing output through continuous improvements in our processes and infrastructure. We believe that targeted improvement initiatives lead to increased productivity, enhanced uptime, better quality products, good service, and environmental conservation.

STEEL DIVISION

In order to meet customer demand for large diameter heavy wall thickness pipes we have been constantly upgrading our manufacturing facility with latest technology and giving extra emphasis on employee training, to meet the product quality requirements as defined by the customer and American Petroleum Institute. During the year, in addition to augmenting our pipe plant and finishing line to manage increased handling and finishing volumes, we upgraded our facilities with state of the art Non Destructive Testing equipment including an Ultrasonic and Radiographic Weld Scanning system, and a Fluoroscopy unit comprising of an X-ray system and X-ray Imaging Kit.

INFORMATION SYSTEMS

Reliability and uptime of IT systems is critical to the business and in order to maintain this our IT team has implemented a real-time monitoring and measurement tool for all critical servers and services which has resulted in improved uptime.

The first phase of the successor cloud based HCM system has been implemented and the entire suite is expected to be completed by Q2 FY18.

The function continues to focus on business continuity, disaster management and works to provide real time actionable intelligence for decision making.

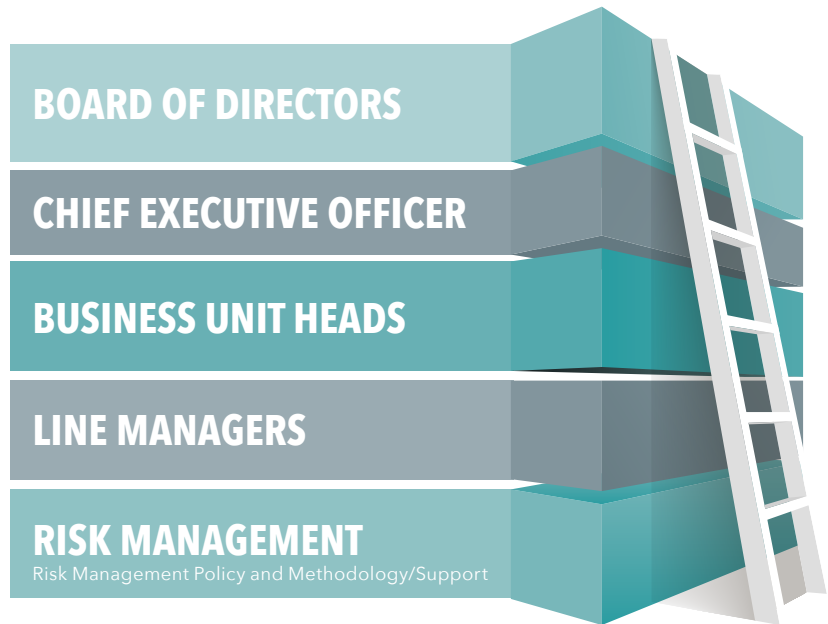
RISK REPORT

The Company conducts business in a complex and challenging environment and is therefore exposed to number of external and internal risks that may present threats to its success and profitability. Every business decision taken is based on weighing the associated risks against rewarding opportunities. We take measured risks as we strive to seize business opportunities that are compatible with our long-term vision.

Risk management is one of the essential elements of the Company's corporate governance and creates a balance between entrepreneurial attitude and risk levels associated with business opportunities. Our risk management system supports recognition of developments likely to jeopardize the future performance of the Company and helps take pre-emptive action against unnecessary risks.

Risk management at Crescent Steel is about safeguarding our ability to create value for all of our stakeholders and is carried out within the governance structures of the group. Operational risk identification, management and reporting are achieved via a bottom-up approach. Risks are then managed strategically in a top-down approach emanating from the board.

Our plan is to implement a single risk management, reporting and governance framework into all the relevant departments, divisions and services within the group such that the group risk function (as is also occurring with governance, compliance and sustainability functions) will be centralised into a foundational, group-wide process, and embedded into the day-to-day management of each of the group's



businesses and functions and into each manager's responsibility.

The new framework will increase accountability of operations and

management of the risks at all levels, and are making it easier to consolidate and analyse risk-related data at a group level.

Major risks and their mitigations are covered below.

MAJOR BUSINESS RISKS AND THEIR MITIGATION	
MAJOR BUSINESS RISKS	MITIGATING FACTORS / ACTIONS IN PLACE
MACRO-ECONOMIC SITUATION AND POLITICAL INSTABILITY	
Our revenues are almost entirely generated through our core business, steel line pipe manufacturing and sales are highly dependent on the successful implementation of infrastructure projects. Political instability may affect the business of our customers and the pace of progress on these projects, significantly dampening our top line.	The Company has built a strong and resilient corporate structure to protect during sluggish periods; this has been demonstrated in FY13 and FY14 where revenues from the Steel Division were insignificant. Our investments division also provides us with the unique opportunity to hedge against any downsides in core business areas by investing in high performing sectors and is likely to provide a capital and liquidity buffer on the back of strong corporate earnings and corporate growth stemming from economic activity boosted by CPEC.
RAW MATERIAL SOURCING / PRICING	
As a majority of our core business is tendered for, there is a lag between bidding for the works and sourcing required raw material for the order. The lack of robust local availability exposes us to a 60-90 day raw material price risk as raw material sourcing is only secured once a tender has been awarded. In periods of high price volatility this exposure can lead to an erosion of margins or having to fulfill orders at losses.	The Company does not speculate or trade in its raw materials requirement and aims to use its purchasing power and long term relationships with suppliers to acquire raw materials and safeguard their constant delivery at the best conditions and with the minimum time-lag between receiving an order and procurement of raw material. The supplier base is constantly increased to ensure uninterrupted procurement and reduction in lead-times. The Company uses various available means including hedging to minimize any losses due to adverse price movements.
DEPENDENCE ON SUPPLIERS / CUSTOMERS	
Risk of not identifying alternate suppliers for key raw materials may hamper business operations for our core segments. Also, dependence on few customers especially in Steel Division may lead to business interruptions and financial loss.	Company actively strives to search for competitive suppliers for all its raw materials in both local and international markets. The Company constantly seeks to increase its customer base and product offering to maintain and grow its revenues.
INVESTMENT RISK	
Adverse stock market developments may affect the profitability and valuation of assets.	The Company has significant investments in marketable securities. To reduce this risk to an acceptably low level, it follows a diversified investment policy and actively manages its portfolio to match the required risk profiles.
CURRENCY RISK	
Exchange rate fluctuations or local currency devaluation may have an impact on financial results due to reliance on imported raw material.	The Company uses various available means, including Dollar based bidding for international tenders, to hedge against currency fluctuations to minimize any resulting exchange losses.
INTEREST RATE RISKS	
An increase in interest rates will increase the Company's borrowing costs and reduce profitability.	Company avails financing at competitive rates from varying financial institutions. Also, borrowings are based on floating rates to minimize interest rate risks.

MAJOR BUSINESS RISKS	MITIGATING FACTORS / ACTIONS IN PLACE
CREDIT RISK	
<p>Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet their contractual obligations, and arises principally from trade receivables, bank balances, security deposits, mark-up accrued and investment in debt securities.</p>	<p>To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors. The tender approval committee approves sales tenders and credit terms. Where considered necessary, advance payments are obtained from certain parties whereas sales made to major customers are secured through letters of credit. Further, we limit our exposure to credit risk by investing in counterparties that have high credit ratings.</p>
SAFETY AND SECURITY OF ASSET	
<p>There is a risk that operational assets of the Company may be lost, damaged or made redundant due to theft, fire or any other unforeseen events that will adversely affect the operations of the Company.</p>	<p>The Company has designed and implemented high quality standards for safety and security of all the operational assets and compliance with such standards is strictly ensured and monitored. Apart from safety and security policies and procedures, the Company has fully insured all the assets of the Company to safeguard them from any unforeseen adverse event and to reduce the resulting financial and operational loss to minimum level.</p>
HEALTH, SAFETY AND ENVIRONMENT	
<p>Risk related to health, safety and environment can adversely affect our operations. These can be associated with personal health and safety, product quality and safety and environmental efficiency. An unfavourable incident can have a major impact on our Company and communities and may cause reputational damage and business disruption.</p>	<p>Our business operations are run in compliance with international Quality, Health, Safety and Environmental standards. Moreover, we consistently do efforts to minimize our environmental impact by energy conservation and other measures with community partners. Refer Corporate Responsibility Report for developments during the year.</p>
COST AND AVAILABILITY OF FUNDS	
<p>Exhaustion in the steady availability of funds and rise in interest rates may adversely affect liquidity and overall financial conditions. This risk is further compounded due to assets and funds pledged to obtain Performance Bond Guarantees that remain active over many years thus constraining the availability of funds.</p>	<p>Company keeps assessing its financial (funded and non-funded) requirement against its ability to borrow. Where our financing requirements exceed our ability to borrow, we seek to secure alternate avenues of raising finance including from shareholders, for business and operational need. The significant portion of working capital requirements of the Company is arranged through short term financing. To successfully mitigate these risks, the Company has secured sufficient financing facilities to meet these requirements. The Company's held for trading investments portfolio is also managed to meet the working capital needs, if required. Also borrowing rates are based on floating rates to minimize interest rate volatility.</p>

MAJOR BUSINESS RISKS	MITIGATING FACTORS / ACTIONS IN PLACE
INTERNAL CONTROLS	
In the absence of effective internal controls, the Company may be exposed to financial irregularities and resultant losses.	A robust internal control system is in place that is continuously monitored by the Company's Internal Audit Function and through other monitoring procedures. The process of monitoring internal controls is an ongoing process with the objective to further strengthen the controls and bring improvements in the system. The controls in place also cover areas ranging from safeguarding of assets, compliance with laws and regulations and accuracy and reliability of records and financial reporting.
REGULATORY COMPLIANCE	
Non-compliance with laws and regulation may result in penalties, reputational damage and business interruptions.	We strictly monitor our compliance with laws and regulations and all the changes in regulatory environment are dealt with proactively. Apart from external compliance we put emphasis on compliance with our 'Code of Conduct' and 'Governing Principles' which are in line with best practices.
INCREASE IN COMPETITION THROUGH LEVERAGING OF TECHNOLOGICAL CHANGES	
Competitors may be able to identify and implement a major technological step, resulting in product substitution, improvement in their production efficiencies and lower costs. The Company's inability to implement similar steps may make it uncompetitive.	Through corporate agility and strong market sensing, the Company remains abreast with information on product changes, demand and any technological advancements in current manufacturing processes to ensure that the Company at least matches but ideally, exceeds the quality and service performance of competitors. The Company continuously adds to its product and service offering along with constant expansion efforts to meet growing capacity demands and specific product needs.
EMPLOYEE RECRUITMENT AND RETENTION	
Failure to attract and retain the right people may adversely affect the achievement of the Company's growth plans.	A strong emphasis is placed on the Company's human resource and its skill set. We operate the best talent management and human resource instruments to attract, retain, motivate, educate and nurture personnel and staff.

PEOPLE



We understand that positive attitude, strong skills and creative abilities of our Human Capital assets will create value by enabling greater organizational performance and productivity. Our HR goal is to continually align the aspirations of our people with those of the Company, encouraging a performance-oriented culture and a place where people love to work.

COMMUNICATION AND ENGAGEMENT

We strive to develop an open and effective environment of communication for our employees where they are given an opportunity to express their ideas, which are heard, valued and respected.

The communications team has continued to build on a number of well-developed communications mechanisms including our electronic suggestions box, the electronic mailer, Crescent Quarterly and other regular publications to ensure that information is received in an easily understood format and in a timely manner.

The Communications desk also continues to engage people through the Crescent Quarterly and other initiatives that help create a culture of office rituals and helps build effective relationships among colleagues.

One of the key areas of focus for us continued to be internal communications. During the course of the upcoming year, we plan to put into place a number of initiatives including an annual CEO's Briefing Session where different teams will present on their key work areas. An electronic Economic Bulletin previously shared only with senior management is now circulated on a monthly basis and has been well received by staff.

We hold an annual Open House with the CEO where anyone can meet the CEO on a one on one basis to share ideas and/or concerns. The Open House with the CEO is one of the key drivers of process improvements at Crescent Steel.

Our whistle blowing policy and suggestion box to the CEO encourages employees to express their views and raise valid concerns regarding the Company without fear of repercussions.

WHISTLE BLOWING POLICY

Crescent Steel is committed to high standards of ethical, moral and legal business conduct. In line with this commitment, and our commitment to open communication, a whistle blowing policy is in place to provide an avenue for employees to raise concerns and reassurance that they will be protected from reprisals or victimization for whistle blowing. The whistle blowing framework covers the following:

- Incorrect financial reporting;
- Unlawful activity;
- Activities that are not in line with Company's policies, including the Code of Conduct; or
- Activities, which otherwise amount to serious improper conduct.

VOICE OF EMPLOYEES: EMPLOYEE SATISFACTION SURVEY

Our annual Employee Satisfaction Survey (ESS) is key for us in determining what matters to our people and, to the business. It provides us with the intelligence essential to our strategy of building better, happy, more productive workplaces. In 2017, our overall employee satisfaction index was 3.5 (2016: 3.6). Strong scores were registered for our brand, strategy, values and culture, with particularly positive results on quality of management, policies, governance and ethics.

As with every survey in the past major areas of concern included compensation and work environment. We expect our scores in the area of work environment to change significantly on account of recent and ongoing workspace upgradation. We have also initiated a salary survey as our last review was in late 2015. A focus group has also been planned and will be conducted closer to the annual strategy review sessions in Q4 2018.

DIVERSITY AND INCLUSION

We are committed to providing equality of opportunity and creating a rewarding workplace for all employees. Increasing female representation, especially in management level roles, is an ongoing priority. As on June 30, 2017, 17% of our employees across our corporate offices were females. 12.5% of the Executive Management Team, 8.1% of management roles were filled by women and, 3.9% of our workforce consisted of minorities. We are developing work practices to accommodate a

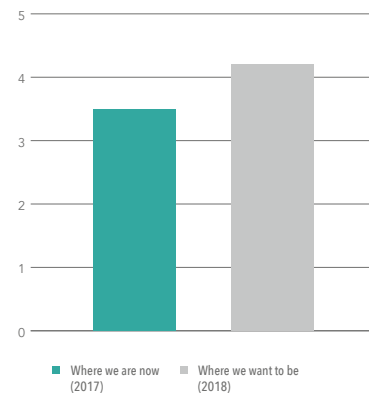
diverse workforce such as flexible work schedules at our Head Office and we are pleased to see these are being adopted by our people. We go beyond abilities, age, ethnicity, gender and religion to create an environment that welcomes all forms of diversity including geographical diversity. Over the last year 30.7% of new entrants represent rural communities and 76.1% of our total workforce is from rural Pakistan. We provide equal opportunity in recruitment, career development, promotion, training and reward for all employees. We actively monitor representation of women in management positions, and have talent-development processes to support us in delivering more diverse representation.

TRAINING, DEVELOPMENT AND SUSTAINABILITY

In an ever changing and fast paced corporate world, training and development is an indispensable function. At Crescent Steel, we believe that training is not a cost, but an investment. We have established effective development opportunities for our employees that ensure that our Company is a desirable place to work.

We provide our employees extensive opportunities for learning on the job and focus on off the job in trainings to manage technical and general management skill gaps and, to reinforce our values. External trainings are planned for our people in relation to their job requirement, career development and succession planning. Our approach on talent multipliers rests on four core principles: to lead, coach, drive and inspire. These principles define how we reach our individual and collective potential.

EMPLOYEE SATISFACTION INDEX



Our talent strategy focuses on critical assignment planning, manager accountability for coaching and mentoring, and a variety of innovative approaches to individual and team learning. We also work to ensure successful leadership transitions, develop the next generation of leaders and grow emerging and diverse talent.

DEVELOPING EMPLOYEES - FROM TRAINEE TO MANAGER

We harness employee strengths, interests and passions to create greater value for the organization. Our hallmark is to systematically link organizational performance and individual development goals in the search for learning opportunities and better ways to work. We support development at all levels - starting from career training through to further development of top management. The aim is to encourage employees in shaping the future direction of their careers by enabling them to gain relevant experience and knowledge. We also have regular career conversations as they serve as a reminder of the organization's commitment to employee learning, which in turn strengthens employee commitment.

SUCCESSION PLANNING

Talent management and succession planning is carried out annually. Through succession planning, we identify capable individuals and develop them through training, job rotation or through educational activities for them to succeed in decision-making positions at various grades and levels within the organization.

A performance development and retention plan is designed for selected candidates. This enables us to identify potential successors and ensures that they are appropriately developed so that they have the skills and experience necessary to step up and fill a key role within the Company when the time arises.

REWARDS AND BENEFITS

We provide employees with a complete package of total rewards, which go beyond competitive pay to include: support for employees' health and financial security, scholarships for the children of employees and for employees, opportunities to grow, recognition for employees' contributions, and a good working environment.

Our compensation and benefits philosophy is to provide competitive rewards to attract and retain the best talent and foster a sense of ownership in the company. Compensation as part of our total rewards package is an important element that should motivate and inspire employees to strive towards excellence. We believe in rewarding for performance, so when our employees contribute, they gain. We want all of our employees to be inspired by the difference they make and the recognition they receive for great results.



In addition to basic remuneration, we offer variable - performance based incentives to employees depending on the performance, with which each employee contributes to the Company's success and the performance of the business. Each year, the management shares the company profits, which influences the amount of the variable remuneration - the basis for this is the business unit's key financial results.

As a Company located across Pakistan - every location is different yet each location provides for variable health coverage; our manufacturing facilities are equipped with designated fitness centres, provide adequate time off, retirement savings and more.

HUMAN RESOURCE INFORMATION SYSTEM

We have acquired a Human Capital Management System and have implemented a few core HR modules of the system. Focused on an E-environment and pushing HR roles to managers the system will enable us to instil value for and a culture of HR actions, automate HR operations, effectively manage employee data and support HR processes, such as performance management, benefits administration and employee

lifecycle management. This in turn will save time, cost and resources and will bring greater visibility to both HR and unit heads about their human capital universe.

FIVE VALUES AS BASIS FOR CORPORATE CULTURE

Our values support our vision, shape our culture and reflect what the Company values. They are the essence of the Company's identity, principles and beliefs. They guide the perspective of the organization as well as its actions. Our five values: Integrity, Ownership, Customer Focus, Continuous Improvement and Community Care, define who we are, how we work, what we believe in and what we stand for. These values transform our Company's mission and vision into reality, they are our corporate culture and drive our people's behaviour as well as its relationship with its customers, suppliers and shareholders.

HEALTH, SAFETY AND ENVIRONMENT

The safety of our people, the environment and the communities in which we work is incorporated into everything we do. Every employee has authority to stop work, and can refuse and stop work that is unsafe without fear of repercussion. Safety is more than something we talk about; we incorporate it into everything we do despite challenges in implementation in certain areas of our operations.

The safety and health of our people, our contractors and our customers is a priority and our mission is to ensure our people return home safely each day. Our manufacturing facilities and corporate offices are supported by an HSE team that ensures safety by providing training, conducting audits, addressing and identifying hazards to keep our workplaces safe. Our managers and HSE team are responsible for exploring innovative ways to reduce our carbon footprint and conserve the environment. We hold ourselves to HSE standards that comply with regulatory and legislated requirements as well as international standards, and create a safe and environmentally friendly workplace. This is reflected in the retention of the HSE management system certifications against ISO 14001 and OHSAS 18001.

CSAPL recognizes the importance of meeting legal requirements and to do it in a better manner, CSAPL has got approval of Environmental Monitoring Plan from SEPA for compliance with Sindh NEQS.

SAFETY IS NOT AN ACT, IT IS A HABIT

Our approach to HSE is apparent in our Mission Zero agenda that targets zero accidents and work-related illnesses. To effectively implement the mission zero agenda, we empower and encourage our people to play their part.

RAISING AWARENESS AND ENGAGING OUR PEOPLE

We all have a part to play in keeping our workplaces safe. One of the most effective ways we can do this is by being aware of the risks around us and taking action to address these. That's why we actively encourage all our people to regularly assess their working environments and report any identified risks - as they arise.

ENHANCING WELLBEING

A key priority of our agenda is the prevention of work-related illness.

While there is clear evidence that employment can have a positive effect on personal wellbeing, poor health in the workplace can present significant safety risks.

We offer a range of services to help enhance the health of our employees. These include medicals for employees in certain roles and healthcare benefits for staff - as well as targeted communication campaigns aimed at tackling lifestyle-related issues.

CULTURAL CHANGE THROUGH COMMUNICATION

We believe communication is critical to creating the conditions to meet our objectives on Safety at the workplace. We have one-on-one HSE orientations for all new starters and an HSE briefing for all new visitors. One of the key aims of this exercise is to encourage a culture of care and safe practices.

INFORMATION CAPITAL

IT Governance is an integral part of CSAPL Enterprise governance and consists of leadership, structures, and processes which ensure that CSAPL's IT sustains and extends its impact on business to meet its objectives. We strive to develop an agile IT infrastructure with well integrated systems and resources to streamline operations, add value

to business, and enable informed decision making to channel growth.

IT STRATEGY

Our IT department has a well-defined strategic plan which serves as a guide for IT strategic initiatives over the next three to five years. Crescent Steel's operational agility is

heavily dependent on IT operations inputs and how we employ them. Our IT department is a critical resource which continuously works towards affecting improvements in the Company's business processes.

CORPORATE SOCIAL RESPONSIBILITY



We acknowledge that our developments can impact stakeholders, and this is an area where we are constantly listening to and learning from stakeholders so that we can minimize our impact. At Crescent Steel, Corporate Social Responsibility (CSR) is a strategic management driven initiative that incorporates our business, environmental, and citizenship activities in a manner that supports our vision and upholds our values.

Our Corporate Strategy includes a commitment to sustainable development that involves balancing short and long-term interests, and integrating economic, environmental and social aspects into our business decisions. It is our commitment to contribute to sustainable economic development - working with employees, their families, the local community and society at large to improve the quality of life, in ways that are good for business and good for the overall development of our society.

Our CSR activities are divided into four categories: the economic, legal, ethical and philanthropic/ discretionary responsibilities to our stakeholders - these principles are already well integrated into our day to day work. Our philanthropic CSR policy allocates 2% to 5% of pre-tax profits towards focused community investments in the education, environment, health and societal sectors.

Working with selected community partners the Company made social

investments of PKR 100.8 million or 7.24% of PBT (FY16: PKR 80.9* million) in the form of donations and sponsorships - this includes PKR 20 million contributed towards our staff benevolent fund, recorded as employee costs on our books.

In addition to cash contributions our people have volunteered 1,265 hours (FY16: 1,367 hours) to structured community programs throughout the year.

Detailed information and analysis on our 2017 environmental and social performance is published in the Crescent Steel Corporate Social Responsibility Report 2017 while selected partnerships are also captured below.

COMMITMENT TO EDUCATION:

Access to education remains low and completion rate for primary education is among the lowest in the world. In FY2015 public spending on education was 2.2% of GDP which reflects on the quality, poor

teaching and learning outcomes and inadequate infrastructure. Pakistan is the sixth largest country in the world and according to UNESCO, ranks 159th (out of 177 countries) in literacy rate. It has almost 22.6 million children that are out of school, the second highest number in the world. In addition to targeted investments towards primary and secondary education, we also continue to support tertiary level education for children of employees and other merit students at recognised schools in Pakistan and abroad.

EDUCATION NON-PROFIT PARTNER: THE CITIZENS FOUNDATION

An educated Pakistan is critical to sustained economic development in Pakistan and a productive and inspired workforce. As our contribution to an educated Pakistan, we have been in partnership with our non-profit partner, The Citizens Foundation (TCF) since 1996 to support a robust program focusing on education.

* The figure is being re-stated to take into account contribution towards the Benevolent Fund.

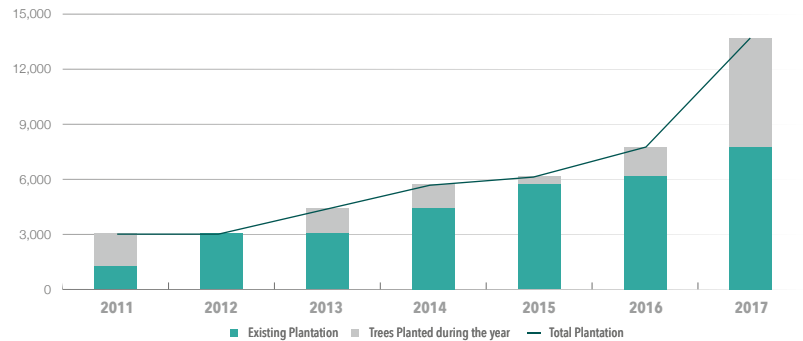
To date the Company has helped build 21 schooling units (16 primary and 5 secondary school units) and continues to support 17 schooling units (12 primary and 5 secondary school units). An estimated 2,986 children have graduated from primary schools supported by us, approximately 284 secondary school graduates from campuses supported by us have been awarded intermediate and tertiary level scholarships arranged by TCF. Combined enrolment in these schools today is 3,187 students, the majority of whom reside in some of the most impoverished communities of the country; 49% of these students are female.

EDUCATION NON-PROFIT PARTNER: NATIONAL UNIVERSITY OF SCIENCES AND TECHNOLOGY

We collaborated with NUST to promote social entrepreneurship by sponsoring their initiative - Finding Innovative and Creative Solutions for Society (FICS). The aim of the initiative is to encourage students to convert their creative ideas into value-adding solutions, thereby benefiting themselves and the society. 49 teams demonstrated working prototypes of their solutions this year, out of which four winners were selected. Our contributions will help support 25 of these teams.

Through our contribution towards the same initiative last year, the students of NUST had developed TAME - a smart wearable device for tremor acquisition and minimization. The project won several awards including the Stanford Center on Longevity Design Challenge held in California and went on to be declared the Best Start-up from Pakistan at the SeedStar Summit 2017 in Switzerland.

TREE PLANTATIONS



EDUCATION NON-PROFIT PARTNER: THE HUNAR FOUNDATION

The Hunar Foundation (THF) is one of the largest group of technical and vocational training institutes across Pakistan that aims to provide training to young adults from marginalised segments of our society. To date, more than 1,481 young adults have been trained in 10 trades from their technical institutes. We supported THF in their mission of expanding to 30 institutes by 2020 by covering cost of architectural changes and building renovation of their Women’s Vocational Training Institute and supported welding trade of six students.

COMMITMENT TO HEALTH:

Access to quality healthcare and emergency medical services remain an area of concern. We continue to invest in a healthy Pakistan by supporting healthcare initiatives through donations and volunteering time for selected partners in the Health Sector.

HEALTH NON-PROFIT PARTNER: THE HEALTH FOUNDATION

The Health Foundation’s Hepatitis Free Community Project in

Rashidabad is in its second year. The goal of the project is to sensitize and vaccinate 90% of target population in Rashidabad and provide free treatment to identified Hepatitis B and C patients. We pledged two-year support to THF in 2016 to eradicate disease and through this initiative have provided treatment for 29 Hepatitis B and C patients in the community.

HEALTH NON-PROFIT PARTNER: THE CARDIOVASCULAR FOUNDATION

The Cardiovascular Foundation (TCVF) was established to assist the National Institute of Cardiovascular Diseases (NICVD). NICVD is the leading cardiovascular hospital in Pakistan, where timely and quality treatment is provided to thousands of patients every day. During the year we partnered with TCVF in their mission to save hearts and lives.

HEALTH NON-PROFIT PARTNER: THE INDUS HOSPITAL

Indus Hospital has established the first centralized blood bank of Pakistan with an aim to save lives by collecting blood through voluntary donations. 45 employees from our Head Office and Nooriabad facility donated 22,500 ml of blood through the Indus Hospital Blood Drive.



**HEALTH NON-PROFIT PARTNER:
CIVIL HOSPITAL**

We supported health services at Civil Hospital by partnering with The Children Critical Care Foundation and Department of Obstetrics and Gynaecology.

**COMMITMENT TO
COMMUNITY AND THE
ENVIRONMENT:**

A lack of understanding and awareness about environmental protection and conservation practices in Pakistan has led to practices that exploit the country's vast natural resources without replenishing them. A growing population and increasing infrastructure needs have also resulted in damage to the environment. Our environmental investments seek to partner to help create environmental awareness and to sensitize all stakeholders to protect the planet and consume responsibly.

**ENVIRONMENT NON-PROFIT
PARTNER: WWF - PAKISTAN**

WWF-Pakistan is a member of the WWF International Network, one of the world's largest environmental conservation organizations. During Earth Hour 2017, we went beyond just switching off unnecessary lights

by partnering with WWF-Pakistan to visit Hingol National Park and Kund Malir Beach.

**MARINE CONSERVATION:
MANGROVE PLANTATION**

During the year, we planted 150 mangrove saplings at WWF's Wetland Centre. We also continue to maintain the 375 mangroves planted in previous years through monetary contributions that ensure that for every mangrove that doesn't survive, WWF will plant another sapling. This totals our mangrove plantation to 525, reducing our carbon footprint by 5.4 tons annually. The plantation was followed by a beach cleaning activity.

**TREE PLANTATION ACTIVITIES AT
OUR CAMPUSES**

During the year, we planted 5,950 trees. Over the years our plantation size has increased to over 13,691 trees. These trees will help us reduce our carbon footprint by 80.9 tons of carbon annually.

**COMMITMENT TO
SOCIETY:**

Pakistan faces a number of social issues that impact the community and the society at large. Alongside targeted community investments in the education, healthcare and environmental segments, we also

focus on Community Development programs that seek to provide welfare and rehabilitation services by engaging communities.

**SOCIETY NON-PROFIT PARTNER:
THE CITIZENS ARCHIVE OF
PAKISTAN**

The Citizens Archive of Pakistan (CAP) is dedicated to cultural and historic preservation and aims to foster and promote understanding about the culture and history of Pakistan, through documenting, preserving and interpreting our nation's history and culture.

CAP is working on a number of initiatives, one of which is the Oral History Project, which is their flagship program, seeks to interview and record experiences of Pakistan's partition generation. CAP has preserved stories of over 2,000 people to date. Another such initiative is the design and development of a school level intervention aimed at building national identity. We partnered with CAP to support identity building and promote citizenship.

**SOCIETY NON-PROFIT
PARTNER: IMKAAN WELFARE
ORGANISATION**

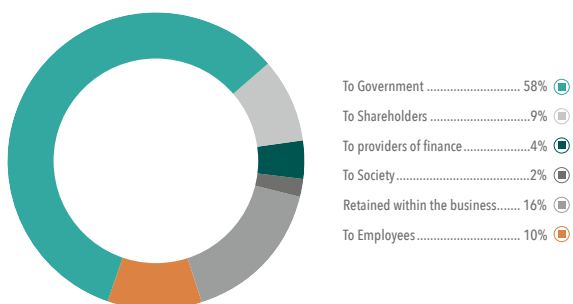
Imkaan's maternal and child healthcare clinic, Sehat Ghar provides support to women and children in underprivileged communities. Under Sehat Ghar, Imkaan has established a clinic in Machar Colony providing free of cost healthcare to the surrounding community. This year, we partnered with Imkaan to support Sehat Ghar's Medication and Lab Testing Fund. Our employees also volunteered 20 hours of community work with Imkaan during Crescent Cares Week.

STATEMENT OF VALUE ADDITION

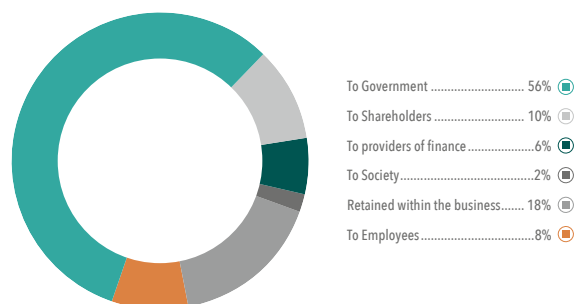
	2017		2016	
	Rupees in '000	%	Rupees in '000	%
WEALTH GENERATED				
Total revenue	12,163,915	100%	8,803,602	100%
Bought-in-material and services	(7,744,054)	64%	(4,795,815)	54%
	4,419,861	36%	4,007,787	46%
WEALTH DISTRIBUTED				
To Employees				
Salaries, wages and other benefits	460,113	10%	332,467	8%
To Government				
Income tax, sales tax, custom duties, WWF and WPPF	2,574,275	58%	2,250,026	56%
To Shareholders				
Dividend *	407,571	9%	388,163	10%
To providers of finance				
Finance costs	187,273	4%	243,780	6%
To Society				
Donation towards education, health and environment	80,813	2%	70,892	2%
Retained within the business for future growth				
Depreciation, amortization and retained earnings	709,816	16%	722,459	18%
	4,419,861	100%	4,007,787	100%

* This includes final dividend recommended by the Board of Directors subsequent to year end.

DISTRIBUTION OF WEALTH 2017



DISTRIBUTION OF WEALTH 2016



PERFORMANCE INDICATORS

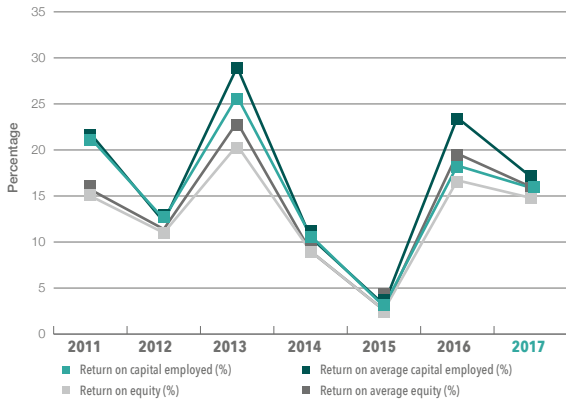
FOR THE CURRENT AND PAST SIX FINANCIAL YEARS

PERFORMANCE INDICATORS	2017	2016	2015	2014	2013	2012	2011
A - Profitability Ratios							
Earnings before interest, taxation, depreciation and amortization (EBITDA) (PKR in millions)	1,682.0	1,675.5	254.9	562.9	1,245.0	541.3	942.0
Profit before taxation and depreciation (PKR in millions)	1,492.2	1,424.8	167.2	473.5	1,179.7	453.4	787.1
Gross profit ratio (%)	18.2	28.9	1.5	5.7	13.0	12.9	18.4
Operating profit margin to sales (net) (%)	15.5	21.0	6.8	11.5	23.0	11.0	17.5
Net profit margin to sales (net) (%)	9.9	13.0	5.1	8.9	16.3	8.7	9.8
EBITDA margin to sales (net) (%)	16.5	22.6	12.1	14.0	24.9	14.6	21.4
Operating leverage ratio	0.03	3.9	1.4	3.1	6.2	4.2	0.4
Return on equity (%)	14.8	16.7	2.6	9.0	20.5	11.0	15.0
Return on average equity (%)	16	19.6	2.6	9.0	23.0	11.4	15.7
Return on capital employed (RoCE) (%)	15.9	18.3	3.0	10.7	25.8	12.5	21.3
Return on average capital employed (%)	17.1	23.5	3.2	10.5	29.0	12.2	21.8
Return on average assets (%)	9.3	13.0	2.1	7.5	18.0	8.3	10.2
B - Liquidity Ratios							
Current ratio	1.5 : 1	1.4 : 1	1.4 : 1	2.3 : 1	2.4:1	1.8:1	1.6 : 1
Quick / Acid-test ratio	0.9 : 1	0.7 : 1	1 : 1	1.6 : 1	1.7:1	1.2:1	0.9 : 1
Cash to current liabilities (%)	(4.7)	(3.7)	(24.6)	(18.6)	(25.3)	(24.1)	(49.8)
Cash flows from operations to sales (%)	1.7	(24.6)	7.7	14.0	(1.6)	7.3	2.5
Working capital (Net current assets)	2,096.1	1,399.5	423.3	830.6	1,233.5	851.2	683.9
Working capital turnover (times)	5.8	8.1	3.4	3.9	4.8	5.1	8.9
C - Activity / Turnover Ratios							
Debtors turnover ratio (times)	20.7	36.1	23.7	28.2	17.7	15.3	20.9
No. of days in receivables / Average collection period (days)	18	10	15	13	21	24	17
Inventory turnover ratio (times)	3.4	3.9	4.8	7.1	7.0	4.8	3.8
No. of days in inventory (days)	108	94	76	51	52	76	95
Creditors turnover ratio (times)	11.5	23.2	9.0	38.1	19.9	16.2	23.1
No. of days in creditors / Average payment period (days)	32	15.7	40.4	9.6	18	23	16
Property, plant and equipment turnover (times)	10.9	9.0	2.7	5.1	6.4	5.9	4.3
Total assets turnover (times)	0.8	0.8	0.4	0.9	1.0	0.9	1.1
Operating cycle (days)	94	89	51	55	55	77	97
D - Investment / Market Ratios							
Basic and diluted earnings / (loss) per share (PKR)	13.05	12.97	1.53	5.16	11.70	4.90	6.19
Price earnings ratio (times)	18.3	8.8	34.0	8.4	3.8	4.7	4.2
Dividend yield (%) *	2.2	4.4	1.3	5.7	7.8	8.6	13.4
Dividend payout ratio (%) *	40.3	40.1	40.8	43.1	31.1	33.0	45.8
Dividend cover ratio (times) *	2.5	2.6	2.2	2.1	3.3	2.5	1.8
Cash dividend (PKR in millions) *	407.6	388.2	43.5	155.3	197.6	112.9	197.6
Cash dividend per share (PKR) *	5.25	5.0	0.7	2.5	3.5	2.0	3.5
Stock dividend / Bonus shares (PKR in millions) *	-	-	-	-	56.0	-	-
Stock dividend / Bonus shares (%) *	-	-	-	-	10.0	-	-
Market value per share (at the end of the year) (PKR)	238.6	114.6	51.9	43.5	45.0	23.2	26.1
- Lowest during the year (PKR)	116.0	54.6	34.9	43.5	21.6	18.0	23.8
- Highest during the year (PKR)	283.1	134.8	62.4	74.8	54.5	28.5	31.7
Break-up value per share (PKR)	87.8	74.8	65.2	64.5	64.0	50.1	46.3
E - Capital Structure Ratios							
Financial leverage ratio (%)	45.2	46.9	17.0	8.3	12.2	11.7	25.5
Long term debt to equity ratio (%)	5.7	8.1	7.0	1.5	0.9	0.6	0.5
Cost of debt %	8.0	8.4	10.9	13.7	14.4	16.7	17.0
Long term debt : Equity ratio	6.94	8 : 92	7 : 93	2 : 98	1 : 99	1 : 99	1 : 99
Total liabilities to total assets (%)	43.9	38.7	24.9	15.3	18.7	25.7	29.1
Gearing ratio (%)	31.0	31.4	13.8	5.3	9.6	8.8	20.0
Interest coverage (times)	8.4	6.4	1.8	5.5	18.3	3.9	5.4

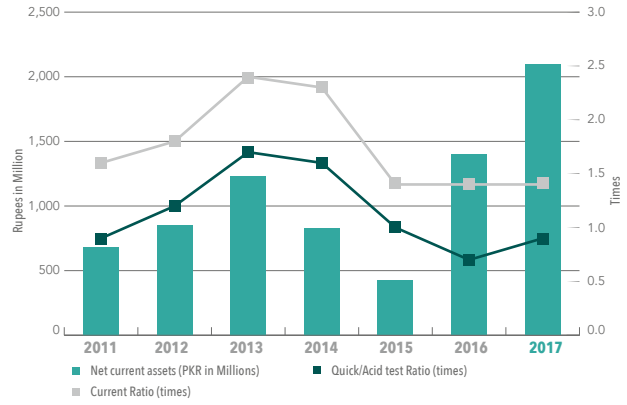
Notes:

* This includes declaration of final cash dividend recommended by the Board of Directors subsequent to year end.

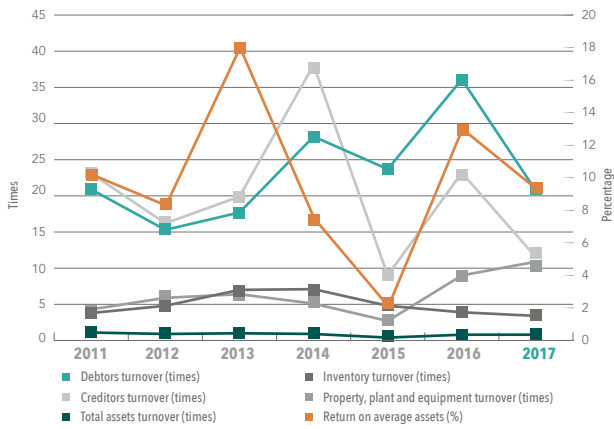
RETURN ON CAPITAL AND EQUITY



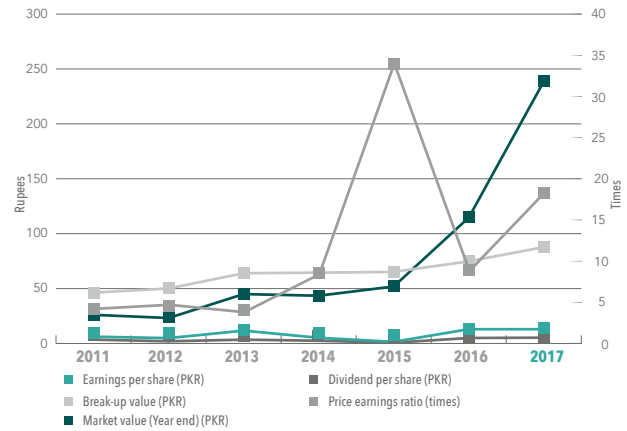
LIQUIDITY



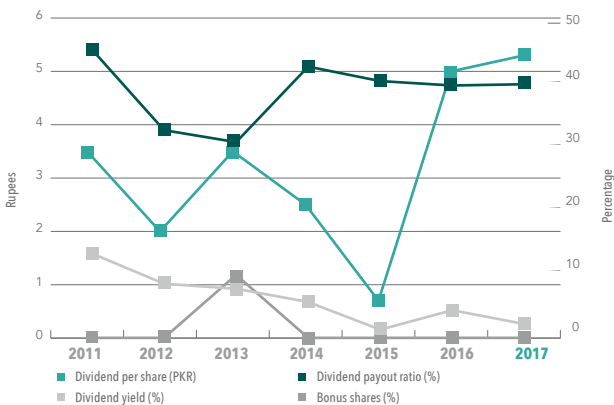
ASSET MANAGEMENT



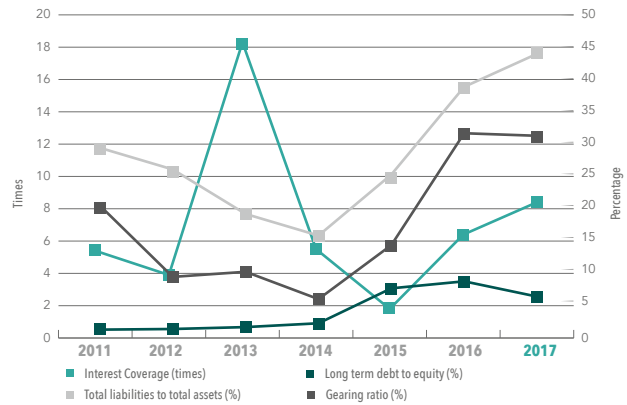
PER SHARE RESULT



DIVIDEND AND RETURNS



DEBT MANAGEMENT



VERTICAL ANALYSIS

FOR THE LAST SIX FINANCIAL YEARS

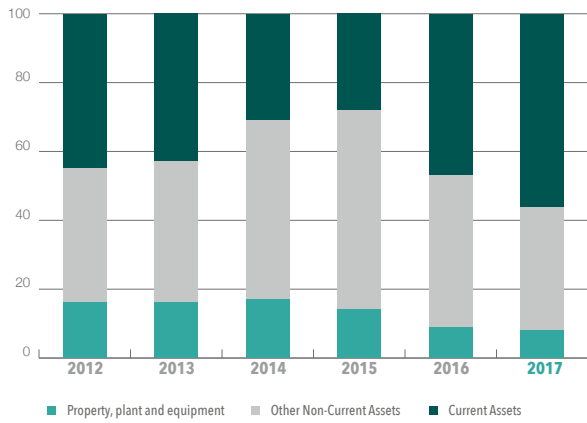
Rupees in million	2017	%	2016	%	2015	%	2014	%	2013	%	2012	%
Balance Sheet												
Property, plant and equipment	941	7.7	823	8.7	781	14.5	795	16.8	778	15.9	667	16.0
Intangible assets	1	-	3	-	10	0.2	14	0.3	14	0.3	2	-
Investment property	15	0.1	19	0.2	23	0.4	27	0.6	31	0.6	36	0.9
Long term investments	4,204	34.5	3,935	41.5	3,038	56.3	2,388	50.5	1,591	32.5	1,321	31.6
Long term deposits	189	1.6	177	1.9	24	0.4	26	0.5	369	7.5	244	5.8
Deferred taxation	-	-	-	-	38	0.7	-	-	-	-	8	0.2
Stores, spares and loose tools	163	1.3	112	1.2	67	1.2	72	1.5	79	1.6	66	1.6
Stock-in-trade	2,687	22.1	2,267	23.9	453	8.4	407	8.6	662	13.5	587	14.0
Trade debts	664	5.5	323	3.4	88	1.6	89	1.9	197	4.0	369	8.8
Loan and advances	378	3.1	40	0.4	18	0.3	49	1.0	32	0.7	138	3.3
Trade deposits and short term prepayments	15	0.1	16	0.2	11	0.2	7	0.1	9	0.2	5	0.1
Investments	515	4.2	392	4.1	388	7.2	456	9.6	798	16.3	498	11.9
Current portion of long term investments	-	-	-	-	-	-	-	-	-	-	25	0.6
Mark-up accrued	1	-	-	-	-	-	-	-	54	1.1	17	0.4
Other receivables	1,745	14.3	785	8.3	200	3.7	136	2.9	134	2.7	41	1.0
Taxation - net	633	5.2	529	5.6	211	3.9	159	3.4	75	1.5	93	2.2
Cash and bank balances	28	0.2	63	0.7	43	0.8	107	2.3	65	1.3	63	1.5
Total assets	12,179	100	9,484	100	5,393	100	4,732	100	4,888	100	4,180	100
Issued, subscribed and paid-up capital	776	6.4	776	8.2	621	11.5	621	13.1	565	11.6	565.0	13.5
Capital reserves	1,034	8.5	1,026	10.8	299	5.5	299	6.3	530	10.8	377	9.0
Revenue reserves	5,010	41.1	4,006	42.2	3,131	58.1	3,087	65.2	2,880	58.9	2,167	51.8
Shareholders' equity	6,820	56.0	5,808	61.2	4,051	75.1	4,007	84.6	3,975	81.3	3,109	74.3
Long term loan	322	2.6	394	4.2	239	4.4	-	-	-	-	-	-
Liabilities against assets subject to finance lease	64	0.5	77	0.8	46	0.9	62	1.3	34	0.7	20	0.5
Deferred income	7	0.1	9	0.1	1	-	2	-	1	-	-	-
Deferred taxation	233	1.9	68	0.7	-	-	10	0.2	6	0.1	-	-
Trade and other payables	2,002	16.4	850	9.0	638	11.8	372	7.9	412	8.4	692	16.6
Mark-up accrued	28	0.2	21	0.2	12	0.2	8	0.2	9	0.2	16	0.4
Short term borrowings	2,517	20.7	2,084	22.0	302	5.6	228	4.8	418	8.6	335	8.0
Current portion of long term loan	141	1.2	109	1.1	55	1.0	-	-	-	-	-	-
Current portion of liabilities against assets subject to finance lease	42	0.3	59	0.6	47	0.9	41	0.9	32	0.7	8	0.2
Current portion of deferred income	4	-	5	0.1	2	-	2	-	1	-	-	-
Total equity and liabilities	12,179	100	9,484	100	5,393	100	4,732	100	4,888	100	4,180	100
PROFIT AND LOSS ACCOUNT												
Sales - net	10,209	100.0	7,412	100.0	2,101	100.0	4,032	100.0	5,002	100.0	3,943	100.0
Cost of sales	8,350	81.8	5,269	71.1	2,069	98.5	3,801	94.3	4,351	87.0	3,434	87.1
Gross profit	1,859	18.2	2,143	28.9	32	1.5	231	5.7	651	13.0	509	12.9
Income from investments - net	247	2.4	43	0.6	309	14.7	440	10.9	298	6.0	67	1.7
Distribution and selling expenses	31	0.3	16	0.2	27	1.3	52	1.3	68	1.4	46	1.2
Administrative expenses	287	2.8	283	3.8	167	7.9	165	4.1	173	3.5	164	4.2
Other operating expenses	411	4.0	421	5.7	29	1.4	69	1.7	134	2.7	66	1.7
Other income	202	2.0	94	1.3	25	1.2	79	2.0	576	11.5	132	3.3
Operating profit before finance costs	1,579	15.5	1,559	21.1	143	6.8	464	11.5	1,150	22.9	432	10.8
Finance costs	187	1.8	244	3.3	81	3.9	84	2.1	62	1.2	109	2.8
Profit before taxation	1,392	13.7	1,315	17.8	62	2.9	380	9.4	1,088	21.7	323	8.0
Taxation	379	3.7	348	4.7	(44)	(2.1)	19	0.5	271	5.4	(19)	(0.5)
Profit after taxation	1,012	10.0	967	13.1	106	5.0	361	8.9	817	16.3	342	8.5

HORIZONTAL ANALYSIS

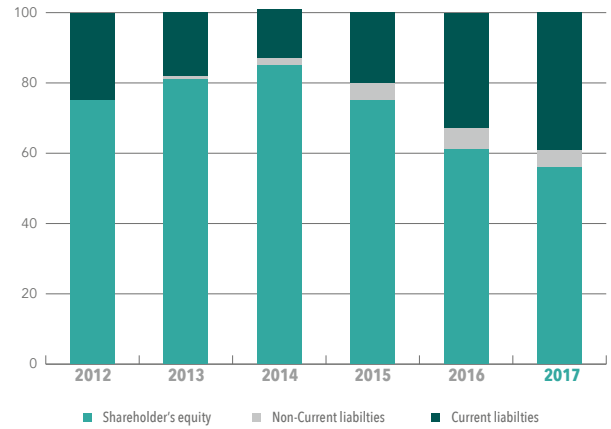
FOR THE LAST SIX FINANCIAL YEARS

Rupees in million	2017	%	2016	%	2015	%	2014	%	2013	%	2012	%
BALANCE SHEET												
Property, plant and equipment	941	14.3	823	5.4	781.0	(1.8)	795.0	2.2	778	16.6	667	(34.7)
Intangible assets	1	(66.7)	3	(70.0)	10.0	(28.6)	14.0	-	14	600.0	2	(84.6)
Investment property	15	(21.1)	19	(17.4)	23.0	(14.8)	27.0	(12.9)	31	(13.9)	36	(10.0)
Long term investments	4,204	6.8	3,935	29.5	3,038.0	27.2	2,388.0	50.1	1,591	20.4	1,321	13.0
Long term loans and deposits	189	6.8	177	637.5	24.0	(7.7)	26.0	(93.0)	369	51.2	244	1,526.7
Deferred taxation	-	-	-	(100.0)	38.0	100.0	-	-	-	(100.0)	8	100.0
Stores, spares and loose tools	163	45.5	112	67.2	67.0	(6.9)	72.0	(8.9)	79	19.7	66	-
Stock-in-trade	2,687	18.5	2,267	400.4	453.0	11.3	407.0	(38.5)	662	12.8	587	(30.2)
Trade debts	664	105.6	323	267.0	88.0	(1.1)	89.0	(54.8)	197	(46.6)	369	154.5
Loan and advances	378	845.0	40	122.2	18.0	(63.3)	49.0	53.1	32	(76.8)	138	32.7
Trade deposits and short term prepayments	15	(6.3)	16	45.5	11.0	57.1	7.0	(22.2)	9	80.0	5	(16.7)
Investments	515	31.4	392	1.0	388.0	(14.9)	456.0	(42.9)	798	60.2	498	1.4
Current portion of long term investments	-	-	-	-	-	-	-	-	-	(100.0)	25	4.2
Mark-up accrued	1	100.0	-	-	-	-	-	(100.0)	54	217.6	17	466.7
Other receivables	1,745	122.3	785	292.5	200.0	47.1	136.0	1.5	134	226.8	41	(31.7)
Taxation - net	633	19.7	529	150.7	211.0	32.7	159.0	112.0	75	(19.4)	93	126.8
Cash and bank balances	28	(55.6)	63	46.5	43.0	(59.8)	107.0	64.6	65	3.2	63	270.6
Total assets	12,179	28.4	9,484	75.9	5,393	14.0	4,732	(3.2)	4,888	16.9	4,180	3.1
Issued, subscribed and paid-up capital	776	-	776	25.0	621.0	-	621.0	9.9	565	-	565	-
Capital reserves	1,034	0.8	1,026	243.1	299.0	-	299.0	(43.6)	530	40.6	377	6.8
Revenue reserves	5,010	25.1	4,006	27.9	3,131.0	1.4	3,087.0	7.2	2,880	32.9	2,167	10.6
Shareholders' equity	6,820	17.4	5,808	43.4	4,051	1.1	4,007	0.8	3,975	27.9	3,109	8.1
Long term loan	322	(18.3)	394	64.9	239.0	100.0	-	-	-	-	-	-
Liabilities against assets subject to finance lease	64	(16.9)	77	67.4	46.0	(25.8)	62.0	82.4	34	70.0	20	33.3
Deferred income	7	(22.2)	9	800.0	1.0	(50.0)	2.0	100.0	1	100.0	-	-
Deferred taxation	233	242.6	68	100.0	-	(100.0)	10.0	66.7	6	100.0	-	(100.0)
Trade and other payables	2,002	135.5	850	33.2	638.0	71.5	372.0	(9.7)	412	(40.5)	692	87.0
Mark-up accrued	27	28.6	21	75.0	12.0	50.0	8.0	(11.1)	9	(43.8)	16	(33.3)
Short term borrowings	2,517	20.8	2,084	590.1	302.0	32.5	228.0	(45.5)	418	24.8	335	(52.6)
Current portion of long term loan	141	29.4	109	98.2	55.0	100.0	-	-	-	-	-	-
Current portion of liabilities against assets subject to finance lease	42	(28.8)	59	25.5	47.0	14.6	41.0	28.1	32	300.0	8	(33.3)
Current portion of deferred income	4	(20.0)	5	150.0	2.0	-	2.0	100.0	1	100.0	-	-
Total equity and liabilities	12,179	28.4	9,484	75.9	5,393	14.0	4,732	(3.2)	4,888	16.9	4,180	3.1
PROFIT AND LOSS ACCOUNT												
Sales - net	10,209	37.7	7,412	252.8	2,101.0	(47.9)	4,032.0	(19.4)	5,002	26.9	3,943	(10.4)
Cost of sales	8,350	58.5	5,269	154.7	2,069.0	(45.6)	3,801.0	(12.6)	4,351	26.7	3,434	(4.4)
Gross profit	1,859	(13.3)	2,143	6,596.9	32	(86.1)	231	(64.5)	651	27.9	509	(37.2)
Income from investments - net	247	488	42	(86.4)	309.0	(29.8)	440.0	47.7	298	344.8	67	(64.6)
Distribution and selling expenses	31	93.8	16	(40.7)	27.0	(48.1)	52.0	(23.5)	68	47.8	46	17.9
Administrative expenses	287	1.4	283	69.5	167.0	1.2	165.0	(4.6)	173	5.5	164	4.5
Other operating expenses	411	(2.4)	421	1,352.2	29.0	(58.0)	69.0	(48.5)	134	103.0	66	(2.9)
Other income	202	114.9	94	276.0	25.0	(68.4)	79.0	(86.3)	576	336.4	132	288.2
Operating profit before finance costs	1,579	1.3	1,559	990.2	143	(69.2)	464	(59.7)	1,150	166.2	432	(43.8)
Finance costs	187	(23.2)	244	201.2	81.0	(3.6)	84.0	35.5	62	(43.1)	109	(23.8)
Profit before taxation	1,392	5.8	1,315	2,021.0	62	(83.7)	380	(65.1)	1,088	236.8	323	(48.4)
Taxation	379	9.0	348	890.9	(44.0)	(331.6)	19.0	(93.0)	271	1,526.3	(19)	(109.8)
Profit after taxation	1,012	4.7	967	812.3	106	(70.6)	361	(55.8)	817	138.9	342	(20.8)

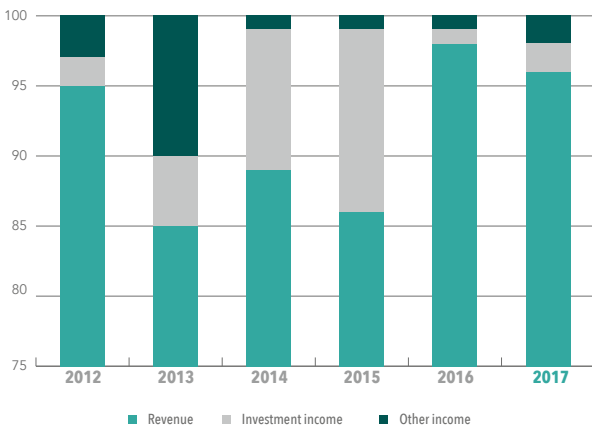
BALANCE SHEET ANALYSIS (ASSETS) %



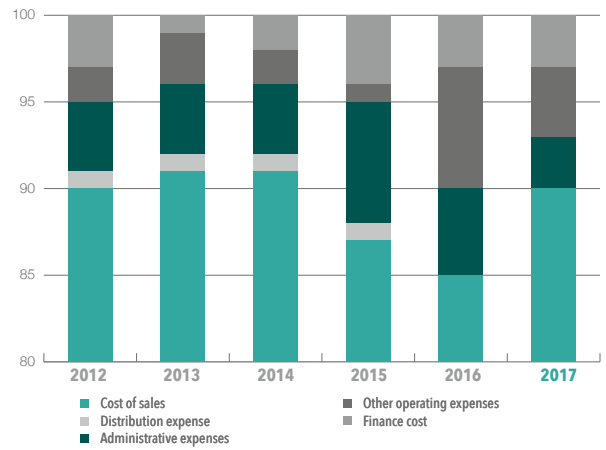
BALANCE SHEET ANALYSIS (EQUITY AND LIABILITIES) %



PROFIT AND LOSS ANALYSIS (REVENUE AND INCOME) %

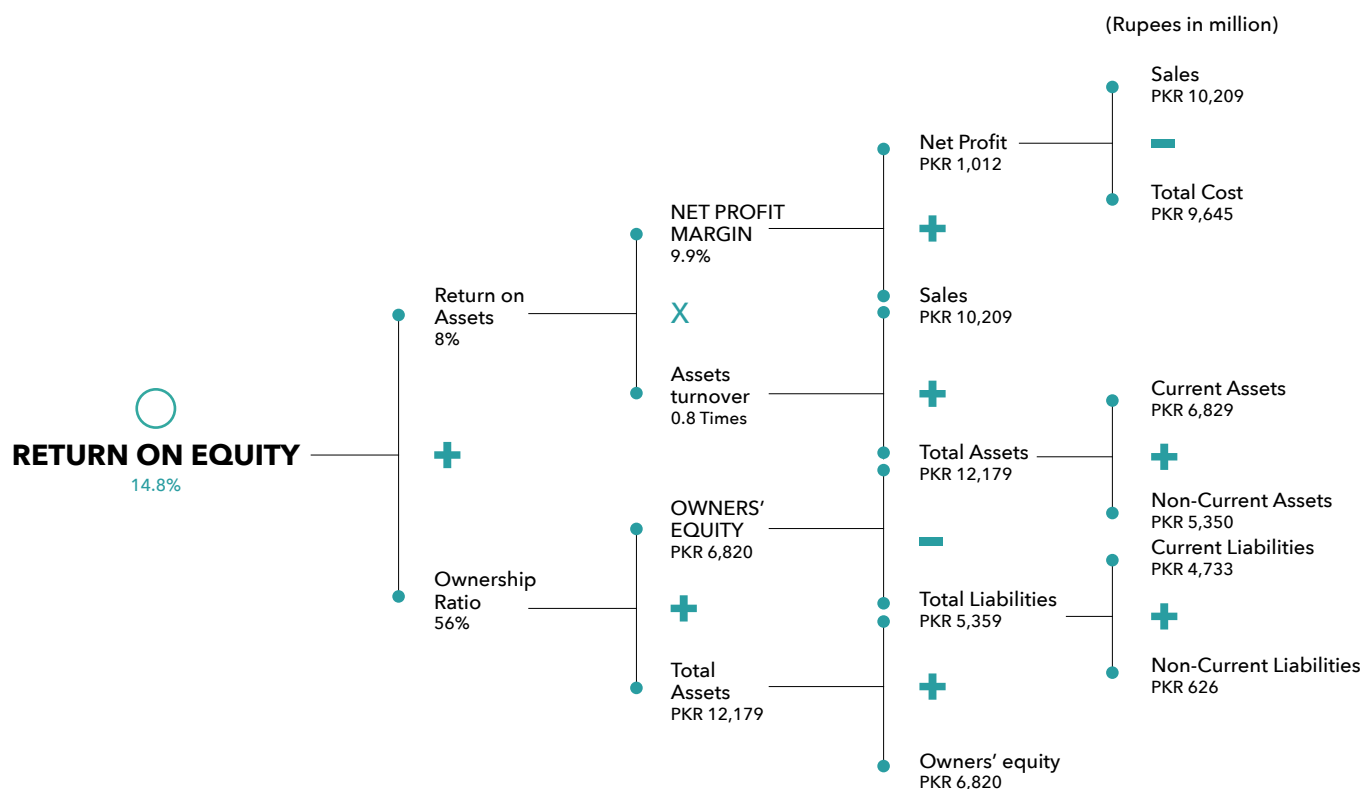


PROFIT AND LOSS ANALYSIS (EXPENSES) %



DUPONT ANALYSIS

FOR THE YEAR 2017



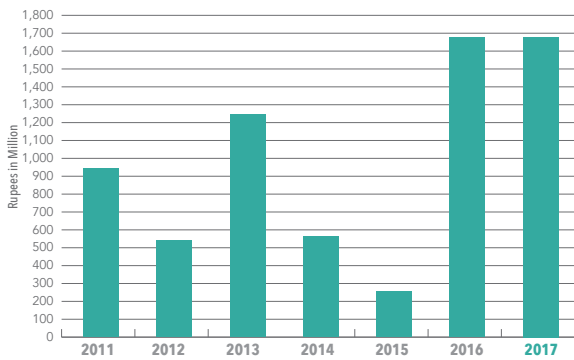
DuPont Analysis	2017	2016
Tax burden	27.3%	26.5%
Interest burden	13.5%	18.5%
EBIT margin	15.5%	21.0%
Asset Turnover (times)	0.8	0.8
Leverage	45.2%	46.9%
Return on equity	14.8%	16.7%

KEY OPERATING AND FINANCIAL DATA

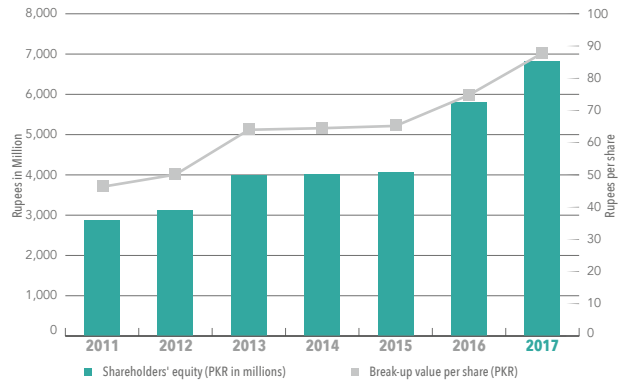
FOR THE CURRENT AND PAST SIX FINANCIAL YEARS

Rupees in millions	2017	2016	2015	2014	2013	2012	2011
A SUMMARY OF PROFIT AND LOSS ACCOUNT							
Sales - net	10,208.6	7,412.0	2,101.6	4,031.6	5,001.7	3,942.9	4,402.7
Cost of sales	8,349.8	5,269.1	2,069.1	3,801.3	4,350.8	3,434.1	3,592.5
Gross profit	1,858.8	2,142.9	32.5	230.3	650.9	508.8	810.2
Income from investments - net	246.9	42.6	308.7	440.1	298.4	67.2	188.6
Distribution, selling and administrative expenses	317.8	298.6	194.0	217.2	241.1	210.0	196.1
Other operating expenses	410.8	421.3	29.3	68.7	134.0	65.8	68.1
Other income	201.8	93.7	25.6	78.6	575.7	132.2	34.4
Operating profit before finance costs	1,578.9	1,559.3	143.5	463.1	1,150	432.4	769.0
Finance costs	187.3	243.8	80.7	84.1	62.9	109.5	143.2
Profit before taxation	1,391.6	1,315.5	62.8	379.0	1,087.0	322.9	625.8
Taxation	379.3	348.4	(43.7)	18.8	271.0	(18.9)	194.1
Net income	1,012.3	967.1	106.5	360.2	816.0	341.8	431.7
B SUMMARY OF BALANCE SHEET							
Current assets	6,829.6	4,527.1	1,478.7	1,482.4	2,106.1	1,902.0	1,796.7
Stock-in-trade	2,686.7	2,266.8	453.1	407.2	662.4	586.7	840.6
Trade debts	663.7	322.9	87.9	89.5	196.9	368.9	145.1
Current liabilities	4,733.5	3,127.6	1,055.4	651.8	872.6	1,050.8	1,112.8
Trade and other payables	2,001.9	850.2	637.6	372.4	412.3	691.5	370.1
Property, plant and equipment	940.6	822.6	780.7	795.1	777.8	666.8	1,020.8
Total assets	12,179.6	9,484.2	5,392.7	4,733.0	4,888.7	4,179.7	4,054.9
Long term financing (excluding current maturity)	386.1	471.4	285.2	62.0	34.5	19.8	15.4
Deferred income (including current maturity)	11.6	13.8	3.2	4.1	2.2	-	-
Deferred liabilities	232.8	68.3	-	9.7	6.2	-	50.4
Short term financing (including current maturity of long-term financing)	2,699.5	2,251.9	404.2	269.4	450.5	343.0	719.0
Reserves	6,043.4	5,031.4	3,429.7	3,386.1	3,409.5	3,544.5	2,311.7
Shareholders' equity	6,819.7	5,807.7	4,050.7	4,007.2	3,974.1	3,109.1	2,876.3
C SUMMARY OF CASH FLOW STATEMENT							
Cash and cash equivalents at the beginning of the year	(117.0)	(259.3)	(121.1)	(220.7)	(253.1)	(553.7)	(499.2)
Net cash generated from/(used in) operating activities	172.0	(1,820.1)	162.2	565.2	(81.4)	288.7	111.6
Net cash (used in)/inflows from investing activities	(144.5)	(816.3)	(399.2)	(132.5)	192.3	284.5	15.5
Net cash (used in)/inflow from financing activities	(129.8)	2,778.7	98.8	(333.1)	(78.5)	(272.6)	(181.6)
Net (decrease)/increase in cash and cash equivalents	(102.3)	142.3	(138.2)	99.6	32.4	300.6	(54.5)
Cash and cash equivalents at the end of the year	(219.3)	(117.0)	(259.3)	(121.1)	(220.7)	(253.1)	(553.7)
D Other Data							
Depreciation and amortization	103.0	116.1	111.4	99.8	95.1	141.9	173.1
Capital expenditure	215.2	141.5	95.7	131.8	220.5	68.2	113.9
No. of ordinary shares (no. of shares in millions)	77.6	77.6	62.1	62.1	56.5	56.5	56.5
Payments to National Exchequer	2,574.3	2,250.0	157.2	358.0	730.2	290.3	360.3

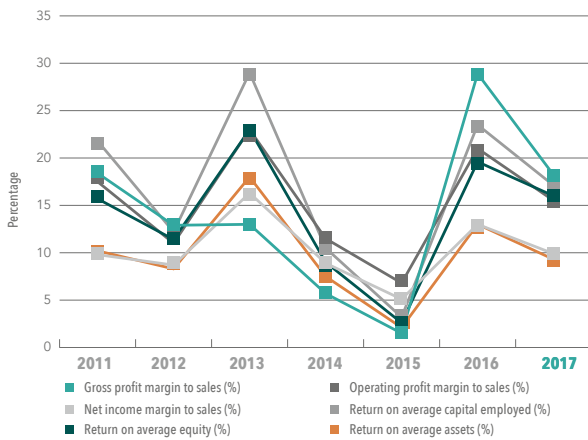
EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION AND AMORTIZATION (EBITDA)



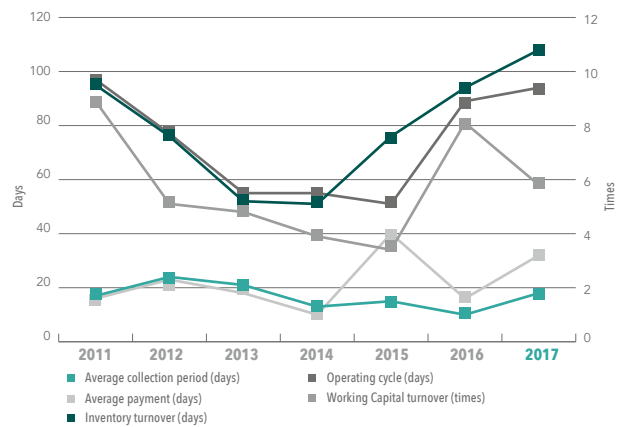
SHAREHOLDERS' EQUITY AND BREAK-UP VALUE PER SHARE



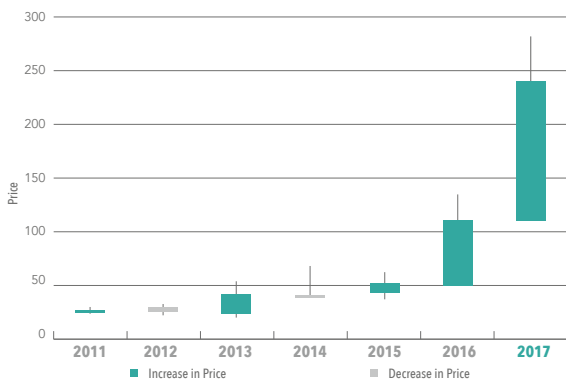
PROFITABILITY AND RETURN



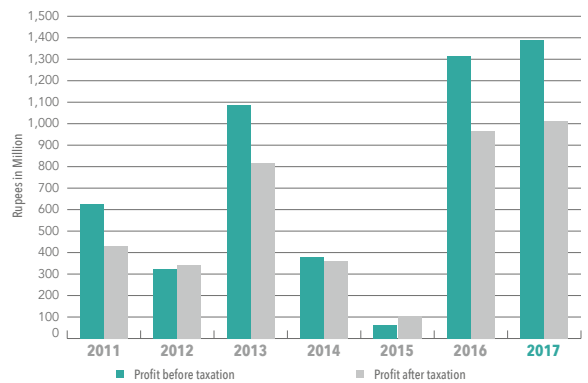
MANAGEMENT OF WORKING CAPITAL



MOVEMENT IN STOCK PRICES

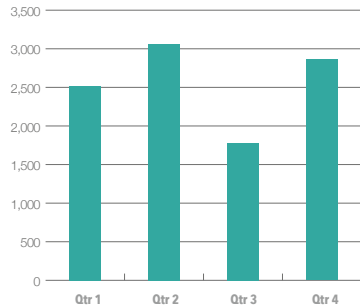


PROFIT BEFORE AND AFTER TAXATION



QUARTERLY ANALYSIS

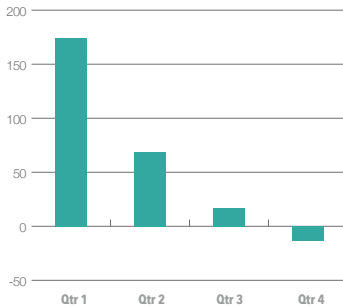
SALES



SALES

After a healthy turnover in first half, sales dropped in third quarter. Third quarter posted 17% or PKR 1,776 million to annual revenue [H1FY17: PKR 5,580.6 million (55%), H2FY17: PKR 4,628 million (45%)]. As explained in detail in the operating performance reviews, the Steel line pipe segment remained the main contributor to sales on the back of transmission capacity augmentation projects initiated by the gas utilities.

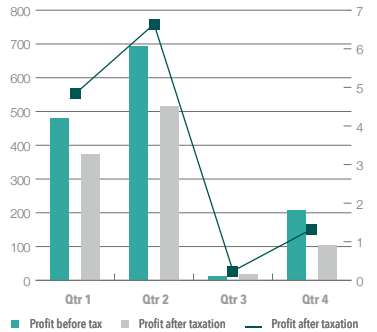
INVESTMENT INCOME



INCOME FROM INVESTMENTS

During the first quarter the IID Division recorded a net profit PKR 169.4 million. Income from investments, inclusive of dividend income of PKR 145.4 million, stood at PKR 174.2 million on the back of volatile market conditions. The second and third quarters showed positive results and the Division contributed PKR 315.6 million to profits during the fiscal year while Investment Income for the fiscal year stood at PKR 246.9 million. The year closed with the fourth quarter contributing loss PKR 24 million with unrealized loss on HFT investments of PKR 244 million.

PROFIT BEFORE TAX, PROFIT AFTER TAX AND EPS



PROFIT AFTER TAXATION

Profit after taxation for the first quarter stood at PKR 375 million primarily constituting profits from the Steel Division. Second and third quarters added PKR 534 million to the bottom line and constitute profits from the Steel and IID Division. After dip in the third quarter, the fourth quarter posted profit after tax of PKR 103.4 million.

COMMENTS ON SIX - YEAR BALANCE SHEET

EQUITY

Equity has doubled from PKR 3.1 billion in 2012 to PKR 6.8 billion in 2017. Increase in equity is attributable to profitable results of the Company over the last six year. Issue of rights shares amounting to PKR 900.5 million (including share premium) had effected the equity positively in FY16.

SHORT TERM BORROWINGS / LONG TERM LOAN

Short term borrowings has increased from PKR 343 million

in 2012 to PKR 2,700 million in 2017. Upward movement is due to increase in working capital requirement to meet operating requirement during the year. During the financial year 2017, long term loan decreased on account of repayment made during the year.

PROPERTY, PLANT AND EQUIPMENT

Increase in net book value of property plant and equipment is due to acquisition of plant and machinery during the year. A major decline in 2012 was due to fire incident in Unit-2 of Cotton Division resulting in its shut down.

LONG TERM INVESTMENTS

Long term investments has consistently increased over the years from PKR 1,321 million in 2012 to PKR 4,204 million in 2017. This increase mainly represents consistent investment in subsidiaries for diversification of businesses and growing group revenues.

COMMENTS ON SIX - YEAR PROFIT AND LOSS

The Company has two core businesses i.e. Steel line pipe (Steel segment) and Cotton spinning (Cotton segment). Infrastructure and development projects of oil and gas industry directly impact the top and bottom lines of Steel segment. Execution of such projects is largely dependent on infrastructure projects executed by utility companies in Pakistan. Due to capacity expansion and laying of gas pipelines for transmission of RLNG after a slowdown in the FY14 and FY15, order intake during FY16 and FY17 was at its all-time high. High order intake resulted in highest ever profits for the company.

SALES

Sales revenue of PKR 10,208.6 million was at its record high as compared to last six fiscal years, substantially contributed by Steel Division's optimum performance. Sales revenue in 2015 at PKR 2,101.6 million was lowest in past six years, which was primarily due to a low order intake in the Steel Division and a decline in Cotton revenue on account of lower international demand.

GROSS PROFIT

Gross profit margin for FY17 stood at 18.2%, due to healthy order intake and high capacity utilization of Steel Division during the year. Although gross profit margin was lower than comparative period but remained above the average margin for last six years.

Cotton Division reported gross loss due to fluctuation in prices of raw cotton which could not be passed on to customers due to stiff competition.

OPERATING EXPENSE

Distribution and selling expenses showed upward movement after achieving lowest level in comparative period in past five years. This was due to increased focus on exploring revenue opportunities outside Pakistan for yarn and raw cotton.

Other operating expenses stood lower as compared to last year but significantly higher than the average expense in the past six years. These mainly comprise of provision for Workers' Welfare Funds and Workers' Profit Participation Funds that were directly related to profits of the Company. Another major component was, liquidated damages charges directly linked with the delivery of the orders. On the other hand, administrative expenses showed a slight increase from last year. During FY12 to FY15, it remained at the same level, however, showed a significant increase in FY16 mainly due to increase in employee cost and increased CSR expenditure.

FINANCE COST

Decreasing trend was observed in finance costs from 2011 (PKR. 143 million) to 2013 (PKR. 62

million), mainly due to low activity and reduction in policy rates. Decreasing trend of finance cost remained within comparable ranges in year 2014 and 2015. Finance cost decreased significantly in 2017 as compared to last year. Although increase in business activities during the year pushed the cost upwards but better cash flow management and early recoveries from debtors had resulted in decrease in finance costs as compared to last year.

PROFIT AFTER TAXATION

Profit after taxation had moved significantly upward from PKR 106.5 million in 2015 to PKR 1,012.3 million in 2017, which is in line with increase in operations of the Steel Division. Significant decline in sales and relatively higher cost of sales resulted in lower profit after tax in 2015 as compared to 2014. However, Company maintained its profitability on net basis due to profitable results of IID Division. In 2013, it jumped to PKR 817 million with an increase of more than 139% over 2012 mainly due to an insurance claim settlement of PKR 310.9 million, of a one-off nature and reversal of impairment amounting to PKR 167 million.

CASH FLOWS

Cash generated from operations was recorded at PKR 941 million, which had been highest since FY11. Favourable movement was observed in working capital

changes from net increase of PKR 2,331.9 million in year 2016 to PKR 413 million in year 2017. This was mainly due to stock-in-trade, which showed an increase of PKR 1,751.3 million in FY16 but for FY17, the increase was only of PKR 372.2 million. Another factor, which contributed positively, was increase of PKR 1,110 million in trade and other payable, mostly on account of payables in respect of stock in transit.

Net cash flow from operating activities stood at PKR 172 million as compared to outflow of PKR 1,820 million in FY16, which was mainly due to positive change of cash flow from operations as explained above. Investment in capacity expansion and strategic investments during the year constitute the main factors in cash outflow from investing activities but remained significantly lower as compared to last year. Whereas proceeds from issue of right shares was a main factor for increase in net cash inflow from financing activities for the last year. Cash and cash equivalents as at 30 June, 2017 were recorded at PKR 219.3 million in comparison with PKR 117.0 million for 2016.

RATIO ANALYSIS

PROFITABILITY RATIOS

For the year FY17 gross and net profit margins stood at 18.2% and 10.0%, which were lower than comparative period.

Healthy order intake resulted in an increase in revenue for the period but rising HR coil prices had forced the gross and net profit margins for FY17 to downslide. Consequently, return on equity and capital employed moved from 16.7% and 18.3% to 14.8% and 15.9% respectively in comparison with last year. Excluding unremarkable performance in FY15, profitability ratios of the Company remained in concurrence with overall performance during the last 6 years. Operating performance / Liquidity Current ratio for 2017 sustained at 1.4 times as compared with 2016. Trade creditors and short-term borrowings were offset by increase in stock-in-trade, trade debtors and other receivables.

ACTIVITY / TURNOVER RATIOS

Inventory turnover days stood at 108 days, while debtor turnover days increased in comparison with last year from 10 days to 18 days. Number of days in payables stood

at 32 days. Total asset turnover ratio recorded at 0.8 times was in line with the historical six year average of the Company.

INVESTMENT / MARKET RATIOS

As a result of increase in profits, the Company's earnings per share was recorded at PKR 13.04 per share. Price to earnings ratio increased to 18.3 times as compared to 8.8 times in 2016 as the market price of Company's share rose from PKR 114.6 at the close of 2016 to PKR 238.6 for the year ended 30 June 2017. Dividend payout ratio for 2017 was recorded at 40.3% against an average of 39.0% for the last 6 years, to maintain a steady stream of income for the shareholders.

CAPITAL STRUCTURE RATIOS

Financial leverage ratio increased to 45.2% in 2017 from 11.7% in 2012 due to increase in long term and short term financing availed for capital expenditure and working capital requirements. Long term Debt to equity ratio stood at 6:95 after reaching highest level of 8:92 in comparative period during the last six years. Company's interest cover ratio increased to 8.4 times in comparison with 6.4 times in 2016 as a result of increase in profitability.

REPORT OF THE AUDIT COMMITTEE

The Audit Committee (the Committee) comprises only of Non-Executive Directors. Details of the Directors are set out in the Board of Directors section of this report. The Chief Executive Officer (CEO), the Chief Financial Officer (CFO), the Internal Auditors and the External Auditors attend Audit Committee meetings by invitation. The Committee meets with the Internal Auditors and the External Auditors with and without the presence of CEO and CFO.

The Audit Committee has concluded its annual review of the conduct and operations of the Company during the financial year ended 30 June 2017, and reports that:

- Five meetings of the Audit Committee were held during the financial year ended 30 June 2017 which were presided by the Chairman, Audit Committee.
- The Audit Committee reviewed the quarterly and annual financial statements of the Company and recommended them for approval of the Board.
- The Board has issued a "Statement of Compliance with the Code of Corporate Governance" which has also been reviewed by the auditors of the Company.
- Understanding and compliance with Company Code of Business Practice and Ethics has been affirmed by the members of the Board, the Management and employees of the Company, individually. Equitable treatment of shareholders has also been ensured.
- Appropriate accounting policies have been consistently applied. All core and other applicable International Accounting Standards were followed in preparation of financial statements of the Company and consolidated financial statements for the financial year ended 30 June 2017, which present fairly the state of affairs, results of operations, cash flows and change in equity of the Company and its subsidiaries.
- The CEO and the CFO have reviewed the consolidated and unconsolidated financial statements of the company along with Directors' Report. They acknowledge their responsibility for true and fair presentation of the Company's financial condition and results, compliance with regulations and applicable accounting standards and design and effectiveness of internal control system of the Company.
- Accounting estimates are based on reasonable and prudent judgment.
- Proper and adequate accounting records have been maintained by the Company in accordance with the Companies Ordinance, 1984 and the external reporting is consistent with Management processes and adequate for shareholder needs.
- The Audit Committee has reviewed and recommended for inclusion on notes to financial statements all related party transactions.
- No cases of complaints regarding accounting, internal controls, audit matters or Whistle Blowing events were received by the Committee.
- The Company's system of internal control is sound in design and has been continually evaluated for effectiveness and adequacy.
- The Audit Committee has ensured the achievement of operational, compliance, risk management, financial reporting and control objectives, safeguarding of the assets of the Company and the shareholders wealth at all levels within the Company.
- The Audit Committee ensured that their statutory obligations and requirements of best practices of governance have been met through a tool-kit developed by the management.
- Closed periods were duly determined and announced by the Company, precluding the Directors, the CEO and Executives of the Company from dealing in Company shares, prior to each Board meeting involving announcement of interim /final results, distribution to shareholders or any other business decision, which could materially affect the

share market price of Company, along with maintenance of confidentiality of all business information.

INTERNAL AUDIT

- The Board has effectively monitored the internal control framework through an outsourced Internal Audit function via BDO Ebrahim and Co., Chartered Accountants on full time basis, who are suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
- Internal auditor independently reviews the risks and control processes operated by management. The Internal Auditor has carried out its duties under the charter approved by the Committee. It carries out independent audits in accordance with an internal audit plan which is approved with the Audit Committee before the start of the financial year.
- The internal audit plan provides a high degree of financial and business segment wise coverage and devotes significant effort to the review of the risk management framework surrounding the major business risks.
- Internal audit reports include recommendations to improve internal controls together with agreed management action plans to resolve the issues raised. Internal audit follows up the implementation of recommendations and reports progress to senior management

and the Audit Committee.

- The Audit Committee reviews the findings of the internal audits completed during the year, taking appropriate action or bringing the matters to the Board's attention where required.
- The effectiveness of the internal auditor is reviewed and discussed by the Audit Committee on an annual basis. Based on the Committee's review of the performance of the internal auditor, the Committee has recommended to the Board for the appointment of BDO Ebrahim and Co., Chartered Accountants for the financial year 2017-18.
- Coordination between the External and Internal Auditors was facilitated to ensure efficiency and contribution to the Company's objectives, including a reliable financial reporting system and compliance with laws and regulation.

EXTERNAL AUDIT

- The statutory Auditors of the Company, KPMG Taseer Hadi and Co., Chartered Accountants, have completed their Audit engagement of the "Unconsolidated Financial Statements", the "Consolidated Financial Statements" and the "Statement of Compliance with the Code of Corporate Governance" for the financial year ended 30 June 2017.
- The Auditors have been allowed direct access to the Audit Committee and the

effectiveness, independence and objectivity of the Auditors has thereby been ensured.

- The Audit Committee has reviewed and discussed Audit observations with the external auditors for year ended 30 June 2017. Moreover, during the year Management letter for the year ended 30 June 2016 was received within 45 days of the date of the Auditors' Report on financial statements as required under the PSX Rule Book; and the Audit Committee reviewed and discussed Management letter with the external auditors and the management.
- The performance, cost and independence of the external auditor is reviewed annually by the Committee. Based on the Committee's review of the performance of external auditor, the Committee has recommended to the Board that a resolution to reappoint KPMG Taseer Hadi and Co., Chartered Accountants, for the year 2017-18 be proposed at the forthcoming Annual General Meeting.

By order of the Audit Committee

Syed Zahid Hussain
Chairman, Audit Committee
12 August 2017

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the requirements contained in the Code of Corporate Governance ("the Code") as mentioned in the Regulation No. 5.19.24 of the Rule Book of Pakistan Stock Exchange ("PSX") where Crescent Steel and Allied Products Limited (the Company) is listed. The purpose of the Code is to establish framework of good governance, whereby a listed entity is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present, the Board includes:

Independent Directors

Mr. Ahmad Waqar
Mr. Farrukh Viqaruddin Junaidy
Mr. Zahid Hussain

Executive Director

Mr. Ahsan M. Saleem

Non-Executive Directors

Mr. Nasir Shafi
Mr. S.M. Ehtishamullah
Mr. Zahid Bashir

The independent directors meet the criteria of independence under clause 5.19.1(b) of the Code.

2. The directors of the Company have confirmed that none of them is serving as a director in more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the Company have confirmed that they are registered as taxpayers and none of them has defaulted in payment of any loan to a banking Company, a DFI or

an NBFIs, being a Broker of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy has occurred on the Board during the year ended 30 June 2017.
5. 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.
6. 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. The corporate strategy of the Company is reviewed and approved by the Board along with the annual plan.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, other executive and non-executive directors, have been taken by the Board.
8. All the meetings of the Board were presided over by the Chairman and, in his absence,

by a director elected by the Board for that purpose. The Board met seven times during the year ended 30 June 2017, including once in every quarter to approve the financial statements of the Company. Written notices of the Board meetings, along with agenda and working papers were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated in time.

9. The directors were apprised about the changes in the code, applicable laws and their duties and responsibilities to effectively manage the affairs of the Company for and on behalf of the shareholders.
10. 5 out of 7 Directors of the Company were exempted from the requirement of Director's Training Program by virtue of minimum of 14 years of education and 15 years of experience as director of a listed Company. One Director was specifically exempted by SECP from the requirements of Director's Training Program because of his other experience. Remaining one director of the Company had obtained certification under Director's Training Program conducted by Pakistan Institute of Corporate Governance.
11. The Board has approved appointment of Chief Financial

Officer / Company Secretary and Head of Internal Audit including their remuneration and terms and conditions of employment, as recommended by the Human Resource and Remuneration Committee.

12. The Directors' Report for the year ended 30 June 2017 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
13. The financial statements of the Company were duly endorsed by the CEO and CFO before approval of the Board.
14. The Directors, CEO and executives do not hold any interest in the shares of the Company, other than that disclosed in the pattern of shareholding.
15. The Company has complied with all the corporate and financial reporting requirements of the Code with respect to the Company.
16. The Board has formed an Audit Committee. It comprises of four members, of whom two are non-executive directors and two are independent directors. The chairman of the committee is an independent director.
17. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
18. The Board has formed a Human Resource and Remuneration Committee which comprises of four members, three of whom are non-executive directors and one independent director. The chairman of the committee is a non-executive director.
19. The Board has set-up an effective internal audit function. The function has been outsourced to BDO Ebrahim & Co., Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company, and they (or their representatives) are involved in the internal audit function on a full time basis. The Company has also designated a full time employee as Head of Internal Audit.
20. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), 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 the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
21. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
22. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of the Company's securities, was determined and intimated to the directors, employees and Pakistan Stock Exchange.
23. Material / price sensitive information has been disseminated among all market participants at once through Pakistan Stock Exchange.
24. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
25. We confirm that all other material principles enshrined in the Code have been complied with.



Ahsan M. Saleem
Chief Executive Officer



Zahid Bashir
Director

12 August 2017

Crescent Steel and Allied Products Limited

UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

REVIEW REPORT TO THE MEMBERS

on Statement of Compliance with Best Practices of Code of Corporate Governance



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No.2
Beaumont Road
Karachi 75530 Pakistan

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Fax +92 (21) 3568 5095
Internet www.kpmg.com.pk

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") as mentioned in the Regulation No. 5.19.24 of the Rule Book of Pakistan Stock Exchange ("PSX") as prepared by the Board of Directors of Crescent Steel and Allied Products Limited ("the Company") for the year ended 30 June 2017 to comply with the requirements of Listing Regulations of PSX where the Company is listed.


The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 Code.

As 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 Code requires 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 distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. 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 any procedures to determine whether the related party transactions were under taken 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 best practices contained in the Code as applicable to the Company for the year ended 30 June 2017.

Date: 12 August 2017
Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Nadeem

AUDITORS' REPORT TO THE MEMBERS



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No.2
Beaumont Road
Karachi 75530 Pakistan

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Fax +92 (21) 3568 5095
Internet www.kpmg.com.pk


We have audited the annexed unconsolidated balance sheet of Crescent Steel and Allied Products Limited ("the Company") as at 30 June 2017 and the related unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the approved accounting standards and the requirements of the repealed Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the International Standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of account have been kept by the Company as required by the repealed Companies Ordinance, 1984;
- b) in our opinion:
 - i) the unconsolidated balance sheet and unconsolidated profit and loss account together with the notes thereon have been drawn up in conformity with the repealed Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied.
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the unconsolidated balance sheet, unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the repealed Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2017 and of the profits, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980, was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Date: 12 August 2017
Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Nadeem

UNCONSOLIDATED BALANCE SHEET

As at 30 June 2017

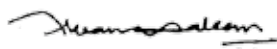
Rupees in '000	Note	2017	2016
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital			
100,000,000 ordinary shares of Rs. 10 each		1,000,000	1,000,000
Issued, subscribed and paid-up capital	6	776,325	776,325
Capital reserves		1,033,823	1,025,694
Revenue reserves		5,009,569	4,005,706
		6,819,717	5,807,725
Non-current liabilities			
Long term loans	7	322,481	394,250
Liabilities against assets subject to finance lease	8	63,606	77,145
Deferred income	9	7,471	9,179
Deferred taxation	10	232,847	68,259
		626,405	548,833
Current liabilities			
Trade and other payables	11	2,001,890	850,158
Mark-up accrued	12	27,892	21,023
Short term borrowings	13	2,517,336	2,083,975
Current portion of long term loans	7	140,500	109,250
Current portion of liabilities against assets subject to finance lease	8	41,700	58,687
Current portion of deferred income	9	4,148	4,552
		4,733,466	3,127,645
Contingencies and commitments	14		
Total equity and liabilities		12,179,588	9,484,203

UNCONSOLIDATED PROFIT AND LOSS ACCOUNT

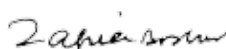
For the year ended 30 June 2017

Rupees in '000	Note	2017	2016
Sales - net	30	10,208,644	7,412,035
Cost of sales	31	8,349,794	5,269,059
Gross profit		1,858,850	2,142,976
Income from investments	32	246,889	42,555
		2,105,739	2,185,531
Distribution and selling expenses	33	31,024	15,497
Administrative expenses	34	286,750	283,103
Other operating expenses	35	410,821	421,253
		728,595	719,853
		1,377,144	1,465,678
Other income	36	201,832	93,675
Operating profit before finance costs		1,578,976	1,559,353
Finance costs	37	187,273	243,780
Profit before taxation		1,391,703	1,315,573
Taxation	38	379,268	348,437
Profit after taxation		1,012,435	967,136
		(Rupees)	
Basic and diluted earnings per share	39	13.04	12.97

The annexed notes from 1 to 51 form an integral part of these unconsolidated financial statements.



Chief Executive



Director



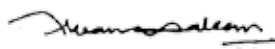
Chief Financial Officer

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

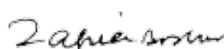
For the year ended 30 June 2017

Rupees in '000	2017	2016
Profit after taxation for the year	1,012,435	967,136
Other comprehensive income		
Items that may be reclassified subsequently to profit and loss		
Unrealized appreciation / (diminution) during the year on remeasurement of investment classified as 'available for sale'	8,129	(756)
Items that will not be reclassified subsequently to profit and loss		
Gain on remeasurement of staff retirement benefit plans - net of tax	379,591	184,301
Other comprehensive income for the year	387,720	183,545
Total comprehensive income for the year	1,400,155	1,150,681

The annexed notes from 1 to 51 form an integral part of these unconsolidated financial statements.



Chief Executive



Director



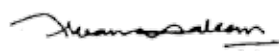
Chief Financial Officer

UNCONSOLIDATED CASH FLOW STATEMENT

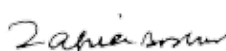
For the year ended 30 June 2017

Rupees in '000	Note	2017	2016
Cash flows from operating activities			
Cash generated from / (used in) operations	40	941,289	(580,833)
Taxes paid		(503,994)	(639,667)
Finance costs paid		(168,632)	(232,094)
Contribution to gratuity and pension funds		(12,081)	(17,835)
Contribution to Workers' Profit Participation Fund		(60,000)	(75,000)
Infrastructure fee paid		(23,866)	(31,219)
Compensated absences paid		(729)	(879)
10-C bonus paid		(1,827)	(138)
Long term deposits - net		1,881	(242,407)
Net cash generated from / (used in) operating activities		172,041	(1,820,072)
Cash flows from investing activities			
Capital expenditure		(215,198)	(141,546)
Acquisition of intangible assets		-	(831)
Proceeds from disposal of operating fixed assets		80,578	13,427
Proceeds from disposal of operating fixed assets under sale and leaseback arrangement		30,889	112,291
Investments - net		(205,218)	(822,979)
Dividend income received		163,595	22,009
Interest income received		765	1,352
Net cash (used in) investing activities		(144,589)	(816,277)
Cash flows from financing activities			
Proceeds from long term loans		(40,519)	209,500
Payments against finance lease obligations		(65,553)	(68,329)
Proceeds from short term loans obtained - net		365,416	1,904,138
Proceeds from issuance of right shares		-	900,537
Transaction cost incurred on issuance of right shares		-	(17,863)
Dividends paid		(389,172)	(149,298)
Net cash (outflow) / inflow from financing activities		(129,828)	2,778,685
Net (decrease) / increase in cash and cash equivalents		(102,376)	142,336
Cash and cash equivalents at beginning of the year		(116,935)	(259,271)
Cash and cash equivalents at end of the year	41	(219,311)	(116,935)

The annexed notes from 1 to 51 form an integral part of these unconsolidated financial statements.



Chief Executive



Director



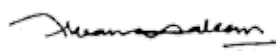
Chief Financial Officer

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

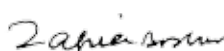
For the year ended 30 June 2017

Rupees in '000	Issued, subscribed and paid-up capital	Capital reserves		Revenue reserves		Total
		Share premium	Unrealized (diminution)/ appreciation on remeasurement of investments classified as 'available for sale'	General reserve	Unappropriated profit	
Balance as at 30 June 2015	621,060	293,499	5,542	2,642,000	488,642	4,050,743
Total comprehensive income for the						
year ended 30 June 2016						
Profit after taxation	-	-	-	-	967,136	967,136
Other comprehensive income						
Total Other comprehensive income for the year	-	-	(756)	-	184,301	183,545
Total comprehensive income for the year	-	-	(756)	-	1,151,437	1,150,681
Transactions with owners						
Issuance of right shares	155,265	745,272	-	-	-	900,537
Transaction cost on issuance of shares	-	(17,863)	-	-	-	(17,863)
Dividend:						
- Final @ 7% (i.e. Re. 0.7 per share) for the year ended 30 June 2015	-	-	-	-	(43,475)	(43,475)
- First interim @ 15% (i.e. Rs. 1.5 per share) for the year ended 30 June 2016	-	-	-	-	(116,449)	(116,449)
- Second interim @ 15% (i.e. Rs. 1.5 per share) for the year ended 30 June 2016	-	-	-	-	(116,449)	(116,449)
Balance as at 30 June 2016	776,325	1,020,908	4,786	2,642,000	1,363,706	5,807,725
Transfer to general reserve	-	-	-	1,000,000	(1,000,000)	-
Total comprehensive income for the						
year ended 30 June 2017						
Profit after taxation	-	-	-	-	1,012,435	1,012,435
Other comprehensive income						
Total Other comprehensive income for the year	-	-	8,129	-	379,591	387,720
Total comprehensive income for the year	-	-	8,129	-	1,392,026	1,400,155
Dividend:						
- Final @ 20% (i.e. Rs. 2 per share) for the year ended 30 June 2016	-	-	-	-	(155,265)	(155,265)
- First interim @ 15% (i.e. Rs. 1.5 per share) for the year ended 30 June 2017	-	-	-	-	(116,449)	(116,449)
- Second interim @ 15% (i.e. Rs. 1.5 per share) for the year ended 30 June 2017	-	-	-	-	(116,449)	(116,449)
Balance as at 30 June 2017	776,325	1,020,908	12,915	3,642,000	1,367,569	6,819,717

The annexed notes from 1 to 51 form an integral part of these unconsolidated financial statements.



Chief Executive



Director



Chief Financial Officer

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

1. THE COMPANY AND ITS OPERATIONS

- 1.1 Crescent Steel and Allied Products Limited ("the Company") was incorporated on 1 August 1983 as a public limited company in Pakistan under the Companies Act, 1913 (now Companies Act, 2017) and is quoted on the Pakistan Stock Exchange. The registered office of the Company is located at E-floor, IT Tower, 73-E/1, Hali Road, Gulberg-III, Lahore. Whereas its principal office is situated at 9th floor Sidco Avenue Centre 264 R.A. Lines, Karachi.
- 1.2 The Company's steel segment is one of the down stream industries of Pakistan Steel Mills, manufacturing large diameter spiral arc welded steel line pipes at Nooriabad (District Dadu). The Company has a coating facility capable of applying three layers high density polyethylene coating on steel line pipes. The coating plant commenced commercial production from 16 November 1992.
- 1.3 The Company acquired a running spinning unit of 14,400 spindles (now 19,680 spindles) at Jaranwala (District Faisalabad) on 30 June 2000 from Crescent Jute Products Limited. The cotton spinning activity is carried out by the Company under the name and title of "Crescent Cotton Products a division of Crescent Steel and Allied Products Limited.
- 1.4 The Company's deals in equity shares and also has investment in subsidiaries and associates, the details of which are stated in notes 18.1 and 18.2.

2. BASIS OF PREPARATION

2.1 Unconsolidated financial statements

These are the unconsolidated financial statements (therein after referred as the financial statements) of the Company in which investments in subsidiaries and associates are stated at cost rather than on the basis of reported results and net assets of the investees. Consolidated financial statements of the Company are prepared separately.

2.2 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFASs) issued by Institute of Chartered Accountant of Pakistan as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions of and directives of the repealed Companies Ordinance, 1984 shall prevail (refer note 4.2).

2.3 Basis of measurement

These financial statements have been prepared under the historical cost convention except for investments classified as held for trading and available for sale which are stated at fair value and obligations in respect of gratuity and pension schemes which are measured at present value of defined benefit obligation less fair value of plan assets.

2.4 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is also the Company's functional currency and has been rounded to the nearest thousand.

3. USE OF ESTIMATES AND JUDGEMENTS

In preparing these financial statements, management has made judgement, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions

are reviewed on an ongoing basis. Revision to estimates are recognised prospectively estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Information about judgements made in applying accounting policies that have the most significant effects on the amount recognised in the financial statements and assumptions and estimation uncertainties that have a significant risk resulting in a material adjustment in the subsequent years are set forth below:

- Property, plant and equipment and depreciation (refer note 5.1)
- Investment property and depreciation (refer note 5.3)
- Intangible assets and amortization (refer note 5.2)
- Investments (refer note 5.4)
- Stores, spares and loose tools and stock-in-trade (refer note 5.6 and 5.7)
- Employee benefits (refer note 5.10)
- Leases (refer note 5.12)
- Taxation (refer note 5.15)
- Impairment (refer note 5.1, 5.2, 5.3, 5.4 and 5.19)

4. NEW OR AMENDMENTS / INTERPRETATIONS TO EXISTING STANDARDS, INTERPRETATION AND FORTHCOMING REQUIREMENTS

4.1 There are new and amended standards and interpretations that are mandatory for accounting periods beginning 01 July 2016 but are considered not to be relevant or do not have any significant effect on the the Company's financial statements and are therefore not stated in these financial statements.

4.2 **Standards, interpretations and amendments to published approved accounting standards that are not yet effective**

The following standards, amendments and interpretations of approved accounting standards are only effective for accounting periods beginning on or after 1 July 2017:

- Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after 1 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments are not likely to have an impact on the Company's financial statements.
- Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 1 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments are not likely to have an impact on the Company's financial statements.
- Amendments to IFRS 2 - 'Share-based Payment' clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled financial statements. share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/ or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on the Company's financial statements.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' - effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on the Company's financial statements.
- Annual improvements to IFRS standards 2014-2016 cycle. The new cycle of improvements addresses improvements to following approved accounting standards:
- Amendments to IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 1 January 2017) clarify that the requirements of IFRS 12 apply to an entity's interests that are classified as held for sale or discontinued operations in accordance with IFRS 5 - 'Non-current Assets Held for Sale and Discontinued Operations'. The amendments are not likely to have an impact on the Company's financial statements.
- Amendments to IAS 28 'Investments in Associates and Joint Ventures' (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on the Company's financial statements.
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration.
- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax.
- In addition, the Companies Act, 2017 was enacted on 30 May 2017 and SECP vide its circular 17 of 2017 has clarified that the companies whose financial year closes on or before 30 June 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. The Companies Act, 2017 applicable for financial year beginning on 1 July 2017 requires certain additional disclosures and Section 235 of the repealed Companies Ordinance, 1984 relating to treatment of surplus arising out of revaluation of assets has not been carried forward in the Companies Act, 2017. This would require change in accounting policy relating to surplus on revaluation of fixed assets to bring it in line with the requirements of IAS 16 - Property, plant and equipment. The application of Companies Act 2017 is not likely to have financial impact on the Company's financial statements except extended disclosures.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies applied in the preparation of these financial statements are set forth below and have been applied consistently to all years presented.

5.1 Property, plant and equipment and depreciation

Owned assets

Property, plant and equipment, except freehold land and capital work-in-progress are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land is stated at cost.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets include the cost of materials and direct labour, any other cost directly attributable to bring the assets to a working condition for their intended use, the cost of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs, if any.

Subsequent cost

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within that part will flow to the Company and its cost can be measured reliably. The carrying amount of the part so replaced is derecognized. The costs relating to day-to-day servicing of property, plant and equipment are recognized in the unconsolidated profit and loss account as incurred.

Depreciation

Depreciation is charged to income on a straight line basis at the rates specified in note 15.1 to these financial statements. Depreciation on additions to property, plant and equipment is charged from the month in which an item is acquired or capitalized while no depreciation is charged for the month in which the item is disposed off or retained.

The assets' residual values and useful lives are reviewed at each financial year end and adjusted if appropriate.

Disposal

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense in the unconsolidated profit and loss account.

Leased assets

Upon initial recognition, an asset acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of minimum lease payments, each determined at the inception of the lease. Subsequent to initial recognition, the asset is stated at the amount determined at initial recognition less accumulated depreciation and impairment losses, if any.

Depreciation is charged on the same basis as used for owned assets.

Capital work in progress

Capital work in progress is stated at cost and consists of expenditure incurred and advances made in respect of tangible and intangible assets during the course of their construction and installation. Transfers are made to relevant assets category as and when assets are available for intended use.

Impairment

The carrying amount of property, plant and equipment is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the assets recoverable

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

amount is estimated. The recoverable amount is the greater of its value in use and fair value less cost to sell. An impairment is recognized if the carrying amount exceeds its estimated recoverable amount.

5.2 Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment losses, if any.

Subsequent expenditure

Subsequent expenditure on capitalized intangible assets is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is expensed as incurred.

Amortization

Amortization is charged to the unconsolidated profit and loss account on a straight line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Amortization on additions to intangible assets is charged from the month in which an item is acquired or capitalized while no amortization is charged for the month in which the item is disposed off.

Impairment

All intangible assets with an indefinite useful life are systematically tested for impairment at each reporting date. Where the carrying amount of an asset exceeds its estimated recoverable amount it is written down immediately to its recoverable amount. The carrying amount of other intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exist than the assets recoverable amount is estimated. The recoverable amount is the greater of its value and fair value less cost to sell. An impairment is recognized if the carrying amount exceeds its estimated recoverable amount.

5.3 Investment property

Investment property, principally comprising of land and buildings, is held for long term rental yields / capital appreciation. The investment property of the Company comprises of land and buildings and is valued using the cost method i.e. at cost less any accumulated depreciation and impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalized borrowing costs, if any.

Depreciation is charged to the unconsolidated profit and loss account on the straight line method at the rates specified in the note 15.1 so as to allocate the depreciable amount over its estimated useful life. Depreciation on additions to investment property is charged from the month in which a property is acquired or capitalized while no depreciation is charged for the month in which the property is disposed off.

The residual values and useful lives of investment property are reviewed at each reporting date and adjusted if appropriate.

The Company assesses at each reporting date whether there is any indication that investment property may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in the unconsolidated profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future period to allocate the asset's revised carrying amount over its estimated useful life.

The gain or loss on disposal of investment property, represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as income or expense in the unconsolidated profit and loss account.

5.4 Investments

Investments in subsidiaries

Investments in subsidiaries are stated at cost less accumulated impairment, if any.

Investments in associates

Entities in which the Company has significant influence directly or indirectly (through subsidiaries) but not control and which are neither subsidiaries nor joint ventures of the members of the Company are associates. Investments in associates are stated at cost less accumulated impairment, if any.

Financial assets at fair value through profit and loss

A non-derivative financial asset is classified as fair value through profit and loss if it is held for trading or is designated as such upon initial recognition. Investments are designated at fair value through profit and loss if the Company manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognized in the unconsolidated profit and loss account when incurred. Investments at fair value through profit and loss are measured at fair value and changes therein are recognized in the unconsolidated profit and loss account.

Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Company has positive intention and ability to hold to maturity. Investments classified as held to maturity are recognized initially at fair value, plus attributable transaction costs. Subsequent to initial recognition, held to maturity financial assets are measured at amortized cost using the effective interest method, less any impairment loss, if any.

Loans and receivables

Loans and receivables are recognized initially at fair value, plus attributable transaction costs. Subsequent to initial recognition, loans and receivables measured at amortized cost using the effective interest method, less any impairment losses, if any.

Available for sale investments

Other investments not covered in any of the above categories are initially recognized at fair value plus attributable transactions costs. Subsequent to initial recognition these are measured at fair value, with any resultant gain or loss being recognized in other comprehensive income. Gain or loss on available for sale investments are recognized in other comprehensive income until the investments are sold or disposed off or until the investments are determined to be impaired, at that time cumulative gain or loss previously reported in other comprehensive income is reclassified and included in the unconsolidated profit and loss account.

Fair value of listed securities are the quoted prices on stock exchange on the date it is valued. Unquoted securities are valued at cost.

The Company follows trade date accounting for regular way purchase and sale of securities, except for sale and purchase of securities in the future market.

Impairment

The carrying amount of all investments other than those at fair value through profit and loss, is reviewed at each reporting date to determine whether there is any indication of impairment. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

recognition of the asset and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably. In case of investment in equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

An impairment loss in respect of financial assets 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 assets original effective interest rate. Losses are recognized in the unconsolidated profit and loss account. When an event occurring after the impairment was recognized causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the unconsolidated profit and loss account.

Impairment losses on available for sale financial assets are recognized by reclassifying the losses accumulated in reserves in equity to the unconsolidated profit and loss account. The cumulative loss that is reclassified from equity to the unconsolidated profit and loss account is the difference between the acquisition cost, net of any principal repayment and amortization, and the current fair value, less any cumulative impairment loss recognized previously in the unconsolidated profit and loss account.

If in subsequent period, the fair value of an impaired available for sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed with the amount of reversal recognized in the unconsolidated profit and loss account. However, any subsequent recovery in the fair value of an impaired available for sale equity security is recognized in other comprehensive income. An impairment loss in respect of interest in associates and subsidiaries is measured by comparing the recoverable amount (i.e. higher of fair value or value in use) of investment with its carrying amount. An impairment loss is recognized in the unconsolidated profit and loss account. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognized.

Derivative financial instruments

The Company enters into derivative financial instruments, which include future contracts in stock market. Derivatives are initially recorded at fair value and are remeasured to fair value on subsequent reporting dates. The fair value of a derivative is equivalent to the unrealized gain or loss from marking to market the derivative using prevailing market rates. Derivatives with positive market values (unrealized gains) are included in other receivables and derivatives with negative market values (unrealized losses) are included in other liabilities in the unconsolidated balance sheet. The resultant gains and losses from derivatives held for trading purposes are recognized in the unconsolidated profit and loss account. No derivative is designated as hedging instrument by the Company.

5.5 Non-current assets held for sale

Non-current assets or disposal groups comprising of assets or liabilities that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets or components of a disposal group, are remeasured at lower of their carrying amount and fair value less costs to sell.

5.6 Stores, spares and loose tools

Stores, spares and loose tools are valued at lower of weighted average cost and net realizable value, less provision for impairment, if any. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon less impairment if any.

Provision for obsolete and slow moving stores, spares and loose tools is determined based on management's estimate regarding their future usability.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs necessary to be incurred to make the sale.

Spare parts of capital nature which can be used only in connection with an item of property, plant and equipment are classified as fixed assets under the 'plant and machinery' category and are depreciated over a time period not exceeding the useful life of the related assets.

5.7 Stock-in-trade

Stock-in-trade is stated at the lower of cost less impairment loss if any and net realizable value. Cost is arrived at on a weighted average basis. Cost of work-in-process and finished goods include cost of materials and appropriate portion of production overheads. Net realizable value is the estimated selling price in the ordinary course of business less costs of completion and selling expenses. The cost of finished goods of Steel segment is assigned by using specific identification of their individual costs. Scrap stocks are valued at their estimated net realizable value.

5.8 Trade debts and other receivables

These are initially stated at fair value and subsequently measured at amortized cost less provisions for any uncollectible amounts. An estimate is made for doubtful receivables when collection of the amount is no longer probable. Debts considered irrecoverable are written off.

5.9 Cash and cash equivalents

Cash and cash equivalents comprise of cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of cash flow statement.

5.10 Employee benefits

5.10.1 Compensated absences

The Company accounts for all accumulated compensated absences when employees render services that increase their entitlement to future compensated absences.

5.10.2 Post retirement benefits

5.10.2.1 Defined contribution plan - Provident fund

The Company operates a provident fund scheme for its permanent employees. Equal monthly contributions are made by the Company and its employees. Obligation for contributions to the fund are recognized as an expense in the unconsolidated profit and loss account when they are due.

Cotton segment

Provision and collection from employees are made at the rate of 6.25% of basic pay of Cotton segment employees. A trust has been established and its approval has been obtained from the Commissioner of Income Tax.

All employees except Cotton segment

Contributions to the fund are made at the rate of 8.33% of basic pay for those employees who have served the Company for a period of less than five years and after completion of five years, contributions are made at the rate of 10%.

5.10.2.2 Defined benefit plans

Pension and gratuity fund schemes

The Company provides gratuity benefits to all its permanent employees who have completed their minimum

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

qualifying as per the terms of employment. The pension scheme provides life time pension to retired employees or to their spouses.

The Company's obligation is determined through actuarial valuations carried out under the "Projected Unit Credit Method". Remeasurements which comprise actuarial gains and losses and the return on plan assets (excluding interest) are recognized immediately in other comprehensive income. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments. Net interest expense, current service cost and any past service cost are recognized in the unconsolidated profit and loss account. Any assets resulting from this calculation is limited to the present value of available refunds or reductions in future contributions to the plan. The latest Actuarial valuation was conducted at the reporting date by a qualified professional firm of actuaries.

5.11 Mark-up bearing borrowings

Mark-up bearing borrowings are recognized initially at fair value, less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the unconsolidated profit and loss account over the period of the borrowings on an effective interest basis.

5.12 Leases

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

Assets held under finance leases along with corresponding lease liabilities are initially recognized at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance costs and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance costs are recognized in the unconsolidated profit and loss account, unless they are directly attributable to qualifying assets, in which case they are capitalized as more fully explained in note 5.16 below.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the unconsolidated profit and loss account on a straight-line basis over the period of the lease.

In the context of sale and leaseback transactions, where a sale and leaseback transaction is classified as a finance lease, any excess of the sale proceeds over the carrying values is deferred and recognized in the unconsolidated profit and loss account over the lease term. Any loss representing the excess of the carrying values over the sale proceeds is recognized immediately in the unconsolidated profit and loss account.

5.13 Asset held under Ijarah financing

Assets held under Ijarah financing are accounted for using the guidelines of Islamic Financial Accounting Standard - 2 (IFAS 2), "Ijarah". The assets are not recognized on the Company's financial statements and payments made under Ijarah financing are recognized in the unconsolidated profit and loss on a straight line basis over the term of the lease.

5.14 Trade and other payables

Trade and other payable are recognized initially at fair value and subsequently carried at amortized cost.

5.15 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates available, if any.

Deferred

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences. A deferred tax asset is recognized for all deductible differences, carry forward of unused tax credits and unused tax losses to the extent that it is probable that future taxable profits or taxable temporary difference will be available against which the asset can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realized.

5.16 Revenue recognition

Revenue from sales is recognized when significant risks and rewards of ownership are transferred to the buyer.

Interest income is recognized using the effective interest method.

Dividend income is recognized when the right to receive the same is established i.e. the book closure date of the investee company declaring the dividend.

Gains and losses on sale of investments are accounted for when the commitment (trade date) for sale of security is made.

Unrealized gains and losses arising on revaluation of securities classified as 'held for trading' are recognized in the unconsolidated profit and loss account in the period in which they arise. Gains and losses arising on revaluation of derivatives to the fair value are also recognized in the unconsolidated profit and loss account.

Unrealized gains and losses arising on revaluation of securities classified as 'available for sale' are recognized in the unconsolidated statement of comprehensive income in the period in which they arise.

Rental income (net of any incentives given to lessees) from investment property is recognized on a straight line basis over the lease term.

5.17 Borrowing costs

Borrowing costs incurred on long term finances directly attributable for the construction / acquisition of qualifying assets are capitalized up to the date the respective assets are available for intended use. All other mark-up, interest and other related charges are taken to the unconsolidated profit and loss account currently.

5.18 Provisions

A provision is recognized in the unconsolidated balance sheet when the Company has a legal or constructive obligation as a result of past events, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

5.19 Impairment

The carrying amount of the Company's assets is reviewed at each reporting date to determine whether there is any objective evidence that an asset or group of assets may be impaired. If any such evidence exists, the asset's or group of assets' recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of value in use and fair value less cost to sell. Impairment losses are recognized in the unconsolidated profit and loss account.

5.20 Foreign currency translation

Foreign currency transactions are translated into Pakistan Rupees at exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pakistan Rupees at the rates of exchange prevailing at the reporting date. Exchange differences, if any, are recognized in the unconsolidated profit and loss account.

5.21 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are set off and only the net amount is reported in the unconsolidated balance sheet when there is a legally enforceable right to set off the recognized amount and the Company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

5.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting structure. Management monitors the operating results of its business units separately for the purpose of making decisions regarding resource allocation and performance assessment.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets.

5.23 Proposed dividend and transfer between reserves

Dividend distributions to the Company's shareholders are recognized as a liability in the period in which dividends are approved. Transfer between reserves made subsequent to the reporting date is considered as a non-adjusting event and is recognized in the period in which such transfers are made.

5.24 Earnings per share

The Company presents earnings per share (EPS) for its ordinary shares. EPS is calculated by dividing the unconsolidated profit and loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

6. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2017		2016	2017		2016
Number of shares			Rupees in '000		
37,756,686	37,756,686	Ordinary shares of Rs. 10 each fully paid in cash	377,567		377,567
39,875,805	39,875,805	Ordinary shares of Rs. 10 each issued as bonus shares	398,758		398,758
77,632,491	77,632,491		776,325		776,325

6.1 Ordinary shares of the Company held by related parties as at year end are as follows:

	2017		2016	
	Percentage of holding	Number of shares	Percentage of holding	Number of shares
Crescent Steel and Allied Products Limited - Gratuity Fund	1.90%	1,471,233	1.90%	1,471,233
Crescent Steel and Allied Products Limited - Pension Fund	4.16%	3,230,181	4.16%	3,230,181
Crescent Steel and Allied Products Limited - Staff Provident Fund	1.07%	833,700	1.07%	833,700
Crescent Cotton Products - Staff Provident Fund	0.10%	74,800	0.10%	74,800
CSAPL - Staff Benevolent Fund	0.05%	36,178	-	-
Muhammad Amin Muhammad Bashir Limited	0.00%	848	0.00%	848
Premier Insurance Limited	0.19%	146,500	0.16%	120,700
Shakarganj Limited	0.23%	180,000	1.02%	792,068
Crescent cotton Mills Limited	0.00%	76	-	-

Rupees in '000

7. LONG TERM LOANS

Secured - Under non-shariah arrangement

	Note	2017	2016
Allied Bank Limited	7.1	244,231	253,500
Saudi Pak Industrial and Agricultural Investment Company Limited	7.2	218,750	250,000
		462,981	503,500
Less: Current portion shown under current liabilities		140,500	109,250
		322,481	394,250

7.1 The Company has a long term loan arrangement with Allied Bank Limited for an amount of Rs. 312 million. The term of the loan is 5 years from the date of disbursement with a grace period of one year, repayable in 16 equal quarterly installments started from December 2015. During the year, the Company has made repayment of Rs. 78 million. Mark-up is payable at the rate of 3 months KIBOR plus 1.5% per annum. During the year, mark-up on such arrangements ranged between 7.53% to 7.60% (2016: 7.60% to 8.49%) per annum. The facility is secured against first joint pari passu hypothecation / equitable mortgage on plant, machinery and property of the Company.

Further, during the year the Company entered into new loan arrangement with Allied Bank Limited of an amount of Rs. 100 million, out of which Rs. 68.730 million have been disbursed till date. The term of the loan is 5 years from the date of disbursement with a grace period of one year, repayable in 16 equal quarterly installments starting after fifteen months from date of disbursement. Mark-up is payable at the rate of 3 months KIBOR plus 1.5% per annum.

During the year, mark-up on such arrangements ranged between 7.59% to 7.64%. The facility is secured against first joint pari passu hypothecation / equitable mortgage on plant, machinery and property of the Company.

7.2 The Company has a long term loan arrangement with Saudi Pak Industrial and Agricultural Investment Company Limited for an amount of Rs. 250 million. The term of the loan is 5 years from the date of disbursement including a grace period of one year, repayable in 8 equal semi annual installments starting from eighteen month from date of disbursement. During the year, the Company has made repayment of Rs. 31.250 million. Mark-up is payable at the rate of 6 months KIBOR plus 2.5% per annum. During the year, mark-up on such arrangement ranged between 8.48% to 8.85% (2016: 8.85% to 9.54%) per annum. The facility is secured against first exclusive mortgage charge on land and building and property of the Company.

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8. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Rupees in '000	Minimum lease payments		Future finance costs		Present value of minimum lease payments	
	2017	2016	2017	2016	2017	2016
Not later than one year	49,414	69,040	7,714	10,353	41,700	58,687
Later than one year and not later than five years	69,552	85,759	5,946	8,614	63,606	77,145
	118,966	154,799	13,660	18,967	105,306	135,832
Less: Current portion shown under current liabilities					41,700	58,687
					63,606	77,145

8.1 The Company has entered into finance lease arrangements with leasing companies for lease of plant and machinery and motor vehicles. The lease term of these arrangements is from three years to five years (2016: three to five years) and the liability is payable by the month ranging from three months to sixty months (2016: three months to sixty months). The periodic lease payments include built-in rates of mark-up ranging between 10.61% to 15.41% (2016: 11.10% to 15.41%) per annum. Included in the gross present value of minimum lease payments, is a sum aggregating Rs. 117.245 million (2016: Rs. 152.669 million) which pertains to obligations arising from sale and leaseback of assets.

The Company intends to exercise its options to purchase the leased assets upon completion of the lease term. The Company's obligations under these arrangements are secured by the lessor's title to the leased assets.

9. DEFERRED INCOME

The Company entered into sale and lease back arrangements resulting in deferred income (representing excess of sales proceeds over the carrying amount of respective assets) out of which Rs. 4.148 million (2016: Rs. 4.552 million) is classified in current liabilities; being current portion of deferred income of Rs. 11.619 million (2016: Rs. 13.731 million). The deferred income will be amortized to the unconsolidated profit and loss account over the lease term. During the year, Rs. 4.968 million (2016: Rs. 2.682 million) is amortized in the unconsolidated profit and loss account.

Rupees in '000

10. DEFERRED TAXATION - NET

	2017	2016
Deferred tax credits / (debits) arising in respect of:		
Taxable temporary differences		
Accelerated tax depreciation / amortization	33,144	17,719
Finance lease obligations	13,322	17,962
Employee benefits - Defined benefit plan	292,556	129,874
Unrealized gain on held for trading investments	6,364	3,802
	345,386	169,357
Deductible temporary differences		
Provision for slow moving stores, spares and loose tools	(13,777)	(12,648)
Provisions for doubtful trade debts, doubtful advances and others	(55,082)	(39,979)
Discounting on long term deposit	(22,647)	(26,805)
Deferred income	(3,486)	(4,119)
Provisions for impairment of fixed assets	(6,186)	(6,186)
Provision of Gas Infrastructure Development Cess	(3,597)	(3,597)
Provision for diminution in the value of investments	(7,764)	(7,764)
	(112,539)	(101,098)
	232,847	68,259

Rupees in '000	Note	2017	2016
10.1 Break up of deferred tax charge is as following:			
Unconsolidated profit and loss		1,906	27,320
Unconsolidated other comprehensive income		162,682	78,987
		164,588	106,307

11. TRADE AND OTHER PAYABLES

Trade creditors		36,328	73,284
Bills payable		1,287,514	2,058
Commission payable		802	653
Customer's security deposits		1,550	1,750
Accrued liabilities	11.1	282,489	387,571
Advances from customers		46,280	59,425
Provisions	11.2	165,162	122,186
Due to related parties	11.3	-	1,074
Payable to provident fund		369	1,723
Retention money		4,699	1,550
Sales Tax payable		300	77
Withholding tax payable		2,689	5,231
Workers' Profit Participation Fund	11.4	2,772	2,661
Workers' Welfare Fund		20,849	22,982
Dividend payable		116,449	116,449
Unclaimed dividend		21,628	22,638
Others		12,010	28,846
		2,001,890	850,158

11.1 Accrued liabilities

Salaries, wages and other benefits		41,849	31,187
Accrual for 10-C bonus		2,481	2,075
Compensated absences		13,820	12,614
Liquidated damages		153,695	105,815
Custom duty		-	134,569
Others	11.1.1	70,644	101,311
		282,489	387,571

11.1.1 This includes liability against Gas Infrastructure Development Cess of Rs. 17.004 million (2016: Rs. 11.988 million).

11.2 Movement in provisions

Rupees in '000	Infrastructure fee (Note 11.2.1)	Sales Tax (Note 11.2.2)	Liquidated damages (Note 11.2.3)	Total
Opening balance as at 1 July 2016	92,664	3,242	26,280	122,186
Provision for the year	47,697	-	19,141	66,838
Payments during the year	(23,862)	-	-	(23,862)
Closing balance as at 30 June 2017	116,499	3,242	45,421	165,162

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11.2.1 This provision has been recognized against infrastructure fee levied by the Government of Sindh through Sindh Finance (Amendment) Ordinance, 2001. The Company has contested this issue in the High Court. The Company filed an appeal in the Supreme Court against the judgement of the High Court dated 15 September 2008 partly accepting the appeal by declaring that the levy and collection of infrastructure fee prior to 28 December 2006 was illegal and ultra vires and after that it is legal. Additionally, the Government of Sindh also filed appeal against the part of judgement decided against them.

The above appeals were disposed off in May 2011 with a joint statement of the parties that, during the pendency of the appeal, another law came into existence which was not subject matter in the appeal. Therefore, the decision thereon be first obtained from the High Court before approaching the Supreme Court with the right to appeal. The petition was filed in the High Court in respect of the above view. During the pendency of the appeal an interim arrangement was agreed whereby bank guarantee furnished for consignments cleared upto 27 December 2006 were returned. Bank guarantees were furnished for 50% of the levy for consignment released subsequent to 28 December 2006 while payment was made against the balance amount. Similar arrangement continued for the consignments released during the current year.

Under the arrangement if the Company succeed in the petition, Government of Sindh will refund the amount subject to their right to appeal before Honourable Supreme Court. To date the Company has provided bank guarantees amounting to Rs. 91.539 million (2016: Rs. 65.219 million) in favour of Excise and Taxation Department. Based on the legal advice, the management believes that the chance of success in the petition is in the Company's favour. Current year charge has been estimated on the value of imports during the year and forms a component of cost of such imported raw materials. Any subsequent adjustment with respect to increase or decrease in the estimate has been recognized in the unconsolidated profit and loss account. However, on a prudent basis full provision has been recognized.

11.2.2 These have been made against sales tax claims long outstanding with the sales tax department.

11.2.3 The provision has been recognized on account of liquidated damages claimed by customers on delayed supply of goods. The Company is in the process of negotiating this matter and expects that this may be resolved. However, on a prudent basis full provision has been recognized.

11.3 This represents balances due to Premier Insurance Limited - a related party, amounting to Rs. Nil (2016: Rs. 1.074 million).

Rupees in '000	Note	2017	2016
11.4 Workers' Profit Participation Fund			
Opening balance as at 1 July		2,661	4,302
Allocation for the year	35	60,111	73,359
		62,772	77,661
Amount paid to the trustees of the fund		(60,000)	(75,000)
Closing balance as at 30 June		2,772	2,661

12. MARK-UP ACCRUED

Mark-up accrued on:			
- Finance lease obligations		148	304
- Long term loans		4,765	4,758
- Running finance and short term loans	12.1	22,979	15,961
		27,892	21,023

12.1 This includes mark-up accrued amounting to Rs. 8.520 million (2016: Rs. 2.494 million) on shariah arrangement.

Rupees in '000	Note	2017	2016
13. SHORT TERM BORROWINGS			
Secured from banking companies			
Running finances under mark-up arrangements	13.1	247,782	179,837
Short term loans	13.2	2,269,554	1,904,138
		2,517,336	2,083,975

- 13.1 Short term running finance / money market available from conventional side of various commercial banks under mark-up arrangements amounted to Rs. 850 million (2016: Rs. 550 million) out of which Rs. 250 million (2016: Rs. 250 million), Rs.50 million (2016: Rs. 50 million) and Rs.100 million (2016: Rs. 100 million) is interchangeable with letters of credit facility, finance against import material (FIM) and letter of guarantee facility respectively. During the year, mark-up on such arrangements ranged between 6.96% to 8.62% (2016: 7.75% to 8.99%) per annum.
- 13.2 This includes an amount of Rs. 402.5 million (2016: Rs. 219 million) outstanding against Istisnaa Financing. Short term loans available from various commercial banks under mark-up arrangements amounted to Rs. 4,380 million (2016: Rs. 4,662 million) out of which Rs. 3,500 million (2016: Rs. 3,708 million), Rs. 50 million (2016: Rs. 50 million) and Rs. 310 million (2016: Rs. 310 million) is interchangeable with letters of credit, running finance facility and letter of guarantee facility respectively. During the year, mark-up on such arrangements ranged between 7.71% to 8.51% (2016: 7.82% to 9.01%) per annum.
- 13.3 The facilities for opening letters of credit amounted to Rs. 4,800 million (2016: Rs. 4,790 million) out of which Rs. 250 million (2016: Rs. 250 million), Rs. 3,500 million (2016: Rs. 3,710 million) and Rs. 410 million (2016: Rs. 410 million) are interchangeable with short term running finance, short term loans and letter of guarantee respectively as mentioned in notes 13.1 and 13.2 above. The facility for letters of guarantee as at 30 June 2017 amounted to Rs. 2,857 million (2016: Rs. 1,339 million). Amounts unutilized for letters of credit and guarantees as at 30 June 2017 were Rs. 761 million and Rs. 650 million (2016: Rs. 2,642 million and Rs. 113 million) respectively.
- 13.4 The above facilities are expiring on various dates and are secured by way of mortgage of land and building, hypothecation of plant and machinery, stock-in-trade, trade debts and other current assets, pledge of shares and cotton / cotton yarn; and lien over import / export document (refer note 25.3). Further, above facilities are also secured against mortgage of land and building, hypothecation of plant and machinery and pledge of shares owned by Subsidiary Companies.

14. CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

- 14.1.1 During year ended 30 June 2015, a show cause notice was issued by the Deputy Director, Directorate of Post Clearance Audit (Customs) Karachi for payment of duties and taxes on import of certain raw materials. In response the Company had contested that the said imports were exempt under bilateral agreement between Government of Pakistan and Government of Japan for projects under grant and accordingly these were cleared by the customs. However, the collector customs has issued an order dated 22 May 2015 for recovery of the said duty and taxes and penalty thereon amounting to Rs. 44.773 million. The Company has filed an appeal with Appellate Tribunal (Customs) against the order. No provision has been recognized in these financial statements as the case is under appeal and management considers that the same would be decided in the Company's favour.
- 14.1.2 During year ended 30 June 2016, show cause notice from Sindh Revenue Board has been received in respect of registration as a service provider and a demand aggregating to Rs. 60 million in respect of sales tax on services has been raised. The Company has filed a constitutional writ in the Sindh High Court against the Sindh Revenue Board and Government of Sindh in respect of the notice, in which Honorable Sindh High Court has granted interim relief to the Company. No provision has been recognized in the financial statements in this respect, since based on the opinions of tax consultant and the Company's legal counsel, the management is confident of favorable outcome of litigation in relation to the said matter.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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14.1.3 Sindh Industrial Trade Estate (SITE) has cancelled allotment of plot A-26 and A-27 and charged non-utilization fees of Rs. 0.285 million and Rs. 0.621 million respectively. The Company has challenged the cancellation and filed a suit in the Sindh High Court. The High Court has restrained SITE from taking any adverse action against the Company. Therefore, management considers that the case would be decided in the Company's favour and no provision is required to be recognized.

14.2 Commitments

14.2.1 During the year ended 30 June 2016, the Company entered into Ijarah financing arrangement amounting to Rs. 600 million with BankIslami Pakistan Limited for acquisition of SP machine. As per requirement of IFAS-2 Ijarah financing has been treated as an operating lease. As at 30 June 2017, amount of lease rental outstanding under the agreement are Rs. 366.503 million (2016: Rs. 460.220 million), which is payable in quarterly instalments of Rs. 22.906 million (2016: Rs. 23.011 million) each.

The total of future Ijarah payment under arrangement are as follows:

Rupees in '000	2017	2016
Not later than one year	91,626	92,044
Later than one year and not later than five years	514,877	608,176
	606,503	700,220
Security deposit under arrangement	(240,000)	(240,000)
	366,503	460,220

14.2.2 Aggregate amount of guarantees issued by conventional side of banks on behalf of the Company against various contracts aggregated to Rs. 1,934 million (2016: Rs. 1,125.110 million).

14.2.3 Commitments in respect of capital expenditure contracted for as at 30 June 2017 amounted to Rs. 78.707 million (2016: Rs. 41.234 million) including Rs. 7.462 million representing office premises located in Islamabad payable on completion of project.

14.2.4 Commitments under letters of credit (L/C) as at 30 June 2017 amounted to Rs. 700.540 million (2016: Rs. 578.600 million).

Rupees in '000	Note	2017	2016
15. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	15.1	830,910	710,788
Capital work-in-progress	15.4	109,696	111,848
		940,606	822,636

15.1 Operating fixed assets

Description	Land		Buildings		Office premises	Plant and machinery		Electrical / office equipment and installation	Furniture and fittings	Computers	Motor vehicles		Total
	Freehold	Leasehold including improvements	On freehold land	On leasehold land		Owned *	Leased				Owned	Leased	
Rupees in '000													
Net carrying value as at													
1 July 2016													
Opening net book value (NBV)	209,143	3,810	77,788	1,399	8,936	169,445	160,642	13,961	2,339	4,006	24,255	35,064	710,788
Additions / transfers	56,757	6,415	66,642	-	-	108,433	30,889	8,780	6,926	5,893	5,808	1,024	297,567
Disposals (at NBV)	-	-	-	-	-	(28,874)	(44,931)	-	(54)	(23)	(3,675)	(3,374)	(80,931)
Depreciation charge	-	(58)	(13,634)	(443)	(906)	(33,728)	(21,144)	(4,650)	(886)	(3,814)	(8,797)	(8,454)	(96,514)
Balance as at 30 June 2017 (NBV)	265,900	10,167	130,796	956	8,030	215,276	125,456	18,091	8,325	6,062	17,591	24,260	830,910
Gross carrying value as at													
30 June 2017													
Cost	265,900	11,714	288,431	70,027	27,481	1,321,583	148,365	68,854	24,836	57,226	61,982	34,538	2,380,937
Accumulated depreciation	-	(1,547)	(157,635)	(69,071)	(19,451)	(1,106,307)	(22,909)	(50,763)	(16,511)	(51,164)	(44,391)	(10,278)	(1,550,027)
Net book value	265,900	10,167	130,796	956	8,030	215,276	125,456	18,091	8,325	6,062	17,591	24,260	830,910
Net carrying value as at													
1 July 2015													
Opening net book value (NBV)	209,143	3,864	75,700	1,950	17	182,938	130,904	12,844	2,355	5,544	29,080	16,484	670,823
Additions / transfers	-	-	15,170	-	9,000	60,476	83,641	6,275	512	2,004	35,046	29,689	241,813
Disposals (at NBV)	-	-	-	-	-	(25,148)	(35,683)	(13)	-	(74)	(30,350)	(5,266)	(96,534)
Depreciation charge	-	(54)	(13,082)	(551)	(81)	(48,821)	(18,220)	(5,145)	(528)	(3,468)	(9,521)	(5,843)	(105,314)
Balance as at 30 June 2016 (NBV)	209,143	3,810	77,788	1,399	8,936	169,445	160,642	13,961	2,339	4,006	24,255	35,064	710,788
Gross carrying value as at													
30 June 2016													
Cost	209,143	5,299	221,789	70,027	49,493	1,269,182	187,186	60,074	18,422	52,386	50,998	41,564	2,235,563
Accumulated depreciation	-	(1,489)	(144,001)	(68,628)	(40,557)	(1,099,737)	(26,544)	(46,113)	(16,083)	(48,380)	(26,743)	(6,500)	(1,524,775)
Net book value	209,143	3,810	77,788	1,399	8,936	169,445	160,642	13,961	2,339	4,006	24,255	35,064	710,788
Depreciation rate (% per annum)	-	1	5 & 10	5 & 10	10	5 - 20	10	5 - 20	10	33.33	20	20	

* Net book value of plant and machinery (owned) includes an aggregate amount of Rs. 0.251 million (2016: Rs. 0.435 million) representing net book value of capitalized spares.

15.1.1 During the year asset having net book value Rs. 48.305 million (2016: Rs. 40.948 million) transferred from lease assets to own assets due to maturity of lease term.

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Rupees in '000	Note	2017	2016
15.1.2 The depreciation charge for the year has been allocated as follows:			
Cost of sales	31.1	75,270	90,128
Distribution and selling expenses	33	1,189	1,123
Administrative expenses	34	18,146	12,606
Allocated against rental income		1,909	1,457
		96,514	105,314

15.2 Property, plant and equipment as at 30 June 2017 include items having an aggregate cost of Rs. 1,252.551 million (2016: Rs. 1,201.244 million) that have been fully depreciated and are still in use by the Company.

15.3 The fair value of property, plant and equipment as at 30 June 2016 approximated to Rs. 3,056.6 million.

Rupees in '000	Note	2017	2016
15.4 Capital work-in-progress			
Advance to supplier		61,116	-
Civil work	15.4.1 & 15.4.2	48,580	111,848
		109,696	111,848

15.4.1 This includes an amount of Rs. 26.4 million (2016: Rs. 26.4 million) paid by the Company to Pakistan Steel Mills Limited (PSML) against allotment of plot measuring 24,200 square yards. However third party has filed a case in Honourable High Court of Sindh for declaration and injunction against said property. The Company has filed a suit in Honourable High Court of Sindh for specific performance and declaration against PSML with respect to the said property and also filed an application for vacation of the injunction operating against the property. The Honourable High Court of Sindh vide its interim order has restrained PSML from creating any third party interest till the disposition of the case. The applications are pending for hearing. Based on consultation with its legal advisor, management believes that it has a reasonable grounds in the case and expects a favorable outcome.

15.4.2 The Company has recognized a provision in previous year for an amount of Rs. 20.619 million (2016: Rs. 20.619 million) against construction work at a site which has been halted.

15.5 The following assets were disposed off during the year:

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particular of buyers
Rupees in '000						
Plant and machinery	9,142	-	9,142	12,000	Sale and lease back	Sindh Leasing Company Limited
	8,304	-	8,304	7,921	Sale and lease back	Orix Leasing Pakistan Limited
	7,898	-	7,898	7,534	Sale and lease back	Orix Leasing Pakistan Limited
	3,490	-	3,490	3,396	Sale and lease back	Pak Gulf Leasing Company
Motor Vehicle	1,333	850	483	1,060	Company Policy	Mr.Sikandar Ali Soomro
	704	225	479	444	Company Policy	Mr.Mohammad Karam
	695	232	463	539	Company Policy	Mr. Azhar Mehmood
	1,001	545	456	396	Company Policy	Mr.Abdul Wahab
	571	248	323	404	Company Policy	Mr.Syed Ahsan Ali
	455	197	258	333	Company Policy	Mr.Husnain Abbas
	371	165	206	297	Company Policy	Mr.Qazi Ghulam Qadir
	355	154	201	281	Company Policy	Mr.Syed Ali Arshad
	354	154	200	281	Company Policy	Mr.Mohammad Umar Gurmani
Others	73,806	73,083	723	76,581	Various	Various
2017	108,479	75,853	32,626	111,467		
2016	148,440	40,915	107,525	125,718		

Rupees in '000	Note	2017	2016
16. INTANGIBLE ASSETS			
Net book value as at 1 July		3,507	9,525
Additions		-	831
Amortization	16.1	(2,530)	(6,849)
Net book value as at 30 June	16.2	977	3,507
Gross carrying value as at 30 June			
Cost		69,222	69,222
Accumulated amortization		(65,605)	(63,075)
Accumulated impairment		(2,640)	(2,640)
Net book value		977	3,507
Amortization rate (% per annum)		33.33	33.33

16.1 The amortization charge for the year has been allocated to administrative expenses (Note 34).

16.2 Intangible assets as at 30 June 2017 include items having an aggregate cost of Rs. 63.269 million (2016: Rs. 57.596 million) that have been fully amortized and are still in use of the Company.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

17. INVESTMENT PROPERTIES

Description	Note	Leasehold land and improvements	Buildings on leasehold land	Office premises	Total
Rupees in '000					
Net carrying value as at 1 July 2016					
Opening net book value (NBV)		3,059	12,613	3,644	19,316
Depreciation charge	17.1	(238)	(1,081)	(2,683)	(4,002)
Balance as at 30 June 2017 (NBV)		2,821	11,532	961	15,314
Gross carrying value as at 30 June 2017					
Cost	17.2	4,609	21,608	29,830	56,047
Accumulated depreciation		(1,788)	(10,076)	(28,869)	(40,733)
Net book value		2,821	11,532	961	15,314
Net carrying value as at 1 July 2016					
Opening net book value (NBV)		3,297	13,693	6,329	23,319
Depreciation charge		(238)	(1,080)	(2,685)	(4,003)
Balance as at 30 June 2016 (NBV)		3,059	12,613	3,644	19,316
Gross carrying value as at 30 June 2016					
Cost		4,609	21,608	29,830	56,047
Accumulated depreciation		(1,550)	(8,995)	(26,186)	(36,731)
Net book value		3,059	12,613	3,644	19,316
Depreciation rate (% per annum)		1 & 10	5	10 - 20	

17.1 Depreciation charged for the year has been allocated to administrative expenses (Note 34).

17.2 Fair value of the investment properties based on recent valuation is Rs. 133 million (2016: Rs. 173.550 million), which is determined by independent valuer on the basis of market value.

Rupees in '000	Note	2017	2016
18. LONG TERM INVESTMENTS			
Subsidiary companies			
- at cost	18.1	2,882,000	2,502,000
- share deposit money			
Crescent Hadeed (Private) Limited		72,697	281,650
Shakarganj Energy (Private) Limited		-	2,090
Associates - at cost	18.2	1,070,803	970,242
Other long term investments	18.3	178,946	178,946
		4,204,446	3,934,928

18.1 Subsidiary companies - at cost

2017	2016		Note	2017	2016
Number of shares				Rupees in '000	
		Unquoted			
126,000,000	118,000,000	Shakarganj Energy (Private) Limited (Chief Executive Officer - Mr. Muhammad Saad Thaniana)	18.1.1	1,260,000	1,180,000
47,200,000	47,200,000	CS Capital (Private) Limited (Chief Executive Officer - Ms. Hajerah Ahsan Saleem)	18.1.2	472,000	472,000
115,000,000	85,000,000	Crescent Hadeed (Private) Limited (Chief Executive Officer - Mr. Iqbal Zafar Siddiqui)	18.1.3	1,150,000	850,000
2	2	Crescent Continental Gas Pipelines Limited (US \$ 1 each)	18.1.4	-	-
				2,882,000	2,502,000

18.1.1 This represents the Company's investment in 100% ordinary shares of Shakarganj Energy (Private) Limited. The Company has acquired Shakarganj Energy (Private) Limited on 4 January 2010. During the year, the Company has further subscribed right issues made by the investee company aggregating to 8 million ordinary shares for Rs. 80 million.

18.1.2 This represents the Company's investment in 100% ordinary shares of CS Capital (Private) Limited. The Company has acquired CS Capital (Private) Limited on 26 September 2011.

18.1.3 This represents the Company's investment in 100% ordinary shares of Crescent Hadeed (Private) Limited which was incorporated on 15 May 2013. During the year, the Company has further subscribed right issues made by the investee company aggregating to 30 million ordinary shares for Rs. 300 million.

18.1.4 This represents investment in subsidiary of Rs. 90 only. The subsidiary company has not commenced operation and accordingly no financial statements have been prepared.

18.2 Associates - at cost

2017	2016		Note	2017	2016
Number of shares				Rupees in '000	
		Quoted			
60,475,416	60,475,416	Altern Energy Limited (Chief Executive Officer - Mr. Taimur Dawood)	18.2.1	593,488	593,488
24,119,987	24,119,987	Shakarganj Limited (Chief Executive Officer - Mr. Anjum M. Saleem)	18.2.2	477,315	477,315
				1,070,803	1,070,803
		Less: Provision for impairment	18.2.3	-	100,561
				1,070,803	970,242

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

18.2.1 The Company hold 16.64% shareholding in Altern Energy Limited and there is no common directorship in the investee company. However, the Company directly and / or indirectly has significant influence as per requirement of IAS 28 'Investments in Associates', therefore it has been treated as an associate as per IAS 28.

18.2.2 The Company holds 21.93% shareholding in Shakarganj Limited and there is no common directorship in the investee company. However, the Company directly and / or indirectly has significant influence as per requirement of IAS 28 'Investments in Associates', therefore it has been treated as an associate as per IAS 28.

18.2.3 This represents provision for diminution in the value of investment in ordinary shares of Shakarganj Limited, which was fully reversed during the year due to favourable fair value.

18.2.4 Market value of investments in associates is as follows:

Rupees in '000	2017	2016
Altern Energy Limited	3,008,047	2,216,424
Shakarganj Limited	2,386,914	376,754
	5,394,961	2,593,178

Percentage of holding	2017	2016
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18.2.5 Percentage of holding of equity in associates is as follows:

Altern Energy Limited	16.64	16.64
Shakarganj Limited	21.93	21.93

Rupees in '000	Note	2017	2016
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18.3 Other long term investments - Available for sale

Investments in related parties	18.3.1	58,946	58,946
Other investments	18.3.3	120,000	120,000
		178,946	178,946

18.3.1 Investment in related parties

2017	2016	Note	2017	2016
Number of shares			Rupees in '000	
Unquoted				
2,403,725	2,403,725	18.3.2	24,037	24,037
2,814,999	1,852,500		58,946	58,946
			82,983	82,983
			24,037	24,037
			58,946	58,946

18.3.2 The chief executive of Crescent Bahuman Limited is Mr. Nasir Shafi. The break-up value of shares of the investee company is Rs. Nil per share (2016: Rs. Nil per share), calculated on the basis of audited annual financial statements for the year ended 30 June 2016.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

21.1 Stock-in-trade as at 30 June 2017 includes items valued at net realisable value (NRV) as follows. The write down to NRV amounting to Rs. 119.930 million (2016: Rs. 75.618 million) has been recognized in cost of goods sold.

Rupees in '000	Cost	NRV
Raw material	2,201,219	2,197,447
Work-in-process	85,524	85,524
Finished goods	510,265	394,107
	2,797,008	2,677,078

Rupees in '000	Note	2017	2016
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22. TRADE DEBTS

Secured

Considered good		611,744	219,309
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Unsecured

Considered good	22.1	51,927	103,542
Considered doubtful		21,640	14,271
Provision for doubtful trade debts	22.2	(21,640)	(14,271)
		51,927	103,542
		663,671	322,851

22.1 This includes following amount due from related parties:

Crescent Hadeed (Private) Limited		-	59,107
Shakarganj Energy (Private) Limited		12,526	12,526
Shakarganj Limited		-	8,776
		12,526	80,409

22.2 Movement in provision for doubtful trade debts

Opening balance		14,271	5,684
Provision made during the year		7,447	8,587
Reversal of provision made during the year		(78)	-
Closing balance		21,640	14,271

23. LOANS AND ADVANCES

Unsecured

Loan to related parties - considered good

Loan to subsidiaries	23.1	365,000	-
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Advances - considered good

Executives		3,242	4,823
Suppliers for goods and services		9,746	35,007
Advances to others		35	-

Advances - considered doubtful

Suppliers for goods and services		47	47
Provision for doubtful advances		(47)	(47)
		-	-
		378,023	39,830

23.1 Loan to subsidiaries

Crescent Hadeed (Private) Limited	23.1.1	250,000	-
Shakarganj Energy (Private) Limited	23.1.2	115,000	-
		365,000	-

23.1.1 The Company entered into a short term loan agreement with its wholly owned subsidiary company Crescent Hadeed (Private) Limited on 13 June 2017. Under the arrangement, the Company disbursed loan to the subsidiary company of Rs 250 million. The mark-up is receivable at the rate of three months KIBOR plus 2% per annum. During the year, mark-up on such arrangement was 8.13%.

23.1.2 The Company entered into a short term loan agreement with its wholly owned subsidiary company Shakarganj Energy (Private) Limited on 22 April 2017. Under the arrangement, the Company disbursed loan to the subsidiary company of Rs 115 million. The mark-up is receivable at the rate of three months KIBOR plus 2% per annum. During the year, mark-up on such arrangement ranged between 8.12% to 8.15%.

Rupees in '000	Note	2017	2016
24. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposits - leasing companies		4,969	8,657
Security deposits - others		171	1,306
Prepayments		9,535	6,561
		14,675	16,524
25. INVESTMENTS			
Available for sale	25.1	16,941	8,812
Held for trading	25.2	498,043	383,134
		514,984	391,946

25.1 Available for sale

The Company holds investment in ordinary shares of Rs. 10 each in the following listed investee company.

2017 (Number of shares)	2016	Name of investee company	Note	2017 Rupees in '000	2016
Quoted					
452,379	452,379	The Crescent Textile Mills Limited	25.1.1	16,941	8,812
26,490	26,490	Jubilee Spinning and Weaving Mills Limited	25.1.2	-	-
Unquoted					
1,996	1,996	Innovative Investment Bank Limited	25.1.2	-	-
				16,941	8,812

25.1.1 The Company has recognized impairment loss in previous years amounting to Rs. 4.537 million (2016: Rs. 4.537 million) against the investment.

25.1.2 These investments are fully impaired as their break-up value of share is Rs. Nil per share (2016: Rs. Nil).

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

25.2 Held for trading

The Company holds investments in ordinary shares of listed / unlisted companies and certificates of close end mutual funds. Details are as follows. The face value of the shares is Rs. 10 per share unless otherwise stated.

2017	2016	Name of investee company	2017	2016
(Number of share / certificates)			Rupees in '000	
-	60,000	Agriauto Industries Limited *	-	11,715
6,300	6,300	Attock Cement Pakistan Limited	1,907	1,504
100,000	142,000	Cherat Cement Company Limited	17,878	16,979
315,000	345,000	D.G. Khan Cement Company Limited	67,145	65,719
200,000	200,000	Engro Fertilizers Limited	11,048	12,896
15,000	15,000	Fatima Fertilizer Company Limited	505	509
182,500	182,500	Fauji Fertilizer Bin Qasim Limited	7,818	9,674
55,000	55,000	Fauji Fertilizer Company Limited	4,545	6,310
15,000	-	Hi-Tech Lubricants Limited	1,635	-
1,350	1,350	Innovative Investment Bank Limited	-	-
105,000	90,000	International Industries Limited	38,700	7,278
63,000	-	International Steels Limited	8,057	-
1,500,000	2,000,000	K-Electric Limited **	10,350	16,120
31,600	100,000	Kohat Cement Company Limited	7,245	13,096
100,000	100,000	Kohinoor Energy Limited	4,307	4,120
140,000	140,000	Kot Addu Power Company Limited	10,083	12,495
50,000	-	Nishat Mills Limited	7,934	-
186,000	152,000	Nishat Power Limited	8,787	7,677
70,000	55,000	Oil and Gas Development Company Limited	9,848	7,594
100,000	100,000	Pakgen Power Limited	2,022	2,405
300,000	240,500	Pakistan International Bulk Terminal Limited	6,948	7,713
50,000	50,000	Pakistan Oilfields Limited	22,908	17,374
390,000	360,000	Pakistan Petroleum Limited	57,775	55,818
70,000	50,000	Pakistan State Oil Company Limited	27,114	18,773
1,486,749	-	Pakistan Stock Exchange Limited	38,180	-
350,000	550,000	Pakistan Telecommunication Company Limited	5,464	8,267
1,705,000	1,705,000	PICIC Growth Fund	52,855	40,579
500,673	500,673	PICIC Investment Fund	7,510	5,658
34,000	-	Roshan Packages Limited	1,910	-
240,000	300,000	Sui Northern Gas Pipelines Limited	35,741	10,888
35,000	35,000	Sui Southern Gas Company Limited	1,274	963
175,000	175,000	The Hub Power Company Limited	20,550	21,010
			498,043	383,134

* The face value of these ordinary shares is Rs. 5 per share.

** The face value of these ordinary shares is Rs. 3.5 per share.

25.3 The market value of investments which have been pledged with financial institutions as security against financing facilities (refer note 13.4) are as follows:

Rupees in '000	2017	2016
Name of investee company		
Altern Energy Limited (Long term investment)	2,908,547	2,216,408
Agriauto Industries Limited	-	11,715
Attock Cement Pakistan Limited	1,907	1,504
Cherat Cement Company Limited	17,878	16,978
D.G. Khan Cement Company Limited	67,145	58,099
Engro Fertilizers Limited	11,048	-
Fatima Fertilizer Company Limited	505	509
Fauji Fertilizer Bin Qasim Limited	7,819	9,674
Fauji Fertilizer Company Limited	4,546	6,310
Hi-Tech Lubricants Limited	1,635	-
International Industries Limited	38,700	7,278
International Steels Limited	8,057	-
K-Electric Limited	10,350	3,627
Kohat Cement Company Limited	7,245	13,096
Kohinoor Energy Limited	4,307	4,120
Kot Addu Power Company Limited	10,083	12,495
Nishat Mills Limited	2,380	-
Nishat Power Limited	8,787	5,051
Oil and Gas Development Company Limited	9,848	7,594
Pakgen Power Limited	2,022	2,405
Pakistan International Bulk Terminal Limited	6,947	-
Pakistan Oilfields Limited	22,907	17,375
Pakistan Petroleum Limited	57,774	55,819
Pakistan State Oil Company Limited	27,115	18,773
Pakistan Telecommunication Company Limited	5,464	8,267
PICIC Growth Fund	52,854	40,579
PICIC Investment Fund	7,500	-
Roshan Packages Limited	1,910	-
Sui Northern Gas Pipelines Limited	35,741	-
Sui Southern Gas Company Limited	1,274	963
The Crescent Textile Mills Limited	7,490	-
The Hub Power Company Limited	20,550	21,010
	3,370,335	2,539,649

26. MARK-UP ACCRUED

This represents mark-up receivable from the Crescent Hadeed (Private) Limited and Shakarganj Energy (Private) Limited amounting to Rs. 0.278 million and Rs. 1.202 million respectively.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

Rupees in '000	Note	2017	2016
27. OTHER RECEIVABLES			
Dividend receivables		1,278	1,525
Receivable against rent from investment property		442	674
Claim receivable		1,863	562
Due from related parties	27.1	75,739	64,739
Retention money receivable		380,691	149,163
Sales tax refundable		248,573	90,216
Margin on letter of credit / letter of guarantee		18,219	19,022
Receivable from staff retirement benefits funds	43	1,014,310	456,276
Others		4,510	3,227
		1,745,625	785,404
27.1 Due from related parties			
Shakarganj Limited		1,562	1,273
CS Capital (Private) Limited		211	83
Shakarganj Energy (Private) Limited		22,431	21,319
Crescent Hadeed (Private) Limited		39,993	30,564
Solution de Energy (Private) Limited		11,502	11,500
CSAP - Pension Fund		40	-
		75,739	64,739
28. TAXATION - NET			
Advance taxation		2,792,149	2,311,309
Provision for taxation		(2,159,350)	(1,781,988)
		632,799	529,321

28.1 The Income Tax assessments of the Company have been finalized up to and including tax year 2016, except for pending appeal effect orders in respect of tax years 2002 and 2003. Deemed assessments for certain tax years have been amended by the department on account of various issues as explained below:

- Assessments and appeals for tax years 2004, 2006 and 2007 have been decided at the Appellate Tribunal Inland Revenue, whereby issues which may have lead to an additional tax demand of Rs. 109.227 million (2016: Rs. 109.227 million), have been decided in favour of the Company.
- The Additional Commissioner Inland Revenue amended the deemed assessment of the Company for Tax Year 2009 and Tax Year 2011 whereby demands of Rs. 4.937 million and Rs. 22.218 million has been raised respectively. The Company has filed appeals with the Commissioner Inland Revenue (appeals) which are pending to be heard.
- Orders under section 161/205 of the Income Tax Ordinance, 2001 have been issued by the Assistant Commissioner Inland Revenue, whereby demand aggregating to Rs. 8.691 million (inclusive of default surcharge) has been raised in respect of tax year 2014 and Rs. 5.794 million in respect of tax year 2010. Majority of the matters have decided in favour of the company at the Commissioner (Appeals) level, whereas appeals have been referred in Appellate Tribunal Inland Revenue for remaining issues.

No provision has been made in these financial statements in respect of tax years as mentioned above, since based on the tax consultant's opinion the management is confident of favourable outcome of these appeals.

- 28.2 Finance Act, 2017 amended levy of tax under the section 5A of the Income Tax Ordinance, 2001, whereby every public company other than a scheduled bank or a Modaraba, that derives profits for a tax year but does not distribute at least 40% of its profit for the year in the form of cash dividend or bonus shares within six months of the end of the said tax year (requisite time) is liable to pay tax at the rate of seven and a half percent on accounting profits before tax for the year.

The Board of Directors in their meeting held on 12 August 2017 has announced sufficient cash dividend for the year ended 30 June 2017 (refer note 50.2) which complies with the above stated requirement. Accordingly, no provision for tax on undistributed reserves has been recognized in these financial statements for the year ended 30 June 2017.

Rupees in '000	Note	2017	2016
29. CASH AND BANK BALANCES			
With banks - Conventional banking			
- in saving account	29.1	17,088	56,197
- in current accounts		11,069	5,559
		28,157	61,756
Cash in hand		314	1,146
		28,471	62,902
29.1 Mark-up rate on saving account is 4.25% (2016: 4.75%).			
30. SALES - NET			
Local sales			
Bare pipes		8,426,029	3,469,451
Pipe coating		341,833	991,498
Pre coated pipes		1,339,963	3,954,524
Cotton yarn / raw cotton		1,216,867	34,338
Others		83,203	116,404
Scrap / waste		251,326	101,157
Sales returns		(1,196)	-
		11,658,025	8,667,372
Export sales			
Fabric		57,169	-
		11,715,194	8,667,372
Sales tax		(1,506,550)	(1,255,337)
		10,208,644	7,412,035
31. COST OF SALES			
Steel segment	31.1	7,054,680	5,124,130
Cotton segment	31.1	1,295,114	144,929
		8,349,794	5,269,059

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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31.1 Cost of sales

Rupees in '000	Note	Steel segment		Cotton Segment		Total	
		2017	2016	2017	2016	2017	2016
Raw materials consumed		6,332,309	4,494,712	853,563	37,138	7,185,872	4,531,850
Cost of raw cotton sold		-	-	-	18,672	-	18,672
Packing materials consumed		-	-	19,559	643	19,559	643
Store and spares consumed		194,541	98,815	25,866	11,592	220,407	110,407
Fuel, power and electricity		74,581	76,736	169,478	16,545	244,059	93,281
Salaries, wages and other benefits	31.2	215,603	192,560	118,955	28,002	334,558	220,562
Insurance		4,022	3,656	2,657	2,702	6,679	6,358
Repairs and maintenance		19,328	10,209	2,227	5,982	21,555	16,191
Depreciation	15.1.2	40,042	31,341	35,228	58,787	75,270	90,128
Rental under Ijarah financing		91,349	13,180	-	-	91,349	13,180
Stock-in-trade written down to NRV		119,930	72,141	-	3,477	119,930	75,618
Other expenses		237,748	285,904	39,756	(594)	277,504	285,310
		7,329,453	5,279,254	1,267,289	182,946	8,596,742	5,462,200
Opening stock of work-in-process		76,672	13,368	10,250	112	86,922	13,480
Closing stock of work-in-process	21	(85,524)	(76,672)	-	(10,250)	(85,524)	(86,922)
		(8,852)	(63,304)	10,250	(10,138)	1,398	(73,442)
Cost of goods manufactured		7,320,601	5,215,950	1,277,539	172,808	8,598,140	5,388,758
Opening stock of finished goods		117,882	26,062	27,879	-	145,761	26,062
Closing stock of finished goods	21	(383,803)	(117,882)	(10,304)	(27,879)	(394,107)	(145,761)
		(265,921)	(91,820)	17,575	(27,879)	(248,346)	(119,699)
		7,054,680	5,124,130	1,295,114	144,929	8,349,794	5,269,059

31.2 Detail of salaries, wages and other benefits

Salaries, wages and other benefits	31.2.1	214,116	182,884	117,362	26,456	331,478	209,340
Pension fund	31.2.2	1,019	4,607	121	878	1,140	5,485
Gratuity fund	31.2.2	(3,499)	1,860	(192)	43	(3,691)	1,903
Provident fund contributions		3,967	3,209	1,664	625	5,631	3,834
		215,603	192,560	118,955	28,002	334,558	220,562

31.2.1 This includes contribution amounting to Rs. 20 million (2016: Rs. 10 million) to Staff Benevolent Fund ("the Fund"). The Fund has been established as separate legal entity under the Trust Act, 1882 and registered under Income Tax Ordinance, 2001. The objective of the Fund is to provide at the discretion of the trustees, post retirement medical cover / facilities for retired employees and other hardship cases of extraordinary nature of existing employees of the Company. The Company does not have any right in the residual interest of the Fund.

Rupees in '000	2017		2016	
	Pension	Gratuity	Pension	Gratuity
31.2.2 Staff retirement benefits				
Current service costs	9,675	3,116	(61,245)	(3,168)
Interest costs	22,104	4,049	(151,483)	(5,509)
Return on plan assets, excluding interest income	(41,716)	(11,774)	218,213	10,580
Past service cost recognized	11,077	918	-	-
	1,140	(3,691)	5,485	1,903

Rupees in '000	Note	2017	2016
32. INCOME FROM INVESTMENTS			
Dividend income	32.1	164,233	22,596
Gain / (loss) on sale of investments - net	32.1	10,299	(13,300)
Unrealized gain on held for trading investments - net	32.1	68,349	28,164
Rent from investment properties	32.2	4,008	5,095
		246,889	42,555

32.1 Company wise break up of dividend income, realised gain / (loss) and unrealised gain / (loss) is as follows:

Rupees in '000	Dividend income	Realised gain / (loss)	Unrealised gain / (loss)
Shariah compliant investee companies			
Agriauto Industries Limited	-	2,730	-
Altern Energy Limited	140,908	-	-
Attock Cement Pakistan Limited	79	-	403
Cherat Cement Company Limited	325	218	5,921
Engro Fertilizers Limited	1,400	-	(1,848)
Fatima Fertilizer Company Limited	49	-	(4)
Hi-Tech Lubricants Limited	20	-	(67)
International Industries Limited	1,050	-	28,540
International Steels Limited	158	-	2,535
K-Electric Limited	-	474	(1,740)
Kohat Cement Company Limited	411	333	(1,032)
Kohinoor Energy Limited	500	-	187
Millat Tractors Limited	175	2,703	-
Oil and Gas Development Company Limited	367	-	(232)
Pak Electron Limited	-	153	-
Pakgen Power Limited	200	-	(383)
Pakistan Oilfields Limited	1,750	-	5,534
Pakistan Petroleum Limited	2,535	-	(3,840)
Pakistan Telecommunication Company Limited	550	644	203
Sui Northern Gas Pipelines Limited	-	1,855	27,031
Sui Southern Gas Company Limited	-	171	231
The Hub Power Company Limited	1,400	-	(460)
	151,877	9,281	60,979
Non- Shariah compliant investee companies			
Aisha Steel Mills Limited	-	568	-
Asian Stock Fund Limited	1,739	-	-
D.G. Khan Cement Company Limited	1,800	738	6,788
Fauji Fertilizer Bin Qasim Limited	91	-	(1,856)
Fauji Fertilizer Company Limited	415	-	(1,764)
Kot Addu Power Company Limited	1,267	-	(2,412)
Nishat Mills Limited	-	-	(299)
Nishat Power Limited	566	-	(854)
Pakistan State Oil Company Limited	1,150	-	31
Pakistan Stock Exchange Limited	-	-	(3,449)
PICIC Growth Fund	1,279	-	12,276
Carry forward	8,307	1,306	8,461

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Rupees in '000		Dividend income	Realised gain / (loss)	Unrealised gain / (loss)
Name of investee company	Note			
Brought forward		8,307	1,306	8,461
Pakistan International Bulk Terminal Limited		-	(288)	(1,921)
PICIC Investment Fund		210	-	1,852
Roshan Packages Limited		-	-	(1,022)
Safeway Fund Limited		2,717	-	-
The Crescent Textile Mills Limited	32.1.1	568	-	-
First UDL Modaraba		4	-	-
		11,806	1,018	7,370
Others				
Central Depository Company of Pakistan Limited		550	-	-
		164,233	10,299	68,349

32.1.1 Unrealized gain amounting to Rs. 8.129 million on this investment was recognized in the other comprehensive income during the year.

32.1.2 Income from investment was categorised as Shariah / Non-Shariah compliant investee companies on the basis of All Shares Islamic Index as circulated by the Pakistan Stock Exchange.

32.2 Direct operating expenses incurred against rental income from investment properties amounted to Rs. 4.875 million (2016: Rs. 3.910 million). Further Rs. 1.313 million (2016: Rs. 1.083 million) were incurred against the non rented out area.

33. DISTRIBUTION AND SELLING EXPENSES

Rupees in '000	Note	Steel segment		Cotton Segment		Total	
		2017	2016	2017	2016	2017	2016
Salaries, wages and other benefits	33.1	6,003	6,141	5,917	1,141	11,920	7,282
Commission		-	-	5,577	67	5,577	67
Travelling, conveyance and entertainment		536	1,318	832	187	1,368	1,505
Depreciation	15.1.2	1,189	1,123	-	-	1,189	1,123
Insurance		160	183	7	-	167	183
Postage, telephone and telegram		81	106	701	125	782	231
Advertisement		98	185	-	-	98	185
Bid bond expenses		1,213	411	-	-	1,213	411
Legal and professional charges		3,475	3,110	-	-	3,475	3,110
Others		955	1,036	4,280	364	5,235	1,400
		13,710	13,613	17,314	1,884	31,024	15,497
33.1 Detail of salaries, wages and other benefits							
Salaries, wages and other benefits		5,852	5,426	5,921	1,141	11,773	6,567
Pension fund	33.1.1	28	377	6	-	34	377
Gratuity fund	33.1.1	(96)	157	(10)	-	(106)	157
Provident fund contributions		219	181	-	-	219	181
		6,003	6,141	5,917	1,141	11,920	7,282

Rupees in '000	2017		2016	
	Pension	Gratuity	Pension	Gratuity
33.1.1 Staff retirement benefits				
Current service costs	289	89	(4,210)	(261)
Interest costs	659	117	(10,410)	(455)
Return on plan assets, excluding interest income	(1,244)	(338)	14,997	873
Past service cost recognized	330	26	-	-
	34	(106)	377	157

34. ADMINISTRATIVE EXPENSES

Rupees in '000	Note	Steel segment		Cotton segment		IID segment		Total	
		2017	2016	2017	2016	2017	2016	2017	2016
Salaries, wages and other benefits	34.1	89,670	86,159	17,327	12,571	6,446	5,936	113,443	104,666
Rents, rates and taxes		1,119	1,779	330	293	510	513	1,959	2,585
Travelling, conveyance and entertainment		7,986	7,328	1,582	1,323	464	389	10,032	9,040
Fuel and power		7,265	6,962	836	661	888	340	8,989	7,963
Postage, telephone and telegram		2,115	2,540	494	437	115	110	2,724	3,087
Insurance		1,049	877	124	171	96	85	1,269	1,133
Repairs and maintenance		10,872	25,858	557	430	1,261	1,522	12,690	27,810
Auditors' remuneration	34.2	1,446	1,899	351	448	142	189	1,939	2,536
Legal, professional and corporate service charges		7,223	11,207	1,563	2,248	1,342	1,659	10,128	15,114
Advertisement		2,893	2,022	20	22	151	120	3,064	2,164
Donations	34.3	76,702	66,888	70	-	4,041	4,000	80,813	70,888
Depreciation	15.1.2 & 17.1	14,300	9,543	3,067	2,560	4,781	4,506	22,148	16,609
Amortization of intangible assets	16.1	2,024	5,479	405	1,096	101	274	2,530	6,849
Printing, stationery and office supplies		4,995	4,268	1,134	949	408	328	6,537	5,545
Newspapers, subscriptions and periodicals		1,328	540	657	534	72	28	2,057	1,102
Others		4,792	4,297	941	1,030	695	685	6,428	6,012
		235,779	237,646	29,458	24,773	21,513	20,684	286,750	283,103
34.1 Detail of salaries, wages and other benefits									
Salaries, wages and other benefits		87,509	85,602	16,686	15,100	6,211	5,886	110,406	106,588
Pension fund	34.1.1	414	(1,203)	18	(196)	18	168	450	(1,231)
Gratuity fund	34.1.1	(1,430)	(1,040)	(27)	(2,883)	(51)	(346)	(1,508)	(4,269)
Provident fund contributions		3,177	2,800	650	550	268	228	4,095	3,578
		89,670	86,159	17,327	12,571	6,446	5,936	113,443	104,666

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Rupees in '000	2017		2016	
	Pension	Gratuity	Pension	Gratuity
34.1.1 Staff retirement benefits				
Current service costs	3,819	1,273	13,745	7,107
Interest costs	8,725	1,655	33,997	12,359
Return on plan assets, excluding interest income	(16,467)	(4,811)	(48,973)	(23,735)
Past service cost recognized	4,373	375	-	-
	450	(1,508)	(1,231)	(4,269)

Rupees in '000	Note	2017	2016
34.2 Auditors' remuneration			
Audit fee	34.2.1	1,675	1,525
Fee for audit of funds' financial statements and other reports		47	756
Out of pocket expenses		89	151
Sales tax		128	104
		1,939	2,536

34.2.1 Audit fee includes services for audit of annual unconsolidated and consolidated financial statements, limited review of unconsolidated condensed interim financial information for the six months period, review report on statement of compliance with best practices of the Code of Corporate Governance and audit of reconciliation statement of nominee shareholding of Central Depository Company.

34.3 Donations

Donations include the following in which a director is interested :

Name of director	Interest in donee	Name and address of the donee	Amount donated	
			2017	2016
Rupees in '000				
Mr. Ahsan M. Saleem	Director	The Citizens Foundation Plot No. 20, Sector - 14, New Brookes Chowrangi, Korangi Industrial Area, Karachi	58,351	48,518
	Chairman	CSAP Foundation E-floor, IT Tower, 73-E/1, Hali Road, Gulberg-111, Lahore.	7,760	3,038
			66,111	51,556

34.3.1 Donations other than those mentioned above were not made to any donee in which a director or his spouse had any interest at any time during the year.

Rupees in '000

2017

2016

35. OTHER OPERATING EXPENSES

Exchange loss	8,074	23,500
Provision for :		
- workers' profit participation fund	60,111	73,359
- workers' welfare fund	21,022	22,966
- doubtful trade debts	7,369	8,587
- other receivables	885	-
- liquidated damages	19,141	-
- slow moving stores, spares and loose tools - net	3,765	-
Liquidated damages	290,454	292,841
	410,821	421,253

36. OTHER INCOME

<i>Income from financial assets</i>		
Mark-up on short term loan to subsidiary companies	1,480	-
Return on deposits - from conventional side of bank	765	1,352
Reversal of provision for diminution in the value of investments	100,561	63,545
	102,806	64,897
<i>Income from non-financial assets</i>		
Gain on disposal of operating fixed assets	75,982	4,851
Deferred income amortized	4,968	2,682
Unwinding of discount on long term deposit	14,880	607
Insurance commission	1,400	1,365
Liabilities written-back	-	9,188
Reversal of provision for slow moving stores, spares and loose tools	-	6,416
Rent income	1,630	1,080
Others	166	2,589
	99,026	28,778
	201,832	93,675

37. FINANCE COSTS

Mark-up on short term loans - Shariah arrangement	13,999	10,824
Interest on - Non - Shariah arrangement		
- finance lease obligations	11,616	11,912
- long term loans	38,251	43,978
- running finances	9,069	14,328
- short term loans	101,022	62,200
Discounting of long term deposit	1,017	89,959
Bank charges	12,299	10,579
	187,273	243,780

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Rupees in '000 2017 2016

38. TAXATION

Current		
- for the year	318,704	281,109
- Super tax	36,637	40,103
- for prior years	22,021	(95)
	377,362	321,117
Deferred	1,906	27,320
	379,268	348,437

38.1 Relationship between taxation expense and accounting profit

Profit before taxation	1,391,703	1,315,573
Tax at the applicable rate of 31% (2016: 32%)	431,428	420,983
Tax effect of inadmissible expenses / losses	(17,851)	(89,990)
Tax effect of income taxed at a lower rate	(91,349)	(21,010)
Prior year tax effect	22,021	(95)
Super tax	36,637	40,103
Tax effect of change in effective tax rate	(1,618)	(1,554)
	379,268	348,437

39. BASIC AND DILUTED EARNINGS PER SHARE

Profit after taxation	1,012,435	967,136
	(Number of shares)	
Weighted average number of ordinary shares in issue during the year	77,632,491	74,574,740
	(Rupees)	
Basic and diluted earnings per share	13.04	12.97

Rupees in '000

2017

2016

40. CASH GENERATED FROM / (USED IN) OPERATIONS

Profit before taxation		1,391,703	1,315,573
<i>Adjustments for non cash charges and other items:</i>			
Depreciation on operating fixed assets and investment properties		100,516	109,317
Amortization of intangible assets		2,530	6,849
Charge for the year on staff retirement benefit funds		(3,681)	2,421
Charge for compensated absences		1,935	1,740
Provision for 10-C bonus		2,233	2,075
Dividend income		(164,233)	(22,596)
Unrealized gain on held for trading investments - net		(68,349)	(28,164)
(Gain) / loss on sale of investments		(10,299)	13,300
Provision / (reversal of provision) for slow moving stores, spares and loose tools - net		3,765	(6,416)
Provision of doubtful trade debts - net		7,369	8,587
Provision of doubtful other receivables		885	-
Provision for Workers' Welfare Fund		21,022	22,966
Provision for Workers' Profit Participation Fund		60,111	73,359
Provision for liquidated damages - net		19,141	-
Reversal of provision for diminution in the value of investments - net		(100,561)	(63,545)
Return on loan to subsidiary company		(1,480)	-
Return on deposits		(765)	(1,352)
Gain on disposal of operating fixed assets		(75,982)	(4,851)
Deferred income amortized		(4,968)	(2,682)
Discounting of long term deposit		1,017	89,959
Unwinding of discount on long term deposit		(14,880)	-
Liabilities written back		-	(9,188)
Finance costs		187,273	243,780
Working capital changes	40.1	(413,013)	(2,331,965)
		941,289	(580,833)
40.1 Working capital changes			
(Increase) / decrease in current assets			
Stores, spares and loose tools		(55,367)	(38,366)
Stock-in-trade		(372,194)	(1,751,272)
Trade debts		(348,189)	(243,516)
Advances		(338,193)	(21,963)
Trade deposits and short term prepayments		(6,809)	(10,203)
Other receivables		(402,434)	(305,868)
		(1,523,186)	(2,371,188)
Increase in current liabilities			
Trade and other payables		1,110,173	39,223
		(413,013)	(2,331,965)

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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Rupees in '000		2017	2016
41. CASH AND CASH EQUIVALENTS			
Running finances under mark-up arrangements	13.1	(247,782)	(179,837)
Cash and bank balances	29	28,471	62,902
		(219,311)	(116,935)

42. SEGMENT REPORTING

42.1 Reportable segments

The Company's reportable segments are as follows :

- Steel segment - It comprises of manufacturing and coating of steel pipes (note 1.2).
- Cotton segment - It comprises of manufacturing of yarn (note 1.3).
- Investment and Infrastructure Development (IID) segment - To effectively manage the investment portfolio in shares and other securities (strategic as well as short term) and investment properties (held for rentals as well as long term appreciation).

Information regarding the Company's reportable segments is presented below:

42.2 Segment revenues and results

Following is an analysis of the Company's revenue and results by reportable segment :

Rupees in '000	Steel segment	Cotton segment	IID segment	Total
For the year ended 30 June 2017				
Sales - net	8,920,116	1,288,528	-	10,208,644
Cost of sales	7,054,680	1,295,114	-	8,349,794
Gross profit / (loss)	1,865,436	(6,586)	-	1,858,850
Income from investments	-	-	246,889	246,889
	1,865,436	(6,586)	246,889	2,105,739
Distribution and selling expenses	13,710	17,314	-	31,024
Administrative expenses	235,779	29,458	21,513	286,750
Other operating expenses	412,237	(2,301)	885	410,821
	661,726	44,471	22,398	728,595
	1,203,710	(51,057)	224,491	1,377,144
Other income	89,047	12,224	100,561	201,832
Operating profit / (loss) before finance costs	1,292,757	(38,833)	325,052	1,578,976
Finance costs	171,176	6,624	9,473	187,273
Profit / (loss) before taxation	1,121,581	(45,457)	315,579	1,391,703
Taxation				379,268
Profit after taxation				1,012,435

Rupees in '000	Steel segment	Cotton segment	IID segment	Total
For the year ended 30 June 2016				
Sales - net	7,378,136	33,899	-	7,412,035
Cost of sales	5,124,130	144,929	-	5,269,059
Gross profit / (loss)	2,254,006	(111,030)	-	2,142,976
Income from investments	-	-	42,555	42,555
	2,254,006	(111,030)	42,555	2,185,531
Distribution and selling expenses	13,613	1,884	-	15,497
Administrative expenses	237,646	24,773	20,684	283,103
Other operating expenses	417,461	3,794	(2)	421,253
	668,720	30,451	20,682	719,853
	1,585,286	(141,481)	21,873	1,465,678
Other income	16,433	13,697	63,545	93,675
Operating profit / (loss) before finance costs	1,601,719	(127,784)	85,418	1,559,353
Finance costs	230,873	10,928	1,979	243,780
Profit / (loss) before taxation	1,370,846	(138,712)	83,439	1,315,573
Taxation				348,437
Profit after taxation				967,136

42.2.1 Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the year (2016: Nil).

42.2.2 The accounting policies of the reportable segments are the same as the Company's accounting policies described in note 5 to these financial statements. The Steel segment allocates certain percentage of the common expenditure to the Cotton and IID segments. In addition, finance costs between Steel and Cotton segments are allocated at average mark-up rate on the basis of funds utilized. This is the measure reported to management for the purposes of resource allocation and assessment of segment performance.

42.3 Revenue from major products and services

The analysis of the Company's revenue from external customers for major products and services is given in note 30 to these unconsolidated financial statements.

42.4 Information about major customers

Revenue from major customers of Steel segment represents an aggregate amount of Rs. 8,482.683 million (2016: Rs. 7,149.810 million) of total Steel segment revenue of Rs. 8,920.116 million (2016: Rs. 7,378.136 million). Revenue from major customers of Cotton segment represents an aggregate amount of Rs. 533.351 million (2016: Rs. 19.286 million) of total Cotton segment revenue of Rs. 1,288.528 million (2016: Rs. 33.899 million).

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42.5 Geographical information

42.5.1 The Company's net revenue from external customers by geographical location is detailed below:

Rupees in '000	2017	2016
South and North America	57,169	-
Pakistan	10,151,475	7,412,035
	10,208,644	7,412,035

42.5.2 All non-current assets of the Company as at 30 June 2017 and 2016 were located and operating in Pakistan.

42.6 Segment assets and liabilities

Reportable segments' assets and liabilities are reconciled to total assets and liabilities as follows:

Rupees in '000	Steel segment	Cotton segment	IID segment	Total
As at 30 June 2017				
Segment assets for reportable segments	6,894,855	402,775	3,545,012	10,842,642
Unallocated corporate assets				1,336,946
Total assets as per unconsolidated balance sheet				12,179,588
Segment liabilities for reportable segments	1,781,677	79,067	2,206	1,862,950
Unallocated corporate liabilities and deferred income				3,496,921
Total liabilities as per unconsolidated balance sheet				5,359,871
As at 30 June 2016				
Segment assets for reportable segments	4,981,453	448,478	3,292,742	8,722,673
Unallocated corporate assets				761,530
Total assets as per unconsolidated balance sheet				9,484,203
Segment liabilities for reportable segments	611,078	108,262	1,923	721,263
Unallocated corporate liabilities and deferred income				2,955,215
Total liabilities as per unconsolidated balance sheet				3,676,478

42.6.1 For the purposes of monitoring segment performance and allocating resources between segments :

- all assets are allocated to reportable segments other than those directly relating to corporate and taxation assets; and
- all liabilities are allocated to reportable segments other than those directly relating to corporate and taxation.

Cash and bank balances, borrowings and related mark-up receivable therefrom and payable thereon, respectively are not allocated to reporting segments as these are managed by the Company's central treasury function.

42.7 Other segment information

Rupees in '000	Steel segment	Cotton segment	IID segment	Total
For the year ended 30 June 2017				
Capital expenditure	136,144	4,442	-	140,586
Depreciation and amortization	57,555	40,609	4,882	103,046
Non-cash items other than depreciation and amortization - net	199,183	(5,663)	(333,967)	(140,447)
For the year ended 30 June 2016				
Capital expenditure	105,432	11,765	4,960	122,157
Depreciation and amortization	47,485	62,444	6,237	116,166
Non-cash items other than depreciation and amortization - net	326,093	2,518	(99,177)	229,434

43. STAFF RETIREMENT BENEFITS

43.1 Defined benefit plans

43.1.1 The actuarial valuation of both pension and gratuity schemes has been conducted in accordance with IAS 19, 'Employee benefits' as at 30 June 2017. The projected unit credit method, using the following significant assumptions, has been used for the actuarial valuation:

	2017		2016	
	Pension	Gratuity	Pension	Gratuity
Financial assumptions				
- Discount rate used for Interest Cost in P&L Charge	9.00%	7.25%	10.50%	9.75%
- Discount rate used for year end obligation	9.25%	9.25%	9.00%	7.25%
- Expected rate of increase in salaries	9.25%	9.25%	9.00%	7.25%
Demographic assumptions				
- Retirement Assumption	Age 58		Age 58	
- Expected mortality for active members	SLIC (2001-05)		SLIC (2001-05)	

43.1.2 The amounts recognized in unconsolidated balance sheet are as follows:

Rupees in '000	Note	2017			2016		
		Pension	Gratuity	Total	Pension	Gratuity	Total
Present value of defined benefit obligations	43.1.4	423,509	94,572	518,081	354,115	82,485	436,600
Fair value of plan assets	43.1.5	(1,106,188)	(426,203)	(1,532,391)	(660,348)	(232,528)	(892,876)
Asset recognized in unconsolidated balance sheet		(682,679)	(331,631)	(1,014,310)	(306,233)	(150,043)	(456,276)

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43.1.3 Movement in the net defined benefit liability / (asset)

Rupees in '000	Note	2017			2016		
		Pension	Gratuity	Total	Pension	Gratuity	Total
Opening balance		(306,233)	(150,043)	(456,276)	(119,662)	(57,913)	(177,575)
Net benefit cost / (income)							
charged to profit and loss	43.1.7	1,625	(5,305)	(3,680)	4,631	(2,210)	2,421
Remeasurements recognized in Unconsolidated other comprehensive income		(369,286)	(172,986)	(542,272)	(178,341)	(84,946)	(263,287)
Contributions by the Company	43.1.5	(8,785)	(3,297)	(12,082)	(12,861)	(4,974)	(17,835)
Closing balance		(682,679)	(331,631)	(1,014,310)	(306,233)	(150,043)	(456,276)

43.1.4 Movement in the present value of defined benefit obligations

Rupees in '000	2017			2016		
	Pension	Gratuity	Total	Pension	Gratuity	Total
Present value of defined benefit obligations - 1 July	354,115	82,485	436,600	290,974	65,769	356,743
Current service cost	13,791	4,479	18,270	12,182	3,679	15,861
Past service cost	15,790	1,319	17,109	5,722	-	5,722
Interest cost	31,508	5,820	37,328	30,131	6,398	36,529
Benefits paid during the year	(8,050)	(1,519)	(9,569)	(7,389)	(299)	(7,688)
Benefit due but not paid	-	(2,891)	(2,891)	(629)	-	(629)
Remeasurement:						
Actuarial (gains) / losses from change in financial assumption	724	33	757	-	-	-
Experience adjustments	15,631	4,846	20,477	23,124	6,938	30,062
Present value of defined benefit obligations - 30 June	423,509	94,572	518,081	354,115	82,485	436,600

43.1.5 Movement in the fair value of plan assets are as follows:

Rupees in '000	2017			2016		
	Pension	Gratuity	Total	Pension	Gratuity	Total
Fair value of plan assets - 1 July	660,348	232,528	892,876	410,636	123,682	534,318
Contributions by the Company	8,785	3,297	12,082	12,861	4,974	17,835
Interest income on plan assets	59,464	16,923	76,387	43,404	12,287	55,691
Benefits paid during the year	(8,050)	(1,519)	(9,569)	(7,389)	(299)	(7,688)
Benefit due but not paid	-	(2,891)	(2,891)	(629)	-	(629)
Return on plan assets, excluding interest income	385,641	177,865	563,506	201,465	91,884	293,349
Fair value of plan assets - 30 June	1,106,188	426,203	1,532,391	660,348	232,528	892,876
43.1.6 Actual return on plan assets	445,105	194,788	639,893	244,869	104,171	349,040

43.1.7 Following amounts have been charged in the unconsolidated profit and loss account in respect of these benefits

Rupees in '000	2017			2016		
	Pension	Gratuity	Total	Pension	Gratuity	Total
Current service cost	13,791	4,479	18,270	12,182	3,679	15,861
Past service cost	15,790	1,319	17,109	5,722	-	5,722
Interest cost	31,508	5,820	37,328	30,131	6,398	36,529
Interest income on plan assets	(59,464)	(16,923)	(76,387)	(43,404)	(12,287)	(55,691)
Charge recognised in unconsolidated profit and loss account	1,625	(5,305)	(3,680)	4,631	(2,210)	2,421

43.1.8 Following amounts of remeasurements have been charged in the unconsolidated other comprehensive income in respect of these benefits

Rupees in '000	2017			2016		
	Pension	Gratuity	Total	Pension	Gratuity	Total
Remeasurement:						
Actuarial (gains) / losses from change in financial assumption	724	33	757	-	-	-
Experience adjustments	15,631	4,846	20,477	23,124	6,938	30,062
Return on plan assets, excluding interest income	(385,641)	(177,865)	(563,506)	(201,465)	(91,884)	(293,349)
Remeasurement loss / (gain) charged in the unconsolidated other comprehensive income	(369,286)	(172,986)	(542,272)	(178,341)	(84,946)	(263,287)

43.1.9 Total defined benefit cost recognized in unconsolidated profit and loss account and unconsolidated other comprehensive income	(367,661)	(178,291)	(545,952)	(173,710)	(87,156)	(260,866)
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Expected contributions to funds in the following year	-	-	-	15,355	5,743	21,098
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Weighted average duration of the defined benefit obligation (years)	11	3		12	3	
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Analysis of present value of defined benefit obligation						
Type of Members:						
Pensioners	26	-		22	-	
Beneficiaries	92	91		80	79	
	118	91		102	79	

Vested / Non-Vested						
Vested benefits	388,077	77,228	465,305	317,831	80,517	398,348
Non - vested benefits	35,432	17,344	52,776	36,285	1,968	38,253
	423,509	94,572	518,081	354,116	82,485	436,601

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Rupees in '000	2017			2016		
	Pension	Gratuity	Total	Pension	Gratuity	Total
Disaggregation of fair value of plan assets						
The fair value of the plan assets at balance sheet date for each category are as follows:						
Cash and cash equivalents (comprising bank balances and adjusted for current liabilities) - quoted	82,099	980	83,079	10,867	4,205	15,072
Debt instruments						
AA+	116,124	44,336	160,460	156,225	33,577	189,802
AA/AA-	237	-	237	235	-	235
	116,361	44,336	160,697	156,460	33,577	190,037
Equity instruments:						
Automobile Assembling	809	-	809	89	-	89
Cables and Electrical Goods	251	-	251	-	-	-
Cement	16,345	-	16,345	15,156	-	15,156
Chemicals	435	-	435	163	-	163
Commercial Banks	337	-	337	-	-	-
Engineering	771,003	350,992	1,121,995	370,290	168,618	538,908
Fertilizer	10,443	244	10,687	13,904	339	14,243
Insurance	166	-	166	255	-	255
Jute	148	-	148	-	-	-
Oil and Gas Exploration Companies	8,185	2,913	11,098	7,275	2,348	9,623
Oil and Gas Marketing Companies	860	-	860	603	-	603
Paper and Board	-	-	-	124	-	124
Power Generation and Distribution	55,205	16,647	71,852	57,159	17,098	74,257
Sugar and Allied Industries	10,099	2,975	13,074	1,594	470	2,064
Textile Composite	4,529	-	4,529	3,006	-	3,006
	878,815	373,771	1,252,586	469,618	188,873	658,491
Mutual funds:						
Income Fund	7,772	2,883	10,655	4,306	2,871	7,177
Equity Fund	21,141	4,233	25,374	19,096	3,002	22,098
	28,913	7,116	36,029	23,402	5,873	29,275
	1,106,188	426,203	1,532,391	660,347	232,528	892,875

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Discount rate +1%	380,355	92,099
Discount rate -1%	475,934	97,383
Long term pension / salary increase +1%	432,908	97,373
Long term pension / salary decrease -1%	415,117	92,062
Long term pension increase +1%	470,038	-
Long term pension decrease -1%	383,712	-

The actuary of the Company has assessed that present value of future refunds or reduction in future contribution is not lower than receivable from pension and gratuity funds recorded by the Company.

43.2 Defined contribution plan

The Company has set up provident fund for its permanent employees and the contributions were made by the Company to the Trust in accordance with the requirement of Section 227 of the repealed Companies Ordinance, 1984. The total charge against provident fund for the year ended 30 June 2017 was Rs. 9.945 million (2016: Rs. 7.594 million). Year end of Provident Fund Financial Statements is 31 December and 30 June for Steel & IID Division and Cotton Division respectively.

The following information is based on the latest financial statements of the fund:

Rupees in '000	31 December	31 December	30 June	30 June
	2016	2015	2017	2016
	(Unaudited)	(Unaudited)	(Unaudited)	(audited)
	Steel and IID Division		Cotton Division	
Cost of investments made	196,959	158,221	25,451	14,276
Size of the Fund	306,677	271,492	40,941	30,210
Fair value of investments	303,140	213,792	40,941	29,713
Percentage of investments made	99%	79%	100%	98%
Amount wise breakup of fair value of investments is as follows:				
Equity Securities	155,868	123,844	18,291	25,187
Government Securities	65,883	79,695	-	-
Mutual Funds	14,370	10,253	-	-
Others	67,019	-	22,650	4,526
	303,140	213,792	40,941	29,713
Percentage wise breakup of fair value of investments out of size of fund is as follows:				
Equity Securities	51%	46%	45%	83%
Government Securities	21%	29%	-	-
Mutual Funds	5%	4%	-	-
Others	22%	-	55%	15%

Investments out of the provident fund have been made in accordance with the provisions of section 227 of the repealed Companies Ordinance, 1984 and the rules formulated for this purpose.

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44. FINANCIAL RISK MANAGEMENT

Fair value is defined as 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.

Level 1 : Fair value measurements using quoted (unadjusted) in active markets for identical asset or liability.

Level 2 : Fair value measurements using 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 : Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

Rupees in '000	30 June 2017							
	Carrying amount			Total	Fair value			
	Investments	Loans and receivables	Other financial liabilities		Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments								
Financial assets measured at fair value								
Investments								
- listed equity securities	514,984	-	-	514,984	514,984	-	-	514,984
Financial assets not measured at fair value								
Investments								
- unlisted equity securities	178,946	-	-	178,946	-	-	-	-
- associates	1,070,803	-	-	1,070,803	-	-	-	-
Deposit	-	193,790	-	193,790	-	-	-	-
Trade debts	-	663,671	-	663,671	-	-	-	-
Loan to subsidiaries	-	365,000	-	365,000	-	-	-	-
Markup accrued	-	1,480	-	1,480	-	-	-	-
Other receivables	-	482,742	-	482,742	-	-	-	-
Bank balances	-	28,157	-	28,157	-	-	-	-
	1,249,749	1,734,840	-	2,984,589	-	-	-	-
Financial liabilities not measured at fair value								
Long term loans	-	-	462,981	462,981	-	-	-	-
Liabilities against assets subject to finance lease								
Trade and other payables	-	-	1,763,838	1,763,838	-	-	-	-
Mark-up accrued	-	-	27,892	27,892	-	-	-	-
Short term borrowings	-	-	2,517,336	2,517,336	-	-	-	-
	-	-	4,877,353	4,877,353	-	-	-	-

Rupees in '000

30 June 2016

	Carrying amount				Fair value			
	Investments	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments								
Financial assets measured at fair value								
Investments								
- Listed equity securities	391,946	-	-	391,946	391,946	-	-	391,946
Financial assets not measured at fair value								
Investments								
- unlisted equity securities	178,946	-	-	178,946	-	-	-	-
- associates	970,242	-	-	970,242	-	-	-	-
Deposit	-	186,631	-	186,631	-	-	-	-
Trade debts	-	322,851	-	322,851	-	-	-	-
Other receivables	-	238,912	-	238,912	-	-	-	-
Bank balances	-	61,756	-	61,756	-	-	-	-
	1,149,188	810,150	-	1,959,338	-	-	-	-
Financial liabilities not measured at fair value								
Long term loan	-	-	503,500	503,500	-	-	-	-
Liabilities against assets subject								
to finance lease	-	-	135,832	135,832	-	-	-	-
Trade and other payables	-	-	637,596	637,596	-	-	-	-
Mark-up accrued	-	-	21,023	21,023	-	-	-	-
Short term borrowings	-	-	2,083,975	2,083,975	-	-	-	-
	-	-	3,381,926	3,381,926	-	-	-	-

The Company has not disclosed the fair values for all other financial assets and financial liabilities, as these are either short term in nature or reprice periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

The unquoted investments and investments in subsidiaries and associates are stated at cost.

Investment property fair value have been determined by professional valuers (level 3 measurement) based on their assessment of the market values as disclosed in note 17.2. The valuations are conducted by the valuation experts appointed by the Company. The valuation experts used a market based approach to arrive at the fair value of the Company's investment properties. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these financial statements.

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45. FINANCIAL INSTRUMENTS

The Company has exposure to the following risks from its use of financial instruments

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board of Directors is also responsible for developing and monitoring the Company's risk management policies.

45.1 Credit risk

Credit risk represents the financial loss that would be recognized at the reporting date if counterparties fail completely to perform as contracted / fail to discharge an obligation / commitment that it has entered into with the Company. It arises principally from trade receivables, bank balances, security deposits, mark-up accrued and investment in debt securities.

The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting date is as follows:

Rupees in '000	2017	2016
Deposits	193,790	186,631
Trade debts	663,671	322,851
Mark-up accrued	1,480	-
Other receivables	482,742	238,912
Bank balances	28,157	61,756
	1,369,840	810,150

Trade and receivables

To manage exposure to credit risk in respect of trade and other receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Sales tenders and credit terms are approved by the tender approval committee. Where considered necessary, advance payments are obtained from certain parties. Sales of steel segment made to major customers are secured through letters of credit. The management has set a maximum credit period of 15 days in respect of Cotton segment's sales to reduce the credit risk.

All the trade debtors at the reporting date represent domestic parties.

The maximum exposure to credit risk before any credit enhancements for trade debts at the reporting date by type of customer was as follows:

Rupees in '000	2017	2016
Steel segment	643,909	311,519
Cotton segment	19,762	11,332
	663,671	322,851
The aging of trade debts at the balance sheet date is		
Not past due	312,854	21,322
Past due 1 - 30 days	322,380	222,025
Past due 30 - 180 days	7,936	61,413
Past due 180 days	42,141	32,362
	685,311	337,122
Less: Impaired	21,640	14,271
	663,671	322,851

The movement in the allowance for impairment in respect of trade debts and advances is given in note 23.2 and note 24 respectively.

Based on past experience the management believes that no impairment allowance is necessary, except mentioned above, in respect of trade debts past due as some receivables have been recovered subsequent to the year end and for other receivables there are reasonable grounds to believe that the amounts will be recovered in short course of time.

Settlement risk

All investing transactions are settled / paid for upon delivery as per the advice of investment committee. The Company's policy is to enter into financial instrument contract by following internal guidelines such as approving counterparties and approving credits.

Bank balances

The Company kept its surplus funds with banks having good credit rating. Currently the surplus funds are kept with banks having rating from AAA to A-.

The credit quality of the Company's investment in units of mutual fund can be assessed with reference to external credit ratings as follows:

	Rating		Rating Agency	2017	2016
	Short term	Long term		Rupee in '000	
Mutual Funds					
PICIC Investment Fund	MFR 3 star	MFR 3 star	JCR - VIS	7,510	5,658
PICIC Growth Fund	MFR 1 star	MFR 1 star	JCR - VIS	52,855	40,579
				60,365	46,237

Deposits

The Company has provided security deposits and retention money as per the contractual terms with counter parties as security and does not expect material loss against those deposits and retention money.

Investment in debt securities

Credit risk arising on debt securities is mitigated by investing principally in investment grade rated instruments. Where the investment is considered doubtful a provision is created there against. The Company does not have debt security at reporting date.

Concentration of credit risk

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

45.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligation arising from financial liabilities that are settled by delivering cash or another financial asset or that such obligation will have to be settled in a manner disadvantageous to the Company. The Company is not materially exposed to liquidity risk as substantially all obligation / commitments of the Company are short term in nature and are restricted to the extent of available liquidity. In addition, the Company has obtained running finance facilities from various commercial banks to meet the short term liquidity commitments, if any.

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The following are the contractual maturities of the financial liabilities, including estimated interest payments:

Rupees in '000	2017						
	Carrying amount	On demand	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
Financial liabilities							
Long term loans	462,981	-	462,981	70,250	74,546	157,684	160,501
Liabilities against assets							
subject to finance lease	105,306	-	118,966	24,602	24,813	33,074	36,477
Trade and other payables	1,750,018	-	1,750,018	1,750,018	-	-	-
Mark-up accrued	27,892	-	27,892	27,892	-	-	-
Short term borrowings	2,517,336	2,517,336	-	-	-	-	-
	4,863,533	2,517,336	2,359,857	1,872,762	99,359	190,758	196,978

Rupees in '000	2016						
	Carrying amount	On demand	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
Financial liabilities							
Long term loan	503,500	-	503,500	39,000	70,250	140,500	253,750
Liabilities against assets							
subject to finance lease	135,832	-	154,799	38,046	30,994	40,438	45,321
Trade and other payables	624,982	-	624,982	624,982	-	-	-
Mark-up accrued	21,023	-	21,023	21,023	-	-	-
Short term borrowings	2,083,975	2,083,975	-	-	-	-	-
	3,369,312	2,083,975	1,304,304	723,051	101,244	180,938	299,071

45.3 Market risk

Market risk is the risk that changes in market price, 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 Investment Committee monitors the portfolio of its investments and adjust the portfolio in light of changing circumstances.

45.3.1 Currency risk

The Company is exposed to currency risk on import of raw materials, stores and spares and export of goods denominated in US Dollars (USD), Euros and JPY. The Company's exposure to foreign currency risk for these currencies is as follows:

	2017			
	USD	Euro	JPY	Total
Foreign creditors	(12,223,879)	(33,350)	-	(12,257,229)
Outstanding letters of credit	(5,938,793)	(469,266)	(12,200,000)	(18,608,059)
Net exposure	(18,162,672)	(502,616)	(12,200,000)	(30,865,288)

	2016			Total
	USD	Euro	JPY	
Foreign creditors	(10,920)	(17,690)	-	(28,610)
Outstanding letters of credit	(5,440,550)	(77,196)	-	(5,517,746)
Net exposure	(5,451,470)	(94,886)	-	(5,546,356)

The following significant exchange rate has been applied:

	Average rate		Reporting date rate	
	2017	2016	2017	2016
USD to PKR	104.76	104.49	105.00	104.70
Euro to PKR	114.43	115.53	120.10	116.31
JPY to PKR	0.96	-	0.94	-

Sensitivity analysis

At the reporting date, if the PKR had strengthened by 10% against the USD, Euro and JPY with all other variables held constant, post-tax profit for the year would have been higher by the amount shown below, mainly as a result of net foreign exchange gain on translation of foreign creditors.

	2017	2016
Effect on profit or loss		
USD	(1,816,267)	(545,147)
Euro	(50,262)	(9,489)
JPY	(1,220,000)	-
	(3,086,529)	(554,636)

The weakening of the PKR against USD, Euro and JPY would have had an equal but opposite impact on the post tax profits.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Company.

45.3.2 Interest rate risk

At the reporting date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	2017	2016	2017	2016
	Effective interest rate (Percentage)		Carrying amount (Rupees in '000)	
Financial liabilities				
Variable rate instruments:				
Long term loans	7.53-8.85	7.60-9.54	462,981	503,500
Liabilities against assets subject to finance lease	10.61-15.41	11.10-15.41	105,306	135,832
Short term borrowings	6.96-8.62	7.75-9.01	2,517,336	2,083,975

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. Therefore a change in interest rates at the reporting date would not affect unconsolidated profit and loss account.

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Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have decreased / (increased) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2016.

Rupees in '000	Profit and loss 100 up	
	Increase 2017	Decrease 2016
As at 30 June 2017		
Cash flow sensitivity - Variable rate financial liabilities	(30,856)	30,856
As at 30 June 2016		
Cash flow sensitivity - Variable rate financial liabilities	(27,233)	27,233

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Company.

45.3.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). Other price risk arises from the Company's investment in units of mutual funds and ordinary shares of listed companies. To manage its price risk arising from aforesaid investments, the Company diversifies its portfolio and continuously monitors developments in equity markets. In addition the Company actively monitors the key factors that affect stock price movement.

A 10% increase / decrease in redemption and share prices at year end would have decreased / increased the Company's gain / loss in case of held for trading investments and increase / decrease surplus on re-measurement of investments in case of 'available for sale' investments as follows :

Rupees in '000	2017	2016
Effect on profit	49,804	38,313
Effect on equity	1,694	881
Effect on investments	51,498	39,194

The sensitivity analysis prepared is not necessarily indicative of the effects on profit / equity and assets of the Company.

46. REMUNERATION TO THE CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

Rupees in '000	Chief Executive		Director		Executives		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Managerial remuneration	21,060	12,900	-	-	73,896	61,107	94,956	74,007
House rent	6,966	5,805	-	-	25,433	20,912	32,399	26,717
Utilities	1,548	1,290	-	-	5,302	4,408	6,850	5,698
Travelling expenses	68	2,001	-	-	-	-	68	2,001
Others	-	2,353	-	-	-	-	-	2,353
Medical	292	237	-	-	2,723	2,323	3,015	2,560
Contributions to								
- Gratuity fund	600	1,075	-	-	1,591	2,810	2,191	3,885
- Pension fund	1,440	2,580	-	-	4,447	7,653	5,887	10,233
- Provident fund	1,548	1,290	-	-	8,099	3,657	9,647	4,947
Club subscription and expenses	1,082	711	-	-	178	163	1,260	874
Entertainment	233	-	-	-	69	74	302	74
Conveyance	-	-	-	-	2,540	2,424	2,540	2,424
Telephone	-	-	-	-	6	6	6	6
	34,837	30,242	-	-	124,284	105,537	159,121	135,779
Number of persons	1	1	-	-	43	36	44	37

46.1 The aggregate amount charged in respect of directors' fees paid to six (2016: seven) directors is Rs. 2.8 million (2016: Rs. 1.410 million). Also, during the year remuneration paid to the non-executive Chairman of the Board of Directors amounted to Rs. 1.2 million (2016: Rs. 1.2 million).

46.2 The chief executive and ten executives are provided with free use of company maintained cars, in accordance with their entitlements.

46.3 The chief executive, executives and their families are also covered under group life and hospitalization insurance. A director is also covered under group hospitalization scheme.

47. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of subsidiaries and associates, directors of the Company, companies in which directors also hold directorship, related group companies, key management personnel and staff retirement benefit funds. All transactions with related parties are under agreed terms / contractual arrangements.

Transactions with related parties other than those disclosed elsewhere are as follows :

Name	Nature of relationship	Nature of transaction	2017	2016
Rupees in '000				
Crescent Hadeed (Private) Limited	Subsidiary company	Right shares subscribed	300,000	250,000
		Reimbursable expenses	34,439	20,189
		Sale of finished goods	204,159	74,854
		Share deposit money	72,697	192,150
		Short term loan	250,000	-
		Mark-up income	279	-

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Name	Nature of relationship	Nature of transaction	2017	2016
Rupees in '000				
CS Capital (Private) Limited	Subsidiary company	Reimbursable expenses	1,199	957
Shakarganj Energy (Private) Limited	Subsidiary company	Reimbursable expenses	1,112	4,018
		Right shares subscribed	80,000	141,961
		Share deposit money	-	182,090
		Short term loan	115,000	-
		Mark-up income	1,202	-
		Sales of finished goods	-	25,924
		Sale of stores spares	-	3,517
		Sale of fixed assets	-	1,051
		Reimbursement of Turbine cost	-	122,000
		Transfer of Turbine at cost	-	188,363
Solution de Energy (Private) Limited	Subsidiary company	Reimbursable expenses	-	4,301
Altern Energy Limited	Associates	Dividend received	140,908	-
Shakarganj Limited	Associates	Dividend paid	5,118	6,582
		Sales of finished goods	70	-
		Sales of raw cotton	-	19,661
		Services received	1,149	2,115
		Reimbursable expenses	1,442	1,494
Central Depository Company of Pakistan Limited *	Related party	Services received	521	1,981
		Dividend Received	550	5,809
Muhammad Amin Muhammad Bashir Limited *	Related party	Dividend paid	4	2
Premier Insurance Limited *	Related party	Insurance premium	16,449	11,515
		Dividend paid	720	-
The Crescent Textile Mills Limited	Related party	Dividend paid	-	17,589
		Dividend received	-	656
		Issuance of right shares	-	99,044
The Citizens' Foundation *	Related party	Donation given	58,351	48,518
CSAP Foundation*	Related party	Donation given	7,760	3,038
Crescent Cotton Products - Staff Provident Fund	Retirement benefit fund	Contribution made	1,820	644
		Dividend paid	374	154
		Issue of right shares	-	868
Crescent Steel and Allied Products Limited - Gratuity Fund	Retirement benefit fund	Contribution made	2,851	4,974
		Dividend paid	7,356	3,031
		Issue of right shares	-	17,066

Name	Nature of relationship	Nature of transaction	2017	2016
Rupees in '000				
Crescent Steel and Allied Products Limited - Pension Fund	Retirement benefit fund	Contribution made	7,545	12,861
		Dividend paid	16,151	6,654
		Issue of right shares	-	37,470
Crescent Steel and Allied Products Limited - Staff Provident Fund	Retirement benefit fund	Contribution made	8,251	6,961
		Dividend paid	4,166	1,616
		Issue of right shares	-	17,921
CSAP - Staff Benevolent Fund	Staff welfare fund	Contribution made	20,000	10,000
		Dividend paid	77	-
Key management personnel	Related parties	Remuneration and benefits	93,133	80,516
		Dividend paid	3,166	336
		Issue of right shares	-	8,953
Directors and their spouse	Related parties	Dividend paid	693	460
		Issue of right shares	-	9,237

* These entities are / have been related parties of the Company by virtue of common directorship only.

- 47.1 Sale of finished goods and raw materials, rendering of services and insurance premium are based on commercial terms and at market prices which are approved by the Board of Directors.
- 47.2 Contributions to the employee retirement benefit funds are made in accordance with the terms of employee retirement benefit schemes and actuarial advice.
- 47.3 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, including directors of the Company. There were no transactions with the key management personnel during the year other than their terms of employment / entitlements.
- 47.4 Outstanding balances and other information with respect to related parties as at 30 June 2017 and 2016 are included in issued, subscribed and paid-up capital (note 6.1), trade and other payables (note 11.3), long term investments (notes 18.1, 18.2 and 18.3.1), trade debts (note 23.1), investments (note 26.1), other receivables (note 27.1), administrative expenses (note 34.3) and staff retirement benefits (note 43).

48. CAPITAL RISK MANAGEMENT

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company's overall strategy remains unchanged from year 2016.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payments to shareholders or issue new shares. The management seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Company finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

The Company is not subject to any externally imposed capital requirements.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total debt less cash and bank balances. Total capital is calculated as equity as shown in the balance sheet plus net debt.

48.1 Gearing ratio

The gearing ratio at end of the year is calculated as follows:

Rupees in '000	Note	2017	2016
Total debt	48.1.1	3,085,623	2,723,307
Less: Cash and bank balances		28,471	62,902
Net debt		3,057,152	2,660,405
Total equity	48.1.2	6,819,717	5,807,725
Total capital		9,876,869	8,468,130
Gearing ratio		31.0%	31.4%

48.1.1 Total debt is defined as long term and short term borrowings (excluding derivatives), as described in notes 7, 8 and 13 to these financial statements.

48.1.2 Total equity includes all capital and reserves of the Company that are managed as capital.

49. PLANT CAPACITY AND PRODUCTION

49.1 Steel segment

Pipe plant

The plant's installed / rated capacity for production based on single shift is 66,667 tons (2016: 66,667 tons) annually on the basis of notional pipe size of 30" dia x 1/2" thickness. The actual production achieved during the year was 88,110 tons (2016: 58,202 tons) line pipes of varied sizes and thickness, which is due to operation of plant more than single shift. Actual production is equivalent to 107,699 tons (2016: 66,811 tons) when translated to the notional pipe size of 30" diameter.

Coating plant

The coating plant has a capacity of externally shot blasting and coating of line pipes with 3 layer high / medium density polyethylene coating at a rate of 250 square meters of surface area per hour on pipe sizes ranging from 114 mm to 1524 mm outside dia and thickness ranging from 3 mm to 16 mm.

The annual capacity of the plant works out to 600,000 square meters outside surface area of line pipes based on notional size of 14" dia on single shift working. Coating of 272,587 meters (2016: 216,070 meters) of different dia pipes (397,103 square meters surface area) was achieved during the year (2016: 590,738 square meters surface area).

49.2 Cotton segment

Spinning unit 1

The plant capacity converted to 20s count based on three shifts per day for 1,080 shifts is 6,452,874 kilograms (2016: 6,452,874 kilograms) whereas the plant capacity converted to 20s count based on Polyester Cotton Yarn in three shifts per day for 1080 shifts is 8,298,913 kilograms. Actual production converted into 20s count was 7,949,096 kilograms for 1,080 shifts (2016: 330,519 kilograms for 45 shifts).

50. GENERAL

50.1 Number of employees

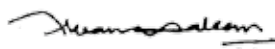
The number of employees including contractual employees of the Company as at 30 June 2017 were 481 (2016: 891) and weighted average number of employees were 939 (2016: 495).

50.2 Non adjusting event after balance sheet date

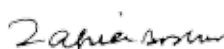
The Board of Directors of the Company in their meeting held on 12 August 2017 have proposed final cash dividend for the year ended 30 June 2017 of Rs. 2.25 per share (i.e. 22.5%) (2016: Rs. 2 per share) amounting to Rs. 174.673 million (2016: Rs. 155.265 million). This is in addition to the first and second interim cash dividends of Rs. 1.5 per share each (i.e. 15% each) this makes a total distribution of Rs. 5.25 per share (i.e. 52.5%) for the year ended 30 June 2017. The above proposed final cash dividend is subject to the approval of the members at the Annual General Meeting to be held on 17 October 2017. These financial statements do not include the effect of above proposed final cash dividend, which will be accounted for in the period in which it is approved by the members.

51. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue in the Board of Directors meeting held on 12 August 2017.



Chief Executive



Director



Chief Financial Officer

Crescent Steel and Allied Products Limited

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

KEY PERFORMANCE INDICATORS

Based on results of the Company as presented in the Consolidated Financial Statements

Sales Revenue

12,285

(PKR in million)

Profit before tax

1,592

(PKR in million)

Gross profit ratio

13.7

%

Net profit margin

9.5

%

EBITDA

2,008.4

(PKR in million)

Earnings per Share
(Basic and diluted)

15.29

(Rupees per share)

Total Assets

14,810

(PKR in million)

Shareholders' Equity

8,601

(PKR in million)

Capital Expenditure

298.3

(PKR in million)

Break-up value

110.8

(Rupees per share)

Return on average
capital employed

16.1

%

Gearing ratio

28.3

%

Current Ratio

1.5:1

Ratio

Price earnings ratio

15.6

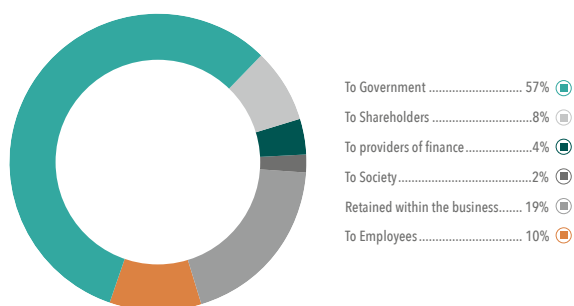
Times

STATEMENT OF VALUE ADDITION

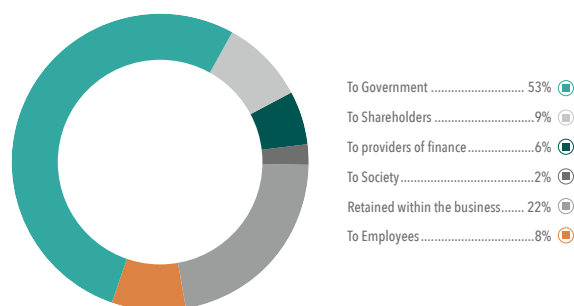
	2017		2016	
	Rupees in '000	%	Rupees in '000	%
WEALTH GENERATED				
Total revenue	15,023,072	100%	9,337,070	100%
Bought-in-material and services	(9,765,204)	65%	(5,036,026)	54%
	5,257,868	35%	4,301,044	46%
WEALTH DISTRIBUTED				
To Employees				
Salaries, wages and other benefits	536,666	10%	345,057	8%
To Government				
Income tax, sales tax, custom duties, WWF and WPPF	3,018,268	57%	2,296,860	53%
To Shareholders				
Dividend *	407,571	8%	388,163	9%
To providers of finance				
Finance costs	204,626	4%	253,921	6%
To Society				
Donation towards education, health and environment	80,813	2%	70,892	2%
Retained within the business for future growth				
Depreciation, amortization and retained earnings	1,009,924	19%	946,151	22%
	5,257,868	100%	4,301,044	100%

* This includes final dividend recommended by the Board of Directors subsequent to year end.

DISTRIBUTION OF WEALTH 2017



DISTRIBUTION OF WEALTH 2016



PERFORMANCE INDICATORS CONSOLIDATED

FOR THE CURRENT AND PAST SIX FINANCIAL YEARS

PERFORMANCE INDICATORS **2017** 2016 2015 2014 2013 2012 2011

A - PROFITABILITY RATIOS

Earnings before interest, taxation, depreciation and amortization (EBITDA) (Rs. in millions)	2,008.4	1,914.4	389.4	902.5	1,316.6	703.6	1,151.0
Profit before taxation and depreciation (Rs. in millions)	1,798.5	1,653.4	295.1	802.3	1,251.3	582.7	995.2
Gross profit ratio (%)	13.7	26.6	0.9	5.7	13.0	12.9	18.4
Operating profit margin to sales (net) (%)	10.0	18.6	2.2	11.5	19.1	7.8	17.5
Net profit margin to sales (net) (%)	9.7	14.8	8.7	13.7	17.8	11.9	14.5
EBITDA margin to sales (net) (%)	16.3	25.3	16.9	22.4	26.3	17.8	26.2
Operating leverage ratio	0.0	2.6	1.6	1.8	4.4	4.1	0.9
Return on equity (%)	13.8	15.3	3.7	10.5	18.0	11.7	17.8
Return on average equity (%)	14.9	17.7	3.8	10.8	19.9	12.4	19.2
Return on capital employed (RoCE) (%)	14.9	17.1	4.2	14.4	22.5	12.8	22.0
Return on average capital employed (%)	16.1	21.5	4.4	14.6	25.0	12.7	23.4
Return on average assets (%)	9.0	12.3	3.1	9.8	16.3	9.4	13.1

B - Liquidity Ratios

Current ratio	1.5 : 1	1.6 : 1	1.9 : 1	2.6 : 1	2.5 : 1	1.8 : 1	1.5 : 1
Quick / Acid-test ratio	0.9 : 1	0.9 : 1	1.4 : 1	2 : 1	1.8 : 1	1.3 : 1	0.8 : 1
Cash to current liabilities (%)	(5.8)	(6.8)	(18.9)	(11.8)	(23.6)	(23.5)	(49.1)
Cash flows from operations to sales (%)	(0.4)	(31.0)	4.1	4.3	(1.7)	11.1	4.1
Working capital (Net current assets)	2,949.6	2,095.1	929.3	1,123.6	1,340.9	856.4	595.2
Working capital turnover (times)	4.9	5.0	2.2	3.3	4.6	5.4	9.0

C - Activity / Turnover Ratios

Debtors turnover ratio (times)	18.0	28.4	30.7	28.1	17.7	15.3	20.9
No. of days in receivables / Average collection period (days)	20	13	12	13	21	24	18
Inventory turnover ratio (times)	3.6	3.7	5.3	7.1	7.0	4.8	3.8
No. of days in inventory (days)	102	98	69	51	52	76	95
Creditors turnover ratio (times)	11.2	20	8.5	29.3	19.9	15.9	22.3
No. of days in creditors / Average payment period (days)	33	18	43	12	18	23	16
Property, plant and equipment turnover (times)	4.8	3.1	1.1	2.9	3.9	3.6	3.1
Total assets turnover (times)	0.8	0.7	0.3	0.7	0.9	0.8	0.9
Operating cycle (days)	89	93	38	52	55	77	96

D - Investment / Market Ratios

Basic and diluted earnings per share (Rs.)	15.29	15.05	2.87	7.93	12.77	6.75	9.17
Price earnings ratio (times)	15.6	7.6	18.1	5.5	3.5	3.4	2.8
Dividend yield (%) *	2.2	4.4	1.3	5.7	7.8	8.6	13.4
Dividend payout ratio (%) *	34.3	34.6	21.7	28.1	28.5	24.0	30.9
Dividend cover ratio (times) *	2.9	3.0	4.1	3.2	3.6	3.4	2.6
Cash dividend (Rs. in millions) *	407.6	388.2	43.5	155.3	197.6	112.9	197.6
Cash dividend per share (Rs.) *	5.25	5.0	0.7	2.5	3.5	2.0	3.5
Stock dividend / Bonus shares (Rs. in millions) *	-	-	-	-	56.4	-	-
Stock dividend / Bonus shares (%) *	-	-	-	-	10.0	-	-
Market value per share (at the end of the year) (Rs.)	238.6	114.6	51.9	43.5	45.0	23.2	26.1
- Lowest during the year (Rs.)	116.0	54.6	34.9	43.5	21.6	18.0	23.8
- Highest during the year (Rs.)	283.1	134.8	62.4	74.8	54.5	28.5	31.7
Break-up value per share (Rs.)	110.8	94.3	86.8	84.5	79.8	64.7	58.0

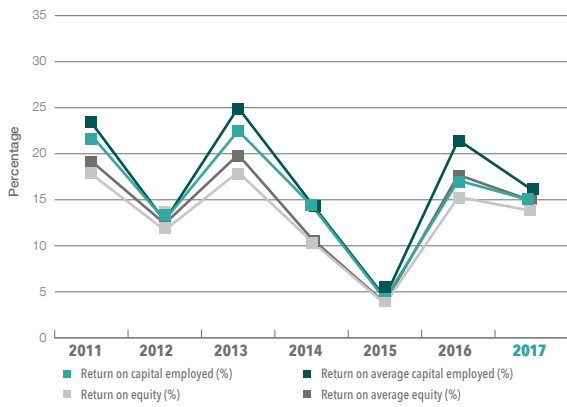
E - Capital Structure Ratios

Financial leverage ratio (%)	40.4	39.9	12.8	6.3	9.8	9.0	23.6
Long term debt to equity ratio (%)	4.5	6.4	5.3	1.2	0.7	0.5	3.6
Cost of debts	8.0	8.4	10.9	13.7	14.4	16.7	16.5
Long term debt : Equity ratio	4 : 96	6 : 94	5 : 95	1 : 99	1 : 99	0 : 100	3 : 97
Total liabilities to total assets (%)	41.9	36.0	21.1	14.9	15.6	21.1	26.6
Gearing ratio (%)	28.3	28.0	9.8	3.4	7.6	6.8	18.7
Interest coverage (times)	8.8	6.9	2.9	8.5	19.5	5.1	6.8

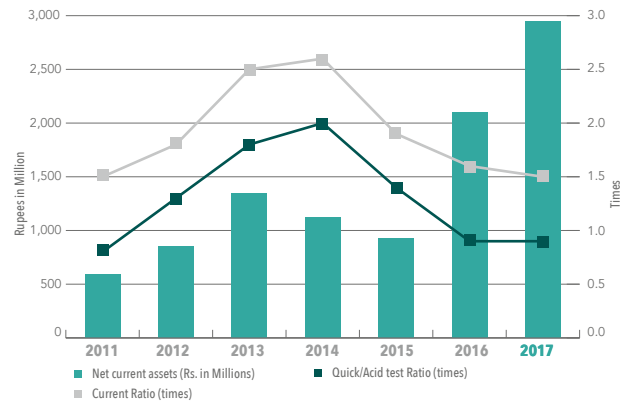
Notes:

* This includes declaration of final cash dividend recommended by the Board of Directors subsequent to year end.

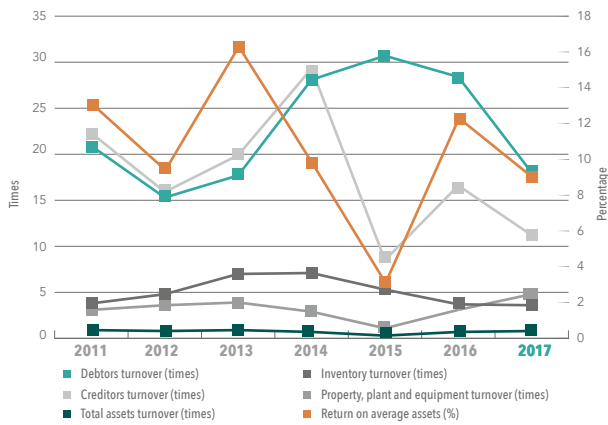
RETURN ON CAPITAL AND EQUITY



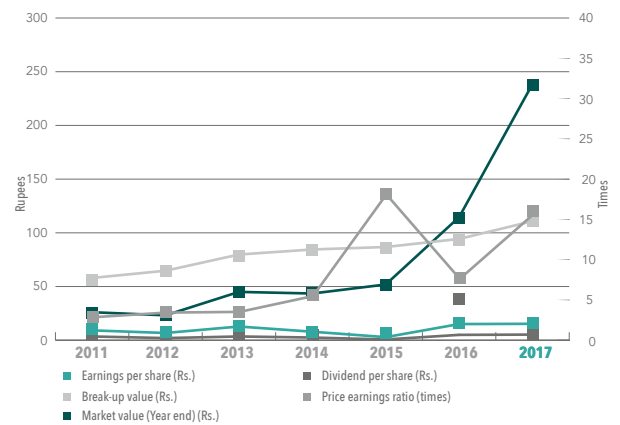
LIQUIDITY



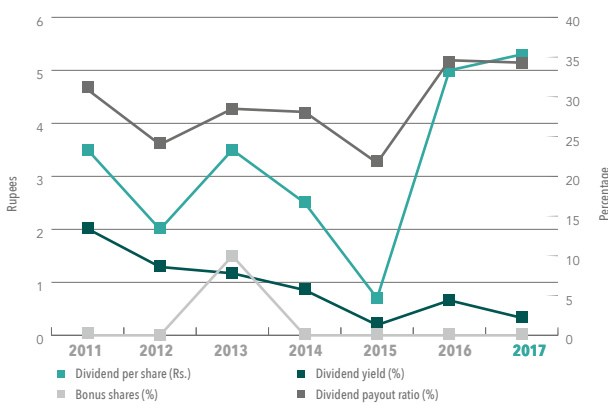
ASSET MANAGEMENT



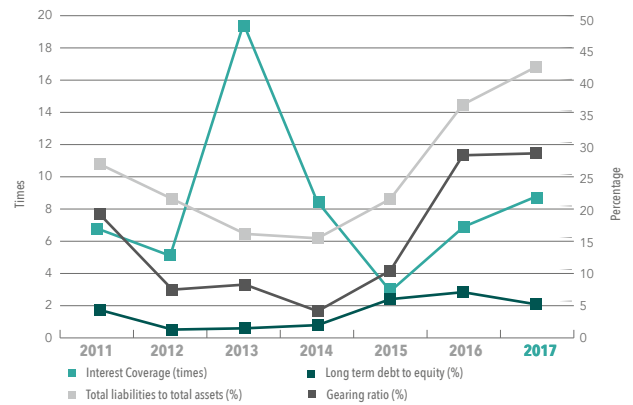
PER SHARE RESULT



DIVIDEND AND RETURNS



DEBT MANAGEMENT



VERTICAL ANALYSIS CONSOLIDATED

FOR THE SIX FINANCIAL YEARS

Rupees in million

CONSOLIDATED BALANCE SHEET

	2017	%	2016	%	2015	%	2014	%	2013	%	2012	%
Property, plant and equipment	2,565	17.3	2,468	21.5	2,019.0	29.5	1,404.0	22.8	1,281	21.8	1,086	21.3
Intangible assets	129	0.9	113	1.0	68.0	1.0	39.0	0.6	14	0.2	2	-
Investment properties	54	0.4	60	0.5	67.0	1.0	73.0	1.2	62	1.1	36	0.7
Investment in equity accounted investees	3,292	22.2	2,882	25.2	2,423.0	35.4	2,540.0	41.2	2,040	34.6	1,806	35.5
Other long term investments	221	1.5	221	1.9	221.0	3.2	221.0	3.6	221	3.7	221	4.3
Long term deposits	194	1.3	189	1.6	48.0	0.7	51.0	0.8	20	0.3	21	0.4
Deferred taxation	-	-	-	-	-	-	-	-	-	-	8	0.2
Stores, spares and loose tools	191	1.3	130	1.1	67.0	1.0	72.0	1.2	79	1.3	66	1.3
Stock-in-trade	3,385	22.9	2,531	22.1	453.0	6.6	407.0	6.6	662	11.3	587	11.5
Trade debts	891	6.0	472	4.1	61.0	0.9	89.0	1.4	197	3.4	369	7.3
Advances	21	0.1	45	0.4	58.0	0.8	58.0	0.9	32	0.5	138	2.7
Trade deposits and short term prepayments	57	0.4	38	0.3	15.0	0.2	7.0	0.1	9	0.2	6	0.1
Investments	1,201	8.1	879	7.7	824.0	12.1	758.0	12.3	946	16.1	523	10.3
Current portion of long term investments	-	-	-	-	-	-	-	-	-	-	8	0.2
Other receivables	1,774	12.0	800	7.0	187.0	2.7	143.0	2.3	135	2.3	48	0.9
Taxation - net	749	5.1	555	4.8	225.0	3.3	159.0	2.6	76	1.3	93	1.8
Cash and bank balances	86	0.6	74	0.6	101.0	1.5	144.0	2.3	80	1.4	69	1.4
Non-current asset held for sale	-	-	-	-	-	-	-	-	19.0	0.3	-	-
Total assets	14,810	100	11,457	100	6,837	100.0	6,165	100	5,873	100	5,087	100.0
Issued, subscribed and paid-up capital	776	5.2	776	6.8	621.0	9.1	621.0	10.1	565	9.6	565	11.1
Capital reserves	1,243	8.4	1,139	9.9	396.0	5.8	388.0	6.3	555	9.4	402	7.9
Revenue reserves	6,582	44.4	5,404	47.2	4,374.0	64.0	4,237.0	68.7	3,836	65.3	3,049	59.9
Shareholders' equity	8,601	58.0	7,319	63.9	5,391	78.9	5,246	85.1	4,956	84.3	4,016	78.9
Long term loans	322	2.2	394	3.4	239.0	3.5	-	-	-	-	-	-
Liabilities against assets subject to												
finance lease	64	0.4	77	0.7	46.0	0.7	62	1.0	34	0.6	20	0.4
Deferred income	7	-	9	0.1	1.0	-	2	-	1	-	-	-
Deferred taxation	410	2.8	229	2.0	98.0	1.4	142	2.3	6	0.1	-	-
Trade and other payables	2,283	15.4	954	8.3	643.0	9.4	433	7.0	415	7.1	692	13.6
Mark-up accrued	32	0.2	23	0.2	13.0	0.2	9	0.1	9	0.2	16	0.3
Short term borrowings	2,904	19.6	2,279	19.8	302.0	4.3	228	3.7	418	7.1	335	6.6
Current portion of long term loan	141	1.0	109	1.0	55.0	0.8	-	-	-	-	-	-
Current portion of liabilities against assets												
subject to finance lease	42	0.3	59	0.5	47.0	0.7	41	0.7	32	0.5	8	0.2
Current portion of deferred income	4	-	5	-	2.0	-	2	-	1	-	-	-
Total equity and liabilities	14,810	100	11,457	100	6,837	100	6,165	100	5,873	100	5,087	100

CONSOLIDATED PROFIT AND LOSS ACCOUNT

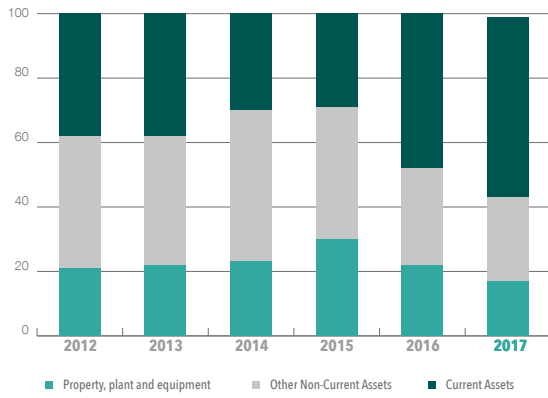
Sales - net	12,285	100.0	7,575	100	2,303.0	100	4,030.0	100	5,002	100	3,943	100
Cost of sales	10,598	86.3	5,559	73.4	2,282.0	99.1	3,800.0	94.3	4,351	87.0	3,434	87.1
Gross profit	1,687	13.7	2,016	26.6	21	0.9	230	5.7	651	13.0	509	12.9
Income from investments	205	1.7	102	1.3	219.0	9.5	441.0	10.9	348	7.0	68	1.7
Distribution and selling expenses	32	0.3	16	0.2	27.3	1.2	52.0	1.3	68	1.4	46	1.2
Administrative expenses	307	2.5	299	3.9	181.2	7.9	172.0	4.3	177	3.5	170	4.3
Other operating expenses	429	3.5	427	5.6	11.2	0.5	33.0	0.8	169	3.4	66	1.7
Other income	104	0.8	30	0.4	32.0	1.4	47.0	1.2	371	7.4	12	0.3
Operating profit before finance costs	1,228	9.9	1,406	18.6	52	2.2	461	11.4	956	19.1	307	7.7
Finance costs	205	1.7	254	3.4	87.0	3.8	95.0	2.4	63	1.3	110	2.8
Share of profit in equity accounted												
investees - net of taxation	569	4.6	347	4.6	203.0	8.8	341.0	8.5	269	5.4	255	6.5
Profit before taxation	1,592	12.8	1,499	19.8	168	7.2	707	17.5	1,162	23.2	452	11.4
Taxation	405	3.3	377	5.0	(32.0)	(1.4)	154.0	3.8	272	5.4	(19)	(0.5)
Profit after taxation	1,187	9.5	1,122	14.8	200	8.6	553	13.7	890	17.8	471	11.9

HORIZONTAL ANALYSIS CONSOLIDATED

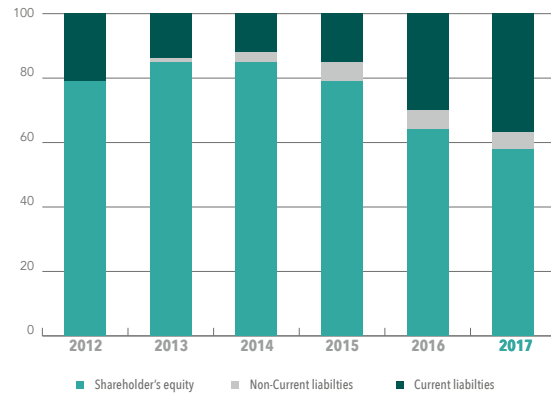
FOR THE SIX FINANCIAL YEARS

Rupees in million	2017	%	2016	%	2015	%	2014	%	2013	%	2012	%
CONSOLIDATED BALANCE SHEET												
Property, plant and equipment	2,565	3.9	2,468	22.2	2,019	43.8	1,404	9.6	1,281	18.0	1,086	(24.1)
Intangible assets	129	14.2	113	66.2	68	74.4	39	178.6	14	600.0	2	(84.6)
Investment properties	54	(10.0)	60	(10.4)	67	(8.2)	73	17.7	62	72.2	36	(10.0)
Investment in equity accounted investees	3,292	14.2	2,882	18.9	2,423	(4.6)	2,540	24.5	2,040	13.0	1,806	20.6
Other long term investments	221	-	221	-	221	-	221	-	221	-	221	16.9
Long term deposits	194	2.6	189	293.8	48	(5.9)	51	155.0	20	(4.8)	21	40.0
Deferred taxation	-	-	-	-	-	-	-	-	-	(100.0)	8	100.0
Stores, spares and loose tools	191	46.9	130	94.0	67	(6.9)	72	(8.9)	79	19.7	66	-
Stock-in-trade	3,385	33.7	2,531	458.7	453	11.3	407	(38.5)	662	12.8	587	(30.2)
Trade debts	891	88.8	472	673.8	61	(31.5)	89	(54.8)	197	(46.6)	369	154.5
Advances	21	(53.3)	45	(22.4)	58	-	58	81.3	32	(76.8)	138	360.0
Trade deposits and short term prepayments	57	50.0	38	153.3	15	114.3	7	(22.2)	9	50.0	6	-
Investments	1,201	36.6	879	6.7	824	8.7	758	(19.9)	946	80.9	523	6.5
Current portion of long term investments	-	-	-	-	-	-	-	-	(100.0)	-	8	(52.9)
Mark-up accrued on term finance certificates	-	-	-	-	-	-	-	-	-	-	-	(100.0)
Other receivables	1,774	121.8	800	327.8	187	30.8	143	5.9	135	181.3	48	(22.6)
Taxation - net	749	35.0	555	146.7	225	41.5	159	109.2	76	(18.3)	93	126.8
Cash and bank balances	86	16.2	74	(26.7)	101	(29.9)	144	80.0	80	15.9	69	263.2
Non-current asset held for sale	-	-	-	-	-	-	-	(100.0)	19	100.0	-	-
Total assets	14,810	29.3	11,457	67.6	6,837	10.9	6,165	5.0	5,873	15.5	5,087	3.7
Issued, subscribed and paid-up capital	776	-	776	25.0	621	-	621	9.9	565	-	565	-
Capital reserves	1,243	9.1	1,139	187.6	396	2.1	388	(30.0)	555	38.1	402	23.3
Revenue reserves	6,582	21.8	5,404	23.5	4,374	3.2	4,237	10.5	3,836	25.8	3,049	12.5
Shareholders' equity	8,601	17.5	7,319	35.8	5,391	2.8	5,246	5.9	4,956	23.4	4,016	11.5
Long term loans	322	(18.3)	394	64.9	239	100.0	-	-	-	-	-	(100.0)
Liabilities against assets subject to												
finance lease	64	(16.9)	77	67.4	46	(25.8)	62	82.4	34	70.0	20	33.3
Deferred income	7	(22.2)	9	800.0	1	(50.0)	2	100.0	1	100.0	-	-
Deferred taxation	410	79.0	229	133.7	98	(31.0)	142	2,267.0	6	100.0	-	(100.0)
Trade and other payables	2,283	139.3	954	48.4	643	48.5	433	4.3	415	(40.0)	692	83.1
Mark-up accrued	32	39.1	23	76.9	13	44.4	9	-	9	(43.8)	16	(38.5)
Short term borrowings	2,904	27.4	2,279	654.6	302	32.5	228	(45.5)	418	24.8	335	(52.6)
Current portion of long term loan	141	29.4	109	98.2	55	100.0	-	-	-	-	-	-
Current portion of liabilities against assets												
subject to finance lease	42	(28.8)	59	25.5	47	14.6	41	28.1	32	300.0	8	(33.3)
Current portion of deferred income	4	(20.0)	5	150.0	2	-	2	100.0	1	100.0	-	-
Total equity and liabilities	14,810	29.3	11,457	67.6	6,837	10.9	6,165	5.0	5,873	15.5	5,087	3.7
CONSOLIDATED PROFIT AND LOSS ACCOUNT												
Sales - net	12,285	62.2	7,575	228.9	2,303	(42.9)	4,030	(19.4)	5,002	26.9	3,943	(10.4)
Cost of sales	10,598	90.6	5,559	143.6	2,282	(39.9)	3,800	(12.7)	4,351	26.7	3,434	(4.3)
Gross profit	1,687	(16.3)	2,016	9,500.0	21	(90.9)	230	(64.7)	651	27.9	509	(37.2)
Income from investments	205	101.0	102	(53.4)	219	(50.3)	441	26.7	348	411.8	68	(64.0)
Distribution and selling expenses	32	100.0	16	(40.7)	27	(48.1)	52	(23.5)	68	47.8	46	17.9
Administrative expenses	307	2.7	299	65.1	181	5.5	172	(2.8)	177	4.1	170	6.3
Other operating expenses	429	0.5	427	3,781.8	11	(65.8)	33	(80.5)	169	156.1	66	10.0
Other income	104	246.7	30	(6.3)	32	(32.3)	47	(87.3)	371	2,991.7	12	(61.3)
Operating profit before finance costs	1,228	(12.7)	1,406	2,603.8	52	(88.7)	461	(51.8)	956	211.4	307	(60.2)
Finance costs	205	(19.3)	254	191.9	87	(8.1)	95	50.8	63	(42.7)	110	(23.6)
Share of profit in equity accounted												
investees - net of taxation	569	64.0	347	71.0	203	(40.4)	341	26.8	269	5.5	255	23.2
Profit before taxation	1,592	6.2	1,499	792.3	168	(76.2)	707	(39.2)	1,162	157.0	452	(45.8)
Taxation	405	7.4	377	1,278.1	(32)	(121.0)	154	(43.4)	272	1,531.6	(19)	(109.8)
Profit after taxation	1,187	5.8	1,122	461.0	200	(63.8)	553	(37.8)	890	88.9	471	(26.4)

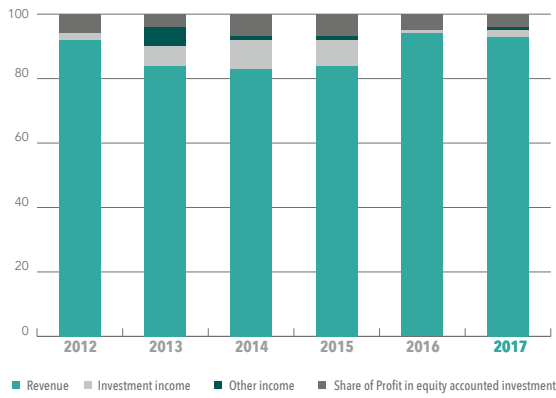
BALANCE SHEET ANALYSIS (ASSETS) %



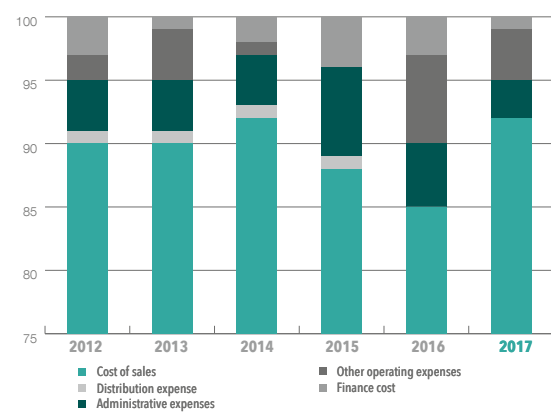
BALANCE SHEET ANALYSIS (EQUITY AND LIABILITIES) %



PROFIT AND LOSS ANALYSIS (REVENUE AND INCOME) %



PROFIT AND LOSS ANALYSIS (EXPENSES) %



COMMENTS ON CONSOLIDATED

ANALYSIS SIX YEARS

The Group comprise of CSAPL and wholly owned subsidiaries i.e. Shakarganj Energy (Private) Limited (SEL), Solution de Energy (Private) Limited (SdeE), CS Capital (Private) Limited, and Crescent Hadeed (Private) Limited (CHL).

Commercial operations of CHL and SEL commenced in June 2016 and December 2014 respectively.

Consolidated Profit and Loss:

The difference between the results of Unconsolidated and Consolidated financial statements mainly represents share of profits from equity accounted investments and investment income of CSCL. Share of profit had significantly increased from Rs. 255.0 million in 2012 to Rs. 569.0 million in 2017, whereas, investment income amounted to Rs. 204.8 million in FY17 (2016: Rs. 102.5 million) out of which Rs. 98.9 million was contributed by CSCL (2016: Rs. 65.6 million). SEL contributed loss of Rs. 336 million while CHL contributed profit of Rs. 341 million in the Group's bottom line.

Consolidated Balance Sheet:

With respect to balance sheet, carrying amount of property plant and equipment (PPE) increased by 4% from last year. PPE of CHL increased by Rs. 26.2 million, whereas SEL decreased by 46.6 million. Furthermore, investments in equity accounted investments almost doubled from Rs. 1,806 million in 2012 to Rs. 3,292 million in 2017 mainly due to recognition of share of profits from Altern Energy Limited and Shakarganj Limited.

Total assets of the Group increased to Rs. 14,810 million in 2017 from Rs. 5,087 million in 2012.

KEY OPERATING AND FINANCIAL DATA

FOR THE CURRENT AND PAST SIX FINANCIAL YEARS

SUMMARIZED FINANCIAL DATA

Rupees in millions

2017 2016 2015 2014 2013 2012 2011

A SUMMARY OF PROFIT AND LOSS ACCOUNT

Sales - net	12,285.5	7,575.4	2,302.5	4,030.2	5,001.7	3,942.9	4,400.0
Cost of sales	10,598.0	5,559.6	2,281.9	3,799.9	4,350.8	3,434.1	3,590.1
Gross profit	1,687.5	2,015.8	20.6	230.3	650.9	508.8	809.9
Income from investments	204.8	102.5	219.2	441.4	348.1	67.8	188.6
Distribution, selling and administrative expenses	339.5	315.2	208.7	223.7	244.9	216.0	198.8
Other operating expenses	429.3	426.8	11.3	33.4	169.0	65.8	60.3
Other income	103.7	29.8	31.8	47.3	371.2	11.6	31.6
Operating profit before finance costs	1,227.2	1,406.1	51.6	461.9	956.3	306.4	771.0
Finance costs	204.6	253.9	87.3	94.9	62.9	109.5	144.0
Share of profit in equity accounted investees - net of taxation	569.3	347.1	203.3	340.5	269.5	255.3	206.9
Profit before taxation	1,591.9	1,499.3	167.6	707.5	1,162.9	452.2	833.9
Taxation	404.9	377.1	(32.4)	154.2	272.0	(18.9)	194.1
Net income	1,187.0	1,122.2	200.0	553.3	890.9	471.1	639.8

B SUMMARY OF BALANCE SHEET

Current assets	8,354.7	5,524.1	1,991.0	1,836.8	2,216.1	1,908.0	1,718.4
Stock-in-trade	3,384.8	2,531.2	453.1	407.2	662.4	586.7	840.6
Trade debts	890.8	472.1	60.6	89.5	196.9	368.9	145.1
Current liabilities	5,405.1	3,429.0	1,061.7	713.2	875.2	1,051.6	1,123.2
Trade and other payables	2,282.9	954.1	642.8	432.8	414.8	692.3	378.0
Property, plant and equipment	2,565.4	2,467.8	2,018.5	1,404.4	1,280.7	1,086.2	1,431.2
Total assets	14,810.2	11,457.3	6,836.7	6,165.2	5,872.7	5,087.2	4,905.2
Long term financing (excluding current maturity)	386.1	471.4	285.2	62.0	34.5	19.8	130.4
Deferred income (including current maturity)	7.4	13.3	3.1	4.0	2.3	-	-
Deferred liabilities	410.3	228.5	98.2	141.5	6.2	-	50.4
Short term financing (including current maturity of long-term financing)	3,086.4	2,446.9	404.2	269.4	450.5	343.0	719.0
Reserves	7,825.0	6,542.9	4,769.2	4,625.1	4,391.0	3,451.2	3,036.7
Shareholders' equity	8,601.4	7,319.2	5,390.2	5,246.2	4,955.6	4,015.8	3,601.3

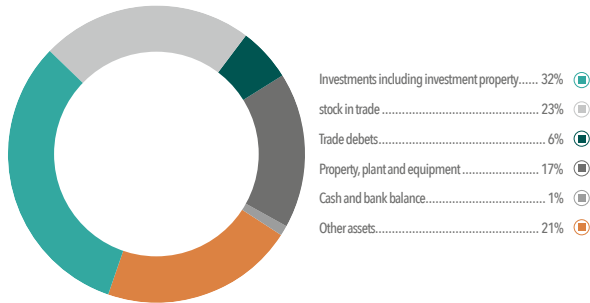
C SUMMARY OF CASH FLOW STATEMENT

Cash and cash equivalents at the beginning of the year	(233.4)	(200.4)	(84.1)	(206.3)	(247.0)	(551.1)	(470.1)
Net cash (used in) / generated from operating activities	(48.8)	(2,345.1)	94.1	169.2	(85.1)	437.0	180.6
Net cash (outflows) / inflows from investing activities	(69.4)	(534.1)	(309.2)	286.2	77.9	254.8	(195.0)
Net cash inflows / (outflows) from financing activities	38.6	2,846.2	98.8	(333.1)	47.9	(387.7)	(66.6)
Net (decrease) / increase in cash and cash equivalents	(79.6)	(33.0)	(116.4)	122.2	40.7	304.1	(81.0)
Cash and cash equivalents at the end of the year	(313.0)	(233.4)	(200.4)	(84.1)	(206.3)	(247.0)	(551.1)

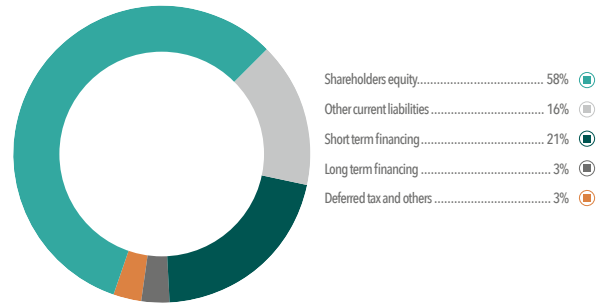
D OTHER DATA

Depreciation and amortization	211.8	161.2	134.5	100.2	90.8	141.9	173.1
Capital expenditure	298.3	557.1	745.3	253.9	348.5	97.4	326.3
No. of ordinary shares (no. of shares in millions)	77.6	77.6	62.1	62.1	56.5	56.5	56.5
Payments to National Exchequer	3,018.3	2,296.9	210.7	361.4	731.4	290.4	360.3

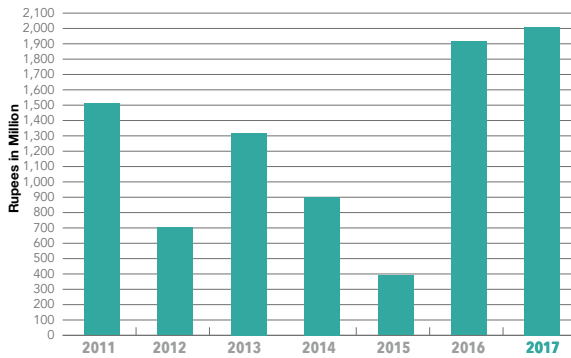
TOTAL ASSETS AS OF 30 JUNE 2017



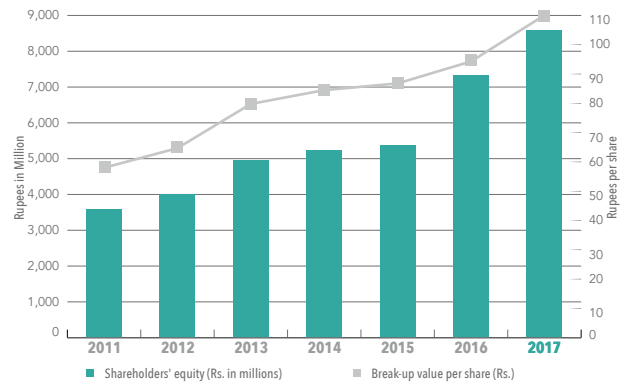
TOTAL LIABILITIES AS OF 30 JUNE 2017



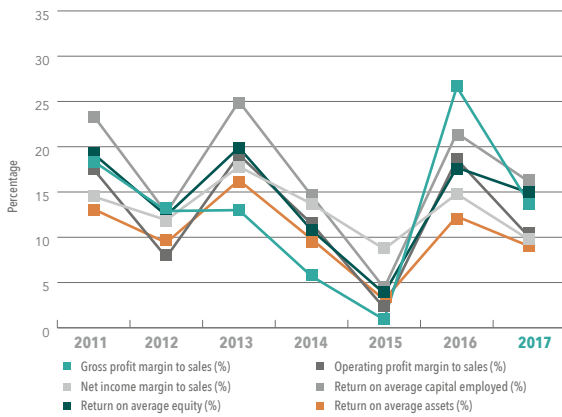
EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION AND AMORTIZATION (EBITDA)



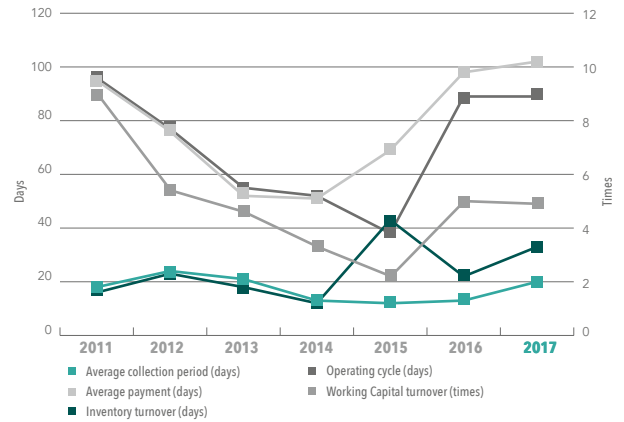
SHAREHOLDERS' EQUITY AND BREAK-UP VALUE PER SHARE



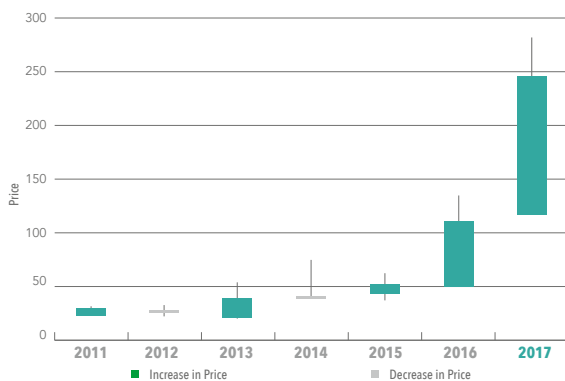
PROFITABILITY AND RETURN



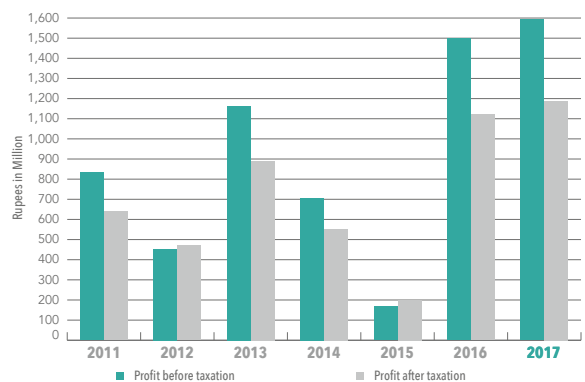
MANAGEMENT OF WORKING CAPITAL



MOVEMENT IN STOCK PRICES



PROFIT BEFORE AND AFTER TAXATION



DIRECTORS' REPORT CONSOLIDATED

The Directors of Crescent Steel and Allied Products Limited (CSAPL) have pleasure in presenting their report together with the audited consolidated financial statements of the Group for the year ended 30 June 2017. The Group comprises of CSAPL and its wholly owned subsidiary companies namely; Shakarganj Energy (Private) Limited, Solution de Energy (Private) Limited, CS Capital (Private) Limited, Crescent Hadeed (Private) Limited and Crescent Continental Gas Pipelines Limited (CCGPL). CCGPL is an inactive Company since incorporation and accordingly no financial statements are being prepared.

The Directors' Report giving commentary on the performance of CSAPL for the year ended 30 June 2017 has been presented separately.

GROUP RESULTS

The consolidated financial results of the Group are summarized below:

Rupees in '000	2017	2016
Profit for the year before taxation	1,591,974	1,499,311
Taxation charge	(404,853)	(377,132)
Profit after taxation	1,187,121	1,122,179
Total other comprehensive income for the year	379,591	184,301
Unappropriated profit brought forward	2,761,730	1,731,623
Profit available for appropriation	4,328,442	3,038,103
Appropriations :		
- Final dividend 2015 - @ 7%	-	(43,475)
- First interim dividend 2016 - @ 15%	-	(116,449)
- Second interim dividend 2016 - @ 15%	-	(116,449)
- Final dividend 2016 - @ 20%	(155,265)	-
- First interim dividend 2017 - @ 15%	(116,449)	-
- Second interim dividend 2017 - @ 15%	(116,449)	-
	(388,163)	(276,373)
Transfer to general reserve	(1,000,000)	-
Unappropriated profit carried forward	2,940,279	2,761,730
Basic and diluted earning per share	Rs. 15.29	Rs. 15.05

PATTERN OF SHAREHOLDING

The pattern of shareholding and additional information relating thereto is attached separately

MATERIAL CHANGES AND COMMITMENTS

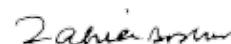
No material changes and commitments affecting the financial position of the Group have occurred between the end of the financial year to which this Balance Sheet relates and the date of the Directors' Report.

The Directors endorse the contents of this annual report and they shall form an integral part of the Directors' Report in terms of section 227 of the Companies Act, 2017 and the requirements of the Code of Corporate Governance under the Pakistan Stock Exchange (PSX) Rule Book.

By order of the Board



Ahsan M. Saleem
Chief Executive Officer
12 August 2017



Zahid Bashir
Director

مادی تبدیلیاں اور وعدے

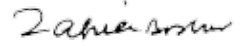
مالی سال کے اختتام، جس سے اس بیلنس شیٹ کا تعلق ہے اور ڈائریکٹرز رپورٹ کی تاریخ کے درمیان کی مدت میں کوئی ایسی مادی تبدیلیاں یا وعدے نہیں ہوئے جن سے گروپ کی مالی پوزیشن پر اثر پڑتا ہو۔

ڈائریکٹرز اس سالانہ رپورٹ کے مندرجات کی توثیق کرتے ہیں اور کیپینیز ایکٹ 2017 کے سیکشن 227 کے ضمن میں اور پاکستان اسٹاک ایکسچینج (پی ایس ایکس) کی رول بک کے تحت کوڈ آف کارپوریٹ گورننس کے تقاضوں کے مطابق ڈائریکٹرز رپورٹ کا لازمی حصہ ہوں گے۔

بحکم بورڈ



احسان ایم سلیم
چیف ایگزیکٹو آفیسر



زاہد شایر
ڈائریکٹر

12 اگست 2017

ڈائریکٹرز کی مربوط رپورٹ

ڈائریکٹرز کی مربوط رپورٹ

کرینٹ اسٹیل اینڈ الائیڈ پراڈکٹس لمیٹڈ (سی ایس اے پی ایل) کے ڈائریکٹرز کو 30 جون 2017 کو ختم ہونے والے سال کے لیے گروپ کے آڈٹ شدہ مربوط فنانشل اسٹیٹمنٹس کے ساتھ اپنی رپورٹ پیش کرتے ہوئے خوشی محسوس ہو رہی ہے۔ گروپ، سی ایس اے پی ایل اور اس کی مکمل ملکیتی سہڈری کمپنیوں، بشکریج انرجی (پرائیویٹ) لمیٹڈ، سلوشن ڈی انرجی (پرائیویٹ) لمیٹڈ، سی ایس اے پی ایل (پرائیویٹ) لمیٹڈ، کرینٹ حدید (پرائیویٹ) لمیٹڈ اور کرینٹ کانٹینٹل گیس پائپ لائنز لمیٹڈ (سی سی جی پی ایل) پر مشتمل ہے۔ سی سی جی پی ایل اپنی انکارپوریشن سے ایک غیر فعال کمپنی ہے، اس لئے کسی قسم کے مالیاتی اسٹیٹمنٹس تیار نہیں کیے جا رہے۔

ڈائریکٹرز رپورٹ جس میں سی ایس اے پی ایل کی 30 جون 2017 کو ختم ہونے والے سال کی پرفارمنس پر تبصرہ کیا گیا ہے، الگ سے تیار کی گئی ہے۔

گروپ نتائج

گروپ کے مربوط مالیاتی نتائج کا خلاصہ حسب ذیل ہے:

2016	2017	(روپے "000 میں)
1,499,311	1,591,974	قبل از ٹیکس منافع برائے سال
(377,132)	(404,853)	ٹیکسیشن چارج
1,122,179	1,187,121	بعد از ٹیکس منافع
184,301	379,591	دیگر کل جامع آمدنی برائے سال
1,731,623	2,761,730	افتتاحی غیر تخصیص شدہ منافع
3,038,103	4,328,442	تخصیص کے لیے دستیاب منافع
		تخصیصات:
(43,475)	-	2015-@7%
(116,449)	-	2016-@15%
(116,449)	-	2016-@15%
-	(155,265)	2016-@20%
-	(116,449)	2017-@15%
-	(116,449)	2017-@15%
(276,373)	(388,163)	
-	(1,000,000)	عمومی ذخائر کو منتقلی
2,761,730	2,940,279	اختتامی غیر تخصیص شدہ منافع
15.05 روپے	15.29 روپے	بنیادی اور ڈائریکٹرز کی فی شیئر

شیر ہولڈنگ کے پیئرن اور اس بارے میں اضافی معلومات الگ سے منسلک ہیں۔

AUDITORS' REPORT TO THE MEMBERS



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2
Beaumont Road
Karachi 75530 Pakistan

Telephone +92 (21) 3568 5847
Fax +92 (21) 3568 5095
Internet www.kpmg.com.pk

We have audited the annexed consolidated financial statements comprising consolidated Balance Sheet of Crescent Steel and Allied Products Limited (Holding Company) and its subsidiary companies as at 30 June 2017 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of Crescent Steel and Allied Products Limited and its subsidiary companies namely CS Capital (Private) Limited, Crescent Hadeed (Private) Limited, Shakarganj Energy (Private) Limited and Solution de Energy (Private) Limited. These consolidated financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of Crescent Steel and Allied Products Limited and its subsidiary companies as at 30 June 2017 and the results of their operations for the year then ended.

Date: 12 August 2017
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Nadeem

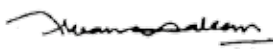
CONSOLIDATED BALANCE SHEET

As at 30 June 2017

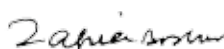
Rupees in '000	Note	2017	2016
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital			
100,000,000 ordinary shares of Rs. 10 each		1,000,000	1,000,000
Issued, subscribed and paid-up capital	6	776,325	776,325
Capital reserves		1,242,763	1,139,136
Revenue reserves		6,582,279	5,403,730
		8,601,367	7,319,191
Non-current liabilities			
Long term loans	7	322,481	394,250
Liabilities against assets subject to finance lease	8	63,606	77,145
Deferred income	9	7,471	9,179
Deferred taxation	10	410,253	228,544
		803,811	709,118
Current liabilities			
Trade and other payables	11	2,282,916	954,129
Mark-up accrued	12	31,631	23,419
Short term borrowings	13	2,904,166	2,278,930
Current portion of long term loans	7	140,500	109,250
Current portion of liabilities against assets subject to finance lease	8	41,700	58,687
Current portion of deferred income		4,148	4,552
		5,405,061	3,428,967
Contingencies and commitments	14		
Total equity and liabilities		14,810,239	11,457,276

Rupees in '000	Note	2017	2016
ASSETS			
Non-current assets			
Property, plant and equipment	15	2,565,370	2,467,814
Intangible assets	16	129,226	112,685
Investment properties	17	54,071	60,548
Investment in equity accounted investees	18	3,291,606	2,882,395
Other long term investments	19	220,717	220,717
Long term deposits	20	194,535	189,049
		6,455,525	5,933,208
Current assets			
Stores, spares and loose tools	21	191,208	130,244
Stock-in-trade	22	3,384,752	2,531,238
Trade debts	23	890,794	472,121
Advances	24	21,187	44,994
Trade deposits and short term prepayments	25	56,860	37,650
Investments	26	1,201,262	879,380
Mark-up accrued		132	37
Other receivables	27	1,774,364	799,501
Taxation - net	28	748,526	555,016
Cash and bank balances	29	85,629	73,887
		8,354,714	5,524,068
Total assets		14,810,239	11,457,276

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



Chief Executive



Director



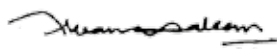
Chief Financial Officer

CONSOLIDATED PROFIT AND LOSS ACCOUNT

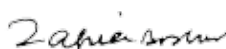
For the year ended 30 June 2017

Rupees in '000	Note	2017	2016
Sales - net	30	12,285,548	7,575,429
Cost of sales	31	10,598,021	5,559,590
Gross profit		1,687,527	2,015,839
Income from investments	32	204,848	102,460
		1,892,375	2,118,299
Distribution and selling expenses	33	32,281	15,980
Administrative expenses	34	307,267	299,188
Other operating expenses	35	429,281	426,816
		768,829	741,984
		1,123,546	1,376,315
Other income	36	103,745	29,808
Operating profit before finance costs		1,227,291	1,406,123
Finance costs	37	204,626	253,921
Share of profit in equity accounted investees			
- net of taxation	38	569,309	347,109
Profit before taxation		1,591,974	1,499,311
Taxation	39	404,853	377,132
Profit after taxation		1,187,121	1,122,179
		(Rupees)	
Basic and diluted earnings per share	40	15.29	15.05

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



Chief Executive



Director



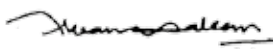
Chief Financial Officer

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

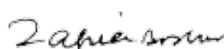
For the year ended 30 June 2017

Rupees in '000	2017	2016
Profit after taxation for the year	1,187,121	1,122,179
Other comprehensive income		
Items that may be reclassified subsequently to profit and loss		
Unrealized appreciation / (diminution) during the year on remeasurement of investment classified as 'available for sale'	114,680	(3,689)
Gain on remeasurement of staff retirement benefit plan - net of tax	379,591	184,301
Proportionate share of other comprehensive income of equity accounted investees	(11,053)	19,882
Other comprehensive income for the year	483,218	200,494
Total comprehensive income for the year	1,670,339	1,322,673

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



Chief Executive



Director



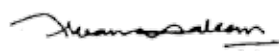
Chief Financial Officer

CONSOLIDATED CASH FLOW STATEMENT

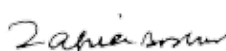
For the year ended 30 June 2017

Rupees in '000	Note	2017	2016
Cash flows from operating activities			
Cash generated from operations	41	840,685	(1,170,100)
Taxes paid		(602,488)	(655,806)
Finance costs paid		(184,641)	(241,011)
Contribution to gratuity and pension funds		(12,081)	(17,836)
Contribution to Workers' Profit Participation Fund		(60,000)	(75,000)
Payment of infrastructure fee		(29,422)	(32,219)
Compensated absences paid		(942)	(879)
10-C bonus paid		(1,827)	(138)
Long term deposits - net		1,881	(152,070)
Net cash (used in) operating activities		(48,835)	(2,345,059)
Cash flows from investing activities			
Capital expenditure		(298,328)	(557,093)
Acquisition of intangible assets		(21,803)	(49,716)
Proceeds from disposal of operating fixed assets		80,578	13,427
Proceeds from disposal of operating fixed assets under sale and leaseback arrangement		30,889	112,291
Investments - net		(61,004)	(104,784)
Dividend income received		198,487	49,068
Interest income received		1,767	2,754
Net cash (used in) investing activities		(69,414)	(534,053)
Cash flows from financing activities			
Proceeds from long term loans		(40,519)	209,500
Payments against finance lease obligations		(65,553)	(68,329)
Proceeds from short term loans / (repayments against short term loans) - net		533,802	1,971,673
Proceed from issue of right shares		-	900,537
Transaction cost incurred on issuance of right shares		-	(17,863)
Dividends paid		(389,172)	(149,298)
Net cash flow from financing activities		38,558	2,846,220
Net (decrease) in cash and cash equivalents		(79,691)	(32,892)
Cash and cash equivalents at beginning of the year		(233,306)	(200,414)
Cash and cash equivalents at end of the year	42	(312,997)	(233,306)

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



Chief Executive



Director



Chief Financial Officer

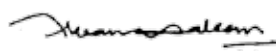
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2017

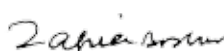
Rupees in '000	Issued, subscribed and paid-up capital	Capital reserves			Revenue reserves		Total
		Share premium	Unrealized (diminution) / appreciation on remeasurement of investments classified as 'available for sale'	Others*	General reserve	Unappropriated profit	
Balance as at 30 June 2016	621,060	293,499	25,809	76,226	2,642,000	1,731,623	5,390,217
Total comprehensive income for the year ended 30 June 2016							
Profit after taxation	-	-	-	-	-	1,122,179	1,122,179
Other comprehensive income							
Total Other comprehensive income for the year	-	-	(3,689)	19,882	-	184,301	200,494
Total comprehensive income for the year	-	-	(3,689)	19,882	-	1,306,480	1,322,673
Transactions with owners							
Issuance of right shares	155,265	745,272	-	-	-	-	900,537
Transaction costs on issuance of right shares	-	(17,863)	-	-	-	-	(17,863)
Dividend:							
- Final @ 7% (i.e. Re. 0.7 per share) for the year ended 30 June 2015	-	-	-	-	-	(43,475)	(43,475)
- First interim @ 15% (i.e. Rs. 1.5 per share) for the year ended 30 June 2016	-	-	-	-	-	(116,449)	(116,449)
- Second interim @ 15% (i.e. Rs. 1.5 per share) for the year ended 30 June 2016	-	-	-	-	-	(116,449)	(116,449)
Balance as at 30 June 2016	776,325	1,020,908	22,120	96,108	2,642,000	2,761,730	7,319,191
Transfer to general reserves	-	-	-	-	1,000,000	(1,000,000)	-
Total comprehensive income for the year ended 30 June 2017							
Profit after taxation	-	-	-	-	-	1,187,121	1,187,121
Other comprehensive income							
Total Other comprehensive income for the year	-	-	114,680	(11,053)	-	379,591	483,218
Total comprehensive income for the year	-	-	114,680	(11,053)	-	1,566,712	1,670,339
Dividend:							
Final @ 20% (i.e. Rs. 2 per share) for the year ended 30 June 2016	-	-	-	-	-	(155,265)	(155,265)
- First interim @ 15% (i.e. Rs. 1.5 per share) for the year ended 30 June 2017	-	-	-	-	-	(116,449)	(116,449)
- Second interim @ 15% (i.e. Rs. 1.5 per share) for the year ended 30 June 2017	-	-	-	-	-	(116,449)	(116,449)
Balance as at 30 June 2017	776,325	1,020,908	136,800	85,055	3,642,000	2,940,279	8,601,367

* This represents the Group's share of various reserves held by equity accounted investees.

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



Chief Executive



Director



Chief Financial Officer

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

1. THE GROUP AND ITS OPERATIONS

1.1 The Group consists of Crescent Steel and Allied Products Limited ('the Holding Company') and its wholly owned subsidiary companies namely; CS Capital (Private) Limited, Shakarganj Energy (Private) Limited, Solution de Energy (Private) Limited, Crescent Hadeed (Private) Limited and Crescent Continental Gas Pipelines Limited. The Holding Company was incorporated on 1 August 1983 as a public limited company in Pakistan under the repealed Companies Act, 1913 (now Companies Act, 2017) and is quoted on the Pakistan Stock Exchange. The registered offices of the Holding Company and its subsidiary companies are located at E-floor, IT Tower, 73-E/1, Hali Road, Gulberg-III, Lahore, whereas their principal offices are situated at 9th floor Sidco Avenue Centre 264 R.A. Lines, Karachi.

1.2 The Holding Company's steel segment is one of the down stream industries of Pakistan Steel Mills, manufacturing large diameter spiral arc welded steel line pipes at Nooriabad (District Dadu). The Holding Company has a coating facility capable of applying three layers high density polyethylene coating on steel line pipes. The coating plant commenced commercial production from 16 November 1992.

The Holding Company acquired a running spinning unit of 14,400 spindles (now 19,680 spindles) at Jaranwala (District Faisalabad) on 30 June 2000 from Crescent Jute Products Limited. The cotton spinning activity is carried out by the Holding Company under the name and title of Crescent Cotton Products a division of Crescent Steel and Allied Products Limited. The Holding Company also deals in equity shares.

1.3 CS Capital (Private) Limited was incorporated on 5 November 2010 as a private limited company in Pakistan under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The principal activity of the Subsidiary Company is to effectively manage investment portfolios in shares, commodities and other securities (strategic as well as short term). On 26 September 2011, the Holding Company has purchased the entire shareholding from its previous principal shareholder. Consequently, the Company becomes the wholly owned subsidiary of the Holding Company.

1.4 Shakarganj Energy (Private) Limited was incorporated on 2 April 2008 as a private limited company in Pakistan under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The principal activity of the Subsidiary Company is to build, own, operate and maintain a power plant and to generate, accumulate, distribute, sell and supply electricity/ power to PEPCO / DISCOS (under an agreement with the Government of Pakistan) or to any other consumer as permitted. The Company is equipped with a 100 TPH high pressure boiler and a 15 MW back pressure turbine to generate and supply electricity to its associated concerns namely Crescent Hadeed (Private) Limited and Shakarganj Limited; while balance to Faisalabad Electric Supply Company Limited (FESCO) during sugar crushing season only, as per the feasibility business plan. The Unit also employs a 16.5 MW condensing and extraction turbine for ensuring uninterrupted supply to Crescent Hadeed (Private) Limited during off-season periods. The Generation Plants use bagasse in the combustion process to produce power and steam.

1.5 Solution de Energy (Private) Limited ("the Company") was incorporated as a private limited company in Pakistan under the provisions of the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) as result of a Joint Venture (JV) agreement between the Holding Company and a partnership concern. The principal activity of the Company is to build, own, operate and maintain 100MW solar power project (the Project) and to generate, accumulate, distribute, sell and supply electricity / power to PEPCO / DISCOS under the agreement with the Government of Pakistan or to any other consumer as permitted. As at 30 June 2017, all the shares are held by Shakarganj Energy (Private) Limited. The Company has been granted Letter of Interest (LOI) by the Punjab Power Development Board (PPDB) and currently the Company is in the phase of completing the requirements specified in LOI. Further, the Company has been allocated Land from PPDB. Further, Interconnectivity study report has been completed and submitted for NTDC vetting and approval.

- 1.6 Crescent Hadeed (Private) Limited was incorporated on 15 May 2013 as a private limited company in Pakistan under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017), to cater to the growing demand of steel products in line with the Group's vision to organically expand in the steel long products business. The billets manufactured are used by re-rolling mills to manufacture bars and other steel long products for use in the construction and engineering sectors. Trial production was conducted last year in two phases; January to February and April to May 2016. Successfully concluding the trial-run phase in May 2016, it commenced commercial production from 1 June 2016 last year. During the month of June 2017, the Unit's annual production capacity was doubled to 85,000 MT of steel billets in various sizes and lengths.
- 1.7 Crescent Continental Gas Pipelines Limited having share capital of Rs. 90 is not carrying on any business operations.

2. BASIS OF PREPARATION

2.1 Consolidated financial statements

These consolidated financial statements have been prepared from the information available in the unconsolidated financial statements of the Holding Company, CS Capital (Private) Limited, Crescent Hadeed (Private) Limited and the consolidated financial statements of Shakarganj Energy (Private) Limited for the year ended 30 June 2017. Crescent Continental Gas Pipelines Limited is not carrying on any business operations and accordingly no financial statements are being prepared. Details regarding the financial information of associates used in the preparation of these consolidated financial statements are given in note 18 to these consolidated financial statements.

The accounting policies used by the subsidiary companies in preparation of their financial statements are consistent with that of the Holding Company. The accounting policies used by the Group's associates in preparation of their respective financial statements are also consistent with that of the Holding Company. Where policies are different, necessary adjustments are made to the financial statements of that associate or subsidiary to bring their accounting policies in line with those used by the Group.

2.2 Statement of compliance

These consolidated financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFASs) issued by Institute of Chartered Accountant of Pakistan as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions of and directives of the repealed Companies Ordinance, 1984 shall prevail (refer note 4.2).

2.3 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except for investments classified as held for trading and available for sale which are stated at fair value and obligations in respect of gratuity and pension schemes which are measured at present value of defined benefit obligation less fair value of the plan assets.

2.4 Functional and presentation currency

These consolidated financial statements are presented in Pakistan Rupees which is also the Group's functional currency and has been rounded to the nearest thousand.

3. USE OF ESTIMATES AND JUDGEMENTS

In preparing these consolidated financial statements, management has made judgement, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognised prospectively, estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Information about judgements made in applying accounting policies that have the most significant effects on the amount recognised in the consolidated financial statements and assumptions and estimation uncertainties that have a significant risk resulting in a material adjustment in the subsequent years are set forth below:

- Property, plant and equipment and depreciation (refer note 5.2)
- Intangible assets and amortization (refer note 5.3)
- Investments (refer note 5.5 and 5.6)
- Stock-in-trade, stores, spares and loose tools (refer note 5.8 and 5.9)
- Employee benefits (refer note 5.12)
- Leases (refer note 5.14)
- Income taxes (refer note 5.17)
- Impairment (refer note 5.2, 5.3, 5.5 and 5.21)

4. NEW OR AMENDMENTS / INTERPRETATIONS TO EXISTING STANDARDS, INTERPRETATION AND FORTHCOMING REQUIREMENTS

- 4.1 There are new and amended standards and interpretations that are mandatory for accounting periods beginning 1 July 2016 but are considered not to be relevant or do not have any significant effect on the Company's consolidated financial statements and are therefore not stated in these consolidated financial statements.
- 4.2 [Standards, interpretations and amendments to published approved accounting standards that are not yet effective](#)

The following standards, amendments and interpretations of approved accounting standards are only effective for accounting periods beginning on or after 1 July 2017:

- Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after 1 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments are not likely to have an impact on the Company's consolidated financial statements.
- Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 1 January 2017. The amendments require disclosures that enable users of consolidated financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments are not likely to have an impact on the Company's consolidated financial statements.
- Amendments to IFRS 2 - 'Share Based Payments' clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on the Company's consolidated financial statements.

- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' - effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on the Company's consolidated financial statements.
- Annual improvements to IFRS standards 2014-2016 cycle. The new cycle of improvements addresses improvements to following approved accounting standards:
- Amendments to IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 1 January 2017) clarifies that the requirements of IFRS 12 apply to an entity's interests that are classified as held for sale or discontinued operations in accordance with IFRS 5 - 'Non-current Assets Held for Sale and Discontinued Operations'. The amendments are not likely to have an impact on the Company's consolidated financial statements.
- Amendments to IAS 28 'Investments in Associates and Joint Ventures' (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on the Company's consolidated financial statements.
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration.
- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax.
- In addition, the Companies Act, 2017 was enacted on 30 May 2017 and SECP vide its circular 17 of 2017 has clarified that the companies whose financial year closes on or before 30 June 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. The Companies Act, 2017 applicable for financial year beginning on 1 July 2017 requires certain additional disclosures and Section 235 of the repealed Companies Ordinance, 1984 relating to treatment of surplus arising out of revaluation of assets has not been carried forward in the Companies Act, 2017. This would require change in accounting policy relating to surplus on revaluation of fixed assets to bring it in line with the requirements of IAS 16 - Property, Plant and Equipment. The application of Companies Act, 2017 is not likely to have financial impact on the Company's consolidated financial statements except extended disclosures.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies applied in the preparation of these consolidated financial statements are set forth below and have been applied consistently to all years presented.

5.1 Basis of consolidation

Subsidiaries

The consolidated financial statements include the financial statements of the Holding Company and its subsidiary companies.

Subsidiaries are those entities in which the Holding Company directly or indirectly controls, beneficially owns or holds more than 50 percent of its voting securities or otherwise has power to elect and appoint more than 50 percent of its directors. The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences. The financial statements of the subsidiaries are consolidated on a line-by-line basis and the carrying value of investment held by the Holding Company is eliminated against the Holding Company's share in paid up capital of the subsidiaries. The Group applies uniform accounting policies for like transactions and events in similar circumstances except where specified otherwise.

All material inter-group balances, transactions and resulting unrealized profits / losses are eliminated.

Investments in associates

Entities in which the Group has significant influence directly or indirectly (through subsidiaries) but not control and which are neither subsidiaries nor joint ventures of the members of the Group are associates and are accounted for under the equity method of accounting (equity accounted investees).

These investments are initially recognized at cost. The consolidated financial statements include the associates' share of profit or loss and movements in other comprehensive income, after adjustments, if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date it ceases. Share of post acquisition profit/loss of associates is recognized in the consolidated profit and loss account and consolidated statement of comprehensive income. Distributions received from associates reduce the carrying amount of investment. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that investment (including any long-term interests that, in substance, form part of the Group's net investment in the associate) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

The carrying amount of investments in associates is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the investments is estimated which is higher of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount exceeds its recoverable amount and is charged to consolidated profit and loss account. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount but limited to the extent of carrying amount that would have been determined if no impairment loss had been recognized. A reversal of impairment loss is recognized in the consolidated profit and loss account.

5.2 Property, plant and equipment and depreciation

Owned assets

Property, plant and equipment, except freehold land and capital work-in-progress are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land is stated at cost.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets include the cost of materials and direct labour, any other cost directly attributable to bring the assets to a working condition for their intended use, the cost of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs.

Subsequent cost

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within that part will flow to the Group and its cost can be measured reliably. The carrying amount of the part so replaced is derecognized. The costs relating to day-to-day servicing of property, plant and equipment are recognized in the consolidated profit and loss account as incurred.

Depreciation

Depreciation is charged to income on a straight line basis at the rates specified in note 15.1 to these consolidated financial statements. Depreciation on additions to property, plant and equipment is charged from the month in which an item is acquired or capitalized while no depreciation is charged for the month in which the item is disposed off or retained.

The assets' residual values and useful lives are reviewed at each financial year end and adjusted if appropriate.

Disposal

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense in the consolidated profit and loss account.

Leased assets

Upon initial recognition, an asset acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of minimum lease payments, each determined at the inception of the lease. Subsequent to initial recognition, the asset is stated at the amount determined at initial recognition less accumulated depreciation and impairment losses, if any.

Depreciation is charged on the same basis as used for owned assets.

Capital work in progress

Capital work in progress is stated at cost and consists of expenditure incurred and advances made in respect of tangible and intangible assets during the course of their construction and installation. Transfers are made to relevant assets category as and when assets are available for intended use.

Impairment

The carrying amount of property, plant and equipment is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the assets recoverable amount is estimated. The recoverable amount is the greater of its value in use and fair value less cost to sell. An impairment is recognized if the carrying amount exceeds its estimated recoverable amount.

5.3 Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment losses, if any.

Subsequent expenditure

Subsequent expenditure on capitalized intangible assets is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is expensed as incurred.

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Amortization

Amortization is charged to the consolidated profit and loss account on a straight line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Amortization on additions to intangible assets is charged from the month in which an item is acquired or capitalized while no amortization is charged for the month in which the item is disposed off.

Research and development expenditures

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in the consolidated profit or loss account as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalized includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use and capitalized borrowing costs. Other development expenditure is recognized in the consolidated profit or loss account as incurred. Capitalized development expenditure is stated at cost less accumulated amortization and accumulated impairment loss, if any. However, during the year expenses incurred in respect of the project have been capitalized (Refer note 16).

Impairment

All intangible assets with an indefinite useful life are systematically tested for impairment at each reporting date. Where the carrying amount of asset exceeds its estimated recoverable amount, it is written down immediately to its recoverable amount. The carrying amount of other intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exist than the assets recoverable amount is estimated. The recoverable amount is the greater of its value in use and fair value less cost to sell. An impairment is recognized if the carrying amount exceeds its estimated recoverable amount.

5.4 Investment property

Investment property, principally comprising of land and buildings, is held for long term rental yields / capital appreciation. The investment property of the Group comprises of land and buildings and is valued using the cost method i.e. at cost less any accumulated depreciation and impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalized borrowing costs, if any.

Depreciation is charged to income on the straight line method so as to allocate the depreciable amount over its estimated useful life. Depreciation on additions to investment property is charged from the month in which a property is acquired or capitalized while no depreciation is charged for the month in which the property is disposed off.

The residual values and useful lives of investment property are reviewed at each reporting date and adjusted if appropriate.

The Group assesses at each reporting date whether there is any indication that investment property may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in the consolidated profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future period to allocate the asset's revised carrying amount over its estimated useful life.

The gain or loss on disposal of investment property, represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as income or expense in the consolidated profit and loss account.

5.5 Financial assets

Financial assets at fair value through profit or loss

A non-derivative financial asset is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Investments are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognized in the consolidated profit and loss account when incurred. Investments at fair value through profit or loss are measured at fair value and changes therein are recognized in the consolidated profit and loss account.

Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has positive intention and ability to hold to maturity. Investments classified as held to maturity are recognized initially at fair value, plus attributable transaction costs. Subsequent to initial recognition, held to maturity financial assets are measured at amortized cost using the effective interest method, less any impairment loss, if any.

Loans and receivables

Loans and receivables are recognized initially at fair value, plus attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using effective interest method, less impairment losses, if any.

Available for sale investments

Other investments not covered in any of the above categories as being available for sale and are initially recognized at fair value plus attributable transaction costs. Subsequent to initial recognition these are measured at fair value, with any resultant gain or loss being recognized in consolidated other comprehensive income. Gains or losses on available for sale investments are recognized in consolidated other comprehensive income until the investments are sold or disposed off or until the investments are determined to be impaired, at that time cumulative gain or loss previously reported in consolidated other comprehensive income is included in current year's consolidated profit and loss account.

Fair value of listed securities are the quoted prices on stock exchange on the date it is valued. Unquoted securities are valued at cost.

The Group follows trade date accounting for regular way purchase and sale of securities, except for sale and purchase of securities in the future market.

Impairment of financial assets

The carrying amount of all investments other than those at fair value through profit or loss, is reviewed at each reporting date to determine whether there is any indication of impairment. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably. In case of investment in equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

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An impairment loss in respect of financial assets 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 assets original effective interest rate. Impairment loss is recognized in the consolidated profit and loss account. When an event occurring after the impairment was recognized causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the consolidated profit and loss account. Impairment losses on available for sale financial assets are recognized by reclassifying the losses accumulated in reserves in equity to the consolidated profit and loss account. The cumulative loss that is reclassified from equity to the consolidated profit and loss account is the difference between the acquisition cost, net of any principal repayment and amortization, and the current fair value, less any impairment loss recognized previously in the consolidated profit and loss account. If in subsequent period, the fair value of an impaired available for sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed with the amount of reversal recognized in the consolidated profit and loss account. However, any subsequent recovery in the fair value of an impaired available for sale equity security is recognized in consolidated other comprehensive income.

Derivative financial instruments

The Group enters into derivative financial instruments, which include future contracts in stock market. Derivatives are initially recorded at fair value and are remeasured to fair value. The fair value of a derivative is equivalent to the unrealized gain or loss from marking to market the derivative using prevailing market rates. Derivatives with positive market values (unrealized gains) are included in other receivables and derivatives with negative market values (unrealized losses) are included in other liabilities in the consolidated balance sheet. The resultant gains and losses from derivatives held for trading purposes are recognized in the consolidated profit and loss account. No derivative is designated as hedging instrument by the Group.

5.6 Investment in commodities

Investment in commodities is stated at fair value less cost to sell. Such commodities are principally acquired with the purpose of selling in near future and generating a profit from fluctuations in price.

5.7 Non-current assets held for sale

Non-current assets or disposal groups comprising of assets or liabilities that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets or components of a disposal group, are remeasured at lower of their carrying amount and fair value less costs to sell.

5.8 Stores, spares and loose tools

Stores, spares and loose tools are valued at lower of weighted average cost and net realizable value, less provision for impairment, if any. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

Provision for obsolete and slow moving stores, spares and loose tools is determined based on management's estimate regarding their future usability.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs necessary to be incurred to make the sale.

Spare parts of capital nature which can be used only in connection with an item of property, plant and equipment are classified as fixed assets under the 'plant and machinery' category and are depreciated over a time period not exceeding the useful life of the related assets.

5.9 Stock-in-trade

Stock-in-trade is stated at the lower of cost less impairment loss, if any and net realizable value. Cost is arrived at on a weighted average basis. Cost of work-in-process and finished goods include cost of materials and appropriate portion of production overheads. Net realizable value is the estimated selling price in the

ordinary course of business less costs of completion and selling expenses. The cost of finished goods of Steel segment is assigned by using specific identification of their individual costs. Scrap stocks are valued at their estimated net realizable value.

5.10 Trade debts and other receivables

These are initially stated at fair value and subsequently measured at amortized cost less provisions for any uncollectible amounts. An estimate is made for doubtful receivables when collection of the amount is no longer probable. Debts considered irrecoverable are written off.

5.11 Cash and cash equivalents

Cash and cash equivalents comprise of cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

5.12 Employee benefits

5.12.1 Compensated absences

The Holding Company accounts for all accumulated compensated absences when employees render services that increase their entitlement to future compensated absences.

5.12.2 Post retirement benefits

5.12.2.1 Defined contribution plan - Provident fund

The Holding Company operates a provident fund scheme for its permanent employees. Equal monthly contributions are made by the Holding Company and its employees. Obligation for contributions to the fund are recognized as an expense in the consolidated profit and loss account when they are due.

Cotton segment

Provision and collection from employees are made at the rate of 6.25% of basic pay of Cotton segment employees. A trust has been established and its approval has been obtained from the Commissioner of Income Tax.

All employees except Cotton segment

Contributions to the fund are made at the rate of 8.33% of basic pay for those employees who have served the Holding Company for a period of less than five years and after completion of five years, contributions are made at the rate of 10%.

5.12.2.2 Defined benefit plans

Pension and gratuity fund schemes

The Holding Company provides gratuity benefits to all its permanent employees who have completed their minimum qualifying service as per the terms of employment. The pension scheme provides life time pension to retired employees or to their spouses as per pension fund rules.

The Holding Company's obligation is determined through actuarial valuations carried out under the "Projected Unit Credit Method". Remeasurements which comprise actuarial gains and losses and the return on plan assets (excluding interest) are recognized immediately in other comprehensive income. The Holding Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments. Net interest expense, current service costs and any past service costs are recognized in the consolidated profit

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and loss account. Any assets resulting from this calculation is limited to the present value of available refunds or reductions in future contributions to the plan. The latest actuarial valuation was conducted at the reporting date by a qualified professional firm of actuaries.

5.13 Mark-up bearing borrowings

Mark-up bearing borrowings are recognized initially at fair value, less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the consolidated profit and loss account over the period of the borrowings on an effective interest basis.

5.14 Leases

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

Assets held under finance leases along with corresponding lease liabilities are initially recognized at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance costs and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance costs are recognized in the consolidated profit and loss account, unless they are directly attributable to qualifying assets, in which case they are capitalized as more fully explained in note 5.19 below.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated profit and loss account on a straight-line basis over the period of the lease.

In the context of sale and leaseback transactions, where a sale and leaseback transaction is classified as a finance lease, any excess of the sale proceeds over the carrying values is deferred and recognized in the consolidated profit and loss account over the lease term. Any loss representing the excess of the carrying values over the sale proceeds is recognized immediately in the consolidated profit and loss account.

5.15 Asset held under Ijarah financing

Assets held under Ijarah financing are accounted for using the guidelines of Islamic Financial Accounting Standard - 2 (IFAS 2), "Ijarah". The assets are not recognized on the Holding Company's financial statements and payments made under Ijarah financing are recognized in the consolidated profit or loss account on a straight line basis over the term of the lease.

5.16 Trade and other payables

Trade and other payables are recognized initially at fair value and subsequently carried at amortized cost.

5.17 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates available, if any. The taxation is made on an individual Company basis instead of Group taxation.

Deferred

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences. A deferred tax asset is recognized for all deductible differences, carry forward of unused tax credits and unused tax losses to the extent that it is probable that future taxable profits or taxable temporary difference will be available against which the asset can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realized.

5.18 Revenue recognition

Revenue from sales is recognized when significant risks and rewards of ownership are transferred to the buyer.

Revenue from electricity sales is recognised on transmission of electricity power.

Interest income is recognized using the effective interest method.

Dividend income is recognized when the right to receive the same is established i.e. the book closure date of the investee company declaring the dividend.

Gains and losses on sale of investments are accounted for when the commitment (trade date) for sale of security is made.

Unrealized gains and losses arising on revaluation of securities classified as 'held for trading' are recognized in the consolidated profit and loss account in the period in which they arise. Gains and losses arising on revaluation of derivatives to the fair value are also recognized in the consolidated profit and loss account.

Unrealized gains and losses arising on revaluation of securities classified as 'available for sale' are recognized in the consolidated statement of comprehensive income in the period in which they arise.

Rental income (net of any incentives given to lessees) from investment property is recognized on a straight line basis over the lease term.

5.19 Borrowing costs

Borrowing costs incurred on long term finances directly attributable for the construction / acquisition of qualifying assets are capitalized up to the date the respective assets are available for intended use. All other mark-up, interest and other related charges are taken to the consolidated profit and loss account currently.

5.20 Provisions

A provision is recognized in the consolidated balance sheet when the Group has a legal or constructive obligation as a result of past events, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

5.21 Impairment

The carrying amount of the Group's assets is reviewed at each reporting date to determine whether there is any objective evidence that an asset or group of assets may be impaired. If any such evidence exists, the asset's or group of assets' recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of its value in use and fair value less cost to sell. Impairment losses are recognized in the consolidated profit and loss account.

5.22 Foreign currency translation

Foreign currency transactions are translated into Pakistani Rupees at exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pakistan Rupees at the rates of exchange prevailing at the reporting date. Exchange differences, if any, are recognized in the consolidated profit and loss account.

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5.23 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are set off and only the net amount is reported in the consolidated balance sheet when there is a legally enforceable right to set off the recognized amount and the Group intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

5.24 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting structure. Management monitors the operating results of its business units separately for the purpose of making decisions regarding resource allocation and performance assessment.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets.

5.25 Proposed dividend and transfer between reserves

Dividend distributions to the Holding Company's shareholders are recognized as a liability in the period in which dividends are approved. Transfer between reserves made subsequent to the reporting date is considered as a non-adjusting event and is recognized in the period in which such transfers are made.

5.26 Earnings per share

The Group presents earnings per share (EPS) data for its ordinary shares. EPS is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year.

6. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2017		2016	2017		2016
Number of shares			Rupees in '000		
37,756,686	37,756,686	Ordinary shares of Rs. 10 each fully paid in cash	377,567		377,567
39,875,805	39,875,805	Ordinary shares of Rs. 10 each issued as bonus shares	398,758		398,758
77,632,491	77,632,491		776,325		776,325

6.1 Ordinary shares of the Holding Company held by related parties as at year end are as follows:

	2017		2016	
	Percentage of holding	Number of shares	Percentage of holding	Number of shares
Crescent Steel and Allied Products Limited - Gratuity Fund	1.90%	1,471,233	1.90%	1,471,233
Crescent Steel and Allied Products Limited - Pension Fund	4.16%	3,230,181	4.16%	3,230,181
Crescent Steel and Allied Products Limited - Staff Provident Fund	1.07%	833,700	1.07%	833,700
Crescent Cotton Products - Staff Provident Fund	0.10%	74,800	0.10%	74,800
CSAP Staff Benevolent Fund	0.05%	36,178	-	-
Muhammad Amin Muhammad Bashir Limited	0.00%	848	0.00%	848
Premier Insurance Limited	0.19%	146,500	0.16%	120,700
Shakarganj Limited	0.23%	180,000	1.02%	792,068
Crescent Cotton Mills Limited	0.00%	76	-	-

Rupees in '000 Note **2017** 2016

7. LONG TERM LOANS

Secured - Under non-shariah arrangement

Allied Bank Limited	7.1	244,231	253,500
Saudi Pak Industrial and Agricultural Investment Company Limited	7.2	218,750	250,000
		462,981	503,500
Less: Current portion shown under current liabilities		140,500	109,250
		322,481	394,250

7.1 The Holding Company has a long term loan arrangement with Allied Bank Limited for an amount of Rs. 312 million. The term of the loan is 5 years from the date of disbursement with a grace period of one year, repayable in 16 equal quarterly installments started from December 2015. During the year, the Holding Company has made repayment of Rs. 78 million. Mark-up is payable at the rate of 3 months KIBOR plus 1.5% per annum. During the year, mark-up on such arrangements ranged between 7.53% to 7.60% (2016: 7.60% to 8.49%) per annum. The facility is secured against first joint pari passu hypothecation / equitable mortgage on plant, machinery and property of the Holding Company.

Further, during the year the Holding Company entered into new loan arrangement with Allied Bank Limited for an amount of Rs. 100 million, out of which Rs. 68.730 million have been disbursed till date. The term of the loan is 5 years from the date of disbursement with a grace period of one year, repayable in 16 equal quarterly installments starting after fifteen months from date of disbursement. Mark-up is payable at the rate of 3 months KIBOR plus 1.5% per annum.

During the year, mark-up on such arrangements was 7.59% to 7.64%. The facility is secured against first joint pari passu hypothecation / equitable mortgage on plant, machinery and property of the Holding Company.

7.2 The Holding Company has a long term loan arrangement with Saudi Pak Industrial and Agricultural Investment Company Limited for an amount of Rs. 250 million. The term of the loan is 5 years from the date of disbursement including a grace period of one year, repayable in 8 equal semi annual installments starting from eighteen month from date of disbursement. During the year, the Holding Company has made repayment of Rs. 31.250 million. Mark-up is payable at the rate of 6 months KIBOR plus 2.5% per annum. During the year, mark-up on such arrangement ranged between 8.48% to 8.85% (2016: 8.85% to 9.54%) per annum. The facility is secured against first exclusive mortgage charge on land and building and property of the Holding Company.

8. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Rupees in '000	Minimum lease payments		Future finance costs		Present value of minimum lease payments	
	2017	2016	2017	2016	2017	2016
Not later than one year	49,414	69,040	7,714	10,353	41,700	58,687
Later than one year and not later than five years	69,552	85,759	5,946	8,614	63,606	77,145
	118,966	154,799	13,660	18,967	105,306	135,832
Less: Current portion shown under current liabilities					41,700	58,687
					63,606	77,145

8.1 The Holding Company has entered into finance lease arrangements with leasing companies for lease of plant and machinery and motor vehicles. The lease term of these arrangements is three years to five years (30 June 2016: three to five years) and the liability is payable by the month ranging from three to sixty months (30 June 2016: three to sixty months). The periodic lease payments include built-in rates of mark-up ranging between 10.61% to 15.41% (2016: 11.10% to 15.41%) per annum. Included in the gross present value of minimum lease payments, is a sum aggregating Rs. 117.245 million (30 June 2016: Rs. 152.669 million) which pertains to obligations arising from sale and leaseback of assets.

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The Holding Company intends to exercise its options to purchase the leased assets upon completion of the lease term. The Holding Company's obligations under these arrangements are secured by the lessor's title to the leased assets.

9. DEFERRED INCOME

The Holding Company entered into sale and lease back arrangements resulting in deferred income (representing excess of sales proceeds over the carrying amount of respective assets) out of which Rs. 4.148 million (2016: Rs. 4.552 million) is classified in current liabilities; being current portion of deferred income of Rs. 11.619 million (2016: Rs. 13.173 million). The deferred income will be amortized to the consolidated profit and loss account over the lease term. During the year Rs. 4.968 million (2016: Rs. 2.682 million) is amortized in the consolidated profit and loss account.

Rupees in '000	2017	2016
10. DEFERRED TAXATION		
Deferred tax credits / (debits) arising in respect of:		
Taxable temporary differences		
Accelerated tax depreciation / amortization	33,144	17,719
Finance lease obligations	13,322	17,962
Employee benefits	292,556	129,874
Unrealized gain on held for trading investments	10,934	6,358
Share of profit from equity accounted investees	172,836	157,729
	522,792	329,642
Deductible temporary differences		
Provision for slow moving stores, spares and loose tools	(13,777)	(12,648)
Provisions for doubtful trade debts, doubtful advances and others	(55,082)	(39,979)
Discounting on long term deposit	(22,647)	(26,805)
Deferred income	(3,486)	(4,119)
Provisions for impairment of fixed assets	(6,186)	(6,186)
Provision of Government Infrastructure Development Cess	(3,597)	(3,597)
Provision for diminution in the value of investments	(7,764)	(7,764)
	(112,539)	(101,098)
	410,253	228,544
10.1 Break up of deferred tax charge is as following:		
Consolidated profit and loss	19,027	51,349
Consolidated other comprehensive income	162,682	78,987
	181,709	130,336
10.2		

Net deferred tax asset of Rs. 67.910 million (2016: Rs. 22.511 million) arising on account of losses of Crescent Hadeed (Private) Limited (Subsidiary Company) has not been accounted for in these consolidated financial statements because Subsidiary Company has a benefit of tax credit under section 65D of Income Tax Ordinance, 2001 for a period of 5 years from the commencement of commercial production and it is not probable that taxable profits would be available in near future.

Rupees in '000	Note	2017	2016
11. TRADE AND OTHER PAYABLES			
Trade creditors		137,621	119,102
Bills payable		1,365,239	13,394
Commission payable		802	653
Customer's security deposits		2,150	2,350
Accrued liabilities	11.1	307,065	410,415
Advances from customers		46,280	59,425
Provisions	11.2	172,616	124,084
Due to related parties	11.3	1,726	1,074
Payable to provident fund		369	1,723
Retention money		4,699	1,550
Sales tax payable		28,488	77
Withholding tax payable		13,725	16,952
Advance income tax	11.4	26,746	8,364
Workers' Profit Participation Fund	11.5	2,772	2,661
Workers' Welfare Fund		20,849	23,002
Dividend payable		116,449	116,449
Unclaimed dividend		21,628	22,638
Others		13,692	30,216
		2,282,916	954,129

11.1 Accrued liabilities

Salaries, wages and other benefits		43,080	31,187
Accrual for 10-C bonus		2,481	2,075
Compensated absences		14,969	13,398
Liquidated damages		153,695	105,815
Custom duty		-	134,569
Others	11.1.1	92,840	123,371
		307,065	410,415

11.1.1 This includes liability against Gas Infrastructure Development Cess of Rs. 17.004 million (2016: Rs. 11.988 million).

11.2 Movement in provisions

Rupees in '000	Infrastructure fee (Note 11.2.1)	Sales Tax (Note 11.2.2)	Liquidated damages (Note 11.2.3)	Total
Opening balance as at 30 June	94,562	3,242	26,280	124,084
Provision for the year	58,809	-	19,141	77,950
Payments during the year	(29,418)	-	-	(29,418)
Closing balance as at 30 June	123,953	3,242	45,421	172,616

11.2.1 This provision has been recognized against infrastructure fee levied by the Government of Sindh through Sindh Finance (Amendment) Ordinance, 2001. The Group has contested this issue in the High Court. The Group filed an appeal in the Supreme Court against the judgement of the High Court dated 15 September 2008 partly accepting the appeal by declaring that the levy and collection of infrastructure fee prior to 28 December 2006 was illegal and ultra vires and after that it is legal. Additionally, the Government of Sindh also filed appeal against the part of judgement decided against them.

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The above appeals were disposed off in May 2011 with a joint statement of the parties that, during the pendency of the appeal, another law came into existence which was not subject matter in the appeal. Therefore, the decision thereon be first obtained from the High Court before approaching the Supreme Court with the right to appeal. The petition was filed in the High Court in respect of the above view. During the pendency of the appeal an interim arrangement was agreed whereby bank guarantee furnished for consignments cleared upto 27 December 2006 were returned. Bank guarantees were furnished for 50% of the levy for consignment released subsequent to 28 December 2006 while payment was made against the balance amount. Similar arrangement continued for the consignments released during the current year.

Under the arrangement if the Group succeed in the petition, Government of Sindh will refund the amount subject to their right to appeal before Honourable Supreme Court. To date the Group has provided bank guarantees amounting to Rs. 99.539 million (2016: Rs. 67.519 million) in favour of Excise and Taxation Department. Based on the legal advice, the management believes that the chance of success in the petition is in the Group's favour. Current year charge has been estimated on the value of imports during the year and forms a component of cost of such imported raw materials. Any subsequent adjustment with respect to increase or decrease in the estimate has been recognized in consolidated profit and loss account. However, on a prudent basis full provision has been recognized.

11.2.2 These have been made against sales tax claims long outstanding with the sales tax department.

11.2.3 The provision has been recognized on account of liquidated damages claimed by customers on delayed supply of goods. The Holding Company is in the process of negotiating this matter and expects that this may be resolved. However, on a prudent basis full provision has been recognized.

11.3 This represent balance due to Shakarganj Limited - associate and Premier Insurance Limited - a related party amounting Rs. 1.726 million (2016: Rs. Nil) and Rs. Nil (30 June 2016: Rs. 1.074 million) respectively.

11.4 This amount represents advance income tax charged on the supply of electricity under section 235A of the Income Tax Ordinance, 2001 which is payable on collection of bills from customers.

Rupees in '000	Note	2017	2016
11.5 Workers' Profit Participation Fund			
Opening balance as at 1 July		2,661	4,302
Allocation for the year	35	60,111	73,359
		62,772	77,661
Amount paid to the trustees of the fund		(60,000)	(75,000)
Closing balance as at 30 June		2,772	2,661
12. MARK-UP ACCRUED			
Mark-up accrued on :			
- Finance lease obligations		148	304
- Long term loans		4,765	4,758
- Running finance and short term loans	12.1	26,718	18,357
		31,631	23,419

12.1 This includes mark-up accrued amounting to Rs. 9.359 million (2016: Rs. 2.494 million) on shariah arrangement.

Rupees in '000	Note	2017	2016
13. SHORT TERM BORROWINGS			
Secured from banking companies			
Running finances under mark-up arrangements	13.1	398,626	307,193
Short term loans	13.2	2,505,540	1,971,737
		2,904,166	2,278,930

13.1 Short term running finance / money market available from conventional side of various commercial banks under mark-up arrangements amounted to Rs. 1,050 million (2016: Rs. 750 million) out of which Rs. 250 million (2016: Rs. 250 million), Rs. 50 million (2016: Rs. 50 million) and Rs. 100 million (2016: Rs. 100 million) is interchangeable with letters of credit, finance against import margin and letter of guarantee facility respectively. During the year, mark-up on such arrangements ranged between 6.96% to 8.62% (2016: 7.75% to 8.99%) per annum.

13.2 This includes an amount of Rs. 402.5 million (2016: Rs. 219 million) and Rs. 220.3 million (2016: Rs. Nil) outstanding against Istisnaa financing and morabha financing respectively. Short term loan financing available from various commercial banks under mark-up arrangements amounted to Rs. 4,380 million (2016: Rs. 4,862 million) out of which Rs. 3,500 million (2016: Rs. 3,908 million), Rs. 50 million (2016: Rs. 50 million) and Rs. 310 million (2016: Rs. 310 million) is interchangeable with letters of credit, running finance and letter of guarantee facility respectively. During the year, mark-up on such arrangements ranged between 7.71% to 8.51% (2016: 7.82% to 9.01%) per annum.

13.3 The facilities for opening letters of credit amounted to Rs. 5,350 million (2016: Rs. 4,990 million) out of which Rs. 250 million (2016: Rs. 250 million), Rs. 3,500 million (2016: Rs. 3,710 million) and Rs. 410 million (2016: Rs. 410 million) are interchangeable with short term running finance, short term loans and letter of guarantee facility respectively as mentioned in notes 13.1 and 13.2 above. The facility for letters of guarantee as at 30 June 2017 amounted to Rs. 2,897 million (2016: Rs. 1,385 million). Amounts unutilized for letters of credit and guarantees as at 30 June 2017 were Rs. 930 million and Rs. 652 million (2016: Rs. 2,692 million and Rs. 113 million) respectively.

13.4 The above facilities are expiring on various dates and are secured by way of mortgage of land and building, hypothecation of plant and machinery, stock-in-trade, trade debts and other current assets, pledge of shares and cotton / cotton yarn; and lien over import / export document (refer note 26.5).

14. CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

14.1.1 During year ended 30 June 2015, a show cause notice was issued by the Deputy Director, Directorate of Post Clearance Audit (Customs) Karachi for payment of duties and taxes on import of certain raw materials. In response the Holding Company had contested that the said imports were exempt under bilateral agreement between Government of Pakistan and Government of Japan for projects under grant and accordingly these were cleared by the customs. However, the collector customs has issued an order dated 22 May 2015 for recovery of the said duty and taxes and penalty thereon amounting to Rs. 44.773 million. The Holding Company has filed an appeal with Appellate Tribunal (Customs) against the order. No provision has been recognized in these consolidated financial statements as the case is under appeal and management considers that the same would be decided in the Holding Company's favour.

14.1.2 During the year ended 2016, show cause notice from Sindh Revenue Board has been received in respect of registration as a service provider and a demand aggregating to Rs. 60 million in respect of sales tax on services has been raised. The Holding Company has filed a constitutional writ in the Sindh High Court against the Sindh Revenue Board and Government of Sindh in respect of the notice, in which Honorable Sindh High Court has granted interim relief to the Holding Company. No provision has been recognized in the consolidated financial statements in this respect, since based on the opinions of tax consultant and the Holding Company's legal counsel, the management is confident of favorable outcome of litigation in relation to the said matter.

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For the year ended 30 June 2017

14.1.3 Sindh Industrial Trade Estate (SITE) has cancelled allotment of plot A-26 and A-27 and charged non-utilization fees of Rs. 0.285 million and Rs. 0.621 million respectively. The Holding Company has challenged the cancellation and filed a suit in the Sindh High Court. The High Court has restrained SITE from taking any adverse action against the Holding Company. Therefore, management considers that the case would be decided in the Holding Company's favour and no provision is required to be recognized.

14.2 Commitments

14.2.1 During the year ended 30 June 2016, the Holding Company entered into Ijarah financing arrangement amounting to Rs. 600 million with BankIslami Pakistan Limited for acquisition of SP machine. As per requirement of IFAS-2 Ijarah financing has been treated as an operating lease. As at 30 June 2017, amount of lease rental outstanding under the agreement are Rs. 366.503 million (2016: Rs. 460.220 million), which is payable in quarterly instalments of Rs. 22.906 million (2016: Rs. 23.011 million) each.

The total of future Ijarah payment under arrangement are as follows:

Rupees in '000	2017	2016
Not later than one year	91,626	92,044
Later than one year and not later than five years	514,877	608,176
	606,503	700,220
Security deposit under arrangement	(240,000)	(240,000)
	366,503	460,220

14.2.2 Aggregate amount of guarantees issued by conventional side of banks on behalf of the Group against various contracts aggregated Rs. 1,972 million (2016: Rs. 1,168.440 million).

14.2.3 Commitments in respect of capital expenditure contracted for by the Group as at 30 June 2017 amounted to Rs. 79.631 million (2016: Rs. 53.899 million) which includes Rs. 7.462 million related to office premises located in Islamabad payable on completion of project. This also includes commitments contracted by the Subsidiary Companies aggregating Rs. Nil (2016: Rs. 12.665 million) in respect of civil work and capital expenditure to acquire plant and machinery.

14.2.4 Commitments under letters of credit as at 30 June 2017 amounted to Rs. 767.334 million (2016: Rs. 661.221 million).

Rupees in '000	Note	2017	2016
15. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	15.1	2,453,130	2,293,213
Capital work-in-progress	15.4	112,240	174,601
		2,565,370	2,467,814

15.1 Operating fixed assets

Description	Land		Buildings		Office premises	Plant and machinery		Electrical / office equipment and installation	Furniture and fittings	Computers	Motor vehicles		Total
	Freehold	Leasehold including improvements	On freehold land	On leasehold land		Owned *	Leased				Owned	Leased	
Rupees in '000													
Net carrying value as at													
1 July 2016													
Opening net book value (NBV)	250,967	3,810	402,041	1,399	8,936	1,375,023	160,642	16,590	6,427	5,445	26,869	35,064	2,293,213
Additions / transfers	56,757	37,767	67,595	-	-	217,902	30,889	9,962	7,155	6,033	5,817	1,024	440,901
Disposals (at NBV)	-	-	-	-	-	(28,874)	(44,931)	-	(54)	(23)	(3,675)	(3,374)	(80,931)
Depreciation charge	-	(580)	(29,965)	(443)	(906)	(117,966)	(21,144)	(5,389)	(1,386)	(4,432)	(9,388)	(8,454)	(200,053)
Balance as at 30 June 2017 (NBV)	307,724	40,997	439,671	956	8,030	1,446,085	125,456	21,163	12,142	7,023	19,623	24,260	2,453,130
Gross carrying value as at													
30 June 2017													
Cost	307,724	43,066	614,996	70,027	27,481	2,696,629	148,365	73,363	30,039	59,202	64,943	34,538	4,170,373
Accumulated depreciation	-	(2,069)	(175,325)	(69,071)	(19,451)	(1,250,544)	(22,909)	(52,200)	(17,897)	(52,179)	(45,320)	(10,278)	(1,717,243)
Net book value	307,724	40,997	439,671	956	8,030	1,446,085	125,456	21,163	12,142	7,023	19,623	24,260	2,453,130
Net carrying value as at													
1 July 2015													
Opening net book value (NBV)	250,967	3,864	75,700	1,950	17	692,197	130,904	13,945	5,545	5,868	29,888	16,484	1,227,329
Additions / transfers	-	-	340,781	-	9,000	796,204	83,641	8,239	1,849	3,476	37,162	29,689	1,310,041
Disposals (at NBV)	-	-	-	-	-	(25,148)	(35,683)	(13)	-	(74)	(30,349)	(5,266)	(96,533)
Depreciation charge	-	(54)	(14,440)	(551)	(81)	(88,230)	(18,220)	(5,581)	(967)	(3,825)	(9,832)	(5,843)	(147,624)
Balance as at 30 June 2016 (NBV)	250,967	3,810	402,041	1,399	8,936	1,375,023	160,642	16,590	6,427	5,445	26,869	35,064	2,293,213
Gross carrying value as at													
30 June 2016													
Cost	250,967	5,299	547,400	70,027	49,493	2,534,755	187,186	63,401	23,396	54,222	53,950	41,564	3,881,660
Accumulated depreciation	-	(1,489)	(145,359)	(68,628)	(40,557)	(1,159,732)	(26,544)	(46,811)	(16,969)	(48,777)	(27,081)	(6,500)	(1,588,447)
Net book value	250,967	3,810	402,041	1,399	8,936	1,375,023	160,642	16,590	6,427	5,445	26,869	35,064	2,293,213
Depreciation rate (% per annum)	-	1	5 & 10	5 & 10	10	5 - 20	10	5 - 20	10	33.33	20	20	

* Net book value of plant and machinery (owned) includes an aggregate amount of Rs. 0.251 million (2016: Rs. 0.435 million) representing net book value of capitalized spares.

15.1.1 During the year asset having net book value Rs. 48,305 million (2016: Rs. 40,948 million) transferred from lease assets to own assets due to maturity of lease term.

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Rupees in '000	Note	2017	2016
15.1.2 The depreciation charge for the year has been allocated as follows			
Cost of sales	31.1	176,558	131,086
Distribution and selling expenses	33	1,388	1,173
Administrative expenses	34	19,752	13,463
Allocated against rental income	36	1,909	1,457
Intangible under development phase		446	445
		200,053	147,624

15.2 Property, plant and equipment as at 30 June 2017 include items having an aggregate cost of Rs. 1,252.551 million (2016: Rs. 1,201.244 million) that have been fully depreciated and are still in use by the Holding Company.

15.3 The fair value of property, plant and equipment of the Group as at 30 June 2016 approximated to Rs. 4,508.7 million.

Rupees in '000	Note	2017	2016
15.4 Capital work-in-progress			
Advances to suppliers		61,116	50
Civil work	15.4.1 & 15.4.2	49,822	147,914
Plant and machinery		1,302	26,637
		112,240	174,601

15.4.1 This includes an amount of Rs.26.4 million (2016: Rs. 26.4 million) paid by the Holding Company to Pakistan Steel Mills Limited (PSML) against allotment of plot measuring 24,200 square yards. However third party has filed a case in Honourable High Court of Sindh for declaration and injunction against said property. The Holding Company has filed a suit in Honourable High Court of Sindh for specific performance and declaration against PSML with respect to the said property and also filed an application for vacation of the injunction operating against the property. The Honourable High Court vide its interim order has restrained PSML from creating any third party interest till the disposition of the case. The applications are pending for hearing. Management believe that it has a reasonable grounds in the case and expects a favorable outcome.

15.4.2 The Holding Company has recognized a provision for an amount of Rs. 20.619 million (2016: Rs. 20.619) against construction work at a site which has been halted since last year.

15.5 The following assets were disposed off during the year

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particular of buyers
Rupees in '000						
Plant and machinery	9,142	-	9,142	12,000	Sale and lease back	Sindh Leasing Company Limited
	8,304	-	8,304	7,921	Sale and lease back	Orix Leasing Pakistan Limited
	7,898	-	7,898	7,534	Sale and lease back	Orix Leasing Pakistan Limited
	3,490	-	3,490	3,396	Sale and lease back	Pak Gulf Leasing Company Limited
Motor Vehicle	1,333	850	483	1,060	Company Policy	Mr.Sikandar Ali Soomro
	704	225	479	444	Company Policy	Mr.Mohammad Karam
	695	232	463	539	Company Policy	Mr. Azhar Mehmood
	1,001	545	456	396	Company Policy	Mr.Abdul Wahab
	571	248	323	404	Company Policy	Mr.Syed Ahsan Ali
	455	197	258	333	Company Policy	Mr.Husnain Abbas
	371	165	206	297	Company Policy	Mr.Qazi Ghulam Qadir
	355	154	201	281	Company Policy	Mr.Syed Ali Arshad
	354	154	200	281	Company Policy	Mr.Mohammad Umar Gurmani
Others	73,806	73,083	723	76,581	Various	Various
2017	108,479	75,853	32,626	111,467		
2016	148,440	40,915	107,525	125,718		

Rupees in '000 Note **2017** 2016

16. INTANGIBLE ASSETS

Intangible assets		
- Under use	16.1	6,160 11,423
- Under project development	16.2	123,066 101,262
		129,226 112,685

16.1 Intangible assets - under use

Net carrying value as at 1 July		
Net book value as at 1 July		11,423 9,525
Additions		- 9,028
Amortization	16.1.1	(5,263) (7,130)
Net book value as at 30 June	16.1.2	6,160 11,423
Gross carrying value as at 30 June		
Cost		77,419 77,419
Accumulated amortization		(68,619) (63,356)
Accumulated impairment		(2,640) (2,640)
Net book value		6,160 11,423
Amortization rate (% per annum)		33.33 33.33

16.1.1 The amortization charge for the year has been allocated to administrative expenses (Note 35).

16.1.2 Intangible assets as at 30 June 2017 include items having an aggregate cost of Rs. 63.269 million (2016: Rs. 57.596 million) that have been fully amortized and are still in use of the Holding Company.

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16.2 This pertains to payments made on account of feasibility and other project related activities related to the subsidiary company - Solution de Energy (Private) Limited. The costs incurred have been capitalized as project development expenditure (intangible asset) in these consolidated financial statements (refer note 1.5).

17. INVESTMENT PROPERTIES

Description	Note	Leasehold land and improvements	Buildings on leasehold land	Office premises	Total
Rupees in '000					
Net carrying value as at 1 July 2016					
Opening net book value (NBV)		42,762	14,142	3,644	60,548
Depreciation charge	17.1	(2,607)	(1,187)	(2,683)	(6,477)
Balance as at 30 June 2017 (NBV)		40,155	12,955	961	54,071
Gross carrying value as at 30 June 2017					
Cost	17.2	49,445	23,366	29,830	102,641
Accumulated depreciation		(9,289)	(10,412)	(28,869)	(48,570)
Net book value		40,156	12,954	961	54,071
Net carrying value as at 1 July 2015					
Opening net book value (NBV)		45,369	15,328	6,329	67,026
Depreciation charge		(2,607)	(1,186)	(2,685)	(6,478)
Balance as at 30 June 2016 (NBV)		42,762	14,142	3,644	60,548
Gross carrying value as at 30 June 2016					
Cost		49,445	23,366	29,830	102,641
Accumulated depreciation		(6,682)	(9,225)	(26,186)	(42,093)
Net book value		42,763	14,141	3,644	60,548
Depreciation rate (% per annum)		1 & 10	5	10 - 20	

17.1 Depreciation charged for the year has been allocated to administrative expenses (Note 35).

17.2 Fair value of the investment property based on recent valuation is Rs. 213 million (2016: Rs. 248.550 million), which is determined by independent valuer on the basis of market value.

18. INVESTMENT IN EQUITY ACCOUNTED INVESTEEES

2017	2016		Note	2017	2016
Number of shares				Rupees in '000	
		Quoted			
63,967,500	63,967,500	Altern Energy Limited (Chief Executive Officer - Mr. Taimur Dawood)	18.1	2,973,681	2,772,227
30,809,987	30,809,987	Shakarganj Limited (Chief Executive Officer - Mr. Anjum M. Saleem)	18.1	317,925	96,515
		Unquoted			
3,430,000	3,430,000	Crescent Socks (Private) Limited (Chief Executive Officer - Mr. Shehryar Mazhar)	18.1	-	13,653
				3,291,606	2,882,395

18.1 Movement of investment in equity accounted investees is as follows:

Description	Note	2017			Total
		Altern Energy Limited	Shakarganj Limited	Crescent Socks (Private) Limited	
Rupees in '000					
Opening balance as at 30 June 2016		2,772,227	96,515	13,653	2,882,395
Share of profit / (loss)	18.2	350,461	232,501	(13,653)	569,309
Share in equity	18.2	38	(11,091)	-	(11,053)
Dividend received		(149,045)	-	-	(149,045)
Closing balance as at 30 June 2017		2,973,681	317,925	-	3,291,606

Description	Note	2016			Total
		Altern Energy Limited	Shakarganj Limited	Crescent Socks (Private) Limited	
Rupees in '000					
Opening balance as at 30 June 2015		2,397,727	-	25,523	2,423,250
Share of profit / (loss)	18.2	395,869	(36,890)	(11,870)	347,109
Share in equity	18.2	(139)	20,021	-	19,882
Net (disposal) / acquisition of Investment		(21,230)	113,384	-	92,154
Closing balance as at 30 June 2016		2,772,227	96,515	13,653	2,882,395

18.2 These figures are based on unaudited condensed interim financial information of these companies as at 31 March 2017. The latest financial statements / condensed interim financial information of these companies as at 30 June 2017 are not presently available.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Rupees in '000 **2017** 2016

18.3 Market value of investments in associates is as follows:

Quoted		2017	2016
Altern Energy Limited		3,181,743	2,344,409
Shakarganj Limited		3,048,956	481,252
		6,230,699	2,825,661

(Percentage of holding) Note **2017** 2016

18.4 Percentage of holding of equity in associates is as follows

	Note	2017	2016
Altern Energy Limited	18.4.1	17.60	17.60
Shakarganj Limited		28.01	28.01
Crescent Socks (Private) Limited		48.99	48.99

18.4.1 The Holding Company and the subsidiary companies hold 16.64% and 0.96% respectively i.e. aggregate holding of 17.6% in the investee company. There is no common directorship in the investee company. However, the Company directly and / or indirectly has significant influence as per IAS 28 'Investments in Associates', therefore only for the purpose of the equity accounting as required under IAS 28 it has been treated as an associate.

18.5 Summarized financial information of associated companies as at 31 March 2017 is as follows

Description	Note	Total assets	Total liabilities	Revenues	Profit/(loss) after tax
Rupees in '000					
2017					
Altern Energy Limited	18.5.1	36,735,488	8,655,894	20,332,865	2,249,609
Shakarganj Limited	18.5.2	12,640,617	6,591,931	8,736,823	1,054,831
Crescent Socks (Private) Limited	18.5.2	195,424	195,151	163,197	(16,150)
2016					
Altern Energy Limited		39,492,469	13,175,273	20,374,055	2,804,398
Shakarganj Mills Limited		12,350,221	7,094,686	3,461,956	206,845
Crescent Socks (Private) Limited		112,237	84,369	58,783	(19,792)

18.5.1 These figures are based on the latest available condensed interim consolidated financial information as at 31 March 2017 including its subsidiary company Rousch (Pakistan) Power Limited being managed by Power Management Company holding 59.98% shares.

18.5.2 These figures are based on the latest available condensed interim financial information of the investee company as at 31 March 2017.

Rupees in '000 Note **2017** 2016

19. OTHER LONG TERM INVESTMENTS - Available for sale

Investments in related parties	19.1	60,717	60,717
Other investments	19.2	160,000	160,000
		220,717	220,717

19.1 Investments in related parties

2017	2016		Note	2017	2016
Number of shares				Rupees in '000	
		Unquoted			
2,403,725	2,403,725	Crescent Bahuman Limited	19.1.1	24,037	24,037
2,814,999	1,852,500	Central Depository Company of Pakistan Limited (CDC)		60,717	60,717
				84,754	84,754
		Less: Provision for impairment		24,037	24,037
				60,717	60,717

19.1.1 The chief executive of Crescent Bahuman Limited is Mr. Nasir Shafi. The break-up value of shares of the investee company is Rs. Nil per share (2016 : Rs. Nil per share), calculated on the basis of audited annual financial statements for the year ended 30 June 2016.

19.2 Other investments

2017	2016			2017	2016
Number of shares				Rupees in '000	
		Unquoted			
16,000,000	16,000,000	Shakarganj Food Products Limited		160,000	160,000
1,047,000	1,047,000	Crescent Industrial Chemicals Limited		10,470	10,470
				170,470	170,470
		Less: Provision for impairment		10,470	10,470
				160,000	160,000

Rupees in '000	Note	2017	2016
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20. LONG TERM DEPOSITS

Security deposits - leasing companies		11,930	15,334
Security deposits - Ijarah financing arrangement		166,034	150,648
Security deposits - others	20.1	16,571	23,067
		194,535	189,049

20.1 This includes cost of interconnectivity of 11KV feeder paid to FESCO under Power Purchase Agreement (PPA) for sale of 4-6 MW power. Under the PPA, initially this cost was required to be borne by the Company, however, it is agreed that the cost so incurred will be paid back to the Company by FESCO in five years time through ten (10), half yearly equal installments, without mark-up, commencing after one month from commercial operation date. For fair presentation, this interest free long term deposit has been discounted under International Accounting Standard (IAS) - 39 "Financial Instruments: Recognition and Measurement" using approximate of open market interest rate thereby stating it at amortized cost in these consolidated financial statements. However, due to non recovery of installments due, the amortization (unwinding) has been discontinued during the year.

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Rupees in '000 Note **2017** 2016

21. STORES, SPARES AND LOOSE TOOLS

Stores - steel segment		27,887	22,807
Spare parts - steel segment		169,641	108,583
Loose tools - steel segment		4,032	2,656
Stores and spares - cotton segment		35,572	38,357
		237,132	172,403
Less: Provision for slow moving items	21.1	45,924	42,159
		191,208	130,244

21.1 Movement in provision for slow moving items

Opening balance		42,159	48,575
Provision made during the year		6,047	368
Reversal of provision made during the year		(2,282)	(6,784)
Closing balance		45,924	42,159

22. STOCK-IN-TRADE

Raw materials			
Hot rolled steel coils (HR Coil)		468,650	1,390,626
Coating materials		71,783	234,524
Remelting scrap		207,953	106,455
Others		96,625	167,238
Raw cotton		66	28,332
Bagasse		197,963	59,031
Stock-in-transit		1,832,515	289,215
	22.1	2,875,555	2,275,421
Work-in-process	22.1 & 31.1	85,524	86,922
Finished goods	22.1 & 31.1	414,069	158,019
Scrap / cotton waste		9,604	10,876
		509,197	255,817
		3,384,752	2,531,238

22.1 Stock-in-trade as at 30 June 2017 includes items valued at net realisable value (NRV) as follows. The write down to NRV amounting to Rs. 120.433 million (2016: Rs. 102.481 million) has been recognized in cost of goods sold.

Rupees in '000	Cost	NRV
Raw material	2,879,327	2,875,555
Work-in-process	85,524	85,524
Finished goods	530,730	414,069
	3,495,581	3,375,148

Rupees in '000	Note	2017	2016
23. TRADE DEBTS			
Secured			
Considered good		611,744	335,500
Unsecured			
Considered good	23.1	279,050	136,621
Considered doubtful		24,187	16,818
Provision for doubtful trade debts	23.2	(24,187)	(16,818)
		279,050	136,621
		890,794	472,121

23.1 This includes net amount of Rs. 148.841 million (2016: Rs. 113.488 million) due from Shakarganj Limited, a related party.

Rupees in '000	Note	2017	2016
23.2 Movement in provision for doubtful trade debts			
Opening balance		16,818	5,684
Provision made during the year		7,447	11,134
Reversal of provision made during the year		(78)	-
Closing balance		24,187	16,818

24. ADVANCES

Unsecured			
Advances - considered good			
Executives		3,242	4,823
Suppliers for goods and services		17,910	40,171
Advances to others		35	-
Advances - considered doubtful			
Suppliers for goods and services		47	47
Provision for doubtful advances		(47)	(47)
		-	-
		21,187	44,994

25. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

Security deposits - leasing companies		4,969	8,657
Security deposits - others		41,416	21,126
Prepayments		10,475	7,867
		56,860	37,650

26. INVESTMENTS

Available for sale	26.1	238,996	124,316
Held for trading	26.2	950,766	740,332
Investment in term deposit receipts	26.3	11,500	12,875
Investment in commodity	26.4	-	1,857
		1,201,262	879,380

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26.1 Available for sale

2017 (Number of shares)	2016	Name of investee company	Note	2017 Rupees in '000	2016
		Unquoted			
1,996	1,996	Innovative Investment Bank Limited	26.1.1	-	-
		Quoted			
26,490	26,490	Jubilee Spinning and Weaving Mills Limited	26.1.1	-	-
6,381,743	6,381,743	The Crescent Textile Mills Limited	26.1.2	238,996	124,316
				238,996	124,316

26.1.1 These investments are fully impaired as their break-up value of shares are Rs. Nil per share (2016: Rs. Nil).

26.1.2 The Holding Company has recognized impairment loss in previous years amounting to Rs. 4.537 million (2016: Rs. 4.537 million) against the investment.

26.2 Held for trading

The Group holds investments in ordinary shares of listed / unlisted companies and certificates of close end mutual funds. Details are as follows. The face value of the shares is Rs. 10 per share unless otherwise stated.

2017 (Number of share / certificates)	2016	Name of investee company	2017 Rupees in '000	2016
-	88,300	Agriauto Industries Limited *	-	17,241
-	15,000	Al-Ghazi Tractors Limited *	-	6,330
6,300	11,300	Attock Cement Pakistan Limited	1,907	2,698
12,000	12,000	Attock Petroleum Limited	7,517	5,250
50,000	-	Avanceon Limited	2,266	-
-	50,000	Century Insurance Company Limited	-	1,223
200,000	292,000	Cherat Cement Company Limited	35,756	34,915
530,000	595,000	D.G. Khan Cement Company Limited	112,974	113,342
45,000	35,000	Engro Corporation Limited	14,666	11,654
310,000	310,000	Engro Fertilizers Limited	17,124	19,989
15,000	-	Engro Foods Limited	1,822	-
-	10,000	Engro Powergen Qadirpur Limited	-	289
75,500	75,500	Fatima Fertilizer Company Limited	2,543	2,562
125,000	125,000	Fauji Cement Company Limited	5,129	4,475
445,000	445,000	Fauji Fertilizer Bin Qasim Limited	19,063	23,589
145,000	145,000	Fauji Fertilizer Company Limited	11,982	16,635
-	5,000	GlaxoSmithKline (Pakistan) Limited	-	1,036
30,000	10,000	Hi-Tech Lubricants Limited	3,270	592
1,350	1,350	Innovative Investment Bank Limited	-	-
120,000	90,000	International Industries Limited	44,228	7,278
293,000	200,000	International Steels Limited	37,472	7,124
10,000	-	Ittehad Chemicals Limited	313	-
1,800,000	2,500,000	K-Electric Limited **	12,420	20,150
61,600	90,000	Kohat Cement Company Limited	14,123	23,573
857,000	857,000	Kohinoor Energy Limited	36,911	35,308
		Carry forward	381,486	355,253

2017	2016	Name of investee company	2017	2016
(Number of share / certificates)			Rupees in '000	
		Brought forward	381,486	355,253
447,000	444,000	Kot Addu Power Company Limited	32,193	39,627
250,000	-	Loads Limited	10,368	-
25,000	60,000	Meezan Bank Limited	1,975	2,550
35,000	35,000	Nishat (Chunian) Limited	1,796	1,240
285,000	110,000	Nishat Mills Limited	45,224	11,869
291,000	182,000	Nishat Power Limited	13,747	9,192
156,000	116,000	Oil and Gas Development Company Limited	21,947	16,016
-	37,500	Pak Elektron Limited	-	2,424
100,000	100,000	Pakgen Power Limited	2,022	2,405
650,000	475,000	Pakistan International Bulk Terminal Limited	15,054	15,233
120,000	120,000	Pakistan Oilfields Limited	54,979	41,698
530,000	470,000	Pakistan Petroleum Limited	78,515	72,873
149,200	97,200	Pakistan State Oil Company Limited	57,792	36,495
1,982,332	-	Pakistan Stock Exchange Limited	50,907	-
510,000	910,000	Pakistan Telecommunication Company Limited	7,962	13,678
2,405,000	2,405,000	PICIC Growth Fund	74,555	57,239
764,673	764,673	PICIC Investment Fund	11,470	8,641
68,000	-	Roshan Packages Limited	3,820	-
380,000	500,000	Sui Northern Gas Pipelines Limited	56,590	18,145
135,000	135,000	Sui Southern Gas Company Limited	4,915	3,716
190,000	190,000	The Hub Power Company Limited	22,311	22,812
20,000	-	Treet Corporation Limited	1,138	-
-	275,000	TRG Pakistan Limited	-	9,226
			950,766	740,332

* The face value of these ordinary shares is Rs. 5 per share.

** The face value of these ordinary shares is Rs. 3.5 per share.

- 26.3 These represent term deposit with conventional side of a commercial bank having a maturity period of 6 to 12 months and carrying markup at 4.00% to 4.50% per annum.
- 26.4 This represents Rs. Nil (2016: 2,857) tolas of Silver held by the subsidiary company which has been sold during the year.

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26.5 The market value of investments which has been pledge with financial institutions as security against financing facilities (refer note 13.4) are as follows:

Rupees in '000	2017	2016
Name of investee company		
Altern Energy Limited (Associated Company)	3,057,767	2,337,353
Agriauto Industries Limited	-	11,715
Attock Cement Pakistan Limited	1,907	2,698
Attock Petroleum Limited	7,517	5,250
Century Insurance Company Limited	-	1,223
Cherat Cement Company Limited	35,756	34,914
D.G. Khan Cement Company Limited	112,974	58,099
Engro Corporation Limited	14,666	8,324
Engro Fertilizers Limited	17,124	645
Engro Foods Limited	1,822	-
Fatima Fertilizer Company Limited	2,543	2,562
Fauji Cement Company Limited	5,129	4,475
Fauji Fertilizer Bin Qasim Limited	19,064	22,794
Fauji Fertilizer Company Limited	11,984	16,635
GlaxoSmithKline (Pakistan) Limited	-	1,036
Hi-Tech Lubricants Limited	3,270	-
International Industries Limited	44,228	7,278
International Steels Limited	37,472	6,234
K-Electric Limited	10,350	3,627
Kohat Cement Company Limited	14,123	23,573
Kohinoor Energy Limited	29,592	26,327
Kot Addu Power Company Limited	32,193	34,227
Meezan Bank Limited	1,975	2,550
Nishat (Chunian) Limited	1,796	-
Nishat Mills Limited	22,215	-
Nishat Power Limited	13,747	5,051
Oil and Gas Development Company Limited	21,947	14,636
Pak Elektron Limited	-	1,940
Pakgen Power Limited	2,022	2,405
Pakistan International Bulk Terminal Limited	6,947	-
Pakistan Oilfields Limited	54,977	41,695
Pakistan Petroleum Limited	78,514	72,875
Pakistan State Oil Company Limited	57,638	36,495
Pakistan Telecommunication Company Limited	7,962	13,678
PICIC Growth Fund	74,554	57,239
PICIC Investment Fund	7,500	-
Roshan Packages Limited	1,910	-
Sui Northern Gas Pipelines Limited	56,590	-
Sui Southern Gas Company Limited	4,915	3,716
The Crescent Textile Mills Limited	127,330	-
The Hub Power Company Limited	22,311	22,811
Treet Corporation Limited	1,138	-
	4,025,469	2,884,080

Rupees in '000	Note	2017	2016
27. OTHER RECEIVABLES			
Dividend receivable		3,257	1,608
Provision there against		(885)	-
Dividend receivable		2,372	1,608
Receivable against investments	27.1	17,770	1,270
Provision there against		(17,770)	(1,270)
Receivable against sale of investments		-	-
Receivable against rent from investment property		442	674
Claim receivable		1,863	562
Due from related parties	27.2	40	1,273
Retention money receivable		380,691	149,163
Sales tax refundable	27.3	348,872	164,628
Margin on letter of credit and guarantee		21,264	22,067
Receivable from staff retirement benefits funds	44.1.3	1,014,310	456,276
Others		4,510	3,250
		1,774,364	799,501

27.1 This includes Rs. 16.5 million provided to the party under buying and selling agreements of a commodity. However, due to uncertainty of the recovery of the amount the provision there against has been made.

27.2 This represents balances due from CSAP - Pension Fund and Shakarganj Limited amounting to Rs. 0.04 million (2016: Rs. Nil) and Rs. Nil (2016: Rs. 1.273 million) respectively.

27.3 This includes payment made by Shakarganj Energy (Private) Limited a Subsidiary Company to Punjab Revenue Authority against order received for non withholding of Punjab sales tax on services and its deposit with Punjab Revenue Authority amounting to Rs. 2.666 million. An appeal against the order has been filed before the Commissioner (Appeals) Punjab Revenue Authority. After consultation with legal advisor, the management considered that the appeal would be decided in the Subsidiary Company's favour.

Rupees in '000	2017	2016
28. TAXATION - NET		
Advance taxation	2,929,935	2,350,567
Provision for taxation	(2,181,409)	(1,795,551)
	748,526	555,016

28.1 The Income Tax assessments of the Holding Company and its Subsidiaries have been finalized up to and including tax year 2016, except for pending appeal effect orders in respect of tax years 2002 and 2003. Deemed assessments for certain tax years have been amended by the department on account of various issues as explained below:

- Assessments and appeals for tax years 2004, 2006 and 2007 have been decided at the Appellate Tribunal Inland Revenue, whereby issues which may have lead to an additional tax demand of Rs. 109.227 million (2016: Rs. 109.227 million), have been decided in favour of the Company.
- The Additional Commissioner Inland Revenue amended the deemed assessment of the Company for tax year 2009 and tax year 2011 whereby demands of Rs. 4.937 million and Rs. 22.218 million has been raised respectively. The Company has filed appeals with the Commissioner Inland Revenue (Appeals) which are pending to be heard.

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- Orders under section 161/205 of the Income Tax Ordinance, 2001 have been issued by the Assistant Commissioner Inland Revenue, whereby demand aggregating to Rs. 8.691 million (inclusive of default surcharge) has been raised in respect of tax year 2014 and Rs. 5.794 million in respect of tax year 2010. Majority of the matters have decided in favour of the Company at the Commissioner (Appeals) level, whereas appeals have been referred in Appellate Tribunal Inland Revenue for remaining issues.

No provision has been made in these consolidated financial statements in respect of tax years as mentioned above, since based on the tax consultant's opinion the management is confident of favourable outcome of these appeals.

28.2 Finance Act, 2017 amended levy of tax under the section 5A of the Income Tax Ordinance, 2001, whereby every public company other than a scheduled bank or a Modaraba, that derives profits for a tax year but does not distribute at least 40% of its profit for the year in the form of cash dividend or bonus shares within six months of the end of the said tax year (requisite time) is liable to pay tax at the rate of seven and a half percent on accounting profits before tax for the year.

The Board of Directors in their meeting held on 12 August 2017 has announced sufficient cash dividend for the year ended 30 June 2017 (refer note 51.2) which complies with the above stated requirement. Accordingly, no provision for tax on undistributed reserves has been recognized in these consolidated financial statements for the year ended 30 June 2017.

Rupees in '000	Note	2017	2016
29. CASH AND BANK BALANCES			
With banks - Conventional banking			
- in saving accounts	29.1	54,022	65,533
- in current accounts		30,845	6,519
		84,867	72,052
Cash in hand		762	1,835
		85,629	73,887

29.1 Mark-up rate on saving account ranged between 1.54% to 4.25% (2016: 4.75%).

Rupees in '000	2017	2016
30. SALES - NET		
<i>Local sales</i>		
Bare pipes	8,426,029	3,456,159
Steel Billets	1,911,780	154,869
Pipe coating	341,833	991,498
Pre coated pipes	1,339,963	3,954,524
Cotton yarn / raw cotton	1,216,867	34,338
Electricity Sales	232,955	20,363
Steam Sales	401,727	127,999
Others	182,503	78,627
Scrap / waste	35,540	39,316
Sales returns	(1,196)	-
	14,088,001	8,857,693
<i>Export sales</i>		
Fabric	57,169	-
	14,145,170	8,857,693
Sales tax	(1,859,622)	(1,282,264)
	12,285,548	7,575,429

Rupees in '000	Note	2017	2016
31. COST OF SALES			
Steel segment	31.1	8,320,272	5,225,885
Cotton segment	31.1	1,295,114	144,929
Energy segment	31.1	982,635	188,776
		10,598,021	5,559,590

31.1 Cost of sales

Rupees in '000	Note	Steel segment		Cotton Segment		Energy segment		Total	
		2017	2016	2017	2016	2017	2016	2017	2016
Raw materials consumed		7,354,964	4,533,198	853,563	37,138	879,803	139,398	9,088,330	4,709,734
Cost of raw cotton sold		-	-	-	18,672	-	-	-	18,672
Packing materials consumed		-	-	19,559	643	-	-	19,559	643
Stores and spares consumed		271,438	104,902	25,866	11,592	10,524	-	307,828	116,494
Fuel, power and electricity		79,542	101,823	169,478	16,545	-	-	249,020	118,368
Salaries, wages and other benefits	31.2	264,542	196,187	118,955	28,002	20,175	4,367	403,672	228,556
Insurance		5,063	4,091	2,657	2,702	1,278	-	8,998	6,793
Repairs and maintenance		21,358	10,521	2,227	5,982	5,192	5,736	28,777	22,239
Depreciation	15.1.2	86,457	35,401	35,228	58,787	54,873	36,898	176,558	131,086
Rental under Ijarah financing		91,349	13,180	-	-	-	-	91,349	13,180
Stock-in-trade written down to NRV		120,433	99,004	-	3,477	-	-	120,433	102,481
Other expenses		307,604	270,592	39,756	(594)	10,790	2,377	358,150	272,375
		8,602,750	5,368,899	1,267,289	182,946	982,635	188,776	10,852,674	5,740,621
Opening stock of work-in-process		76,672	13,368	10,250	112	-	-	86,922	13,480
Closing stock of work-in-process	22	(85,524)	(76,672)	-	(10,250)	-	-	(85,524)	(86,922)
		(8,852)	(63,304)	10,250	(10,138)	-	-	1,398	(73,442)
Cost of goods manufactured		8,593,898	5,305,595	1,277,539	172,808	982,635	188,776	10,854,072	5,667,179
Opening stock of finished goods		130,139	50,430	27,879	-	-	-	158,018	50,430
Closing stock of finished goods	22	(403,765)	(130,140)	(10,304)	(27,879)	-	-	(414,069)	(158,019)
		(273,626)	(79,710)	17,575	(27,879)	-	-	(256,051)	(107,589)
		8,320,272	5,225,885	1,295,114	144,929	982,635	188,776	10,598,021	5,559,590

31.2 Detail of salaries, wages and other benefits

Salaries, wages and other benefits	31.2.1	263,055	186,511	117,362	26,456	20,175	4,367	400,592	217,334
Pension fund	31.2.2	1,019	4,607	121	878	-	-	1,140	5,485
Gratuity fund	31.2.2	(3,499)	1,860	(192)	43	-	-	(3,691)	1,903
Provident fund contributions		3,967	3,209	1,664	625	-	-	5,631	3,834
		264,542	196,187	118,955	28,002	20,175	4,367	403,672	228,556

31.2.1 This includes contribution amounting to Rs. 20 million (2016: Rs. 10 million) to Staff Benevolent Fund ("the Fund"). The Fund has been established as separate legal entity under the Trust Act, 1882 and registered under Income Tax Ordinance, 2001. The objective of the Fund is to provide at the discretion of the trustees, post retirement medical cover / facilities for retired employees and other hardship cases of extraordinary nature of existing employees of the Holding Company. The Holding Company does not have any right in the residual interest of the Fund.

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Rupees in '000	2017		2016	
	Pension	Gratuity	Pension	Gratuity
31.2.2 Staff retirement benefits				
Current service costs	9,675	3,116	(61,245)	(3,168)
Interest costs	22,104	4,049	(151,483)	(5,509)
Expected return on plan assets	(41,716)	(11,774)	218,213	10,580
Past service cost recognized	11,077	918	-	-
	1,140	(3,691)	5,485	1,903

Rupees in '000	Note	2017	2016
32. INCOME FROM INVESTMENTS			
Dividend income	32.1	51,091	49,649
Unrealized gain on commodity		-	29
Gain / (loss) on sale of investments - net	32.1	28,802	(19,894)
Gain on sale of investment in commodity		375	-
Unrealized gain on held for trading investments	32.1	117,022	31,231
Gain on redemption of preference shares		-	35,100
Rent from investment properties	32.2	7,558	6,345
		204,848	102,460

32.1 Company wise break up of dividend income, realised gain / (loss) and unrealised gain / (loss) is as follows:

Rupees in '000	Dividend income	Realised gain / (loss)	Unrealised gain / (loss)
Name of investee company			
Shariah compliant investee companies			
Agriauto Industries Limited	-	4,021	-
Al-Ghazi Tractors Limited	-	1,207	-
Altern Energy Limited	-	97	-
Attock Cement Pakistan Limited	79	121	403
Attock Petroleum Limited	480	-	2,267
Avanceon Limited	50	240	842
Cherat Cement Company Limited	650	465	11,842
Engro Corporation Limited	1,080	-	(335)
Engro Fertilizers Limited	2,170	-	(2,864)
Engro Foods Limited	150	-	(1,238)
Fatima Fertilizer Company Limited	246	-	(19)
Fauji Cement Company Limited	125	-	654
GlaxoSmithKline (Pakistan) Limited	-	139	-
Hascol Petroleum Limited	-	185	-
Hi-Tech Lubricants Limited	40	121	(137)
International Industries Limited	1,155	-	31,177
International Steels Limited	971	684	20,972
Ittehad Chemicals Limited	15	21	(152)
K-Electric Limited	-	639	(2,088)
Kohat Cement Company Limited	801	464	(2,012)
Kohinoor Energy Limited	4,285	-	1,602
Lucky Cement Limited	-	784	-
Meezan Bank Limited	136	530	912
Millat Tractors Limited	350	5,376	-
National Refinery Limited	-	758	-
Oil and Gas Development Company Limited	830	-	(491)
Carry forward	13,613	15,852	61,335

Name of investee company	Note	Dividend income	Realised gain / (loss)	Unrealised gain / (loss)
Brought forward		13,613	15,852	61,335
Pak Elektron Limited		47	974	-
Pakgen Power Limited		200	-	(383)
Pakistan Oilfields Limited		4,200	-	13,281
Pakistan Petroleum Limited		3,445	-	(5,953)
Pakistan Telecommunication Company Limited		910	1,188	296
Pioneer Cement Limited		-	45	-
Sui Northern Gas Pipelines Limited		-	3,796	42,748
Sui Southern Gas Company Limited		-	337	1,020
The Hub Power Company Limited		1,520	-	(499)
Treet Corporation Limited		-	-	(372)
		23,935	22,192	111,473
Non - Shariah compliant investee companies				
Aisha Steel Mills Limited		-	1,132	-
Asian Stock Fund Limited		1,739	-	-
Century Insurance Company Limited		-	177	-
D.G Khan Cement Company Limited		3,000	1,490	11,310
Engro Powergen Qadirpur Limited		15	53	-
Fauji Fertilizer Bin Qasim Limited		222	-	(4,526)
Fauji Fertilizer Company Limited		1,095	-	(4,651)
GlaxoSmithKline Consumer Healthcare Pakistan Limited		-	380	-
Kot Addu Power Company Limited		4,046	-	(7,693)
Loads Limited		87	-	(2,740)
Nishat (Chunian) Limited.		-	-	556
Nishat Mills Limited		550	-	5,707
Nishat Power Limited		746	-	(1,759)
Pace Pakistan Limited		-	18	-
Pakistan International Bulk Terminal Limited		-	(514)	(4,123)
Pakistan State Oil Company Limited		2,251	-	(32)
Pakistan Stock Exchange Limited		-	-	(4,599)
PICIC Growth Fund		1,804	-	17,316
PICIC Investment Fund		321	-	2,829
Roshan Packages Limited		-	-	(2,046)
Safeway Fund Limited		2,717	-	-
The Crescent Textile Mills Limited	32.1.1	8,009	-	-
TRG Pakistan Limited		-	3,833	-
WorldCall Telecom Limited		-	41	-
First UDL Modaraba		4	-	-
		26,606	6,610	5,549
Others				
Central Depository Company of Pakistan Limited		550	-	-
		51,091	28,802	117,022

32.1.1 Unrealised gain amounting to Rs. 114.680 million on this investment was recognized in the Consolidated other comprehensive income during the year.

32.1.2 Income from investment was categorised as Shariah / Non-Shariah compliant investee companies on the basis of All Shares Islamic Index as circulated by the Pakistan Stock Exchange.

32.2 Direct operating expenses incurred against rental income from investment properties amounted to Rs. 7.587 million (2016: Rs. 7.232 million). Further, Rs. 1.313 million (2016: Rs. 1.083 million) were incurred against the non rented out area.

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33. DISTRIBUTION AND SELLING EXPENSES

Rupees in '000	Note	Steel segment		Cotton Segment		Total	
		2017	2016	2017	2016	2017	2016
Salaries, wages and other benefits	33.1	6,880	6,485	5,917	1,141	12,797	7,626
Commission		-	-	5,577	67	5,577	67
Travelling, conveyance and entertainment		686	1,388	832	187	1,518	1,575
Depreciation	15.1.2	1,388	1,173	-	-	1,388	1,173
Insurance		160	183	7	-	167	183
Postage, telephone and telegram		105	123	701	125	806	248
Advertisement		98	185	-	-	98	185
Bid bond expenses		1,213	411	-	-	1,213	411
Legal and professional charges		3,475	3,110	-	-	3,475	3,110
Others		962	1,038	4,280	364	5,242	1,402
		14,967	14,096	17,314	1,884	32,281	15,980
33.1 Detail of salaries, wages and other benefits							
Salaries, wages and other benefits		6,948	5,770	5,921	1,141	12,869	6,911
Pension fund	33.1.1	28	377	6	-	34	377
Gratuity fund	33.1.1	(96)	157	(10)	-	(106)	157
Provident fund contributions		-	181	-	-	-	181
		6,880	6,485	5,917	1,141	12,797	7,626

Rupees in '000	2017		2016	
	Pension	Gratuity	Pension	Gratuity
33.1.1 Staff retirement benefits				
Current service costs	289	89	(4,210)	(261)
Interest costs	659	117	(10,410)	(455)
Expected return on plan assets	(1,244)	(338)	14,997	873
Past service cost recognized	330	26	-	-
	34	(106)	377	157

34. ADMINISTRATIVE EXPENSES

Rupees in '000	Note	Steel segment		Cotton segment		IID segment		Energy segment		Total	
		2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Salaries, wages and other benefits	34.1	94,603	89,150	17,327	12,571	7,641	6,819	434	378	120,005	108,918
Rents, rates and taxes		1,743	1,779	330	293	745	1,055	585	721	3,403	3,848
Travelling, conveyance and entertainment		8,578	7,939	1,582	1,323	464	389	-	114	10,624	9,765
Fuel and power		7,265	6,962	836	661	888	340	-	-	8,989	7,963
Postage, telephone and telegram		2,232	2,592	494	437	115	110	-	-	2,841	3,139
Insurance		1,061	882	124	171	99	88	-	831	1,284	1,972
Repairs and maintenance		13,025	26,568	557	430	1,261	1,522	-	1	14,843	28,521
Auditors' remuneration	34.2	1,506	1,899	351	448	224	257	251	60	2,332	2,664
Legal, professional and corporate service charges		8,173	12,304	1,563	2,248	2,224	2,433	488	1,413	12,448	18,398
Advertisement		2,893	2,022	20	22	151	120	-	-	3,064	2,164
Donations	34.3	76,702	66,888	70	-	4,041	4,000	-	-	80,813	70,888
Depreciation	15.1.2 & 17.1	15,907	10,400	3,067	2,560	7,256	6,981	-	-	26,230	19,941
Amortization of intangible assets	16.1.1	4,127	5,708	405	1,096	101	274	629	52	5,262	7,130
Printing, stationery and office supplies		4,995	4,268	1,134	949	408	328	10	1	6,547	5,546
Newspapers, subscriptions and periodicals		1,328	540	657	534	72	28	-	-	2,057	1,102
Others		4,878	4,430	941	1,030	701	987	5	782	6,525	7,229
		249,016	244,331	29,458	24,773	26,391	25,731	2,402	4,353	307,267	299,188

34.1 Detail of salaries, wages and other benefits

Salaries, wages and other benefits		92,442	88,593	16,686	15,100	7,406	6,769	434	378	116,968	110,840
Pension fund	34.1.1	414	(1,203)	18	(196)	18	168	-	-	450	(1,231)
Gratuity fund	34.1.1	(1,430)	(1,040)	(27)	(2,883)	(51)	(346)	-	-	(1,508)	(4,269)
Provident fund contributions		3,177	2,800	650	550	268	228	-	-	4,095	3,578
		94,603	89,150	17,327	12,571	7,641	6,819	434	378	120,005	108,918

Rupees in '000	2017		2016	
	Pension	Gratuity	Pension	Gratuity
34.1.1 Staff retirement benefits				
Current service costs	3,819	1,273	13,745	7,107
Interest costs	8,725	1,655	33,997	12,359
Expected return on plan assets	(16,467)	(4,811)	(48,973)	(23,735)
Past service cost recognized	4,373	375	-	-
	450	(1,508)	(1,231)	(4,269)

Rupees in '000	Note	2017	2016
34.2 Auditors' remuneration			
Audit fee	34.2.1	2,068	1,653
Fee for audit of funds' financial statements and other reports		47	756
Out of pocket expenses		89	151
Sales tax		128	104
		2,332	2,664

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34.2.1 Audit fee includes services for audit of annual unconsolidated and consolidated financial statements of the Holding Company and the individual financial statements of the subsidiary companies, review of unconsolidated condensed interim financial information for the six months period of Holding Company, review of statement of compliance with best practices of the Code of Corporate Governance and audit of reconciliation statement of nominee shareholding of Central Depository Company of Pakistan Limited.

34.3 Donations

Donations include the following in which a director is interested:

Name of director	Interest in donee	Name and address of the donee	Amount donated	
			2017	2016
Rupees in '000				
Mr. Ahsan M. Saleem	Director	The Citizens Foundation Plot No. 20, Sector - 14, New Brookes Chowrangi, Korangi Industrial Area, Karachi	58,351	48,518
	Chairman	CSAP Foundation E-floor, IT Tower, 73-E/1, Hali Road, Gulberg-111, Lahore.	7,760	3,038
			66,111	51,556

34.3.1 Donations other than those mentioned above were not made to any donee in which a director or his spouse had any interest at any time during the year.

Rupees in '000

35. OTHER OPERATING EXPENSES

	2017	2016
Exchange loss	10,054	24,197
Loss on disposal of operating fixed assets	-	1,030
Provision for:		
- workers' profit participation fund	60,111	73,359
- workers' welfare fund	21,002	22,986
- doubtful trade debts	7,369	11,133
- other receivables	17,385	1,270
- liquidated damages	19,141	-
- Slow moving stores, spares and loose tools - net	3,765	-
Liquidated damages	290,454	292,841
	429,281	426,816

Rupees in '000	Note	2017	2016
36. OTHER INCOME			
<i>Income from financial assets</i>			
Return on deposits - from conventional side of bank		2,299	2,317
<i>Income from non-financial assets</i>			
Gain on disposal of operating fixed assets		75,982	3,813
Deferred income amortized		4,968	2,682
Unwinding of discount on long term deposit		14,880	2,770
Insurance commission		1,413	1,419
Liabilities written back		-	9,188
Reversal of provision for slow moving stores, spares and loose tools		-	6,416
Rent income		1,630	1,080
Others		2,573	123
		101,446	27,491
		103,745	29,808
37. FINANCE COSTS			
Mark-up on short term loans - Shariah arrangement		14,838	10,824
Interest on - Non - Shariah arrangement			
- finance lease obligations		11,616	11,912
- long term loans		38,251	43,978
- running finances		18,131	20,527
- short term loans		107,621	65,519
Discounting on long term deposit		1,017	89,959
Bank charges		13,152	11,202
		204,626	253,921
38. SHARE OF PROFIT IN EQUITY ACCOUNTED INVESTEES - NET OF TAXATION			
<i>Shariah compliant investee companies</i>			
Altern Energy Limited		350,461	395,869
Shakarganj Limited		232,501	(36,890)
<i>Others</i>			
Crescent Socks (Private) Limited		(13,653)	(11,870)
		569,309	347,109
39. TAXATION			
Current			
- for the year	39.2	327,235	285,811
- Super tax		36,637	40,103
- for prior years		21,954	(131)
		385,826	325,783
Deferred			
		19,027	51,349
		404,853	377,132

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39.1 Profit of Shakarganj Energy (Private) Limited and Solution de Energy (Private) Limited (Subsidiary Companies) from electric power generation are exempt from tax under clause 132 of part I of second schedule of the Income Tax Ordinance, 2001. Since the income is exempt from tax, no temporary difference arises. Accordingly, deferred tax in respect of these Subsidiaries has not been accounted for in these consolidated financial statements.

Rupees in '000	2017	2016
39.2 Relationship between taxation expense and accounting profit		
Profit before taxation	1,591,974	1,499,311
Tax at the applicable rate of 31% (2016: 32%)	493,512	479,780
Tax effect of inadmissible expenses / losses	(78,467)	(163,210)
Tax effect of exempt income and income under final tax regime	9,188	12,390
Tax effect of income taxed at a lower rate	(76,242)	6,698
Prior year tax effect	21,819	(131)
Super tax	36,637	40,103
Tax effect of change in effective tax rate	(1,594)	1,502
	404,853	377,132
40. BASIC AND DILUTED EARNINGS PER SHARE		
Profit after taxation	1,187,121	1,122,179
	(Number of shares)	
Weighted average number of ordinary shares in issue during the year	77,632,491	74,574,740
	(Rupees)	
Basic and diluted earnings per share	15.29	15.05

Rupees in '000	Note	2017	2016
41. CASH GENERATED FROM / (USED IN) OPERATIONS			
Profit before taxation		1,591,974	1,499,311
<i>Adjustments for non cash charges and other items</i>			
Depreciation on operating fixed assets and investment properties		206,531	154,101
Amortization of intangible assets		5,262	7,130
Charge for the year on staff retirement benefit funds		(3,116)	3,088
Charge for compensated absences		2,513	2,420
Provision for 10-C bonus		2,233	2,076
Dividend income		(51,091)	(49,649)
Unrealized gain on held for trading investments - net		(117,022)	(31,231)
(Gain) / loss on sale of investments		(28,801)	19,849
Gain on redemption of preference shares		-	(35,100)
Realized / unrealized gain on commodity - Silver		(375)	(29)
Reversal of provision for stores, spares and loose tools - net		3,765	(6,416)
Provision for doubtful trade debts		7,369	12,403
Provision for doubtful other receivables		17,385	-
Provision for Workers' Welfare Fund		21,002	22,966
Provision for Workers' Profit Participation Fund		60,111	73,359
Provision for liquidated damages		19,141	-
Return on deposits and investments		(1,862)	(4,480)
Gain on disposal of operating fixed assets		(75,982)	(3,813)
Deferred income		(4,968)	(2,682)
Discounting of long term deposit		1,017	-
Unwinding of discount on long term deposit		(14,880)	-
Liabilities written back		-	(9,188)
Finance costs		204,626	253,921
Share of profit from equity accounted investees - net of taxation		(569,309)	(347,109)
Working capital changes	41.1	(434,838)	(2,731,027)
		840,685	(1,170,100)
41.1 Working capital changes			
(Increase) / decrease in current assets			
Stores, spares and loose tools		(64,729)	(57,027)
Stock-in-trade		(805,814)	(2,013,726)
Trade debts		(431,990)	(423,692)
Advances		24,738	13,401
Trade deposits and short term prepayments		(21,371)	(14,790)
Other receivables		(434,979)	(334,010)
		(1,734,145)	(2,829,844)
Increase in current liabilities			
Trade and other payables		1,299,307	98,817
		(434,838)	(2,731,027)

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Rupees in '000	Note	2017	2016
42. CASH AND CASH EQUIVALENTS			
Running finances under mark-up arrangements	13	(398,626)	(307,193)
Cash and bank balances	29	85,629	73,887
		(312,997)	(233,306)

43. SEGMENT REPORTING

43.1 Reportable segments

The Group's reportable segments under are as follows:

- Steel segment - It comprises of manufacturing and coating of steel pipes (note 1.2).
- Cotton segment - It comprises of manufacturing of yarn (note 1.2).
- Investment and Infrastructure Development (IID) segment - To effectively manage the investment portfolio in shares and other securities (strategic as well as short term) and investment property (held for rentals as well as long term appreciation).
- Energy segment - It comprises of operations of the Subsidiary Company (note 1.4).

Information regarding the Group's reportable segments is presented below.

43.2 Segment revenues and results

Following is an analysis of the Company's revenue and results by reportable segment:

Rupees in '000	Steel segment	Cotton segment	IID segment	Energy segment	Inter-segment Elimination/adjustment	Total
<i>For the year ended 30 June 2017</i>						
Sales - net	10,554,116	1,288,528	-	934,401	(491,497)	12,285,548
Cost of sales	8,818,652	1,295,114	-	989,709	(505,454)	10,598,021
Gross profit / (loss)	1,735,464	(6,586)	-	(55,308)	13,957	1,687,527
Income from investments	-	-	353,893	-	(149,045)	204,848
	1,735,464	(6,586)	353,893	(55,308)	(135,088)	1,892,375
Distribution and selling expenses	14,967	17,314	-	-	-	32,281
Administrative expenses	249,016	29,458	26,391	2,402	-	307,267
Other operating expenses	414,217	(2,301)	31,018	-	(13,653)	429,281
	678,200	44,471	57,409	2,402	(13,653)	768,829
	1,057,264	(51,057)	296,484	(57,710)	(121,435)	1,123,546
Other income	90,642	12,224	102,041	879	(102,041)	103,745
Operating profit / (loss) before finance costs	1,147,906	(38,833)	398,525	(56,831)	(223,476)	1,227,291
Finance costs	179,656	6,624	18,543	1,283	(1,480)	204,626
Share of profit in equity accounted investees - net of taxation	-	-	568,277	1,032	-	569,309
Profit / (loss) before taxation	968,250	(45,457)	948,259	(57,082)	(221,996)	1,591,974
Taxation						404,853
Profit after taxation						1,187,121

	Steel segment	Cotton segment	IID segment	Energy segment	Inter- segment Elimination/ adjustment	Total
Rupees in '000						
For the year ended 30 June 2016						
Sales - net	7,501,581	33,899	-	186,726	(146,777)	7,575,429
Cost of sales	5,360,652	144,929	-	195,414	(141,405)	5,559,590
Gross profit / (loss)	2,140,929	(111,030)	-	(8,688)	(5,372)	2,015,839
Income from investments	-	-	73,065	-	29,395	102,460
	2,140,929	(111,030)	73,065	(8,688)	24,023	2,118,299
Distribution and selling expenses	14,096	1,884	-	-	-	15,980
Administrative expenses	244,331	24,773	25,731	4,353	-	299,188
Other operating expenses	419,188	3,794	13,159	2,546	(11,871)	426,816
	677,615	30,451	38,890	6,899	(11,871)	741,984
	1,463,314	(141,481)	34,175	(15,587)	35,894	1,376,315
Other income	83,555	10,193	7	23,690	(87,637)	29,808
Operating profit / (loss) before finance costs	1,546,869	(131,288)	34,182	8,103	(51,743)	1,406,123
Finance costs	234,469	10,928	8,184	340	-	253,921
Share of profit in equity accounted investees - net of taxation	-	-	-	-	347,109	347,109
Profit / (loss) before taxation	1,312,400	(142,216)	25,998	7,763	295,366	1,499,311
Taxation						377,132
Profit after taxation						1,122,179

43.2.1 Revenue reported above represents revenue generated from external customers. There were no inter-segment sale during the year (2016: Rs. Nil).

43.2.2 Transfer prices between reportable segments are on an agreed basis in a manner similar to transactions between third parties.

43.2.3 The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 5 to these consolidated financial statements. The Steel segment allocates certain percentage of the common expenditure to the Cotton and IID segments. In addition, finance costs between Steel and Cotton segments are allocated at average mark-up rate on the basis of funds utilized. This is the measure reported to management for the purposes of resource allocation and assessment of segment performance.

43.3 Revenue from major products and services

The analysis of the Group's revenue from external customers for major products and services is given in note 30 to these consolidated financial statements.

43.4 Information about major customers

Revenue from major customers of Steel segment represents an aggregate amount of Rs. 9,715.614 million (2016: Rs. 7,249.377 million) of total Steel segment revenue of Rs. 10,554.116 million (2016: Rs. 7,501.581 million). Revenue from major customers of Cotton segment represents an aggregate amount of Rs. 533.351 million (2016: Rs. 19.286 million) of total Cotton segment revenue of Rs. 1,288.528 million (2016: Rs. 33.899 million). Revenue from major customers of Energy segment represent an aggregate amount of Rs. 930.828 million (2016: Rs. 140.728 million) of total Energy segment revenue of Rs. 934.401 million (2016: Rs. 186.726 million).

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43.5 Geographical information

43.5.1 The Group's revenue from external customers by geographical location is detailed below

Rupees in '000	2017	2016
South and North America	57,169	-
Pakistan	12,228,379	7,575,429
	12,285,548	7,575,429

43.5.2 All non-current assets of the Group as at 30 June 2017 and 2016 were located and operating in Pakistan.

43.6 Segment assets and liabilities

Reportable segments' assets and liabilities are reconciled to total assets and liabilities as follows:

Rupees in '000	Steel segment	Cotton segment	IID segment	Energy segment	Total
As at 30 June 2017					
Segment assets for reportable segments	7,408,016	399,943	1,497,559	1,278,504	10,584,022
Investment in equity accounted investees	-	-	3,033,910	257,696	3,291,606
Unallocated corporate assets					934,611
Total assets as per consolidated balance sheet					14,810,239
Segment liabilities for reportable segments	2,174,424	79,066	156,672	124,383	2,534,545
Unallocated corporate liabilities and deferred income					3,674,327
Total liabilities as per consolidated balance sheet					6,208,872
As at 30 June 2016					
Segment assets for reportable segments	5,060,823	447,198	1,227,819	1,112,457	7,848,297
Investment in equity accounted investees	-	-	2,662,684	219,711	2,882,395
Unallocated corporate assets					726,584
Total assets as per consolidated balance sheet					11,457,276
Segment liabilities for reportable segments	732,084	108,259	132,340	49,892	1,022,575
Unallocated corporate liabilities and deferred income					3,115,510
Total liabilities as per consolidated balance sheet					4,138,085

43.6.1 For the purposes of monitoring segment performance and allocating resources between segments

- all assets are allocated to reportable segments other than those directly relating to corporate and taxation assets; and
- all liabilities are allocated to reportable segments other than those directly relating to corporate and taxation;

Cash and bank balances, borrowings and related mark-up receivable therefrom and payable thereon, respectively are not allocated to reporting segments as these are managed by the Group's central treasury function.

43.7 Other segment information

Rupees in '000	Steel segment	Cotton segment	IID segment	Energy segment	Total
For the year ended 30 June 2017					
Capital expenditure	210,556	4,442	-	8,718	223,716
Depreciation and amortization	107,879	40,609	7,357	55,948	211,793
Non-cash items other than depreciation and amortization	208,661	(5,663)	(729,656)	(1,816)	(528,474)
For the year ended 30 June 2016					
Capital expenditure	230,957	11,765	4,960	289,995	537,677
Depreciation and amortization	46,020	62,444	8,712	44,055	161,231
Non-cash items other than depreciation and amortization	330,963	3,556	(438,282)	1,711	(102,052)

44. STAFF RETIREMENT BENEFITS

44.1 Defined benefit plans

44.1.1 The actuarial valuation of both pension and gratuity schemes has been conducted in accordance with IAS 19, 'Employee benefits' as at 30 June 2017. The projected unit credit method, using the following significant assumptions, has been used for the actuarial valuation:

	2017		2016	
	Pension	Gratuity	Pension	Gratuity
Financial assumptions				
- Discount rate used for Interest Cost in P&L Charge	9.00%	7.25%	10.50%	9.75%
- Discount rate used for year end obligation	9.25%	9.25%	9.00%	7.25%
- Expected rate of increase in salaries	9.25%	9.25%	9.00%	7.25%
Demographic assumptions				
- Retirement Assumption		Age 58		Age 58
- Expected mortality for active members		SLIC (2001-05)		SLIC (2001-05)

44.1.2 The amounts recognized in consolidated balance sheet are as follows:

Rupees in '000	Note	2017			2016		
		Pension	Gratuity	Total	Pension	Gratuity	Total
Present value of defined benefit obligations	44.1.4	423,509	94,572	518,081	354,115	82,485	436,600
Fair value of plan assets	44.1.5	(1,106,188)	(426,203)	(1,532,391)	(660,348)	(232,528)	(892,876)
Asset recognized in consolidated balance sheet		(682,679)	(331,631)	(1,014,310)	(306,233)	(150,043)	(456,276)

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44.1.3 Movement in the net defined benefit liability / (asset)

Rupees in '000	Note	2017			2016		
		Pension	Gratuity	Total	Pension	Gratuity	Total
Opening balance		(306,233)	(150,043)	(456,276)	(119,662)	(57,913)	(177,575)
Net benefit cost / (income) charged to Consolidated profit and loss	44.1.7	1,625	(5,305)	(3,680)	4,631	(2,210)	2,421
Remeasurements recognized in consolidated other comprehensive income		(369,286)	(172,986)	(542,272)	(178,341)	(84,946)	(263,287)
Contributions by the Holding Company	44.1.5	(8,785)	(3,297)	(12,082)	(12,861)	(4,974)	(17,835)
Closing balance		(682,679)	(331,631)	(1,014,310)	(306,233)	(150,043)	(456,276)

44.1.4 Movement in the present value of defined benefit obligations

Rupees in '000	2017			2016		
	Pension	Gratuity	Total	Pension	Gratuity	Total
Present value of defined benefit obligations - 1 July	354,115	82,485	436,600	290,974	65,769	356,743
Current service costs	13,791	4,479	18,270	12,182	3,679	15,861
Past service cost	15,790	1,319	17,109	5,722	-	5,722
Interest costs	31,508	5,820	37,328	30,131	6,398	36,529
Benefits paid during the year	(8,050)	(1,519)	(9,569)	(7,389)	(299)	(7,688)
Benefits due but not paid	-	(2,891)	(2,891)	(629)	-	(629)
Remeasurement:						
Actuarial (gains) / losses from changes in financial assumptions	724	33	757	-	-	-
Experience adjustments	15,631	4,846	20,477	23,124	6,938	30,062
Present value of defined benefit obligations - 30 June	423,509	94,572	518,081	354,115	82,485	436,600

44.1.5 Movement in the fair value of plan assets are as follows:

Rupees in '000	2017			2016		
	Pension	Gratuity	Total	Pension	Gratuity	Total
Fair value of plan assets - 1 July	660,348	232,528	892,876	410,636	123,682	534,318
Contributions by the Holding Company	8,785	3,297	12,082	12,861	4,974	17,835
Interest income on plan assets	59,464	16,923	76,387	43,404	12,287	55,691
Benefits paid during the year	(8,050)	(1,519)	(9,569)	(7,389)	(299)	(7,688)
Benefits due but not paid	-	(2,891)	(2,891)	(629)	-	(629)
Return on plan assets, excluding interest income	385,641	177,865	563,506	201,465	91,884	293,349
Fair value of plan assets - 30 June	1,106,188	426,203	1,532,391	660,348	232,528	892,876
44.1.6 Actual return on plan assets	445,105	194,788	639,893	244,869	104,171	349,040

44.1.7 Following amounts have been charged in the consolidated profit and loss account in respect of these benefits

Rupees in '000	2017			2016		
	Pension	Gratuity	Total	Pension	Gratuity	Total
Current service costs	13,791	4,479	18,270	12,182	3,679	15,861
Past service cost	15,790	1,319	17,109	5,722	-	5,722
Interest costs	31,508	5,820	37,328	30,131	6,398	36,529
Expected return on plan assets	(59,464)	(16,923)	(76,387)	(43,404)	(12,287)	(55,691)
Charge recognised in consolidated profit and loss account	1,625	(5,305)	(3,680)	4,631	(2,210)	2,421

44.1.8 Following amounts of remeasurements have been charged in the consolidated other comprehensive income in respect of these benefits

Rupees in '000	2017			2016		
	Pension	Gratuity	Total	Pension	Gratuity	Total
Remeasurement:						
Actuarial (gains) / losses from change in financial assumption	724	33	757	-	-	-
Experience adjustments	15,631	4,846	20,477	23,124	6,938	30,062
Return on plan assets, excluding interest income	(385,641)	(177,865)	(563,506)	(201,465)	(91,884)	(293,349)
Remeasurement (gain) / loss charged in the other consolidated comprehensive income	(369,286)	(172,986)	(542,272)	(178,341)	(84,946)	(263,287)

44.1.9 Total defined benefit cost recognized in consolidated profit and loss account and consolidated other comprehensive income

	(367,661)	(178,291)	(545,952)	(173,710)	(87,156)	(260,866)
Expected contributions to funds in the following year	-	-	-	15,355	5,743	21,098
Weighted average duration of the defined benefit obligation (years)	11	3		12	3	
Analysis of present value of defined benefit obligation						
Type of Members:						
Pensioners	26	-		22	-	
Beneficiaries	92	91		80	79	
	118	91		102	79	
Vested / Non-Vested						
Vested benefits	388,077	77,228	465,305	317,831	80,517	398,348
Non - vested benefits	35,432	17,344	52,776	36,285	1,968	38,253
	423,509	94,572	518,081	354,116	82,485	436,601

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Rupees in '000	2017			2016		
	Pension	Gratuity	Total	Pension	Gratuity	Total
<i>Disaggregation of fair value of plan assets</i>						
The fair value of the plan assets at balance sheet date for each category are as follows:						
Cash and cash equivalents (comprising bank balances and adjusted for current liabilities) - quoted	82,099	980	83,079	10,867	4,205	15,072
Debt instruments						
AA+	116,124	44,336	160,460	156,225	33,577	189,802
AA/AA-	237	-	237	235	-	235
	116,361	44,336	160,697	156,460	33,577	190,037
Equity instruments:						
Automobile Assembling	809	-	809	89	-	89
Cables and Electrical Goods	251	-	251	-	-	-
Cement	16,345	-	16,345	15,156	-	15,156
Chemicals	435	-	435	163	-	163
Commercial Banks	337	-	337	-	-	-
Engineering	771,003	350,992	1,121,995	370,290	168,618	538,908
Fertilizer	10,443	244	10,687	13,904	339	14,243
Insurance	166	-	166	255	-	255
Jute	148	-	148	-	-	-
Oil and Gas Exploration Companies	8,185	2,913	11,098	7,275	2,348	9,623
Oil and Gas Marketing Companies	860	-	860	603	-	603
Paper and Board	-	-	-	124	-	124
Power Generation and Distribution	55,205	16,647	71,852	57,159	17,098	74,257
Sugar and Allied Industries	10,099	2,975	13,074	1,594	470	2,064
Textile Composite	4,529	-	4,529	3,006	-	3,006
	878,815	373,771	1,252,586	469,618	188,873	658,491
Mutual funds:						
Income Fund	7,772	2,883	10,655	4,306	2,871	7,177
Equity Fund	21,141	4,233	25,374	19,096	3,002	22,098
	28,913	7,116	36,029	23,402	5,873	29,275
	1,106,188	426,203	1,532,391	660,347	232,528	892,875

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Discount rate +1%	380,355	92,099
Discount rate -1%	475,934	97,383
Long term pension / salary increase +1%	432,908	97,373
Long term pension / salary decrease -1%	415,117	92,062
Long term pension increase +1%	470,038	-
Long term pension decrease -1%	383,712	-

The actuary of the Holding Company has assessed that present value of future refunds or reduction in future contribution is not lower than receivable from pension and gratuity funds recorded by the Holding Company.

44.2 Defined contribution plan

The Holding Company has set up provident fund for its permanent employees and the contributions were made by the Holding Company to the Trust in accordance with the requirement of Section 227 of the repealed Companies Ordinance, 1984. The total charge against provident fund for the year ended 30 June 2017 was Rs. 9.945 million (2016: Rs. 7.594 million). Period end of Provident Fund Financial Statements is 31 December and 30 June for Steel & IID Division and Cotton Division respectively .

The following information is based on the latest financial statements of the fund:

Rupees in '000	31 December	31 December	30 June	30 June
	2016	2015	2017	2016
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	Steel and IID Division		Cotton Division	
Cost of investments made	196,959	158,221	25,451	14,276
Size of the Fund	306,677	271,492	40,941	30,210
Fair value of investments	303,140	213,792	40,941	29,713
Percentage of investments made	99%	79%	100%	98%
Amount wise breakup of fair value of investments is as follows:				
Equity Securities	155,868	123,844	18,291	25,187
Government Securities	65,883	79,695	-	-
Mutual Funds	14,370	10,253	-	-
Others	67,019	-	22,650	4,526
	303,140	213,792	40,941	29,713
Percentage wise breakup of fair value of investments out of size of fund is as follows:				
Equity Securities	51%	46%	45%	83%
Government Securities	21%	29%	-	-
Mutual Funds	5%	4%	-	-
Others	22%	-	55%	15%

Investments out of the provident fund have been made in accordance with the provisions of section 227 of the repealed Companies Ordinance, 1984 and the rules formulated for this purpose.

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45. FINANCIAL RISK MANAGEMENT

Fair value is defined as 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.

Level 1 : Fair value measurements using quoted (unadjusted) in active markets for identical asset or liability.

Level 2 : Fair value measurements using 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 : Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	Rupees in '000							
	30 June 2017							
	Carring amount			Total	Fair value			
Investments	Loans and receivables	Other financial liabilities	Level 1		Level 2	Level 3	Total	
On-balance sheet financial instruments								
Financial assets measured at fair value								
Investments								
- Listed equity securities	1,189,762	-	-	1,189,762	1,189,762	-	-	1,189,762
Financial assets not measured at fair value								
Investments								
- unlisted equity securities	220,717	-	-	220,717	-	-	-	-
- equity	3,291,606	-	-	3,291,606	-	-	-	-
- term deposit receipt	11,500	-	-	11,500	-	-	-	-
Deposit	-	240,920	-	240,920	-	-	-	-
Trade debts	-	890,794	-	890,794	-	-	-	-
Other receivables	-	411,182	-	411,182	-	-	-	-
Bank balances	-	84,867	-	84,867	-	-	-	-
	3,523,823	1,627,763	-	5,151,586	-	-	-	-
Financial liabilities not measured at fair value								
Long term loans	-	-	462,981	462,981	-	-	-	-
Liabilities against assets subject to finance lease	-	-	105,306	105,306	-	-	-	-
Trade and other payables	-	-	1,971,440	1,971,440	-	-	-	-
Mark-up accrued	-	-	31,631	31,631	-	-	-	-
Short term borrowings	-	-	2,904,166	2,904,166	-	-	-	-
	-	-	5,475,524	5,475,524	-	-	-	-

Rupees in '000

30 June 2016

	Carrying amount				Fair value			
	Investments	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
On-balance sheet								
financial instruments								
Financial assets								
measured at fair value								
Investments								
- Listed equity securities	864,648	-	-	864,648	864,648	-	-	864,648
- Commodities	1,857	-	-	1,857	1,857	-	-	1,857
	866,505	-	-	866,505	866,505	-	-	866,505
Financial assets not								
measured at fair value								
Investments								
- unlisted equity securities	220,717	-	-	220,717	-	-	-	-
- equity	2,882,395	-	-	2,882,395	-	-	-	-
- Term deposit receipt	12,875	-	-	12,875	-	-	-	-
Deposit	-	218,832	-	218,832	-	-	-	-
Trade debts	-	472,121	-	472,121	-	-	-	-
Other receivables	-	178,597	-	178,597	-	-	-	-
Bank balances	-	72,052	-	72,052	-	-	-	-
	3,115,987	941,602	-	4,057,589	-	-	-	-
Financial liabilities not								
measured at fair value								
Long term loan	-	-	503,500	503,500	-	-	-	-
Liabilities against assets subject								
to finance lease	-	-	135,832	135,832	-	-	-	-
Trade and other payables	-	-	719,564	719,564	-	-	-	-
Mark-up accrued	-	-	23,419	23,419	-	-	-	-
Short term borrowings	-	-	2,278,930	2,278,930	-	-	-	-
	-	-	3,661,245	3,661,245	-	-	-	-

The Group has not disclosed the fair values for all other financial assets and financial liabilities, as these are either short term in nature or reprice periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

Investment property fair value have been determined by professional valuers (level 3 measurement) based on their assessment of the market values as disclosed in note 16.2. The valuations are conducted by the valuation experts appointed by the Group. The valuation experts used a market based approach to arrive at the fair value of the Group's investment properties. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these consolidated financial statements.

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46. FINANCIAL INSTRUMENTS

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of Group's risk management framework. The Board of Directors is also responsible for developing and monitoring the Group's risk management policies.

46.1 Credit risk

Credit risk represents the financial loss that would be recognized at the reporting date if counterparties fail completely to perform as contracted / fail to discharge an obligation / commitment that it has entered into with the Group. It arises principally from trade receivables, bank balances, security deposits, mark-up accrued and investment in debt securities.

The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting date is as follows:

Rupees in '000	2017	2016
Deposits	240,920	218,832
Trade debts	890,794	472,121
Mark-up accrued	132	37
Other receivables	411,182	178,597
Bank balances	84,867	72,052
	1,627,895	941,639

Trade and receivables

To manage exposure to credit risk in respect of trade and other receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Sales tenders and credit terms are approved by the tender approval committee. Where considered necessary, advance payments are obtained from certain parties. Sales made to major customers are secured through letters of credit. The management has set a maximum credit period of 15 days in respect of Cotton segment's sales to reduce the credit risk.

All the trade debtors at the reporting date represent domestic parties.

The maximum exposure to credit risk before any credit enhancements for trade debts at the reporting date by type of customer was as follows:

Rupees in '000	2017	2016
Steel segment	715,463	356,077
Cotton segment	19,762	11,332
Energy segment	155,569	104,712
	890,794	472,121
The aging of trade debts at reporting date is as follows:		
Not past due	409,293	167,658
Past due 1 - 30 days	433,094	276,060
Past due 30 - 180 days	37,885	12,858
Past due 180 days	34,708	32,362
	914,980	488,938
Less: Impaired	24,186	16,817
	890,794	472,121

Based on past experience the management believes that no impairment allowance is necessary in respect of trade debts past due as some receivables have been recovered subsequent to the year end and for other receivables there are reasonable grounds to believe that the amounts will be recovered in short course of time.

The movement in the allowances for impairment in respect of trade debts and loan and advances is given in note 23.2 and note 24 respectively.

Settlement risk

All investing transactions are settled / paid for upon delivery as per the advice of investment committee. The Group's policy is to enter into financial instrument contract by following internal guidelines such as approving counterparties and approving credits.

Bank balances

The Group kept its surplus funds with banks having good credit rating. Currently the surplus funds are kept with banks having rating from AAA to A-.

The credit quality of the Group's investment in units of mutual fund can be assessed with reference to external credit ratings as follows:

	Rating		Rating Agency	2017	2016
	Short term	Long term		Rupee in '000	
Mutual Funds					
PICIC Investment Fund	MFR 3 star	MFR 3 star	JCR - VIS	11,470	8,641
PICIC Growth Fund	MFR 1 star	MFR 1 star	JCR - VIS	74,555	57,239
				86,025	65,880

Deposits

The Group has provided security deposits as per the contractual terms with counter parties as security and does not expect material loss against those deposits.

Investment in debt securities

Credit risk arising on debt securities is mitigated by investing principally in investment grade rated instruments. Where the investment is considered doubtful a provision is created there against. The Group does not have debt security at reporting date.

Concentration of credit risk

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Group believes that it is not exposed to major concentration of credit risk.

46.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligation arising from financial liabilities that are settled by delivering cash or another financial asset or that such obligation will have to be settled in a manner disadvantageous to the Group. The Group is not materially exposed to liquidity risk as substantially all obligation / commitments of the Group are short term in nature and are restricted to the extent of available liquidity. In addition, the Group has obtained running finance facilities from various commercial banks to meet the short term liquidity commitments, if any.

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The following are the contractual maturities of the financial liabilities, including estimated interest payments:

Rupees in '000	2017						
	Carrying amount	On demand	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
Financial liabilities							
Long term loans	462,981	-	462,981	70,250	74,546	157,684	160,501
Liabilities against assets							
subject to finance lease	105,306	-	118,966	24,602	24,813	33,074	36,477
Trade and other payables	1,956,471	-	1,956,471	1,956,471	-	-	-
Mark-up accrued	31,631	-	31,631	31,631	-	-	-
Short term borrowings	2,904,166	2,904,166	-	-	-	-	-
	5,460,555	2,904,166	2,570,049	2,082,954	99,359	190,758	196,978

Rupees in '000	2016						
	Carrying amount	On demand	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
Financial liabilities							
Long term loan	503,500	-	503,500	39,000	70,250	140,500	253,750
Liabilities against assets							
subject to finance lease	135,832	-	154,799	38,046	30,994	40,438	45,331
Trade and other payables	706,166	-	706,166	706,166	-	-	-
Mark-up accrued	23,419	-	23,419	23,419	-	-	-
Short term borrowings	2,278,930	2,278,930	-	-	-	-	-
	3,647,847	2,278,930	1,387,884	806,631	101,244	180,938	299,081

46.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The Investment Committee monitors the portfolio of its investments and adjust the portfolio in light of changing circumstances.

46.3.1 Currency risk

The Group is exposed to currency risk on import of raw materials, stores and spares and export of goods denominated in US Dollars (USD), Euros and JPY . The Group's exposure to foreign currency risk for these currencies is as follows:

	2017			
	USD	Euro	JPY	Total
Foreign creditors	(12,964,117)	(33,350)	-	(12,997,467)
Outstanding letters of credit	(6,574,931)	(469,266)	(12,200,000)	(19,244,197)
Net exposure	(19,539,048)	(502,616)	(12,200,000)	(32,241,664)

	2016			Total
	USD	Euro	JPY	
Foreign creditors	(119,190)	(17,690)	-	(136,880)
Outstanding letters of credit	(6,229,673)	(77,196)	-	(6,306,869)
Net exposure	(6,348,863)	(94,886)	-	(6,443,749)

The following significant exchange rate has been applied:

	Average rate		Reporting date rate	
	2017	2016	2017	2016
USD to PKR	104.76	104.49	105.00	104.70
Euro to PKR	114.43	115.53	120.10	116.31
JPY to PKR	0.96	-	0.94	-

Sensitivity analysis

At the balance sheet date, if the PKR had strengthened by 10% against the USD, Euro and JPY with all other variables held constant, post-tax profit for the year would have been higher by the amount shown below, mainly as a result of net foreign exchange gain on translation of foreign currency bank account and foreign creditors.

	2017	2016
Effect on profit or loss		
USD	(1,953,905)	(634,886)
Euro	(50,262)	(9,489)
JPY	(1,220,000)	-
	(3,224,167)	(644,375)

The weakening of the PKR against USD, Euro and JPY would have had an equal but opposite impact on the post tax profits.

The sensitivity analysis prepared is not necessarily indicative of the effects on the consolidated profit for the year and assets / liabilities of the Group.

46.3.2 Interest rate risk

At the reporting date, the interest rate profile of the Group's significant interest bearing financial instruments was as follows:

	2017	2016	2017	2016
	Effective interest rate (Percentage)		Carrying amount (Rupees in '000)	
Financial liabilities				
Variable rate instruments:				
Long term loans	7.53-8.85	7.60-9.54	462,981	503,500
Liabilities against assets subject to finance lease	10.61-15.41	11.10-15.41	105,306	135,832
Short term borrowings	6.96-8.62	7.75-9.01	2,904,166	2,278,930

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore a change in interest rates at the reporting date would not affect consolidated profit and loss account.

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Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have (increased) / decreased the consolidated profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2016.

Rupees in '000	Profit and loss 100 bp	
	Increase 2017	Decrease 2016
As at 30 June 2017		
Cash flow sensitivity - Variable rate financial liabilities	(34,725)	34,725
As at 30 June 2016		
Cash flow sensitivity - Variable rate financial liabilities	(29,183)	29,183

The sensitivity analysis prepared is not necessarily indicative of the effects on the consolidated profit for the year and assets / liabilities of the Group.

46.3.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). Other price risk arises from the Group's investment in units of mutual funds and ordinary shares of listed companies. To manage its price risk arising from aforesaid investments, the Group diversifies its portfolio and continuously monitors developments in equity markets. In addition the Group actively monitors the key factors that affect stock price movement.

A 10% increase / decrease in redemption and share prices at year end would have decreased / increased the Group's gain / loss in case of held for trading investments and increase / decrease surplus on re-measurement of investments in case of 'available for sale' investments as follows:

Rupees in '000	2017	2016
Effect on profit	95,077	74,033
Effect on equity	23,900	12,431
Effect on investments	118,977	86,464

The sensitivity analysis prepared is not necessarily indicative of the effects on the consolidated profit / equity and assets of the Group.

47. REMUNERATION TO THE CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

Rupees in '000	Chief Executive		Director		Executives		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Managerial remuneration	21,060	12,900	-	-	73,896	61,107	94,956	74,007
House rent	6,966	5,805	-	-	25,433	20,912	32,399	26,717
Utilities	1,548	1,290	-	-	5,302	4,408	6,850	5,698
Travelling expenses	68	2,001	-	-	-	-	68	2,001
Others	-	2,353	-	-	-	-	-	2,353
Medical	292	237	-	-	2,723	2,323	3,015	2,560
Contributions to								
- Gratuity fund	600	1,075	-	-	1,591	2,810	2,191	3,885
- Pension fund	1,440	2,580	-	-	4,447	7,653	5,887	10,233
- Provident fund	1,548	1,290	-	-	8,099	3,657	9,647	4,947
Club subscription and expenses	1,082	711	-	-	178	163	1,260	874
Entertainment	233	-	-	-	69	74	302	74
Conveyance	-	-	-	-	2,540	2,424	2,540	2,424
Telephone	-	-	-	-	6	6	6	6
	34,837	30,242	-	-	124,284	105,537	159,121	135,779
Number of persons	1	1	-	-	43	36	44	37

- 47.1 The aggregate amount charged in respect of directors' fees paid to six (2016: seven) directors is Rs. 2.8 million (2016: Rs. 1.410 million). Also, during the year remuneration paid to the non-executive Chairman of the Board of Directors amounted to Rs. 1.2 million (2016: Rs. 1.2 million).
- 47.2 The chief executive and ten executives are provided with free use of company maintained cars, in accordance with their entitlements.
- 47.3 The chief executive, executives and their families are also covered under group life and hospitalization insurance. A director is also covered under group hospitalization scheme.

48. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associates, directors, companies where directors also hold directorship, related group companies, key management personnel and staff retirement benefit funds. All transaction with related parties are under agreed terms / contractual arrangements. Balances and transactions between the Holding Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note.

Transactions with related parties other than those disclosed elsewhere are as follows :

Name	Nature of relationship	Nature of transaction	2017	2016
Rupees in '000				
Altern Energy Limited	Associated Company	Dividend received	149,045	-
Shakarganj Limited	Associated Company	Dividend paid	5,118	6,582
		Purchase of raw material	689,119	171,161
		Sale of bagasse	104,600	19,661
		Sales of electricity and steam	538,960	140,728
		Purchase of fixed assets	2,651	-
		Purchase of stores and spares	781	-
		Rent expense	624	588
		Services received	10,779	3,548
		Reimbursable expenses	1,442	6,557

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Name	Nature of relationship	Nature of transaction	2017	2016
Rupees in '000				
Central Depository Company of Pakistan Limited	Related party	Services received	696	2,141
		Dividend Received	550	5,809
Muhammad Amin Muhammad Bashir Limited *	Related party	Dividend paid	4	2
Premier Insurance Limited *	Related party	Insurance premium	16,449	11,515
		Dividend paid	720	-
Crescent Cotton Mills Limited *	Related party	Dividend paid	63	-
The Crescent Textile Mills Limited *	Related party	Dividend paid	-	17,589
		Dividend received	-	6,351
		Issue of right shares	-	99,044
The Citizens' Foundation *	Related party	Donation given	58,351	48,518
CSAP Foundation*	Related party	Donation given	7,760	3,038
Crescent Cotton Products - Staff Provident Fund	Retirement benefit fund	Contribution made	1,820	644
		Dividend paid	374	154
		Issue of right shares	-	868
Crescent Steel and Allied Products Limited - Gratuity Fund	Retirement benefit fund	Contribution made	2,851	4,974
		Dividend paid	7,356	3,031
		Issue of right shares	-	17,066
Crescent Steel and Allied Products Limited - Pension Fund	Retirement benefit fund	Contribution made	7,545	12,861
		Dividend paid	16,151	6,654
		Issue of right shares	-	37,470
Crescent Steel and Allied Products Limited - Staff Provident Fund	Retirement benefit fund	Contribution made	8,251	6,961
		Dividend paid	4,166	1,616
		Issue of right shares	-	17,921
CSAP - Staff Benevolent Fund	Staff welfare fund	Contribution made	20,000	10,000
		Dividend paid	77	-
Key management personnel	Related parties	Remuneration and benefits	93,133	80,516
		Dividend paid	3,166	336
		Issue of right shares	-	8,953
Directors and their spouse	Related parties	Dividend paid	693	460
		Issue of right shares	-	9,237

* These entities are / have been related parties of the Group by virtue of common directorship only.

48.1 Sale of finished goods and raw materials, rendering of services and rental income are based on commercial terms and at market prices which are approved by the Board of Directors.

48.2 Contributions to the employee retirement benefit funds are made in accordance with the terms of employee retirement benefit schemes and actuarial advice.

- 48.3 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including directors of the Group. There were no transactions with the key management personnel during the year other than their terms of employment / entitlements.
- 48.4 Outstanding balances and other information with respect to related parties as at 30 June 2017 and 2016 are included in issued, subscribed and paid-up capital (note 6.1), trade and other payables (note 11.3), investment in equity accounted investees (note 18), other long term investments (note 19.1), other receivables (note 27.2), administrative expenses (note 34.3) and staff retirement benefits (note 44).

49. CAPITAL RISK MANAGEMENT

The Group's prime objective when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group's overall strategy remains unchanged from year 2016.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payments to shareholders or issue new shares. The management seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Group finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

The Group is not subject to any externally imposed capital requirements.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total debt less cash and bank balances. Total capital is calculated as equity shown in the consolidated balance sheet plus net debt.

49.1 Gearing ratio

The gearing ratio at end of the year is calculated as follows:

Rupees in '000	Note	2017	2016
Total debt	49.1.1	3,472,453	2,918,262
Less: Cash and bank balances		85,629	73,887
Net debt		3,386,824	2,844,375
Total equity	49.1.2	8,717,816	7,319,191
Total capital		12,104,640	10,163,566
Gearing ratio		28%	28%

49.1.1 Total debt is defined as long term and short term borrowings (excluding derivatives), as described in notes 7, 8 and 12 to these consolidated financial statements.

49.1.2 Total equity includes all capital and reserves of the Holding Company that are managed as capital.

50. PLANT CAPACITY AND PRODUCTION

50.1 Steel segment

Pipe plant

The plant's installed / rated capacity for production based on single shift is 66,667 tons (2016: 66,667 tons) annually on the basis of notional pipe size of 30" dia x ½" thickness. The actual production achieved during the year was 88,110 tons (2016: 58,202 tons) line pipes of varied sizes and thickness, which is due to operation of plant more than single shift. Actual production is equivalent to 107,699 tons (2016: 66,811 tons) when translated to the notional pipe size of 30" diameter.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

Coating plant

The coating plant has a capacity of externally shot blasting and coating of line pipes with 3 layer high / medium density polyethylene coating at a rate of 250 square meters of surface area per hour on pipe sizes ranging from 114 mm to 1524 mm outside dia and thickness ranging from 3 mm to 16 mm.

The annual capacity of the plant works out to 600,000 square meters outside surface area of line pipes based on notional size of 14" dia on single shift working. Coating of 272,587 meters (2016: 216,070 meters) of different dia pipes (397,103 square meters surface area) was achieved during the year (2016: 590,738 square meters surface area).

Steel melting plant

The plant's installed / rated capacity for production based on three shifts is 42,500 metric tons (2016: 42,500 metric tons) annually. Installation and commissioning of second furnace completed in June 2017, which has enhanced the production capacity to 85,000 metric tons.

50.2 Cotton segment

Spinning unit 1

The plant capacity converted to 20s count based on three shifts per day for 1,080 shifts is 6,452,874 kilograms (2016: 6,452,874 kilograms) whereas the plant capacity converted to 20s count based on Polyester Cotton Yarn in three shifts per day for 1080 shifts is 8,298,913 kilograms. Actual production converted into 20s count was 7,949,096 kilograms for 1,080 shifts (2016: 330,519 kilograms for 45 shifts).

50.3 Energy segment

Power plant

The power plant has a maximum output capacity of 16.5 MWh (2016: 16.5 MWh).

51. GENERAL

51.1 Number of employees

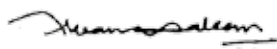
The number of employees including contractual employees of the Group as at 30 June 2017 were 583 (2016: 966) and weighted average number of employees were 1,021 (2016: 545).

51.2 Non adjusting event after balance sheet date

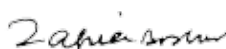
The Board of Directors of the Holding Company in their meeting held on 12 August 2017 have proposed final cash dividend for the year ended 30 June 2017 of Rs. 2.25 per share (i.e. 22.5%) (2016: Rs. 2 per share) amounting to Rs. 174.673 million (2016: Rs. 155.265 million). This is in addition to the first and second interim cash dividends of Rs. 1.5 per share each (i.e. 15% each) this makes a total distribution of Rs. 5.25 per share (i.e. 52.5%) for the year ended 30 June 2017. The above proposed final cash dividend is subject to the approval of the members at the Annual General Meeting to be held on 17 October 2017. These consolidated financial statements do not include the effect of above proposed final cash dividend which will be accounted for in the period in which it is approved by the members.

52. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue in the Board of Directors meeting held on 12 August 2017.



Chief Executive



Director



Chief Financial Officer

PATTERN OF SHAREHOLDING

AS AT 30 JUNE 2017

No. of Shareholders	Shareholding		Total Shares held
	From	To	
596	1	100	25,618
815	101	500	256,826
391	501	1,000	312,151
530	1,001	5,000	1,268,556
132	5,001	10,000	1,016,830
57	10,001	15,000	707,965
50	15,001	20,000	901,801
40	20,001	25,000	906,975
22	25,001	30,000	609,387
12	30,001	35,000	392,722
13	35,001	40,000	506,853
9	40,001	45,000	377,841
13	45,001	50,000	633,528
9	50,001	55,000	468,251
6	55,001	60,000	350,922
6	60,001	65,000	378,376
5	65,001	70,000	340,805
5	70,001	75,000	370,849
3	75,001	80,000	237,600
2	80,001	85,000	164,550
3	85,001	90,000	264,002
9	95,001	100,000	886,900
4	100,001	105,000	407,712
1	105,001	110,000	107,610
1	110,001	115,000	112,000
4	115,001	120,000	470,815
2	125,001	130,000	255,175
3	135,001	140,000	415,365
3	145,001	150,000	444,550
3	155,001	160,000	474,991
2	160,001	165,000	326,877
1	165,001	170,000	168,500
4	170,001	175,000	694,700
2	175,001	180,000	357,000
3	180,001	185,000	552,440
1	185,001	190,000	187,500
2	195,001	200,000	400,000
3	205,001	210,000	626,100
1	210,001	215,000	215,000
1	220,001	225,000	221,950
1	250,001	255,000	250,500
1	255,001	260,000	258,950

PATTERN OF SHAREHOLDING

AS AT 30 JUNE 2017

No. of Shareholders	Shareholding		Total Shares held
	From	To	
1	265,001	270,000	266,500
1	280,001	285,000	283,894
3	295,001	300,000	900,000
1	310,001	315,000	312,400
1	320,001	325,000	322,025
1	325,001	330,000	328,563
1	330,001	335,000	333,875
1	335,001	340,000	337,500
1	345,001	350,000	350,000
1	360,001	365,000	362,500
1	375,001	380,000	375,952
1	390,001	395,000	390,646
1	395,001	400,000	400,000
1	410,001	415,000	412,690
1	415,001	420,000	415,460
1	450,001	455,000	450,200
3	495,001	500,000	1,497,083
1	530,001	535,000	534,800
1	535,001	540,000	539,956
1	555,001	560,000	559,350
1	620,001	625,000	625,000
1	640,001	645,000	641,900
1	830,001	835,000	833,700
1	885,001	890,000	890,000
1	1,005,001	1,010,000	1,008,200
1	1,020,001	1,025,000	1,025,000
1	1,165,001	1,170,000	1,170,000
1	1,470,001	1,475,000	1,471,233
1	1,665,001	1,670,000	1,667,000
1	1,690,001	1,695,000	1,691,200
1	1,975,001	1,980,000	1,977,236
1	2,265,001	2,270,000	2,268,400
1	2,630,001	2,635,000	2,630,695
1	3,230,001	3,235,000	3,230,181
1	4,130,001	4,135,000	4,131,900
1	4,250,001	4,255,000	4,251,250
1	4,740,001	4,745,000	4,743,956
1	7,435,001	7,440,000	7,436,900
1	8,235,001	8,240,000	8,238,303
2,814			77,632,491

CATEGORIES OF SHAREHOLDING

AS AT 30 JUNE 2017

Categories of Shareholder	Physical	CDC	Total	% age
Directors, Chief Executive Officer, Their Spouses and Minor Children				
Chief Executive				
Mr. Ahsan M. Saleem	-	497,083	497,083	0.64
Directors				
Mr. Ahmad Waqar	27	-	27	0.00
Mr. Nasir Shafi	1	100	101	0.00
Mr. Syed Zahid Hussain	2	-	2	0.00
Mr. Zahid Bashir	-	107,610	107,610	0.14
Syed Mahmood Ehtishamullah	-	19,495	19,495	0.03
Director's Spouses and Their Minor Children				
Mrs. Shahnaz A. Saleem	-	650,588	650,588	0.84
	30	1,274,876	1,274,906	1.64
Executives	3,522	63,830	67,352	0.09
Associated Companies, Undertakings & Related Parties				
Muhammad Amin Muhammad Bashir Limited	848	-	848	0.00
Premier Insurance Limited	-	146,500	146,500	0.19
Shakarganj Limited	-	180,000	180,000	0.23
The Crescent Textile Mills Limited	-	8,538,303	8,538,303	11.00
Trustees - Crescent Cotton Products Staff Provident Fund	-	74,800	74,800	0.10
Trustees - CSAP SPF	-	833,700	833,700	1.07
Trustees - CSAP Staff Benevolent Fund	-	36,178	36,178	0.05
Trustees - CSAP Staff Gratuity Fund	-	1,471,233	1,471,233	1.90
Trustees - CSAP Staff Pension Fund	-	3,230,181	3,230,181	4.16
Trustees - SML Employees Provident Fund	-	168,500	168,500	0.22
Trustees - SML Employees Gratuity Fund	-	67,000	67,000	0.09
Trustees - SML Employees Pension Fund	-	112,000	112,000	0.14
M/s. Jubilee Spinning & Weaving Mills Limited	110	-	110	0.00
Trustee - The Crescent Textile Mills Ltd Emp. Provident Fund	-	550,500	550,500	0.71
M/s. Crescent Cotton Mills Limited	-	76	76	0.00
M/s. Suraj Cotton Mills Limited	-	450,200	450,200	0.58
	958	15,859,171	15,860,129	20.43
NIT & ICP (Name Wise Detail)				
CDC - Trustee National Investment (Unit) Trust	-	1,977,236	1,977,236	2.55
	-	1,977,236	1,977,236	2.55
Mutual Funds (Name Wise Detail)				
CDC - Trustee AKD Index Tracker Fund	-	8,500	8,500	0.01
CDC - Trustee Al Meezan Mutual Fund	-	174,200	174,200	0.22
CDC - Trustee AlFalah GHP Alpha Fund	-	96,500	96,500	0.12
CDC - Trustee AlFalah GHP Islamic Stock Fund	-	559,350	559,350	0.72
CDC - Trustee AlFalah GHP Stock Fund	-	159,400	159,400	0.21
CDC - Trustee AlFalah GHP Value Fund	-	126,575	126,575	0.16
CDC - Trustee Askari Asset Allocation Fund	-	17,500	17,500	0.02
CDC - Trustee Askari Equity Fund	-	20,500	20,500	0.03
CDC - Trustee Dawood Islamic Fund	-	2,000	2,000	0.00
CDC - Trustee Faysal Asset Allocation Fund	-	23,900	23,900	0.03
CDC - Trustee Faysal Balanced Growth Fund	-	5,000	5,000	0.01
CDC - Trustee Faysal Islamic Asset Allocation Fund	-	50,000	50,000	0.06
CDC - Trustee First Dawood Mutual Fund	-	2,000	2,000	0.00
CDC - Trustee First Habib Islamic Balanced Fund	-	20,000	20,000	0.03
CDC - Trustee First Habib Stock Fund	-	11,500	11,500	0.01
CDC - Trustee HBL - Stock Fund	-	534,800	534,800	0.69

PATTERN OF SHAREHOLDING

AS AT 30 JUNE 2017

Categories of Shareholder	Physical	CDC	Total	% age
CDC - Trustee HBL IPF Equity Sub Fund	-	13,000	13,000	0.02
CDC - Trustee HBL Islamic Asset Allocation Fund	-	73,300	73,300	0.09
CDC - Trustee HBL Islamic Stock Fund	-	83,300	83,300	0.11
CDC - Trustee HBL Multi - Asset Fund	-	39,300	39,300	0.05
CDC - Trustee HBL PF Equity Sub Fund	-	14,075	14,075	0.02
CDC - Trustee MCB Pakistan Islamic Stock Fund	-	30,700	30,700	0.04
CDC - Trustee MCB Pakistan Stock Market Fund	-	266,500	266,500	0.34
CDC - Trustee Meezan Asset Allocation Fund	-	177,000	177,000	0.23
CDC - Trustee Meezan Balanced Fund	-	258,950	258,950	0.33
CDC - Trustee Meezan Islamic Fund	-	641,900	641,900	0.83
CDC - Trustee NAFA Islamic Active Allocation Equity Fund	-	116,000	116,000	0.15
CDC - Trustee NAFA Islamic Asset Allocation Fund	-	350,000	350,000	0.45
CDC - Trustee NAFA Islamic Stock Fund	-	170,500	170,500	0.22
CDC - Trustee NIT - Equity Market Opportunity Fund	-	375,952	375,952	0.48
CDC - Trustee NIT Islamic Equity Fund	-	98,800	98,800	0.13
CDC - Trustee NITIPF Equity Sub Fund	-	51,000	51,000	0.07
CDC - Trustee NITPF Equity Sub Fund	-	40,000	40,000	0.05
CDC - Trustee Pak. Int. Element Islamic Asset Allocation Fund	-	48,700	48,700	0.06
CDC - Trustee PICIC Growth Fund	-	206,100	206,100	0.27
CDC - Trustee PICIC Investment Fund	-	100,000	100,000	0.13
CDC - Trustee PICIC Islamic Stock Fund	-	101,600	101,600	0.13
CDC - Trustee PICIC Stock Fund	-	62,500	62,500	0.08
MCBFSL - Trustee Pak Oman Advantage Asset Allocation Fund	-	60,000	60,000	0.08
MCBFSL - Trustee Pak Oman Islamic Asset Allocation Fund	-	70,000	70,000	0.09
MCFSL - Trustee Askari Islamic Asset Allocation Fund	-	12,000	12,000	0.02
	-	5,272,902	5,272,902	6.79
Banks, NBFCs, DFIs, Takaful, Pension Funds	4,748,845	7,423,008	12,171,853	15.68
Modarabas	190	45,500	45,690	0.06
Insurance Companies	-	15,333,020	15,333,020	19.75
Other Companies, Corporate Bodies, Trust etc.	37,856	4,067,084	4,104,940	5.29
General Public (Others)				
A. Local	740,496	20,712,117	21,452,613	27.63
B. Foreign	-	71,850	71,850	0.09
	740,496	20,783,967	21,524,463	27.73
	5,531,897	72,100,594	77,632,491	100.00
Shareholders More Than 5.00%				
The Crescent Textile Mills Limited			8,538,303	11.00
Jubilee Life Insurance Company Limited			7,436,900	9.58
Islamic Development Bank			4,743,956	6.11
Bilquis Saleem			4,251,250	5.48
EFU Life Assurance Limited			4,131,900	5.32

NOTICE OF 33rd ANNUAL GENERAL MEETING

Notice is hereby given that the 33rd Annual General Meeting of shareholders of Crescent Steel and Allied Products Limited (the “Company”) will be held on Tuesday, 17 October 2017 at 12:00 noon, at Noor Banquet Hall, 9-E-II-A, Gulberg-III, Lahore to transact the following Ordinary Business:

1. To receive, consider and adopt the Chairman Review Report, Reports of Directors and Auditors together with Audited Annual Unconsolidated and Consolidated Financial Statements for the year ended 30 June 2017.
2. To approve the payment of final cash dividend of Rs. 2.25 per share (i.e., @22.5%) in addition to the first and second interim cash dividends of Rs. 1.5 per share each, a total cash distribution of Rs. 5.25 per share (i.e., @52.5%) for the year ended 30 June 2017.
3. To appoint Company’s auditors and to fix their remuneration.

Lahore: 25 September 2017

BY ORDER OF THE BOARD
Muhammad Saad Thaniana
Company Secretary

Notes:

1. Book Closure:

The Share Transfer Books of the Company will remain closed from 11 October 2017 to 17 October 2017 (both days inclusive). Transfers received in order at the office of our Share Registrar, CorpTec Associates (Private) Limited, 503-E, Johar Town, Lahore by the close of business on 10 October 2017, will be treated in time for the entitlement of final cash dividend to the transferees and to attend the annual general meeting (AGM).

2. A member entitled to attend and vote at this meeting may appoint any other member as his/her proxy to attend and vote instead of him/her. A Proxy must be a member of the Company.
3. The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notarially attested copy of the power of attorney must be deposited at the Registered Office of the Company at least 48 hours before the time of the meeting.
4. Members who have deposited their shares into Central Depository Company of Pakistan Limited (“CDC”) 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

- a. In case of Individuals, the account holder and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original CNIC or, original Passport at the time of attending the Meeting.
- b. In case of corporate entity, the Board’s 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.

NOTICE OF 33rd ANNUAL GENERAL MEETING

B. For Appointing Proxies

- a. In case of individuals, the account holder and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements.
- b. The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.
- c. Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.
- d. The proxy shall produce his original CNIC or original passport at the time of the Meeting.
- e. In case of corporate entity, the Board's resolution/power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Company.

5. Submission of CNIC copies for Dividend Payment:

As has already been notified to the shareholders from time to time, the directive of the Securities and Exchange Commission of Pakistan (SECP) vide S.R.O. 831(I)/2012 dated 05 July 2012 requires that the dividend warrants should bear the Computerized National Identity Card Numbers (CNIC) of the registered shareholders or the authorized person except in the case of minor(s) and corporate shareholders. CNIC number of the shareholders is, therefore, mandatory for the issuance of dividend warrants and in the absence of such information, payment of dividend may be withheld in term of SECP's order dated 10 May, 2016 which will be released upon submission of a valid copy of the CNIC. Shareholders who have not yet provided their CNICs are, therefore, once again advised to provide the attested copies of their CNICs directly to our Independent Share Registrar at the address given herein above.

6. Payment of Cash Dividend through Electronic Mode

SECP has previously initiated e-dividend mechanism through Notice No. 8(4)SM/CDC/2008 dated 05 April 2013 in order to make process of payment of cash dividend more efficient. The provisions of Section 242 of the Companies Act, 2017 require the listed companies that any dividend payable in cash shall only be paid through electronic mode directly into the bank account of designated by the entitled shareholders. Subsequently, vide Circular No. 18 of 2017 dated 01 August, 2017, SECP has allowed one time relaxation till 31 October, 2017 to pay cash dividend by dividend warrants. Accordingly, the shareholders holding physical shares are requested to provide the Company's Share Registrar at the address given herein above, electronic dividend mandate on E-Dividend Form provided in the annual report and also available on website of the Company. In the case of shares held in CDC, the same information should be provided to the CDS participants for updating and forwarding to the Company.

7. Circulations of Annual Reports through CD/DVD/USB

Pursuant to the Securities and Exchange Commission of Pakistan's notification S.R.O 470(I)/2016 dated 31 May, 2016, the shareholders of Crescent Steel and Allied Products Limited in 32nd AGM of the Company held on 30 September 2016 had accorded their consent for transmission of annual reports including annual audited accounts, notices of annual general meetings and other information contained therein of the Company through CD or DVD or USB instead of transmitting the same in hard copies. The shareholders who wish to receive hard copy of the aforesaid documents may send to the Company Secretary / Share Registrar, the Standard Request Form provided in the annual report and also available on the website of the Company and the Company will supply hard copies of the aforesaid document to the shareholders on demand, free of cost, within one week of such demand. The shareholders who intends to receive the annual report including the notice of meeting through e-mail are requested to provide their written consent on the Standard Request Form provided in the annual report and also available on the Company's website: www.crescent.com.pk

8. Deduction of Income Tax from Dividend at Revised Rates

Pursuant to the provisions of Finance Act, 2017 effective 01 July 2017, the deduction of income tax from dividend payments shall be made on the basis of filers and non-filers as follows:

S.No	Nature of Shareholders	Rate of deduction
1	Filers of Income Tax Return	15.0%
2	Non- Filers of Income Tax Return	20.0%

Income Tax will be deducted on the basis of Active Tax Payers List posted on the Federal Board of Revenue website.

Members seeking exemption from deduction of income tax or are eligible for deduction at a reduced rate are requested to submit a valid tax certificate or necessary documentary evidence, as the case may be.

The shareholders who have joint shareholdings held by Filers and Non-Filers shall be dealt with separately and in such particular situation, each account holder is to be treated as either a Filer or a Non-Filer and tax will be deducted according to his shareholding. If the share is not ascertainable then each account holder will be assumed to hold equal proportion of shares and the deduction will be made accordingly. Therefore, in order to avoid deduction of tax at a higher rate, the joint account holders are requested to provide the below details of their shareholding to the Share Registrar of the Company latest by the AGM date.

Folio/CDC Account No.	Name of Shareholder	CNIC	Shareholding	Total Shares	Principal/Joint Shareholder
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9. Unclaimed Dividend and Bonus Shares

Shareholders, who by any reason, could not claim their dividend or bonus shares or did not collect their physical shares, if any, are advised to contact our Share Registrar M/s Corptec Associates (Private) Limited, 503-E, Johar Town, Lahore, to collect/enquire about their unclaimed dividend or pending shares, if any.

In compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all such dividend and shares outstanding for a period of 3 years or more from the date due and payable shall be deposited to the credit of Federal Government in case of unclaimed dividend and in case of shares, shall be delivered to the SECP.

10. Video Conference Facility

Pursuant to the provisions of the Companies Act, 2017, the shareholders residing in a city and holding at least 10% of the total paid up share capital may demand the Company to provide the facility of video-link for participating in the meeting. The demand for video-link facility shall be received by the Share Registrar at the address given herein above at least 7 days prior to the date of the meeting on the Standard Form provided in the annual report and also available on the company's website.

11. Placement of Financial Statements

The Company has placed the Audited Annual Unconsolidated and Consolidated Financial Statements for the year ended 30 June 2017 along with Auditors and Directors Reports thereon on its website: www.crescent.com.pk

فولیوی ڈی سی اکاؤنٹ نمبر	شیر ہولڈر کا نام	سی این آئی سی	شیر ہولڈنگ	کل شیرز	پرنسپل اجوائنٹ شیر ہولڈر
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9. غیر دعویٰ دار ڈیوڈنڈ اور بونس شیرز

ایسے شیر ہولڈرز کو، جو کسی بھی وجہ سے اپنا ڈیوڈنڈ یا بونس شیرز کلیم نہیں کر سکے یا اپنے فزیکل شیرز، اگر کوئی ہیں، وصول نہیں کر سکے مشورہ دیا جاتا ہے کہ وہ اپنے غیر دعویٰ شدہ ڈیوڈنڈ یا بونس شیرز، اگر کوئی ہیں، کی وصولی / معلومات کے لیے ہمارے شیر رجسٹرار میسرز کارپ ٹیک ایسوسی ایٹس (پرائیویٹ) لمیٹڈ E-503، جو ہرٹاؤن، لاہور سے رابطہ کریں۔

کمپنیا ایکٹ، 2017 کے سیکشن 244 کے مطابق طے شدہ طریقہ کار کو مکمل کرنے کے بعد ایسے تمام ڈیوڈنڈ اور شیرز جو مقررہ اور قابل ادائیگی تاریخ سے تین سال یا اس سے زیادہ عرصہ تک زیر التوا ہوں گے، غیر دعویٰ شدہ ڈیوڈنڈ کی صورت میں وفاقی حکومت کے کریڈٹ میں ڈیپازٹ اور شیرز کی صورت میں ایس ای سی پی کو ڈیور کر دیئے جائیں گے۔

10. ویڈیو کانفرنس کی سہولت

کمپنیا ایکٹ، 2017 کی دفعات کے مطابق ایسے شیر ہولڈرز جو کسی شہر میں رہتے ہیں اور کل ادا شدہ شیر کی پینل کا کم سے کم 10% ہولڈنگ رکھتے ہیں، اجلاس میں شرکت کے لئے کمپنی سے ویڈیو کانفرنس کی سہولت مانگ سکتے ہیں۔ ویڈیو کانفرنس کی ڈیمانڈ سالانہ رپورٹ میں فراہم کیے گئے اسٹینڈرڈ فارم پر جو کمپنی کی ویب سائٹ پر بھی دستیاب ہے اجلاس کی تاریخ سے کم از کم سات روز قبل مذکورہ بالا پتے پر شیر رجسٹرار کو دی جائے۔

11. ای۔ ڈوونگ

کمپنی، کمپنیز (ای۔ ڈوونگ) ریگولیشنز 2016 کے تقاضوں کے مطابق ای۔ ڈوونگ سہولت قائم کرنے کے مرحلے میں ہے اور اس ضمن میں ای۔ ڈوونگ کی سہولت کی اجازت کے لیے ممبرز کی طرف سے آرٹیکلز آف ایسوسی ایشن میں تبدیلی کے لیے ایک خصوصی قرارداد منظور کی گئی۔ تاہم ممبرز کو اس اجلاس کے لیے ای۔ ڈوونگ کی سہولت فراہم نہیں کی جاسکتی، کیونکہ مذکورہ ضابطوں کے تحت accredited intermediary کی دستیابی سمیت دوسری لازمی شرائط کی تکمیل نہیں ہو سکی۔ اس کے علاوہ ایس ای سی پی نے ویڈیو کانفرنس یا پوسٹل بیلٹ کے ذریعے ڈوونگ کے طریقہ کار اور شرائط کی صراحت نہیں کی ہے۔

12. فی نفل اسٹیٹمنٹس کی پالیسی

کمپنی نے 30 جون 2017 کو ختم ہونے والے سال کے لیے آڈٹ شدہ سالانہ علیحدہ اور مربوط فی نفل اسٹیٹمنٹس بمع آڈیٹرز اور ڈائریکٹرز کی رپورٹس، اپنی ویب سائٹ www.crescent.com.pk پر ڈال دیئے ہیں۔

5. منافع منقسمہ کی ادائیگی کے لیے سی این آئی سی کی کا پیاں پیش کرنا

جیسا کہ پہلے بھی گاہے بگاہے شیئرز ہولڈرز کو اطلاع دی جاتی رہی ہے کہ سیکورٹیز ریگولیشنز ایکٹیویشن آف پاکستان (ایس ای سی پی) کی ہدایت بحوالہ ایس آر او 2012 (I) 831 مورخہ 05 جولائی 2012 کے تحت ضروری ہے کہ ڈیویڈنڈ وارنٹس پر ماسوائے نابالغ (نابالغان) اور کارپوریٹ شیئرز ہولڈرز کے، رجسٹرڈ شیئرز ہولڈرز یا مجاز فرد کا کمپیوٹرائزڈ قومی شناختی کارڈ نمبر (سی این آئی سی) درج ہونا ضروری ہے۔ چنانچہ ڈیویڈنڈ وارنٹس کے اجراء کے لیے شیئرز ہولڈرز کا سی این آئی سی نمبر لازمی ہے اور اس اطلاع کی غیر موجودگی میں ایس ای سی پی کے حکم مورخہ 10 مئی 2016 کے حوالے سے منافع منقسمہ کی ادائیگی کو روکا جاسکتا ہے، جو سی این آئی سی کی کارآمد پٹی پیش کرنے پر جاری کیا جائے گا۔ جن شیئرز ہولڈرز نے ابھی تک اپنے سی این آئی سی فراہم نہیں کیے، انہیں ایک بار پھر ہدایت کی جاتی ہے کہ وہ اپنے سی این آئی سی کی تصدیق شدہ کاپی اوپر دیے گئے پتے پر براہ راست ہمارے انڈیپنڈنٹ شیئرز رجسٹرار کو فراہم کریں۔

6. الیکٹرانک طریقے سے نقد منافع منقسمہ کی ادائیگی

ایس ای سی پی نے نوٹس نمبر SM/CDC/2008 (4) مورخہ 05 اپریل 2013 کے ذریعے اس سے قبل ای-ڈیویڈنڈ میگزین شروع کیا تھا، تاکہ نقد منافع منقسمہ کی ادائیگی کے عمل کو زیادہ موثر بنایا جائے۔ کمپنیز ایکٹ 2017 کے سیکشن 242 کی دفعات لسٹڈ کمپنیوں کو پابند کرتی ہیں کہ کوئی بھی منافع منقسمہ جو نقد قابل ادائیگی ہو، استحقاق رکھنے والے شیئرز ہولڈرز کے مقرر کردہ بینک اکاؤنٹ میں صرف الیکٹرانک طریقے سے براہ راست ادا کیا جائے گا۔ اس کے بعد سرکل نمبر 18 آف 2017، مورخہ یکم اگست 2017 کے ذریعے ایس ای سی پی نے صرف ایک بار 31 اکتوبر 2017 تک اس زمی کی اجازت دی ہے کہ ڈیویڈنڈ وارنٹس کے ذریعے نقد منافع منقسمہ ادا کیا جائے۔ چنانچہ جن شیئرز ہولڈرز کے پاس فزیکل شیئرز ہیں، ان سے گزارش کی جاتی ہے کہ وہ سالانہ رپورٹ میں دیئے گئے ای-ڈیویڈنڈ فارم پر جو کمپنی کی ویب سائٹ پر بھی دستیاب ہے، الیکٹرانک ڈیویڈنڈ مینڈیٹ مذکورہ بالا پتے پر شیئرز رجسٹرار کو فراہم کریں۔ اس صورت میں کہ شیئرز سی ڈی سی کے پاس ہیں، تو یہ اطلاع سی ڈی سی پاز ٹیلیفونیکس کو فراہم کی جائے تاکہ وہ اسے اپ ڈیٹ اور کمپنی کو فارورڈ کر سکیں۔

7. سی ڈی وی ڈی اور یو ایس بی کے ذریعے سالانہ رپورٹس کی سرکولیشن

کرینڈنٹ ائیل اینڈ الائیڈ پراڈکٹس لمیٹڈ کے شیئرز ہولڈرز نے سیکورٹیز ریگولیشنز ایکٹیویشن آف پاکستان کے نوٹیفیکیشن ایس آر او 2016 (I) 470 مورخہ 31 مئی 2016 کے مطابق 30 ستمبر 2016 کو منعقد ہونے والے کینی کے 32 ویں سالانہ اجلاس عام میں سالانہ رپورٹس بشمول سالانہ آڈٹ شدہ حسابات، سالانہ عام اجلاسوں کے نوٹس اور ان میں شامل کمپنی کی دیگر معلومات ہارڈ کاپیوں کی شکل میں تقسیم کرنے کی بجائے سی ڈی وی ڈی اور یو ایس بی کے ذریعے فراہم کرنے کی منظوری دی تھی۔ وہ شیئرز ہولڈرز جو مذکورہ دستاویزات کی ہارڈ کاپی وصول کرنا چاہتے ہیں وہ سالانہ رپورٹ میں فراہم کیا گیا اسٹیٹمنٹ رڈ درخواست فارم، جو کمپنی کی ویب سائٹ پر بھی دستیاب ہے، کمپنی کے شیئرز رجسٹرار سیکرٹری کو بھیج سکتے ہیں اور کمپنی شیئرز ہولڈرز کو طلب کرنے پر مذکورہ دستاویزات کی ہارڈ کاپیاں ایک ہفتے کے اندر بلا معاوضہ سپلائی کرے گی۔ جو شیئرز ہولڈرز اجلاس کے نوٹس سمیت سالانہ رپورٹ ای-میل کے ذریعے وصول کرنا چاہتے ہیں ان سے گزارش ہے کہ وہ اسٹیٹمنٹ رڈ درخواست فارم پر جو سالانہ رپورٹ میں فراہم کیا گیا ہے، اپنی تحریری رضامندی بھیجیں۔ یہ فارم کمپنی کی ویب سائٹ: www.crescent.com.pk پر بھی دستیاب ہے۔

8. ڈیویڈنڈ سے نظر ثانی شدہ شرحوں پر اکٹم ٹیکس کی کٹوتی

یکم جولائی 2017 سے موثر فنانس ایکٹ 2017 کے مطابق منافع منقسمہ کی ادائیگیوں سے اکٹم ٹیکس کی کٹوتی فاکرز اور نان فاکرز کی بنیاد پر حسب ذیل طریقے سے ہوگی:

نمبر شمار	شیئرز ہولڈرز کی نوعیت	کٹوتی کی شرح
1	اکٹم ٹیکس ریٹرن کے فاکرز	15.0%
2	اکٹم ٹیکس ریٹرن کے نان فاکرز	20.0%

اکٹم ٹیکس، فیڈرل بورڈ آف ریونیو کی ویب سائٹ پر گئی ہوئی ایکٹو ٹیکس ہینڈلس کی بنیاد پر منہا کیا جائے گا۔

جو سب سے اکٹم ٹیکس کی کٹوتی سے استثناء چاہتے ہیں یا کم شرح سے کٹوتی کا استحقاق رکھتے ہیں، ان سے گزارش ہے کہ وہ کارآمد ٹیکس شٹھلٹ یا ضروری دستاویزی ثبوت، جو بھی صورت ہو، پیش کریں۔

ایسے شیئرز ہولڈرز جن کے پاس فاکرز اور نان فاکرز کی جو انٹسٹیٹ شیئرز ہولڈنگ ہے ان کے ساتھ الگ الگ معاملہ کیا جائے گا اور اس مخصوص صورت حال میں ہر اکاؤنٹ ہولڈر کو فاکر یا نان فاکر کی حیثیت سے دیکھا جائے گا اور اس کی شیئرز ہولڈنگ کے مطابق ٹیکس کا ناجائز ہونے کے بارے میں معلوم نہیں ہو پائے گا تو یہ سمجھا جائے گا کہ ہر شیئرز ہولڈر کے پاس مساوی حصہ ہے اور اس کے مطابق کٹوتی کی جائے گی۔ چنانچہ زیادہ شرح سے ٹیکس کی کٹوتی سے بچنے کے لیے جو انٹسٹیٹ اکاؤنٹ ہولڈرز سے گزارش کی جاتی ہے کہ وہ سالانہ اجلاس عام کی تاریخ تک کمپنی کے شیئرز رجسٹرار کو اپنی شیئرز ہولڈنگ کے بارے میں درج ذیل تفصیلات فراہم کریں۔

33 ویں سالانہ اجلاس عام کانوٹس

بذریعہ اطلاع دی جاتی ہے کہ کرینٹ اسٹیل اینڈ الائیڈ پراڈکٹس لمیٹڈ (دی "کمپنی") کے شیئرز ہولڈرز کا 33 واں سالانہ اجلاس عام منگل 17 اکتوبر 2017 کو دوپہر 12:00 بجے نورینکوٹ ہال 9-E-II-A، گلبرگ-III، لاہور میں ہوگا۔ جس میں درج ذیل آرڈری بزنس نمٹایا جائے گا۔

1. چیئرمین، ڈائریکٹرز اور ڈیپوٹیشنری رپورٹس مع 30 جون 2017 کو ختم ہونے والے سال کے لیے آڈٹ شدہ سالانہ علیحدہ اور مربوط فیٹل اسٹیٹمنٹس کی وصولی، ان پر غور اور منظوری۔
2. 1.5 روپے فی شیئر کے پیبلے اور دوسرے عبوری نقد منافع منقسمہ کے ساتھ 2.25 روپے فی شیئر (یعنی %22.5) (حتی منافع منقسمہ کی منظوری اور ادائیگی، 30 جون 2017 کو ختم ہونے والے سال کے لیے 5.25 روپے فی شیئر (یعنی %52.5) کی کل نقد تقسیم۔
3. کمپنی کے آڈیٹرز کا تقرر اور ان کا مشاہرہ مقرر کرنا۔

بحکم بورڈ

محمد سعد تھانیانا
کمپنی سیکرٹری

لاہور: 25 ستمبر 2017

نوٹس:

کھاتے کی بندش

1. کمپنی کی شیئرز ٹرانسفر کس 11 اکتوبر 2017 سے 17 اکتوبر 2017 تک (دونوں دن شامل ہیں) بند رہیں گی۔ جو ٹرانسفرز 10 اکتوبر 2017 کو، کاروبار بند ہونے تک درست حالت میں ہمارے شیئرز رجسٹرار، کارپوریک ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، 503-E، جوہر ٹاؤن، لاہور کو موصول ہوں گی انھیں ٹرانسفر پر کوئی نقد منافع منقسمہ کے استحقاق اور سالانہ اجلاس عام (اے جی ایم) میں شرکت کے لیے بروقت سمجھا جائے گا۔
2. اس اجلاس میں شرکت اور ووٹ ڈالنے کا استحقاق رکھنے والا کوئی ممبر، اپنے بھانجے کسی دوسرے ممبر کو شرکت کرنے اور ووٹ ڈالنے کے لیے مقرر کر سکتا ہے۔ پراکسی کے لیے کمپنی کا ممبر ہونا ضروری ہے۔
3. پراکسی کو مقرر کرنے کا انسٹر ومینٹ اور پاور آف اٹارنی یا کوئی دوسری ایسی اتھارٹی، جس کے تحت اس پر دستخط کیے گئے ہیں یا پاور آف اٹارنی کی نوٹریالی تصدیق شدہ کاپی، اجلاس کے وقت سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرار دفتر میں جمع کرنا ضروری ہے۔
4. جن ممبر نے اپنے شیئرز سنٹرل ڈیپازٹری کمپنی آف پاکستان لمیٹڈ (سی ڈی سی) میں ڈیپازٹ کرائے ہیں، انہیں درج ذیل گائیڈ لائنز پر بھی عمل کرنا ہوگا جیسا کہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے طے کیا ہے۔

A. اجلاس میں شرکت کے لیے:

- a. افراد کی صورت میں، اکاؤنٹ ہولڈر اور / یا سب اکاؤنٹ ہولڈر، جن کی رجسٹریشن کی تفصیلات سی ڈی سی ضابطوں کے مطابق اپ لوڈ ہیں، اجلاس میں شرکت کے وقت اپنا اصل سی این آئی یا اصل پاسپورٹ دکھا کر اپنی شناخت کی تصدیق کرے گا / کرے گی۔
- b. کارپوریٹ ادارے کی صورت میں بورڈ کی قرارداد / پاور آف اٹارنی مع نامزد کردہ کے نمونہ دستخط (اگر یہ اس سے قبل فراہم نہیں کئے گئے) اجلاس میں شرکت کے وقت پیش کرنا ہوں گے۔

B. برائے تقرر پراکسیز:

- a. افراد کی صورت میں، اکاؤنٹ ہولڈر اور / یا سب اکاؤنٹ ہولڈر، جن کی رجسٹریشن کی تفصیلات سی ڈی سی ضابطوں کے مطابق اپ لوڈ ہیں، مذکورہ بالا تقاضے کے مطابق پراکسی فارم پیش کریں گے۔
- b. پراکسی فارم کی گواہی دو افراد دیں گے جن کے نام، پتے اور سی این آئی سی نمبرز فارم پر درج ہوں گے۔
- c. بنی فیشل اونرز اور پراکسی کے سی این آئی سی یا پاسپورٹ کی تصدیق شدہ کاپیاں پراکسی فارم کے ساتھ پیش کرنا ہوں گی۔
- d. اجلاس کے وقت پراکسی اپنا اصل سی این آئی سی یا اصل پاسپورٹ پیش کرے گا / کرے گی۔
- e. کارپوریٹ ادارے کی صورت میں بورڈ کی قرارداد / پاور آف اٹارنی مع نمونہ دستخط (اگر یہ اس سے قبل فراہم نہیں کئے گئے) اجلاس میں شرکت کے وقت پراکسی فارم کے ساتھ کمپنی کو پیش کرنا ہوں گے۔

GLOSSARY / LIST OF ABBREVIATIONS

ABD	Asian Development Bank	ICMAP	Institute of Cost and Management Accountants of Pakistan
AFS	Available For Sale	IFRIC	International Financial Reporting Interpretation Committee
API	American Petroleum Institute	IFRS	International Financial Reporting Standards
APTMA	All Pakistan Textile Mills Association	IID	Investment and Infrastructure Development
BCI	Better Cotton Initiative	IP Pipeline Project	Iran Pakistan Pipeline Project
Board	Board of Directors	ISO	International Organization for Standards
BOI	Board of Investment	IT	Information Technology
BMR	Balancing, Modernization and Replacement	KG	Kilo Gram
BSC	Balanced Scorecard	KIBOR	Karachi Interbank Offer Rate
BU	Business Unit	Lbs	Pounds
CCP	Crescent Cotton Products	LC	Letter of Credit
CDC	Central Depository Company of Pakistan	LED	Light Emitting Diode
CEO	Chief Executive Officer	LNG	Liquefied Natural Gas
CFO	Chief Financial Officer	LRQA	Lloyd's Register Quality Assurance
CIO	Chief Information Officer	LSM	Large Scale Manufacturing
CPEC	China Pakistan Economic Corridor	MFI	Melt Flow Index
CSAPL	Crescent Steel and Allied Products Limited	MT	Management Trainee
CSCL	CS Capital (Private) Limited	MSCI-EM	Morgan Stanley Capital International Emerging Market
CSR	Corporate Social Responsibility	NBV	Net Book Value
GDP	Gross Domestic Product	NRV	Net Realisable Value
Dia	Diameter	OHSAS	Occupational Health and Safety Advisory Services
GIDC	Gross Infrastructure Development Cess	OPS	Ounce Per Spindle
DRP	Disaster Recovery Plan	OSH&E	Occupational Safety, Health and Environment
DSC	Differential Scanning Calorimeter	PEPCO	Pakistan Electric Power Company
EBIT	Earnings before Interest and Taxation	PICG	Pakistan Institute of Corporate Governance
EBITDA	Earnings before Interest, Taxation Depreciation and Amortization	PNAC	Pakistan National Accreditation Council
EDB	Engineering Development Board of Pakistan	PSDP	Public Sector Development Programme
EIA	Energy Information Administration	PSX	Pakistan Stock Exchange
EOBI	Employees' Old Age Benefit Institute	QMS	Quality Management System
EPS	Earning Per Share	SECP	Securities and Exchange Commission of Pakistan
E&P	Exploration and Production	SEL	Shakarganj Energy (Private) Limited
ERP	Enterprise Resource Planning	SMEDA	Small and Medium Enterprise Development Authority
ERS	Expeditious Refund System	SP	Spiral Machine
FBR	Federal Board of Revenue	TCF	The Citizens Foundation
FDI	Foreign Direct Investment	TFC	Term Finance Certificate
GoP	Government of Pakistan	THF	The Health Foundation
HFT	Held for Trading	USDA	United States Department of Agriculture
HR & R	Human Resource and Remuneration	WPPF	Workers' Profit Participation Fund
HR Coil	Hot Rolled Coil	WWF	Workers' Welfare Fund
HR	Human Resource	YoY	Year on Year
HSE	Health, Safety and Environment		
HTM	Held to Maturity		
IAS	International Accounting Standards		
ICAP	Institute of Chartered Accountants of Pakistan		

FORM OF PROXY

33rd ANNUAL GENERAL MEETING

I/We _____, being member(s) of Crescent Steel and Allied Products Limited and holder of _____ Shares as per Folio No. _____/CDC Participation ID # _____ and Sub Account # _____/CDC Investor Account ID # _____ do hereby appoint _____ of _____ having Folio No. _____ CDC Participation ID # _____ and Sub Account # _____/CDC Investor Account ID # _____ as my/our proxy to attend, speak and vote for me/us and on my/our behalf at the Annual General Meeting of Crescent Steel and Allied Products Limited scheduled to be held on Tuesday, 17 October 2017 at 12:00 noon, at Noor Banquet Hall, 9-E-II-A, Gulberg-III, Lahore and at any adjournment thereof.

At witness my/our hand this _____ day of _____ 2017.

1. Name _____
 C.N.I.C _____
 Address _____

Please affix here Revenue Stamps of Rs. 5/-

Members' Signature

2. Name _____
 C.N.I.C _____
 Address _____

Note:

1. A member entitled to attend and vote at a General Meeting is entitled to appoint a proxy.
2. The instrument appointing a Proxy together with the Power of Attorney, if any, under which it is signed or a notarially certified copy thereof, should be deposited at the Share Registrar Office of the Company, CorpTec Associates (Private) Limited, 503-E, Johar Town, Lahore, not less than 48 hours before the time of holding the Meeting.
3. CDC account holders will further have to follow the under mentioned guidelines as laid down in circular# 1 dated January 26, 2000 of the Securities and Exchange Commission of Pakistan for appointing Proxies:
 - i) In case of individuals, the account holder or sub-account holder whose securities and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
 - 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 owners and the proxy shall be furnished with the proxy form.
 - iv) The proxy shall produce his original CNIC or original passport at the time of the meeting.
 - v) In case of a corporate entity, the Board of Directors' resolution/Power of attorney with specimen signatures of the proxy holder shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.



میں / ہم _____ بطور ممبر کرینٹ اسٹیل اینڈ الائیڈ پراڈکٹس لمیٹڈ حاصل _____ فوئیو نمبر _____ / سی ڈی سی پراڈکٹس اینڈ الائیڈ پراڈکٹس لمیٹڈ اور _____ سب اکاؤنٹ # _____ / سی ڈی سی انویسٹمنٹس پرائیویٹ لمیٹڈ کے مطابق، بذریعہ ہذا _____ سے تعلق رکھنے والے _____ حاصل فوئیو نمبر _____ سی ڈی سی پراڈکٹس اینڈ الائیڈ پراڈکٹس لمیٹڈ # _____ اور سب اکاؤنٹ # _____ / سی ڈی سی انویسٹمنٹس پرائیویٹ لمیٹڈ کو کرینٹ اسٹیل اینڈ الائیڈ پراڈکٹس لمیٹڈ کے منگل 17 اکتوبر 2017 کو دوپہر 12:00 بجے نوٹیفیکیشن ہال، 9-E-II-A، گلبرگ-III، لاہور میں ہونے والے سالانہ اجلاس عام یا اس کے کسی اتوا میں شرکت، اظہار خیال اور میری / ہماری طرف سے ووٹ دینے کے لیے اپنا پراکسی مقرر کرنا ہوں / کرتے ہیں۔

دن _____ مہینہ _____ 2017، درج ذیل گواہوں کی موجودگی میں دستخط کیے گئے۔

براہ کرم یہاں
5/- روپے کارپونٹ
ٹکٹ چسپاں کیجئے

نام _____
سی این آئی سی _____
پتہ _____

ممبر کے دستخط

نام _____
سی این آئی سی _____
پتہ _____

نوٹس:

1. کچھنی کوئی ممبر جو اجلاس میں شرکت کرنے اور ووٹ دینے کا اہل ہے، اجلاس میں شریک ہونے اظہار خیال کرنے اور اپنی جانب سے ووٹ ڈالنے کے لیے کسی دوسرے ممبر کو اپنا اپنی پراکسی مقرر کر سکتا ہے۔
2. پراکسی مقرر کرنے کا انسٹرکشن بیچ پاور آف اٹارنی (اگر کوئی ہو) جس کے تحت اس پر دستخط کیے گئے ہوں یا اس کی نوٹریالیٹڈ شدہ کاپی، اجلاس شروع ہونے کے وقت سے 48 گھنٹے قبل کمپنی کے شیئر رجسٹرار آفس، کارپورٹ ایک ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، E-503، جوہر ٹاؤن، لاہور میں جمع کرانی ہوگی۔
3. سی ڈی سی اکاؤنٹ ہولڈرز کو درج ذیل رہنما اصولوں پر بھی عمل کرنا ہوگا جیسا کہ سیکو ریٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی طرف سے جاری کردہ سرکلر نمبر 1 مورخہ 26 جنوری، 2000 میں طے کیا گیا ہے۔

(i) افراد کی صورت میں، اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر، جس کی سکیورٹیز اور رجسٹریشن کی تفصیلات کے مطابق اپ لوڈ ڈ ہیں، مذکورہ بالا تقاضے کے مطابق پراکسی فارم پیش کریں گے۔

(ii) پراکسی فارم کی گواہی دو افراد میں سے جن کے نام، پتے اور سی این آئی سی نمبر فارم پر درج ہوں گے۔

(iii) بین فیشنل اونرز پراکسی کے سی این آئی سی یا پاسپورٹ کی تصدیق شدہ کاپیاں پراکسی فارم کے ساتھ پیش کرنا ہوں گی۔

(iv) اجلاس کے وقت پراکسی اپنا اصل سی این آئی سی یا اصل پاسپورٹ پیش کرے گا۔

(v) کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی بعد پراکسی ہولڈر کے نمونہ دستخط (اگر یہ اس سے قبل فراہم نہیں کئے گئے) اجلاس میں شرکت کے وقت پراکسی فارم کے ساتھ کمپنی کو پیش کرنا ہوں گے۔

CONSENT FORM FOR ELECTRONIC TRANSMISSION OF ANNUAL REPORT AND NOTICE OF AGM

M/s Corptec Associates (Private) Limited
503-E Johar Town, Lahore
Email: info@corptec.com.pk

Subject: CONSENT FORM FOR ELECTRONIC TRANSMISSION OF ANNUAL REPORT AND NOTICE OF AGM

Dear Sirs,

I/we, being the shareholder(s) of Crescent Steel and Allied Products Limited ("Company"), do hereby consent and authorize the Company for electronic transmission of the Audited Annual Financial Statements of the Company along with Notice of Annual General Meeting via the Email provided herein below and further undertake to promptly notify the Company of any change in my Email address.

I understand that the transmission of Annual Audited Financial Statements of the Company along with Notice of Annual General Meeting via the Email shall meet the requirements as mentioned under the provisions of Companies Act, 2017.

1. Name of Shareholder(s): _____
2. Fathers / Husband Name: _____
3. CNIC: _____
4. NTN: _____
5. Participant ID / Folio No: _____
6. E-mail address: _____
7. Telephone: _____
8. Mailing address: _____

Date: _____

Signature:
(In case of corporate shareholders,
the authorized signatory must sign)



سالانہ رپورٹ اور اے جی ایم نوٹس کی الیکٹرانک ٹرانسمیشن کی اجازت کا فارم

میسرز کارپ ٹیک ایسوسی ایٹس (پرائیویٹ) لمیٹڈ

503-E، جوہر ٹاؤن، لاہور

ای میل: info@corp-tec.com.pk

عنوان: سالانہ رپورٹ اور اے جی ایم نوٹس کی الیکٹرانک ٹرانسمیشن کی اجازت کا فارم

جناب عالی،

میں، بذریعہ ہذا کریسنٹ اسٹیل اینڈ الائیڈ پرائیویٹ لمیٹڈ ("کمپنی") کا/کے شیئر ہولڈر (ہولڈرز) ہونے کے ناتے کمپنی کے آڈٹ شدہ مالیاتی اسٹیٹمنٹس بمع سالانہ اجلاس عام کے نوٹس کی، ذیل میں دیئے گئے ای میل کے ذریعے الیکٹرانک ٹرانسمیشن کی اجازت اور اختیار دیتا ہوں/دیئے ہیں اور اپنے ای میل ایڈریس میں کسی تبدیلی کی کمپنی کو فوری طور پر اطلاع دینے کا وعدہ کرتا ہوں/کرتے ہیں۔

میں سمجھتا ہوں کہ کمپنی کے آڈٹ شدہ مالیاتی اسٹیٹمنٹس بمع سالانہ اجلاس عام کے نوٹس کی ای میل کے ذریعے ٹرانسمیشن سے ان تقاضوں کی تکمیل ہوگی جن کا پینڈا ایکٹ، 2017 کی دفعات کے تحت ذکر کیا گیا ہے۔

1. شیئر ہولڈر (ہولڈرز) کا نام: _____
2. والد/شوہر کا نام: _____
3. سی این آئی سی: _____
4. این ٹی این: _____
5. پارٹنیشننگ آئی ڈی/فولیو نمبر: _____
6. ای میل ایڈریس: _____
7. فون نمبر: _____
8. میٹنگ ایڈریس: _____

دستخط:

(کارپوریٹ شیئر ہولڈرز کی صورت میں،
مجاز دستخط کنندہ لازمی دستخط کرے)

تاریخ: _____

CRESCENT STEEL AND ALLIED PRODUCTS LIMITED STANDARD REQUEST FORM FOR HARD COPIES OF ANNUAL AUDITED ACCOUNTS

1. Name of member: _____
2. CNIC No/Passport No: _____
3. Folio/CDC Participant ID/ Sub a/c/Investor a/c: _____
4. Registered Address: _____

I/We hereby request you to provide me/us a hard copy of the Annual Report of Crescent Steel and Allied Products Limited for the year ended June 30, _____ at my above mentioned registered address instead of CD/DVD/USB. I undertake to intimate any change in the above information through revised Standard Request Form.

Date: _____

Member's Signature:

Note:

This Standard Request Form may be sent at either of the following addresses of the Company Secretary or Independent Share Registrar of the Company:

Company Secretary

Crescent Steel and Allied Products Limited
9th Floor, Sidco Avenue Centre, 264 R.A. Lines Karachi
Email: umair.bhatti@crescent.com.pk

Chief Executive,

M/s Corptec Associates (Private) Limited
Independent Share Registrar of Crescent Steel and Allied Products Limited
503-E, Johar Town, Lahore
Email: info@corptec.com.pk

In case a member prefers to receive hard copies for all the future annual audited accounts, then such preference shall be communicated to the company in writing.



کریسنٹ اسٹیل اینڈ الائیڈ پراڈکٹس لمیٹڈ

معیاری درخواست فارم برائے سالانہ آڈٹ شدہ حسابات کی ہارڈ کاپیز

ممبر کا نام: _____
سی این آئی سی نمبر / پاسپورٹ نمبر: _____
فولیو / سی ڈی سی پارٹیشننگ آئی ڈی / سب / ا/c / انویسٹر / a/c: _____
رجسٹرڈ ایڈریس: _____

میں / ہم، آپ سے درخواست کرتا ہوں / کرتے ہیں کہ مجھے / ہمیں کریسنٹ اسٹیل اینڈ الائیڈ پراڈکٹس لمیٹڈ کے 30 جون، _____ کو ختم ہونے والے سال کی سالانہ رپورٹ کی ہارڈ کاپی، سی ڈی / ڈی وی ڈی / یو ایس بی کے بجائے میرے مذکورہ بالا رجسٹرڈ پتے پر فراہم کی جائے۔ میں وعدہ کرتا ہوں کہ میں مذکورہ بالا معلومات میں کسی تبدیلی کی اطلاع نظر ثانی شدہ معیاری درخواست فارم کے ذریعے دوں گا / دیں گے۔

ممبر کے دستخط

تاریخ: _____

نوٹ: یہ معیاری درخواست فارم کمپنی سیکرٹری یا کمپنی کے انڈیپنڈنٹ شیئر رجسٹرار، کسی کے بھی درج ذیل پتے پر بھیجا جاسکتا ہے۔

کمپنی سیکرٹری

کریسنٹ اسٹیل اینڈ الائیڈ پراڈکٹس لمیٹڈ

9th فلور، سڈکو ایویو نیو سینٹر 264 آراے لائنز کراچی

ای میل: umair.bhatti@crescent.com.pk

چیف ایگزیکٹو،

میسرز کارپ ٹیک ایسوسی ایٹس (پرائیویٹ) لمیٹڈ

انڈیپنڈنٹ شیئر رجسٹرار آف کریسنٹ اسٹیل اینڈ الائیڈ پراڈکٹس لمیٹڈ

503-E، جوہر ٹاؤن، لاہور

ای میل: info@corptec.com.pk

اگر کوئی ممبر مستقبل کے تمام سالانہ آڈٹ شدہ حسابات کی ہارڈ کاپیوں کی وصولی کو ترجیح دیتا ہے تو اس ترجیح کے بارے میں کمپنی کو تحریری طور پر مطلع کیا جائے۔

CRESCENT STEEL AND ALLIED PRODUCTS LIMITED E-DIVIDEND FORM (DIVIDEND PAYMENT THROUGH ELECTRONIC MODE)

The Company Secretary/Share Registrar,

I/We, _____, holding CNIC No. _____, being the registered shareholder of the company under folio no. _____, state that pursuant the relevant provisions of Section 242 of the Companies Act, 2017 pertaining to dividend payments by listed companies, the below mentioned information relating to my Bank Account for receipt of current and future cash dividends through electronic mode directly into my bank account are true and correct and I will intimate the changes, if any in the above-mentioned information to the company and the concerned Share Registrar as soon as these occur through revised E-Dividend Form.

Title of Bank Account	
Bank Account Number	
IBAN Number	
Bank's Name	
Branch Name and Address	
Cell Number of Shareholder	
Landline number of Shareholder	
Email of Shareholder	

In case of CDC shareholding, I hereby also undertake that I shall update the above information of my bank account in the Central Depository System through respective participant.

Date: _____

Member's Signature:

Note:

This Standard Request Form may be sent at either of the following addresses of the Company Secretary or Independent Share Registrar of the Company:

Company Secretary

Crescent Steel and Allied Products Limited
9th Floor, Sidco Avenue Centre, 264 R.A. Lines Karachi
Email: umair.bhatti@crescent.com.pk

Chief Executive,

M/s Corptec Associates (Private) Limited
Independent Share Registrar of Crescent Steel and Allied Products Limited
503-E, Johar Town, Lahore
Email: info@corptec.com.pk



CRESCENT STEEL AND ALLIED PRODUCTS LIMITED

FORM FOR VIDEO CONFERENCE FACILITY

The Company Secretary/Share Registrar,

I/we, _____, of _____, being the registered shareholder(s) of the company under Folio No(s). _____/ CDC Participant ID No.____ and Sub Account No.____ CDC Investor Account ID No., and holder of _____ Ordinary Shares, hereby request for video conference facility at _____ for the Annual General Meeting of the Company to be held on 17 October, 2017.

Date: _____

Member's Signature:

Note:

This Standard Request Form may be sent at either of the following addresses of the Company Secretary or Independent Share Registrar of the Company:

Company Secretary

Crescent Steel and Allied Products Limited
9th Floor, Sidco Avenue Centre, 264 R.A. Lines Karachi
Email: umair.bhatti@crescent.com.pk

Chief Executive,

M/s Corptec Associates (Private) Limited
Independent Share Registrar of Crescent Steel and Allied Products Limited
503-E, Johar Town, Lahore
Email: info@corptec.com.pk



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

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(based on live feed from PSX)
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-  Risk profiler*
-  Financial calculator
-  Subscription to Alerts (event notifications, corporate and regulatory actions)
-  Jamapunji application for mobile device



Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

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*Mobile apps are also available for download for android and ios devices



crescent.com.pk

The greatest thing that we can leave to our next generation is the Earth. Together, we can save it from harm today so that it can give back to us tomorrow.