Crescent Steel &
Allied Products Limited

crescent.com.pk

VISIONS FOR THE FUTURE

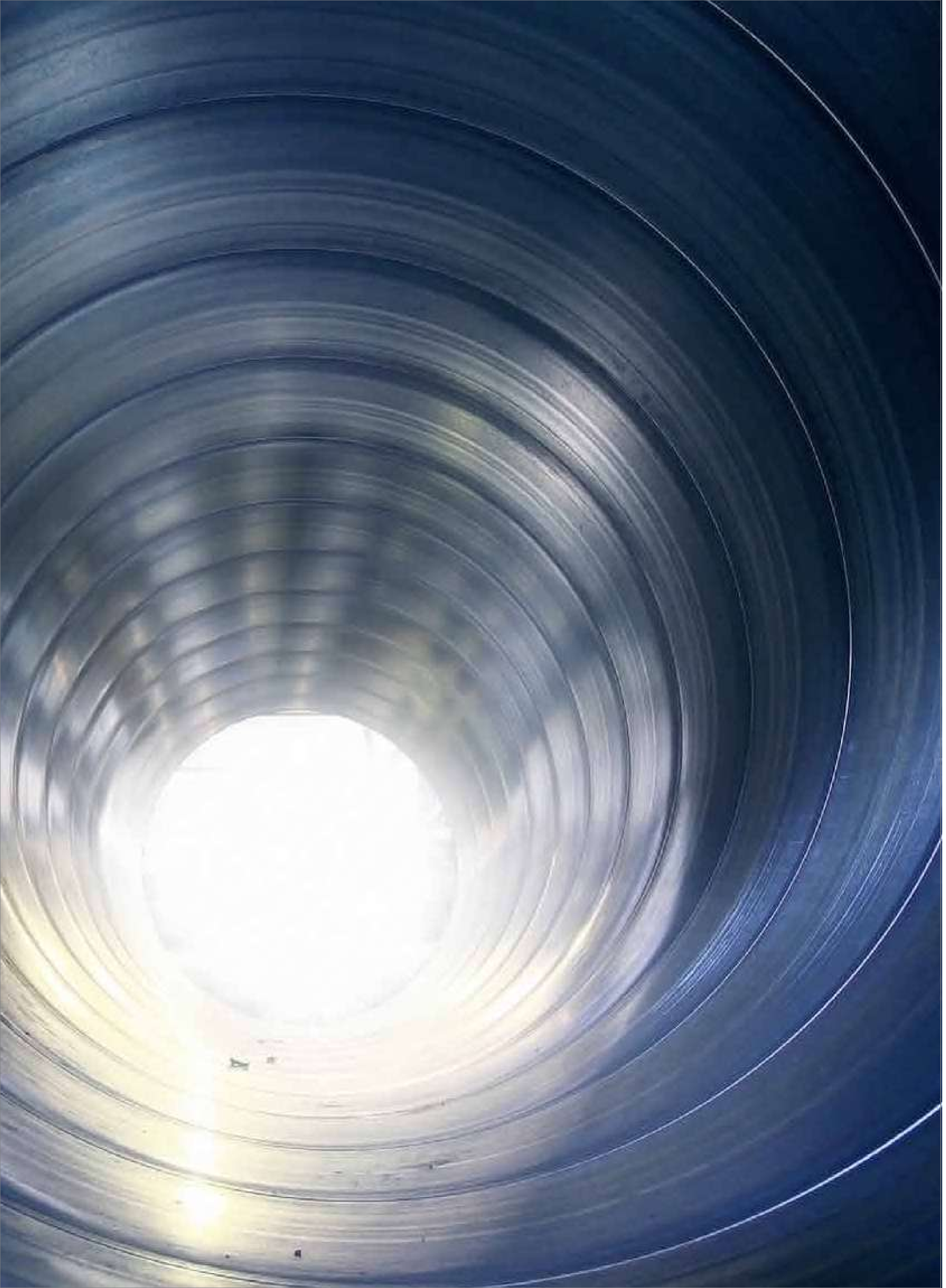
ANNUAL REPORT 2018

DCIP/THE D'HAMIDI PARTNERSHIP.DESIGN

Crescent Steel

ABOUT THE COVER

Visions for the Future, Crescent Steel's theme for this year's annual report, is one part reflective and one part inflective. It is reflective because it gives us occasion to evaluate, measure and gauge the past year's productivity and financial performance. It is inflective because it allows us to use these benchmarks to create even greater value for our customers, shareholders and our brand's stakeholders. We have translated these cues into a visual representation that leverages everyday objects and repurposes their circular elements with our steel pipes. Just our way of melding our past with a future that's just waiting to happen.



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NAVIGATING THE FUTURE

COMPANY INFORMATION

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	BUILDING COMPETITIVE ADVANTAGE	Fostering collaboration, innovation, and creativity as individuals and as teams.
COMMUNITY CARE	SOCIAL RESPONSIBILITY IS AT THE HEART OF OUR BUSINESS.	Facilitating social equity in communities where we operate.

KEY PERFORMANCE INDICATORS

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

Sales Revenue	(Rs. in million)	7,043.8
Profit before tax	(Rs. in million)	971.4
Gross profit ratio	(in %)	11.5
Net profit margin	(in %)	10.7
EBTIDA	(Rs. in million)	1,308.4
Earnings per Share (Basic and diluted)	(Rs. per Share)	9.68
Total assets	(Rs. in million)	10,079.0
Shareholders' Equity	(Rs. in million)	6,723.8
Capital Expenditure	(Rs. in million)	204.2
Break-up value	(Rs. per share)	86.6
Cash dividend (Including final proposed)	(Rs. per share)	2.0
Return on average capital employed	(in %)	12.9
Gearing ratio	(in %)	21.3
Current Ratio	(in ratio)	1.4:1
Price earnings ratio	(in times)	9.4
Share price	(Rs. per share)	91.2

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

Crescent Steel and Allied Products Limited ("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
- Risk Management Committee
- Human Resource and Remuneration Committee
- Governance and Nomination 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.

RISK MANAGEMENT COMMITTEE

The Risk Management Committee operates under a charter approved by the Board. The governing charter of the Risk Management Committee to addresses the Company's strategic direction in the management of the Company's business risks, oversight on the establishment and implementation of a risk management framework, reviewing the effectiveness of the risk management framework in identifying and managing risks and internal processes which include but not limited to ensuring the adequacy of risk management policy and infrastructure to facilitate the implementation of action plans for risk management, monitoring and review of all material controls (Financial, operational, compliance), ensuring risk mitigation measures are robust and integrity of financial information is ensured, and reviewing adequacy of risk framework related disclosures.

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 NOMINATION COMMITTEE

The role of Governance and Nomination 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 Nomination 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 Nomination 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
- CS Energy (Private) Limited (Formerly 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.

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 of the Board 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: http://www.crescent.com.pk/shareholders-information/

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.

CORPORATE STRATEGY

As part of the regular strategy review in 2018, the Crescent Group reviewed, honed and adjusted the corporate strategy to new challenges. The successful corporate strategy ACT H^3, which was augmented and revised last year was retained for the next three years.

ACT [Agility, Creativity, Tenacity] H^3 [Head, Hands and Heart] 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 line pipe 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 and to bring innovation in construction applications – 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
- Enable innovation in construction practices locally by creating a market for piling solutions
- 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 asses 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.

With our businesses set up among diversified sectors like steel industry, power and textile sectors and varied investments in Pakistan's corporate sector, we are positioned well to exploit opportunities as they arise thereby contributing towards our goal of creating maximum sustainable value for our stakeholders. Profitability is essential towards attaining our strategic objectives and the corporate resources are primarily deployed in the achievement of this end. However, we strongly believe that profitable growth should also be responsible growth and this approach lies at the heart of everything that we do.

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
- Pakistaniat (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 enjoy strong relationships with key lenders and maintain a healthy rating through JCR-VIS. Transparency in both financial and non-financial performance and a credible management with good standing in society, helps gain access to capital from shareowners and lenders as demonstrated most recently with a full subscription to the commercial paper as well as our rights issue and, through incremental credit lines secured for new business projects.

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 cash flow and assets as liquidity requirements become increasingly vital to our operations.

Every year, the Business Strategy Committee reviews and updates the Corporate Strategic Plan in line with major changes to the business environment. This ensures that our core strategic direction is updated and remains relevant at all times.

Expansion opportunities are critically evaluated as they arise. There are no intended divestments as of now and none are foreseen for future.

There are no significant changes in our strategy from last year and the core objectives and KPIs remain same.

Financial and non-financial results are the reflection of achievement of management's objective which are strategically placed to increase the long term wealth of each stakeholder. The said results are properly evaluated against the respective strategic objectives to confirm the achievement.

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.

SIGNIFICANT CHANGES IN OBJECTIVES AND STRATEGIES FROM PREVIOUS PERIOD

There is no material change in the Company's objective, strategies and critical performance indicators from the previous year.

RELATIONSHIP BETWEEN ENTITY'S RESULTS AND MANAGEMENT'S OBJECTIVES

Financial and non-financial results are the reflection of achievement of management's objective which are strategically placed to increase the wealth of each stakeholder. The said results are properly evaluated against the respective strategic objectives to confirm the achievement.

OUR HISTORY 1983-2018

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*

2001-02
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 Accouns 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
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 ICR-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)

2018
JCR-VIS Credit Rating Company Limited (JCR-VIS) maintained the entity ratings at 'A+/A-2' (Single A Plus/A-Two)

Listed as one of the top 25 Companies for 2016 by the Pakistan Stock Exchange

1st in the Diversified Holdings Sector - South Asian Federation of Accountant's Best Presented Annual Report Awards 2016

Joint second runner up in the Integrated Reporting category-South Asian Federation of Accountant's Best Presented Annual Report Awards 2016

Fifth in the Best Sustainability Report Award 2017

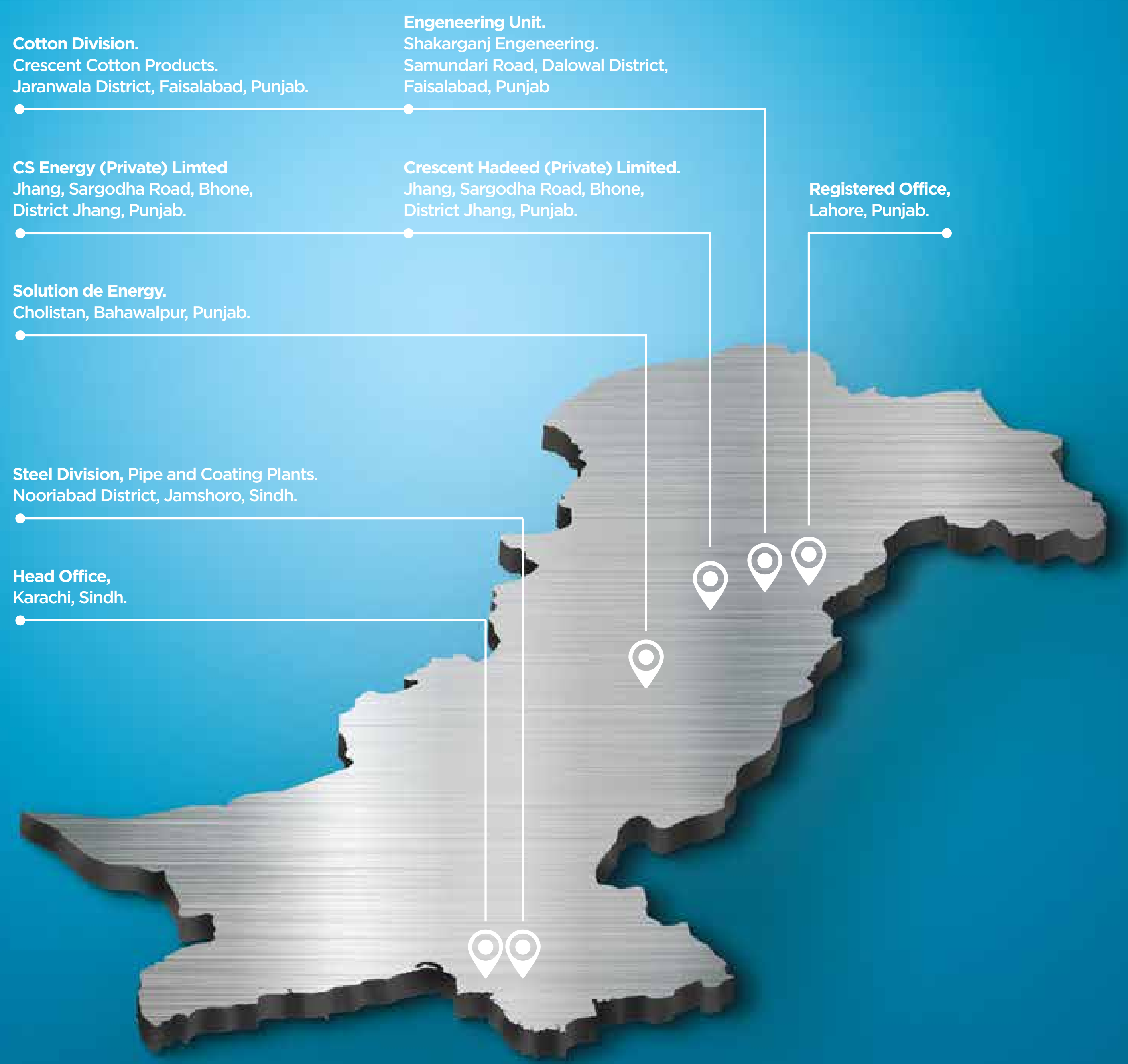
** Denote diversification into new business, major expansion in existing units and landmark achievements*

OBJECTIVES AND KEY PERFORMANCE INDICATORS FOR FY19-FY21

STRATEGIC OBJECTIVES	KEY PERFORMANCE INDICATORS
To enhance shareholders' value and offer consistent, competitive returns, by delivering responsible long-term growth	• Maximize revenues and maintain cost leadership • Enhanced product offering: contribution to national energy landscape, construction solutions, investing in steel long product offerings and making strategic investments in the power and food sectors. • Remain invested in blue chip Pakistan corporates through capital market investments for capital appreciation and dividend yields and, to buffer working capital requirements for the group • Enhance market share • Earnings per Share, Dividend Payout Ratio and ROE
Build and maintain a strong corporate structure to withstand periods of inactivity in core businesses and to effectively manage business risks	• Diversified streams of revenue • Ring fencing risk through a structure where new businesses are independent entities • Enhancing focus on unit level performance • Optimum gearing • Ease of access to capital • Regulatory compliance, strong monitoring and controls through independent audit functions • No imposition of fines and penalties
Build operational agility, be responsive to changing business environment and customer needs by leveraging all forms of capitals	• Relationships with business partners including investors, lenders, suppliers, customers and regulatory bodies • Providing an environment where people are safe, listened to, where they continue to learn and are assessed with fairness • Development of leadership pipeline for key positions • Improve customer satisfaction, retention and business development • Employee Satisfaction and retention of black belts • Optimum utilization of plant and machinery. • Sound financial management (capital, liquidity and taxation management). • Effective monitoring and control across all business units (internal controls, risk management etc.) • Leveraging information systems for decision support • Strengthen stakeholder engagement

STRATEGIC OBJECTIVES	KEY PERFORMANCE INDICATORS
To manage our impacts and to contribute towards an educated and skilled Pakistan, where there is respect for human rights and the rule of law	• Impact evaluations for discretionary giving • Giving towards education and skills learning • Contribution towards affordable healthcare and emergency medical services • PCP certification and tax exemption for CSAP Foundation • Percentage of PBT distributed in donations • Number of Crescent Scholars and their progress • Contribution towards programs that promote citizenship values • Contributing towards public spaces • Engagement with communities and employees • Endorsement and recognition from regulators and other authorities • Strengthened corporate image and community buy in

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 29.

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 Dalowal, 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.

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 also has the capability to fabricate and erect machinery used in the secondary steel sector and was leveraged for partial fabrication for a Continuous Caster Machine, girders for overhead cranes and a vibrio 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 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).

CS ENERGY (PRIVATE) LIMITED
(FORMERLY 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 CS Energy (Private) Limited (Formerly 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, a wholly owned subsidiary of Crescent Steel and Allied Products Limited, was incorporated in May 2013 to cater to the growing demand of steel products in line with the vision to organically expand into steel long products business. At present, the Company operates a melt shop (equipped with two induction melting furnaces and a continuous casting machine) with an annual production capacity of 85,000 MT of steel billets in various sizes and a standard length of 6 meters. Billets manufactured by the Company are used by re-rolling mills to manufacture bars and other steel long products for use in the construction and engineering sectors. The Company commenced commercial production in June 2016, and has built a strong market reputation and business partnerships.

POSITION IN THE VALUE CHAIN

As Crescent Steel operates in multiple business segments, it therefore has different positions in the value chain it operates. These positons are discussed in detail in the "Our Business Process" section of Corporate Responsibility Report 2018.

COMPOSITION OF LOCAL AND FOREIGN SUPPLIES

To meet strict quality standards Crescent Steel sources raw materials and spares of the desired quality and specifications from both local and foreign suppliers. Compositions are discussed in detail in the "Our Supply Chain Process" section of Corporate Responsibility Report 2018.

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)

Nasir Shafi
Non-Executive Director

S.M. Ehtishamullah
Non-Executive Director

Syed Zahid Hussain
Non-Executive Director

Zahid Bashir
Non-Executive Director

COMPANY SECRETARY

Mohammad Fahad

AUDIT COMMITTEE

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

Nasir Shafi
Member, Non-Executive Director

S.M. Ehtishamullah
Member, Non-Executive Director

Syed Zahid Hussain
Non-Executive Director

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Ahmad Waqar
Chairman, Non-Executive Director (Independent)

Ahsan M. Saleem
Chief Executive Officer and Managing Director

Nasir Shafi
Member, Non-Executive Director

Syed Zahid Hussain
Member, Non-Executive Director

GOVERNANCE AND NOMINATION COMMITTEE

Zahid Bashir
Chairman, Non-Executive Director

Ahmad Waqar
Member, Non-Executive Director (Independent)

Ahsan M. Saleem
Member, Chief Executive Officer

RISK MANAGEMENT COMMITTEE

S.M. Ehtishamullah
Chairman, Non-Executive Director

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

Zahid Bashir
Non-Executive Director

MANAGEMENT TEAM

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

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

Abdul Rouf – 2000*
BU Head – Cotton Division

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

Arif Raza – 1985*
BU Head – Steel Division

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 Crescent Hadeed (Private) Limited

Mushtaque Ahmed – 1985*
Head of Manufacturing – Steel Division

HEAD OF INTERNAL AUDIT

Muhammad Saood - 2017*

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

SUBSIDIARIES**

Crescent Hadeed (Private) Limited
CS Capital (Private) Limited
CS 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

** Registered Office and Principal Office are same as holding company

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 Summundri 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
CS Energy (Private) Limited
(Formerly 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. Mohammad Fahad
Company Secretary
9th Floor, Sidco Avenue Centre, 264 R.A. Lines,
Karachi-74200.
Tel: +92 21 3567 4881-85
Email: company.secretary@crescent.com.pk

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

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/wp-content/uploads/2018/10/CSAPL-Accounts-2018.pdf

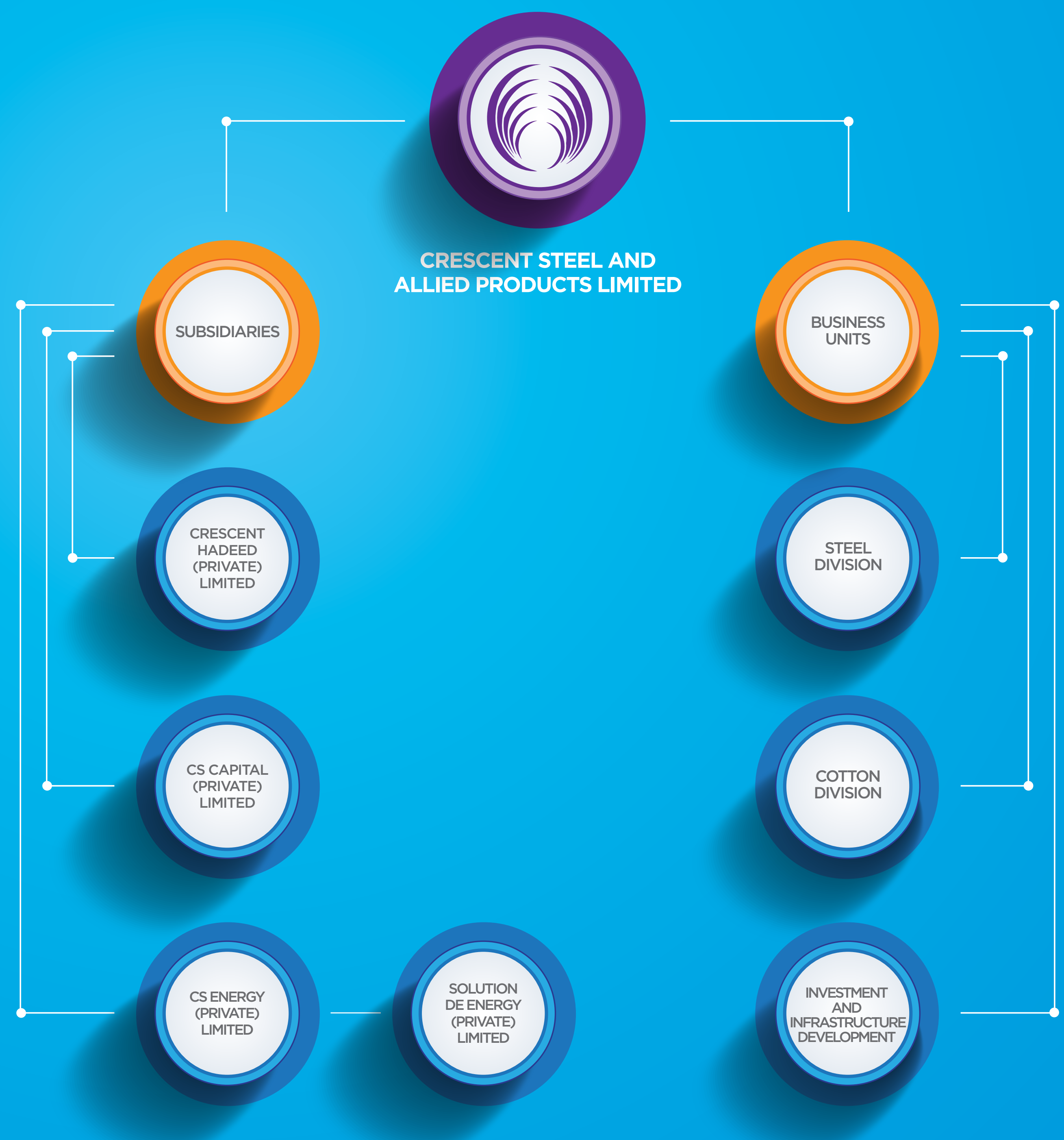
CORPORATE RESPONSIBILITY REPORT

The complete report can be found on:
http://www.crescent.com.pk/wp-content/uploads/2018/10/CSAPL-CSR-Report-2018.pdf

AWARDS & ACCOLADES

SUSTAINABILITY REPORT AWARDS (ICAP & ICMAP)	**2017**	Our Sustainability Report for the year 2017 secured fifth position
SUSTAINABILITY REPORT AWARDS (ICAP & ICMAP)	**2016**	Our Sustainability Report for the year 2016 secured third position
ANNUAL REPORT AWARDS (SAFA'S)	**2016**	Our Company was ranked first in the Diversified Holdings Sector and second runner up in the Integrated Reporting category.
CORPORATE REPORT AWARD (ICAP & ICMAP)	**2016**	The Annual Report of the Company for the year 2016 secured first position in the Engineering and Autos Sector
PSX TOP 25 COMPANIES	**2016**	Our Company was listed as one of the top 25 Companies for 2016 by the Pakistan Stock Exchange
CORPORATE REPORT AWARDS (ICAP & ICMAP)	**2015**	The Annual Report of the company for the year 2015 secured third position in the Engineering Sector.
ANNUAL REPORT AWARDS (SAFA'S)	**2015**	Our company was ranked first in the Diversified Holdings Sector.
SUSTAINABILITY REPORT AWARDS (ICAP & ICMAP)	**2015**	Our sustainability report for the year 2015 secured third position.

GROUP STRUCTURE



MANAGEMENT STRUCTURE OF THE COMPANY

GROUP MANAGEMENT COMMITEES:

-Executive Committee
-Business Strategy Committee
-IT Steering Committee
-Investment Committee
-Social Investment & CSR Committee
-Budget Committee
-Tender Committee
-Capital Assets Committee
-QHSE Council
-Website Committee

BOARD COMMITTEES

-Governance & Nomination
-Audit
-Human Resource & Remuneration
-Risk Management

STEERING THE FUTURE

CORPORATE GOVERNANCE

BOARD OF DIRECTORS

AHMAD WAQAR, 69

Joined Board: 30 January 2012
Chairman (Non-Executive, Independent)
Masters in English Literature, MBA (Finance)

Other current engagements:

Principal Advisor to Chairman
* Petroleum Exploration (Private) Limited

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 Commission

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 Institute of Pakistan
* Development Institute of Pakistan
* Pakistan Electronic Media Regulatory Authority
* Private Power Infrastructure Board
* Overseas Pakistanis Foundation
* Ufone

Chairman
* Government Holdings (Private) Limited
* Saindak Metals (Private) Limited
* Pakistan Mineral Development Corporation
* Government Holdings (Private) Limited

Deputy Auditor General
* Government of Pakistan

Member Finance
* Capital Development Authority

Chief Accounts Officer
* Pakistan Telecommunication Company Limited

Deputy Secretary
* Cabinet Division

Controller / Joint Controller / Deputy Controller / Assistant Controller
* Military Accounts

AHSAN M. SALEEM, 65

Joined Board: 01 August 1983
Chief Executive Officer and Managing Director
Masters in Economics

Other current engagements:

Director
* The Citizens Foundation
* Pakistan Centre for Philanthropy

Trustee
* Commecs Educational Trust

Past engagements:

Chief Executive
* Shakarganj Limited

Director / Member
* Central Depository Company of Pakistan Limited (CDC)
* CDC Trustee Company Limited

Chairman
* Commecs Institute of Business and Emerging Sciences

FARRUKH V. JUNAIDY, 59

Joined Board: 29 January 2015
Director (Non-Executive, Independent)
FCA

Other current engagements:

Senior Partner
* Junaidy Shoaib Asad - Chartered Accountants

Director
* Pak Qatar Family Takaful

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, 69

Joined Board: 01 August 1983
Director (Non-Executive)
MBA

Other current engagements:

Chief Executive Officer
* Crescent Bahuman Limited

Past engagements:

Director
* The Crescent Textile Mills Limited

S.M. EHTISHAMULLAH, 79

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, 73

Joined Board: 01 September 2010
Director (Non-Executive)
B.Sc, LLB, MA

Other current 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
* Oil & Gas Development Company of Pakistan

Managing Director
* Indus Steel Pipes Limited,
* Sindh Engineering Limited (Mazda Automobiles)

High Commissioner / Ambassador
* Kenya**

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

ZAHID BASHIR, 73

Joined Board: 01 August 1983
Director (Non-Executive)
MBA

Other current engagements:

Director
* Mohd. Amin Mohd. Bashir Ltd
* Mohd. Amin Mohd. Bashir International (Pvt) Ltd.
* Premier Insurance Co. of Pakistan
* Premier Financial Services (Pvt) Ltd.
* Crescent Powertec Ltd.
* Ahsan Associates (Pvt) Ltd.
* Amin Bashir C.G.P.F. & Oil Mills Ltd.
* Equity Textiles Ltd.
* Crescent Cotton Mills Ltd.

BOARD OF DIRECTORS AND IT'S COMMITTEES

THE BOARD

The Company has a unitary board structure consisting of seven directors of which two 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 four standing committees of the Board: The Audit, Risk Management, Human Resource and Remuneration, and Governance and Nomination 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.

RISK MANAGEMENT

The Committee comprises of three members who all are Non-Executive Directors, including an Independent Director. The Committee has been constituted to address and improve risk oversight and risk management within the Company.

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

- Oversee and recommend the risk management policies and procedures of the Company;
- Review and recommend changes as needed to ensure that the Company has in place at all times a Risk Management policy which addresses the strategic, operational, financial and compliance risks;
- Implement and maintain a sound risk management framework which identifies, assesses, manages and monitors the Company's business risks;
- Set reporting guidelines for management to report to the Committee on the effectiveness of the Company's management of its business risks;
- Review the Company and its subsidiaries' risk profiles and evaluate the measures taken to mitigate the business risks (Risk Register).

HUMAN RESOURCE AND REMUNERATION

The Committee comprises of four members including three Non - Executive and one Executive Director of the Board, Chairman of the Committee is an Independent Director. 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 NOMINATION

The Committee comprises of two Non-Executive Directors and Executive Director of the Board. 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		HR and Remuneration		Governance and Nomination		Risk Management	
	Required	Attended	Required	Attended	Required	Attended	Required	Attended	Required	Attended
Non-Exective Directors										
Mr. Ahmed Waqar	7	7	-	-	-	-	2	2	-	-
Mr. Farrukh V. Junaidy	7	6	4	3	-	-	-	-	1	1
Mr. Nasir Shafi	7	6	4	4	1	1	-	-	-	-
Mr. S. M. Ehtishamullah	7	7	4	4	1	1	-	-	1	1
Mr. Zahid Hussain	7	7	4	4	1	1	-	-	-	-
Mr. Zahid Bashir	7	7	-	-	1	1	2	2	1	1
Exective Directors										
Mr. Ahsan M. Saleem	7	7	-	-	-	-	2	2	-	-

DETAILS OF BOARD MEETINGS HELD OUTSIDE PAKISTAN DURING THE YEAR

No board meeting were held outside Pakistan during the year

MANAGEMENT COMMITTEES

MANAGEMENT COMMITTEE

Ahsan M. Saleem	Chairperson
Abdul Rouf	Member
Arif Raza	Member
Hajerah A. Saleem	Member
Hasan Altaf Saleem	Member
Iqbal Zafar Siddiqui	Member
Muhammad Saad Thaniana	Member

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	Chairperson
Abdul Rouf	Member
Arif Raza	Member
Hajerah A. Saleem	Member
Hasan Altaf Saleem	Member
Iqbal Zafar Siddiqui	Member
Muhammad Saad Thaniana	Member
Mohammad Yamin	Secretary

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	Chairperson
Hajerah A. Saleem	Member
Iqbal Abdulla	Member
Muhammad Saad Thaniana	Member
Arsalan Ahmed Siddiqui	Secretary

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	Chairperson
Hajerah A. Saleem	Member
Muhammad Saad Thaniana	Member

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	Chairperson
Abdul Rouf	Member
Arif Raza	Member
Hajerah A. Saleem	Member
Hasan Altaf Saleem	Member
Iqbal Zafar Siddiqui	Member
Sana Arif	Secretary

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

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 2018, and reports that:

- Four meetings of the Audit Committee were held during the financial year ended 30 June 2018 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 was duly reviewed by the external 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 2018, 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 Act 2017 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 auditors independently review the risks and control processes operated by management. The Internal Audit function 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 audit function is reviewed and discussed by the Audit Committee on an annual basis. Based on the Committee's review of the performance of the internal audit function, the Committee has recommended to the Board for the appointment of BDO Ebrahim and Co., Chartered Accountants for the financial year 2018-19.
- 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 regulations.

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 2018.
- 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 2018. Moreover, during the year Management letter for year ended 30 June 2017 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 reappointment of KPMG Taseer Hadi and Co., Chartered Accountants, as statutory auditors for the year 2018- at the forthcoming Annual General Meeting.

By order of the Audit Committee

Farrukh V. Junaidy
Chairman, Audit Committee
30 July 2018

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

Crescent Steel & Allied Products Limited

For the year ended 30 June 2018

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of male directors is Seven. Appointment of female director is under consideration.

2. The composition of Board is as follows:

   a) **Independent Directors:**
   Mr. Ahmad Waqar (Chairman)
   Mr. Farrukh Viqaruddin Junaidy

   b) **Other Non-executive Directors:**
   Mr. Nasir Shafi
   Mr. S.M. Ehtishamullah
   Mr. Zahid Bashir
   Mr. Zahid Hussain

   c) **Executive Director:**
   Mr. Ahsan M. Saleem (Chief Executive Officer)

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

4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. Meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.

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

9. 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 the SECP from the requirements of Director's Training Program because of his other experience. Remaining one director of the Company has obtained certification under Directors' training program conducted by the Pakistan Institute of Corporate Governance.

10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. The CEO, and the CFO have duly endorsed the financial statements before approval of the Board.

12. The Board has formed committees, comprising of members given below:

    a) **Audit Committee:**
    Mr. Farrukh Viqaruddin Junaidy - Chairman
    Mr. Nasir Shafi
    Mr. S.M. Ehtishamullah
    Mr. Zahid Hussain

    b) **HR and Remuneration Committee**
    Mr. Ahmad Waqar - Chairman
    Mr. Ahsan M. Saleem
    Mr. Syed Zahid Hussain
    Mr. Nasir Shafi

    c) **Governance and Nomination Committee**
    Mr. Zahid Bashir - Chairman
    Mr. Ahmad Waqar
    Mr. Ahsan M. Saleem

    d) **Risk Management Committee**
    Mr. S.M. Ehtishamullah - Chairman
    Mr. Farrukh Viqaruddin Junaidy
    Mr. Zahid Bashir

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings of the committee were as per following:

    a) **Audit Committee:**
    Meetings of the Audit Committee were held four times during the year, once every quarter prior to approval of interim and final results of the Company and as required by the Code.

    b) **HR and Remuneration Committee**
    Meeting of the HR and Remuneration Committee was held once during the year as required by the Code.

    c) **Governance and Nomination Committee**
    Meetings of the Governance and Nomination Committee were held twice during the year.

    d) **Risk Management Committee**
    After constitution in January 2018, meeting of the Risk Management Committee was held once during the year.

15. The Board has outsourced an internal audit function 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.

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

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. The Company has continued to present the details of all related party transactions before the Audit Committee; and upon recommendation of Audit Committee, the Board reviews and approves the same. The definition of related party used is in accordance with repealed Companies Ordinance, 1984 and applicable financial reporting frame work as the regulations under Section 208 of the Companies Act, 2017 have not yet been announced.

19. We confirm that all other requirements of the Regulations have been complied with.

A. Waqar

AHMAD WAQAR
Chairman

PEOPLE

Performing competitively in the evolving business landscape requires empowered and competent people working safely together across Crescent Steel. We strive to recruit and develop our people with an aim to organize our business effectively. We understand that positive attitude, strong skills and creative abilities of our people will create value by enabling greater organizational performance and productivity and that our people are essential to meeting our strategic goals. Our aim is to align the aspirations of our people with those of the Company, encouraging a performance-oriented culture and a place where people love to work.

At June 30, 2018, we employed 866 people, compared with 590 at June 30, 2017, and 966 at June 30, 2016. The increase in 2018 is on account of Cotton Division operations which had been closed during 2017 and resumed during fiscal year 2018.

During the year, we employed an average of 866 people, shown by geographical region in the table below.

	Group Headcount		Company Headcount
	Region	Number of Employees	Number of Employees
2018	Sindh	256	256
	Punjab	610	514
	Total	**866**	**770**
2017	Sindh	390	390
	Punjab	200	100
	Total	**590**	**490**
2016	Sindh	379	379
	Punjab	587	514
	Total	**966**	**893**

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, where they feel listened to, valued and respected.

We have various mechanisms of strengthening communications and engagement. The standard channels include a physical suggestion box at all our location as well as an electronic suggestions box on the Company intranet, the electronic mailer and, the Quarterly Newsletter, Monthly performance summaries and bulletins.

The Company also holds Open House sessions with the CEO at the Head Office and the Nooriabad Campus. These sessions allow people to meet the CEO wither individually or in groups of two to share ideas, concerns or to just introduce themselves and have a chat. In the past Open House has been a key driver of process improvements at Crescent Steel.

We also conduct targeted focus groups to address communication gaps or identify pain points whenever the need arises; we have conducted these in the past for our corporate core values and on the results of our Employee Satisfaction Survey, among others.

During the year we also conducted investor awareness sessions for employees, encouraging them towards better management of personal finances. We continue to engage staff in various citizenship activities that run alongside our philanthropic CSR initiatives.

WHISTLE BLOWING

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 for employees to raise concerns without 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.

INVESTOR RELATIONS AND GREIVANCE REDRESSAL

Investor grievances are addressed through our Company Secretary's office. Investors can lodge queries or complaints regarding information they require or for non-receipt of any right available to them directly to the Company Secretary through the contacts available on our website. A strong investor relations function enables us to provide efficient services to investors and to effectively address and redress the grievances of the investors in a timely manner and, to manage recurrences.

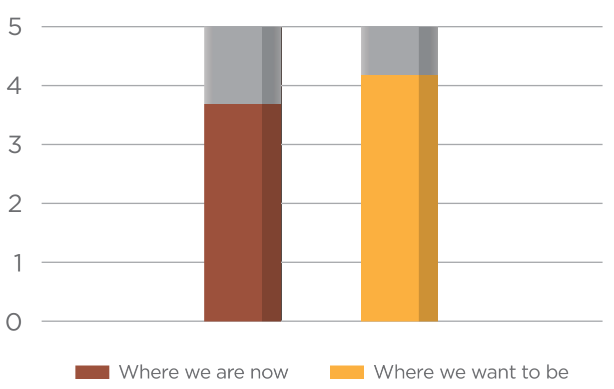
VOICE OF EMPLOYEES: EMPLOYEE SATISFACTION SURVEY

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 2018, our overall employee satisfaction index was 3.7 (2017: 3.5). 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 area of concern included compensation – we have however benchmarked compensation of all key positions through a comprehensive salary survey carried out by HRSG and have found that we are at par or above market compensation across all critical positions. A focus group on the survey findings will be carried out during fiscal year 2019.

EMPLOYEE SATISFACTION INDEX



DIVERSITY AND INCLUSION

As approved by the board 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, however, we are working to increase the number of female applicants and this year on we will start to measure the number of females shortlisted for corporate roles.

As on June 30, 2018, 19% of our employees across our corporate offices were females. 14% of the Executive Management Team, 7% of management roles were filled by women and, 3% 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 anenvironment that welcomes all forms of diversity including geographical diversity. Over the last year 95% of new entrants represent rural communities and 84% 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 and minorities 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.

Our talent strategy focuses on critical assignment planning, manager accountability for coaching and mentoring, and a variety of 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.

TALENT MANAGEMENT

Talent management is carried out annually. Through this exercise, 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.

We believe in strong succession planning for key leadership roles at the Company – this has been demonstrated by our ability to groom place our people into key leadership positions like our Business Unit Head and Head of Manufacturing, both of whom joined the Company as graduate engineers.

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.

With 7 campuses across Pakistan, each location provides for variable health coverage; our manufacturing facilities are equipped with designated fitness centers, provide adequate time off, retirement savings and more.

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 behavior as well as its relationship with its customers, suppliers and shareholders.

INFORMATION CAPITAL

IT GOVERNANCE

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. Our IT department is a critical resource which continuously works towards affecting improvements in the Company's business processes.

Our information systems are integrated with manufacturing process to capture real time data for process owner consistently providing business intelligence for structured decision making. Implemented in 2008, our information management system consist of Oracle financials with 13 Modules covering all layers of Financials, Order Management, Inventory, Supply Chain, and Project Management.

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

RECORD MANAGEMENT:

Historical records are maintained offsite with adequate access controls. We are working to digitize records and information as far as possible to ensure a sustainable data warehousing and paperless environment. This will not only ensure safety of data, but also offer the advantage of being able to access this information anytime, anywhere.

BUSINESS CONTINUITY MANAGEMENT: DISASTER RECOVERY PLAN

Our Disaster Recovery Plan (DRP) is an action plan devised in advance to prevent breakdown of important Company operations and restoring and restarting them in as little time as possible if they are interrupted by the occurrence of any man-made disaster or due to any natural catastrophe. The data loss and time to recover is measured within the defined concepts of Recovery Time Objective (RTO) and the Recovery Point Objective (RPO).

The Primary Server, housed at a Tier-3 data centre, is a state of the art machine, which has integrated servers, SAN storage, networking and I/O into a single chassis with inbuilt redundancy for each component. The server operates in a clustered virtual mode which ensures a high degree of availability. Backup of all data is a regimented practice with a copy of the backup stored safely at an offsite location.

On occurrence of any untoward event Company IT is fully equipped to initiate DRP response protocols at red alert to ensure full recovery, restoration and restarting of systems without losing any data.

MANAGING THE FUTURE

DIRECTORS' REPORT

REVIEW REPORT BY THE CHAIRMAN

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.

I am pleased to present this report to the shareholders of Crescent Steel and Allied Products Limited on the overall performance of the Board and effectiveness of the role played by the Board in achieving the Company's objectives.

Crescent Steel has implemented a strong governance framework which supports the effective and prudent management of the business and helps drive the long-term success of the Company.

During the year, the Board committees have continued to work effectively. The Audit Committee has focused, in particular, on the management and control of risks throughout the business which 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 with the Company's performance, shareholders' interests and the long-term success of the Company. The Governance Committee has continued to 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 necessary keeping in view the emerging corporate governance trends. As per the new Listed Companies (Code of Corporate Governance) Regulations, 2017, Risk Management Committee was also formed, to assess and mitigate key risks throughout the organization.

The Board as a whole has reviewed the Annual Report and Financial Statements and is pleased to confirm that it considers that 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 closure of the Fiscal year, on a self-assessment basis. The last such review was carried out on August 28, 2017 for the Fiscal year 2017. Overall effectiveness of the Board was assessed as satisfactory (87.4%). Areas which required improvements were duly considered and action plans were framed. The next review is scheduled for October, 2018.

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

1. Vision, mission and values: The Board members are familiar with the current vision, mission and values and supported them and found them appropriate for the organization.

2. Engagement in strategic planning: The Board has a clear understanding of the stakeholders whom the organization is meant to serve including shareholders, customers, employees, vendors and the society in general. The Board has also 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 activitiy 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 appropriately all recommendations made in the independent auditor's report and management letter.

7. Act as a responsible employer: The Board has created necessary policies in order to 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 the Board and management staff are clearly defined and understood and climate of mutual trust and respect exists between the Board and the Management.

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

10. Review of the CEO's performance: The Board assesses the performance of the 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 and meets frequently enough to discharge its responsibilities adequately.

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

Ahmad Waqar
Chairman
31 July 2018

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

I am pleased to report that despite challenging conditions, we closed the year with a profit before tax of Rs. 971.4 million with a contribution to the national exchequer and economy aggregating Rs. 2.6 billion.

DEAR INVESTORS, CUSTOMERS, PARTNERS, AND EMPLOYEES:

I am pleased to report that despite challenging conditions, we closed the year with a profit before tax of Rs. 971.4 million with a contribution to the national exchequer and economy aggregating Rs. 2.6 billion. The Company EPS for FY18 stood at Rs. 9.68 while total dividend (including final dividend of Re. 1) over FY18 aggregates Rs. 2 per share.

The year kicked off with good activity, however, while our line pipe and steel long product business is competitive and fundamentally strong, they operate in the infrastructure landscape that faced significant disruptions from shifting demands, economic and political instability. Similarly, our capital market investments, also fundamentally strong, are exposed to market shocks, liquidity and local economic and political conditions.

The spiral pipe lines remained idle during the second half of the fiscal year resulted in lower revenues of Rs. 7,043.8 million (FY17: Rs. 10,208.6 million), down 31% YoY. Higher raw material prices and exchange rate volatility caused gross profit margins to fall to 12% (FY17: 18%), however, operating profit margin improved to 17.1% (FY17: 15.5%) primarily due to investment income of Rs. 495 million (FY17: Rs. 246.9 million). Investment Income primarily constitutes dividend income of Rs. 549.3 million from strategic investments.

Over the last 31 years of operations, the book value has increased from Rs. 7.11 to Rs. 86.61, a rate of 8.4% compounded annually (absolute: 1,118.14%). This exceeds national annual GDP growth of 5.8% (compounded annually: 6.5%) for the same period. Our balance sheet is strong at Rs. 10,079 million and helps support our business through difficult years.

Our margins in the core business segment were lower than last year due to various adverse mix effects. Underlying EBIT decreased 23.8% to Rs. 1,202.7 million (FY17: Rs.1,579 million), representing a margin on net sales of 17.1% (FY17: 15.5%). Our underlying EBITDA totaled Rs. 1,308.4 million (FY17: Rs. 1,682 million) at a margin of 18.6% (FY17: 16.5%).

Bottom-line, the net result attributable to the Company decreased by 25.7% to Rs. 751.8 million (FY17: Rs. 1,012.4 million), resulting in EPS of Rs. 9.68 (FY17: Rs. 13.04). ROCE declined to 11.7% (FY17: 15.9%) primarily on account of an increase in borrowings as the Company had issued a Commercial Paper to meet anticipated working capital requirements.

Our capital markets segment provided working capital support and cash flow support to our core business. The local bourse, however, remained under pressure due to foreign selling of USD 288 million as well as continued political uncertainty and a weak government, losing 10% during 2018. While the trading portfolio performance stood at -5.88%, dividend income from strategic investments of Rs. 518.1 million enabled a ROI of 9.9%. The division posted a PBT of Rs.464.9 million, contributing Rs. 5.99 to Company EPS.

The company has distributed dividends of Rs. 155.3 million (including proposed final dividend of Rs. 77.6 million) to shareholders as dividends. This is a payout ratio of 20.7% earnings.

The Group bottom line before consolidation adjustments stood at Rs. 610.7 million (FY17: 1,244.7 million); profits from our core business of line pipe manufacturing and coatings eroded by Rs. 360.7 million (FY17: Rs. 157.5 million) due to losses from subsidiary units, Crescent Hadeed (Private) Limited (CHL) and CS Energy (Private) Limited (CSEL) [formerly, Shakarganj Energy (Private) Limited]. Accounting standards require exclusion of dividend income and share of profit from associates, resulting in a group bottom line of Rs. (61.4) million (2017: Rs. 1,187.1 million). On a group basis, underlying EBIT decreased 77.1 % to Rs. 411.4 million (FY17: Rs.1,796.6 million), representing a margin on net sales of 4.1% (FY17: 14.6%). EBITDA totaled Rs. 635.7 million (FY17: Rs. 2,008.4 million) at a margin of 6.4% (FY17: 16.3%). This translates into a loss per share of Rs. 0.79 (FY17 EPS: Rs. 15.29). The performance of the subsidiaries is covered separately in this report.

It is not easy to assess the impact from one single year's results. The Company has made capital investments in new business lines that will not pay off immediately.

Having stated some fiscal facts, I would now like to move to operations.

Our engineering expertise enabled us to continue to supply 56,145 tons of quality steel line pipe to energy transmission projects of national importance. We produced and supplied 146 Km of coated linepipe to SNGPL and SSGC for the LNG Loopline Project. This project is part of the LNG import infrastructure supplying energy by providing gas to strategic locations in Punjab and Balochistan. The line pipe manufacturing and coating business buffered shocks to other business units, all of which, although fundamentally strong, faced a challenging operating environment with many disruptions such as exchange rate shocks, new players and political uncertainty.

The Cotton Division continued to face operational challenges; the unit profitability is constrained by the size of operations – however, it continues to absorb its costs and closed the year in green, primarily on the back of gains sale of machinery. We have attempted various strategies to ensure the unit's profitability while we work on plans to shift to an alternate revenue stream.

Our new venture into steel long products, CHL , posted a negative ROE of 31.44%%. Performance from our power plant also remained dull at a negative ROE of 10.52%. Sale of power is directly dependent on the operations of the steel melt shop, the primary customer and consequent on market conditions as well as constrained cash flows, the melt shop was not able to operate at full capacity. Similarly, meltshop operations are dependent on reliable supply of power from CSEL. To address cashflow constraints, CHL managed to secure working capital financing arrangements of Rs. 1,100 million (funded and non-funded). We have also taken measures to improve process and supply chain efficiency at the power plant to ensure margins remain secure. Both units faced challenges in operations and market conditions. Unilateral change of rates by NEPRA from Rs. 13 to Rs. 15 affected the bottom line.

When I look back at 2018, there's no doubt: Crescent Steel had a challenging and difficult year but one with several significant changes. We took actions to move accountability closer to the business, through better risk management practices and by embedding sustainability as a culture. These measures are important to building an entrepreneurial way of working, ensure continuous improvements and promote agility in responding to stakeholder needs. For me, it is important that Crescent Steel is a great company to work for and to own.

I believe that transparency builds trust, and a more socially responsible business model is also a better model for the shareholders longer term. This model gives investors consistency of delivery, where every year we would strive to grow faster than the market and improve stability. We have covered our sustainability performance in more detail in our Corporate Responsibility Report 2018

We are encouraged by stronger local growth prospects, continuity of reforms, improved governance and a focus on infrastructure development. We are aware that fiscal year 2019 will continue to present a challenging operating environment for our businesses. We expect input costs to increase on the back of rising global oil prices, higher cost of funds and at least, at the outset a slower pace in development projects.

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 continue to invest in an educated Pakistan and strive to ensure that there is no negative impact on the communities where we operate.

I am pleased that we have been able to deliver in these difficult times, 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 crossroads of South Asia, Central Asia, China and the Middle East – a regional market with a vast youth population, large and diverse resources, and untapped potential for trade – Pakistan, given its location, size, population and nuclear status, has important strategic geopolitical advantage and development potential. The country is also the launchpad for China's One Belt One Road initiative which is an ambitious road and sea trade route spanning 65 countries connecting Africa, Europe and Central Asia. All these factors make Pakistan attractive for investment and well positioned as a regional trade hub.

The increasing working-age population provides the country with a potential demographic dividend but also with the critical challenge to empower people with knowledge and provide adequate services and jobs. Pakistan faces significant economic, governance and security challenges to achieve durable development outcomes. The lack of reliable energy and water infrastructure, a largely uneducated workforce, persistence of conflict in the border areas and security challenges throughout the country affect all aspects of life in Pakistan and impedes development and economic growth.

On the back of increasing international oil prices, rupee depreciation, spiraling food and commodity prices, Pakistan's economic position deteriorated during FY18, leading rating agencies to downgrade outlook on Pakistan to negative. The country saw a slowdown in activity during the latter half of FY18. This was primarily due to political instability, however, GDP clocked in at 5.8%, the highest in thirteen years, helped by the LSM, Agriculture and Industrial sectors. Additionally, the steady implementation of its reforms program for increased energy availability, higher revenue collections and improved security conditions, as well as development projects under CPEC, helped keep growth rates high despite a worsening economic landscape.

Inflation inched lower, closing the fiscal year at 3.92 percent during FY18, however saw an uptick on a month on month basis during the latter half of the year and is expected to hit 6.5% in FY19.

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. Local businesses, however, face operational challenges as changes to duty structures affect our ability to protect margins.

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 infrastructure development projects in the energy, construction and water sectors. Development is deeply rooted to society and so demand in this segment fluctuates significantly. Our primary customers in the line pipe segment are state owned monopolies, where business is awarded through tenders and often delays in the tendering process hurt margins. To mitigate this impact, we maintain close contact with key customers and follow progress on planned projects closely.

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 FY19 has targeted an aggregate outlay of Rs. 5.9 trillion and allocated Rs. 800 billion to the Public-Sector Development Programme (PSDP). In the immediate short term, the 1,100 km Karachi-Lahore pipeline may trigger demand for pipes and coating applications. The project is valued at Rs. 70 billion, however, is yet to be tendered. We also expect some demand for pipes in the construction segment as the application of steel piles for construction picks up locally.

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

In concluding, we maintain a cautious outlook on country performance and given macroeconomic indicators, expect growth to slow down in the immediate short term. Liquidity constraints, higher cost of funds and lacking foreign investor interest is expected to keep capital markets under pressure for at least the first half of the fiscal year; however, this will make markets and future yields more attractive.

The incoming government is also expected to curtail planned development projects, specifically CPEC, and introduce new reforms as promised in their manifesto. This is likely to have a dampening effect on growth

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 recognize 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
31 July 2018

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 2018.

OPERATING RESULTS

		2018	2017
		(Rupees in '000)	
Profit for the year before taxation		971,403	1,391,703
Taxation Charge		(219,653)	(379,268)
Profit after taxation		751,750	1,012,435
Total other comprehensive income for the year		(589,853)	379,591
Unappropriated profit brought forward		1,367,569	1,363,706
Profit available for appropriation		1,529,466	2,755,732
Appropriations			
-Final dividend	2016-@ 20%	-	(155,265)
First interim dividend	2017-@15%	-	(116,449)
Second interim dividend	2017-@15%	-	(116,449)
Final dividend	2017-@22.5%	(174,673)	-
First interim dividend	2017-@10%	(77,633)	-
		(252,306)	(388,163)
Transfer to general reserve			(1,000,000)
Unappropriated profit carried forward		1,277,160	1,367,569
Basic and diluted earning per share		9.68	13.04

The Board of Directors of the Company in their meeting held on 31st July 2018 have proposed a final cash dividend for the year ended 30 June 2018 of Re. 1 per share (i.e. 10%) (2017: Rs. 2.25 per share) amounting to Rs. 77.6 million. This is in addition to the first interim cash dividends of Re. 1 per share each (i.e. 10% each) already distributed and recorded in these unconsolidated financial statements; which make a total cash distribution of Rs. 2 per share (i.e. 20%) for the year ended 30 June 2018.

The proposed final cash dividend is subject to the approval of the unconsolidated members at the Annual General Meeting to be held on 29th October, 2018. 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 2018 (FY18) the Company's pre-tax profits stood at Rs. 971.4 million (FY17: Rs. 1,391.7 million). The profits for FY18 were mainly contributed by business generated by the Steel Division and IID Division's dividend income, while the Cotton Division performed above breakeven during the year despite challenging market conditions.

The after-tax profit decreased to Rs. 751.7 million (FY17: Rs. 1,012.4 million) whereas Earning per Share (EPS) for the current year stood at Rs. 9.68 (FY17: Rs. 13.04). Tax charge for FY18 stands at Rs. 219.6 million (FY17: Rs. 379.3 million) includes Rs. 33.9 million (FY17: Rs. 36.6 million) on account of Super Tax levied by the Government.

Company's sales revenue stood at Rs. 7,043.8 million (FY17: Rs. 10,208.6 million); mainly constitutes turnover from Steel Division. The Steel Division posted sales of Rs. 6,136.2 million (FY17: Rs. 8,920.1 million). Cotton Division's sales stood at Rs. 907.6 million (FY17: Rs. 1,288.5 million). Investment income from IID Division amounted to Rs. 495.5 million (FY17: Rs. 246.9 million).

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 CS Energy (Private) Limited (Formerly Shakarganj Energy (Private) (CSEL) stood at Rs. 147.5 million.

Consolidated loss after tax for the Group for FY18 stood at Rs. 61.4 million resulting in a LPS of Rs. (0.79) as compared to profit after tax of Rs. 1,187.1 million and EPS of Rs. 15.29 last year.

Net share of profit from equity-accounted Investees amounted to Rs. 85 million (FY17: Rs. 569.3 million). Other comprehensive income for the year was Rs. 673.9 million (FY17: Rs. 483.2 million) resulting in total comprehensive income for the year Rs. 735.4 million (FY17: Rs. 1,670.3 million).

LIQUIDITY ANALYSIS AND STRATEGIES TO OVERCOME LIQUIDITY PROBLEMS

The management of the Company has years of experience in liquidity management and liquidity management system and tend to maintain a strong liquidity position to ensure availability of sufficient working capital besides identification and mitigation of cash flow risks. . Regular forecasting of cash flows and aging analysis are also carried out to maintain an optimum working capital cycle. Operating cash flows are mainly used for repayment of debt firstly.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- These unconsolidated 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 unconsolidated 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 unconsolidated 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 system.

- 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.

- 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 Review as endorsed by Board of Directors.

- Key operating and financial data for last six years in summarized form is annexed.

- Information about taxes and levies is given in the notes to the financial statements.

- The number of employees as at 30 June 2018 were 789 (2017: 481).

- 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	Rs. 188.9 million	31 December 2014
Gratuity Fund	Rs. 113.2 million	31 December 2014
Pension Fund	Rs. 370.9 million	31 December 2014
CCP Provident Fund	Rs. 25.187 million	30June 2016

- During the year seven meetings of Board of Directors and four meetings of Audit Committee were held, whereas two meetings of Governance and Nomination Committee (previously Governance and Evaluation Committee), one meeting of Human Resource and Remuneration Committee and one meeting of newly constituted Risk Management Committee were convened. Attendance by each director is attached separately.

PATTERN OF SHAREHOLDING AND SHARES TRADED

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

During the year, Mr. Farrukh V. Junaidy (Director) had acquired 1 share of the company.

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.

DIRECTORS

Election of Directors was held on 29th January, 2018 and a seven member Board including the Chief Executive Officer was elected unopposed whose term of office will expire on 29th January, 2021. Subsequent to Election of Directors, the Board in their 156th meeting held on 29th January, 2018 unanimously appointed Mr. Ahsan M. Saleem as Chief Executive for a further period of three years to 30th January, 2021.

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 Nomination 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, respectively. This was approved by the Board on the recommendation of Governance and Nomination Committee.

CEO's Performance Evaluation

During the year, the Human Resource and Remuneration Committee of the Board carried out the performance evaluation of the CEO for approval by the Board.

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

ABSTRACT UNDER SECTION 213(1) OF THE COMPANIES ACT, 2017

During the year ended 30 June 2018, the Board of Directors has maintained the remuneration of Mr. Ahsan M. Saleem, Chief Executive Officer at Rs. 1,380,000 per month effective from 1st January, 2018. Further, in accordance with company policy, performance incentive of Rs. 8,983,800 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.

ROLE OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman and the Chief Executive Officer have separate and distinct roles. The Chairman has all the powers vested under the Code of Corporate Governance and presides over Board meetings. The principal role of the Chairman is to manage and to provide leadership to the Board of Directors of the Company. The Chairman is accountable to the Board and acts as a direct liaison between the Board and the management of the Company through the Chief Executive Officer. The Chairman is independent from management and free from any interest and any business or other relationship which could conflict with the Chairman's independent judgement.

The Chief Executive Officer performs his duties under the powers vested by the law and the Board, and recommends and implements the business plans, and is responsible for overall control and operation of the Company.

UNCONSOLIDATED FINANCIAL STATEMENTS

As required under clause 5.6.4(a) of PSX Rule Book, the Chief Executive Officer and Chief Financial Officer presented the unconsolidated 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 unconsolidated financial statements for issuance and circulation.

No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year to which this Statement of Financial Position relates and the date of the Directors' Report.

AUDITORS

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 Board 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.

OUTLOOK

Our outlook for fiscal year 2019 is cautious. On the political side, the country has just voted and will likely elect a new government into power. The continuity of structural and policy reforms remains critical to sustained country growth going forward. The country faces a myriad of macroeconomic and security challenges that need to be addressed on a war footing basis.

To tackle the expected gas shortages due to depleting reserves and supplying continuous gas to the power and fertilizer sectors, we expect that the delayed gas infrastructure and augmentation projects will be reviewed and tendered during 2019. These projects were put on a backburner due to the political uncertainty that plagued the country in the second half of 2018. Stepping into 2019 we will begin with supply of 24" coated pipes to SNGPL worth Rs. 1.7 billion. We expect gas pipeline capacity augmentation projects including RLNG-III to be initiated; we also expect some serious work on the K4 water pipeline for Karachi. We expect next year to present operational challenges and a difficult environment, however, our focus remains on booking capacity, even if at marginal costing.

We will continue to strengthen operations to enhance margins in other areas of business, however, we expect costs of business to go up and capital markets to remain lackluster through most of fiscal year 2019.

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 and the Pakistan Stock Exchange (PSX) Rule Book.

By order of the Board

Ahsan M. Saleem
Chief Executive Officer

Zahid Bashir
Director
31 July 2018

ہم کاروبار کے شعبوں میں منافع بڑھانے کے لئے آپریشنز کو مستحکم کرتے رہیں گے (تاہم ہمیں امید ہے کہ کاروباری لاگت بڑھے گی اور کیپیٹل مارکٹس مالی سال 2019 کے زیادہ تر عرصہ میں سست رہیں گی)۔

ڈائریکٹرز اس سالانہ رپورٹ کے مندرجات کی توثیق کرتے ہیں اور یہ مندرجات کمپنیز ایکٹ، 2017 کے دفعہ 227 کے حوالے سے اور پاکستان اسٹاک ایکسچینج (پی ایس ایکس) رول بک اور کوڈ آف کارپوریٹ گورننس کے تقاضوں کے مطابق ڈائریکٹرز رپورٹ کا اٹوٹ حصہ بنیں گے۔

بحکم بورڈ

احسان ایم سلیم
چیف ایگزیکٹو آفیسر

زاہد بشیر
ڈائریکٹر
31 جولائی، 2018

چیئرمین اور چیف ایگزیکٹو آفیسر کا کردار

چیئرمین اور چیف ایگزیکٹو آفیسر کا الگ الگ اور امتیازی کردار ہے۔ چیئرمین کو کوڈ آف کارپوریٹ گورننس کے تحت تمام اختیارات حاصل ہیں اور وہ بورڈ اجلاسوں کی صدارت کرتے ہیں۔ چیئرمین کا سب سے بڑا کردار کمپنی کے بورڈ آف ڈائریکٹرز کو چلانا اور قیادت فراہم کرنا ہے۔ چیئرمین، بورڈ کو جواب دہ ہے اور چیف ایگزیکٹو آفیسر کے ذریعے بورڈ اور کمپنی کی انتظامیہ کے درمیان براہ راست رابطے کا کردار ادا کیا جاتا ہے۔ چیئرمین، انتظامیہ سے الگ اور کسی بھی مفاد اور کسی معاملے یا دوسرے کسی ایسے تعلق سے آزاد ہوتا ہے جو چیئرمین کے آزادانہ فیصلے سے متصادم ہو۔

چیف ایگزیکٹو آفیسر، ان اختیارات کے تحت اپنے فرائض انجام دیتا ہے جو اسے قانون اور بورڈ کی طرف سے تفویض کیے گئے ہیں، وہ سفارشات اور کاروباری منصوبوں پر عمل درآمد کرتا ہے اور کمپنی کے مجموعی کنٹرول اور آپریشن کا ذمہ دار ہے۔

غیر مربوط مالیاتی اسٹیٹمنٹس

جیسا کہ پی ایس ایکس رول بک کی شق (a)5.6.4 کے تحت ضروری ہے، چیف ایگزیکٹو آفیسر اور چیف فنانشل آفیسر نے بورڈ آف ڈائریکٹرز کے غور اور منظوری کے لیے اپنے اپنے دستخط سے توثیق کے ساتھ غیر مربوط مالیاتی اسٹیٹمنٹس پیش کیے اور بورڈ نے غور و خوض اور منظوری کے بعد اجرا اور سرکولیشن کے لیے غیر مربوط مالیاتی اسٹیٹمنٹس پر دستخط کرنے کا اختیار دیا۔

کمپنی کے غیر مربوط مالیاتی اسٹیٹمنٹس کا، کمپنی کے آڈیٹر، کے پی ایم جی تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس کی طرف سے کوالیفکیشن کے بغیر درست طریقے سے آڈٹ اور منظور کیے گئے ہیں اور ان کی رپورٹ غیر مربوط مالیاتی اسٹیٹمنٹس کے ساتھ منسلک ہے۔

مالی سال کے اختتام، جس سے اسٹیٹمنٹ آف فنانشل پوزیشن کا تعلق ہے اور ڈائریکٹر رپورٹ کی تاریخ کے درمیان کوئی ایسی مادی تبدیلیاں وقوع پزیر نہیں ہوئیں جن سے کمپنی کی مالی حیثیت متاثر ہوتی ہو۔

آڈیٹرز

آڈیٹرز، کے پی ایم جی تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس کمپنی کے اگلے سالانہ اجلاس عام میں سبکدوش 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 شیئر ہولڈرز کی خاطر اگلے سالانہ اجلاس عام میں ان کے تقرر اور منظوری کی سفارش کی ہے۔

منظرنامہ

جیسا کہ ہم مالی سال 2019 میں قدم رکھ رہے ہیں، پاکستان بھی ایک نئی حکومت کو منتخب کرنے کے قریب ہے۔ جو بات بالکل واضح ہے، وہ یہ ہے کہ ایک مضبوط حکومت، یقینی سیاسی صورت حال اور مالی چیلنجز پر قابو پانے کی خاطر اس کی اہلیت کے لیے اچھا شگون ہوگا۔ تمام سیاسی جماعتوں کے لیے سب سے بڑا کام معیشت کو واپس راستے پر لانا، بڑھتے ہوئے اخراجات جاریہ کے خسارے پر قابو پانا اور بنیادی تبدیلیوں پر عمل درآمد کرنا ہوگا۔

امید ہے کہ گیس کے ختم ہوتے ہوئے ذخائر کی وجہ سے متوقع کمی پر قابو پانے اور بجلی و کھاد کے شعبوں کو مسلسل گیس کی سپلائی کے لیے مالی سال 19 میں گیس انفرااسٹرکچر اور اضافہ کے منصوبے دوبارہ شروع ہوں گے۔ یہ منصوبے اس سیاسی غیر یقینی کی وجہ سے معرض التوا میں چلے گئے تھے جس نے 2018 کی دوسری ششماہی میں ملک کو اپنے شکنجے میں لے لیا تھا۔ ہم 2019 کا آغاز ایس این جی پی ایل کو 1.7 بلین روپے کے "24 قطر کے کوٹیڈ پائپس کی سپلائی سے کریں گے۔

ہمیں یہ بھی توقع ہے کہ 2019 میں RLNG-II سمیت گیس پائپ لائن گنجائش میں اضافے کے منصوبے شروع ہوں گے اور ہمیں خطیر مقدار میں پائپ کے ٹینڈر پیش کرنے کی امید ہے۔ ہمیں یہ بھی امید ہے کہ کراچی میں پانی کی پائپ لائن K-4 کے لئے سنجیدہ اقدام کیے جائیں گے۔ تاہم ہمیں اگلے سال عملیاتی چیلنجز اور مشکل وقت کا سامنا ہے۔

- سال کے دوران بورڈ آف ڈائریکٹرز کے سات اور آڈٹ کمیٹی کے چار اجلاس ہوئے، جبکہ گورننس اور نامزدگی کمیٹی (سابقہ گورننس اینڈ ایویلیویشن کمیٹی) کے دو، انسانی وسائل اور مشاہرہ کمیٹی کا ایک اور نئی قائم کی جانے والی رسک مینجمنٹ کمیٹی کا ایک اجلاس بلایا گیا۔ ہر ڈائریکٹر کی طرف سے حاضری الگ سے منسلک ہے۔

شیئر ہولڈنگ کا پیٹرن اور خرید و فروخت کیے جانے والے شیئرز

شیئر ہولڈنگ کا پیٹرن اور اس کے بارے میں اضافی معلومات الگ سے منسلک ہیں۔

سال کے دوران جناب فرخ وی جنیدی نے کمپنی کا ایک شیئر حاصل کیا۔ اس کے علاوہ کسی دوسرے ڈائریکٹر، چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، کمپنی سیکرٹری، ایگزیکٹوز اور ان کی شریک حیات اور نابالغ بچوں کی طرف سے کمپنی کے شیئرز کی کوئی خرید و فروخت نہیں ہوئی۔

ڈائریکٹرز

ڈائریکٹرز کا انتخاب 29 جنوری، 2018 کو ہوا اور چیف ایگزیکٹو سمیت سات رکنی بورڈ بلا مقابلہ منتخب ہوا، جن کے عہدے کی میعاد 29 جنوری، 2021 کو ختم ہوگی۔ ڈائریکٹرز کے الیکشن کے بعد، بورڈ نے اپنے 156 ویں اجلاس میں جو 29 جنوری، 2018 کو منعقد ہوا، جناب احسان ایم سلیم کو اتفاق رائے سے مزید تین سالہ مدت کے لیے چیف ایگزیکٹو مقرر کیا جو 30 جنوری، 2021 کو پوری ہوگی۔

سال کے دوران بورڈ میں کوئی عارضی اسامی خالی نہیں ہوئی۔

مزید برآں، بورڈ نے پی ایس ایکس رولز بک کی شق (d)5.6.1 کے مقاصد کے لیے یہ طے کیا کہ کمپنی کے تمام ڈیپارٹمنٹس کے فنکشنل ہیڈز کو "ایگزیکٹوز" تصور جائے گا۔ بورڈ نے اس اصول پر نظر ثانی کی ہے اور کمپنی کے انتظامی ڈھانچے کو مدنظر رکھتے ہوئے اسے اطمینان بخش پایا۔

بورڈ آف ڈائریکٹرز اور اس کی کمیٹیوں کی پرفارمنس ایویلیویشن

گورننس اور نامزدگی کمیٹی نے بالترتیب، انفرادی بورڈ یا کمیٹی کے ارکان جو بھی صورتحال ہو کے ذریعے سلف ایسیسمنٹ کے مسلمہ طریقہ کار کی بنیاد پر بورڈ آف ڈائریکٹر اور اس کی کمیٹیوں کی پرفارمنس کا اندازہ لگایا۔ گورننس اور نامزدگی کمیٹی کی سفارش پر بورڈ کی طرف سے اس کی منظوری دی گئی۔

سی ای او کی پرفارمنس ایویلیویشن

سال کے دوران، بورڈ کی انسانی وسائل اور مشاہرہ کمیٹی نے بورڈ کی منظوری کے لیے مسلمہ ایویلیویشن سسٹم کے مطابق سی ای او کی پرفارمنس ایویلیویشن کی۔

اس ایویلیویشن کا درج ذیل طریقہ ءکار کے مطابق جائزہ لیا گیا:

- قیادت
- پالیسی اور حکمت عملی
- لوگوں کا انتظام وانصرام
- کاروباری طریقے/مہارت
- گورننس اور تعمیل
- مالی کارکردگی
- معاشرے پر اثر

کمپنیز ایکٹ، 2017 کے سیکشن (1)213 کے تحت خلاصہ

30 جون، 2018 کو ختم ہونے والے سال کے دوران بورڈ آف ڈائریکٹرز نے چیف ایگزیکٹو آفیسر، جناب احسان ایم سلیم کا مشاہرہ یکم جنوری، 2018 سے موثر 1,380,000 روپے ماہانہ برقرار رکھا۔ مزید برآں، کمپنی کی پالیسی کے مطابق انھیں 8,983,800 روپے کا پرفارمنس incentive بھی ادا کیا گیا۔ ان کے تقرر کی دیگر شرائط میں کوئی تبدیلی نہیں کی گئی۔ جناب احسان ایم سلیم، چیف ایگزیکٹو ہونے کے ساتھ کمپنی کے ڈائریکٹر بھی ہیں اور انھیں اپنے تقرر کی شرائط پر مذکورہ نظر ثانی میں interested تصور کیا جائے گا۔

کارپوریٹ اور فنانشل رپورٹنگ فریم ورک کے بارے میں اسٹیٹمنٹ

- کمپنی کی انظامیہ کی طرف سے تیار کردہ یہ غیر مربوط فنانشل اسٹیٹمنٹس، اس کے حالات کار، آپریشنز کے نتائج، کیش فلوز اور ایکوئٹی میں تبدیلی کو درست طور پر اظہار کرتے ہیں۔
- کمپنی کے حسابات کے کھاتے مناسب طریقے سے رکھے جا رہے ہیں۔
- غیر مربوط فنانشل اسٹیٹمنٹس کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا مسلسل اطلاق کیا گیا اور حساب کتاب کے تخمینوں کی بنیاد، معقول اور محتاط فیصلے پر ہے۔
- غیر مربوط فنانشل اسٹیٹمنٹس کی تیاری میں انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرز (IFRS) پر، جیسا کہ پاکستان میں قابل اطلاق ہیں، عمل کیا گیا ہے اور اگر ان سے کوئی انحراف کیا گیا ہے تو اسے ظاہر کیا گیا ہے اور اس کی وضاحت کی گئی ہے۔
- داخلی کنٹرول کا نظام اپنی وضع میں مستحکم ہے اور اسے موثر طریقے سے نافذ کیا گیا ہے۔ انٹرنل آڈٹ اور اس قسم کے دوسرے نگرانی کرنے والے طریقوں کے ذریعے اس سسٹم کی مسلسل نگرانی کی جاتی ہے۔ کنٹرولز کو مزید مستحکم بنانے اور سسٹم میں بہتری لانے کے مقصد کے ساتھ، انٹرنل کنٹرولز کی مانیٹرنگ کا عمل ایک آگے بڑھتے ہوئے عمل کے طور پر جاری وساری ہے۔
- ایک ترقی کرتے ہوئے ادارے کی حیثیت سے برقرار رہنے کی صلاحیت کے بارے میں کوئی قابل ذکر شبہات نہیں ہے۔
- کارپوریٹ گورننس کے بہترین طور طریقوں سے، جیسا کہ لسٹنگ ریگولیشنز میں تفصیل بتائی گئی ہے، کوئی مادی انحراف نہیں کیا گیا۔
- پچھلے سال کے مقابلے میں رواں سال کے دوران کمپنی کے آپریشنز میں اہم تبدیلیوں اور منافع کے مستقبل کے امکانات کے بارے میں اہم منصوبوں اور فیصلوں کی تفصیلات چیف ایگزیکٹو کیپ پیغام میں بتائی گئی ہیں، جیسا کہ بورڈ آف ڈائریکٹرز کی طرف سے توثیق کی گئی ہے۔
- گزشتہ چھ سالوں کا کلیدی آپریٹنگ اور فنانشل ڈیٹا، خلاصے کی شکل میں منسلک ہے۔
- ٹیکسوں اور لیویز کے بارے میں معلومات، فنانشل اسٹیٹمنٹس کے نوٹس میں دی گئی ہیں۔
- 30 جون، 2018 کو ملازمین کی تعداد 789 تھی (2017: 481)
- آڈٹ شدہ حسابات کی بنیاد پر درج ذیل فنڈز کی سرمایہ کاری کی مالیت اس طرح ہے:

فنڈ کا نام	سرمایہ کاری کی مالیت	تازہ ترین آڈٹ شدہ حسابات کا عرصہ
پراویڈنٹ فنڈ	188.9 ملین روپے	31 دسمبر، 2014
گریچوئٹی 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

کمپنی کے بورڈ آف ڈائریکٹرز نے 31 اجولائی، 2018 کو اپنے اجلاس میں 30 جون، 2018 کو ختم ہونے والے سال کے لیے 1 روپیہ فی شیئر (یعنی 10 فیصد) (2017: 2.25 روپے فی شیئر) نقد حتمی منافع منقسمہ تجویز کیا، جو 77.6 ملین روپے بنتا ہے۔

یہ 1 روپیہ فی شیئر (یعنی فی کس 10 فیصد) کے پہلے عبوری نقد منافع منقسمہ میں اضافہ ہے جو پہلے ہی تقسیم کیا جا چکا ہے اور ان غیر مربوط مالی حسابات میں درج ہے؛ جس کے بعد 30 جون، 2018 کو ختم ہونے والے سال کے لیے کل نقد تقسیم 2 روپے فی شیئر (یعنی 20 فیصد) ہو جاتی ہے۔

یہ حتمی نقد منافع منقسمہ سالانہ اجلاس عام میں جو 29 اکتوبر، 2018 کو منعقد ہوگا، جو کہ ممبرز کی منظوری سے مشروط ہے۔ ان مالی حسابات میں مذکورہ بالا تجویز کا اثر شامل نہیں ہے جسے اُس مدت میں شمار کیا جائے گا جس میں ممبرز کی جانب سے اس کی منظوری دی جائے گی۔

غیر مربوط مالیاتی اسٹیٹمنٹس کی بنیاد پر مالیاتی اور آپریشنل پرفارمنس

30 جون، 2018 کو ختم ہونے والے مالی سال (FY18) کے دوران کمپنی کا قبل از ٹیکس منافع 971.4 ملین روپے رہا۔

(FY17 میں: 1,391.7 ملین روپے)۔ مالی سال 2018 میں منافع کی بڑی وجہ اسٹیل ڈویژن کی طرف سے کیا گیا کاروبار اور آئی آئی ڈی ڈویژن کی ڈیویڈنڈ آمدنی تھی، جبکہ کاٹن ڈویژن نے سال کے دوران مارکیٹ کے نامساعد حالات کے باوجود کوئی نفع یا نقصان نہیں دیا۔

بعد از ٹیکس منافع کم ہو کر 751.7 ملین روپے پر آ گیا (مالی سال 17: 1,012.4 ملین روپے)۔ جبکہ رواں سال کے لیے فی شیئر آمدنی (ای پی ایس) 9.68 روپے رہی (مالی سال 17: 13.04 روپے)۔ مالی سال 18 کے لیے ٹیکس چارج 219.6 ملین روپے رہا (مالی سال 17: 379.3 ملین روپے) اس میں حکومت کی طرف سے عائد کیے گئے سپر ٹیکس کی مد میں 33.9 ملین روپے بھی شامل ہیں (مالی سال 17: 36.6 ملین روپے)۔

کمپنی کی سیلز ریونیو سے آمدنی 7,043.6 ملین روپے رہی تھی (مالی سال 17: 10,208.6 ملین روپے) جو زیادہ تر اسٹیل ڈویژن کے ٹرن اوور پر مشتمل ہے۔ اسٹیل ڈویژن نے 6,136.2 ملین روپے کی سیلز پوسٹ کیں (مالی سال 17: 8,920.1 ملین روپے)۔ کاٹن ڈویژن کی سیلز 907.6 ملین روپے رہیں (مالی سال 17: 1,288.5 ملین روپے)۔ آئی آئی ڈی ڈویژن سے سرمایہ کاری کی آمدنی 495.5 ملین روپے رہی (مالی سال 17: 246.9 ملین روپے)۔

مربوط مالیاتی اسٹیٹمنٹس کی بنیاد پر مالی اور آپریشنل کارکردگی

قبل از ٹیکس مربوط منافع (مکمل ملکیتی سبسڈری کمپنیوں، سی ایس کیپٹل (پرائیویٹ) لمیٹڈ، کریسنٹ حدید (پرائیویٹ) لمیٹڈ اور سی ایس انرجی (پرائیویٹ) لمیٹڈ (سابق شکر گنج انرجی (پرائیویٹ) کے نتائج سمیت 147.5 ملین رہا۔

گروپ کا مالی سال 18 کے دوران بعد از ٹیکس مربوط خسارہ 61.4 ملین روپے تھا، جس کا نتیجہ گزشتہ سال کے 1,187.1 ملین روپے کے بعد از ٹیکس منافع اور 15.29 روپے کے EPS کے مقابلے میں (0.79) روپے کے LPS کی صورت میں نکلا۔ ایکوئٹی اکاؤنٹیڈ انویسٹیز سے منافع کا خالص حصہ 85 ملین روپے رہا (مالی سال 17: 569.3 ملین روپے) سال کی دیگر جامع آمدنی 673.9 ملین روپے تھی (مالی سال 17: 483.2 ملین روپے) جس کے نتیجہ میں سال کے لیے کل جامع آمدنی 735.4 ملین روپے پر آ گئی (مالی سال 17: 1,670.3 ملین روپے)

لیکوئیڈٹی کا تجزیہ اور لیکوئیڈٹی کے مسائل سے نمٹنے کی حکمت عملی

کمپنی کی انتظامیہ کو لیکوئیڈٹی مینجمنٹ اور لیکوئیڈٹی مینجمنٹ سسٹم کا کئی سالہ تجربہ ہے اور وہ کیش فلو کے خطرات کی نشان دہی اور انھیں کم کرنے کے علاوہ کافی ورکنگ کیپیٹل کی دستیابی کو یقینی بنانے کے لیے ایک مضبوط لیکوئیڈٹی پوزیشن برقرار رکھنا جانتی ہے۔ زیادہ سے زیادہ ورکنگ کیپیٹل سائیکل برقرار رکھنے کے لیے کیش فلوز کی باقاعدہ پیش گوئی اور دور رس تجزیے کیے جاتے ہیں۔ آپریٹنگ کیش فلوز کو زیادہ تر قرضوں کی واپسی کے لیے استعمال کیا جاتا ہے۔

ڈائریکٹر صاحبان کی رپورٹ

کمپنی کے ڈائریکٹر صاحبان کو 30 جون، 2018 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:

2017	2018		
(روپے "000" میں)			
1,391,703	971,403		قبل از ٹیکس منافع برائے سال
(379,268)	(219,653)		ٹیکسیشن چارج
1,012,435	751,750		بعد از ٹیکس منافع
379,591	(589,853)		دیگر کل جامع آمدنی برائے سال
1,363,706	1,367,569		افتتاحی غیر مقرر منافع
2,755,732	1,529,466		تخصیص کے لیے دستیاب منافع
			تخصیصات:
(155,265)	-	2016-@20%	- حتمی منافع منقسمہ
(116,449)	-	2017-@15%	- پہلا عبوری منافع منقسمہ
(116,449)	-	2017-@15%	- دوسرا عبوری منافع منقسمہ
-	(174,673)	2017-@22.5%	- حتمی منافع منقسمہ
-	(77,633)	2018-@10%	پہلا عبوری منافع منقسمہ
(388,163)	(252,306)		
(1,000,000)	-		عمومی ذخائر کو منتقلی
1,367,569	1,277,160		اختتامی غیر مقرر منافع
13.04	9.68		بنیادی اور ڈائلیوٹیڈ آمدنی فی شیئر

FINANCIAL AND OPERATIONAL PERFORMANCE

BUSINESS SEGMENTS

STEEL DIVISION

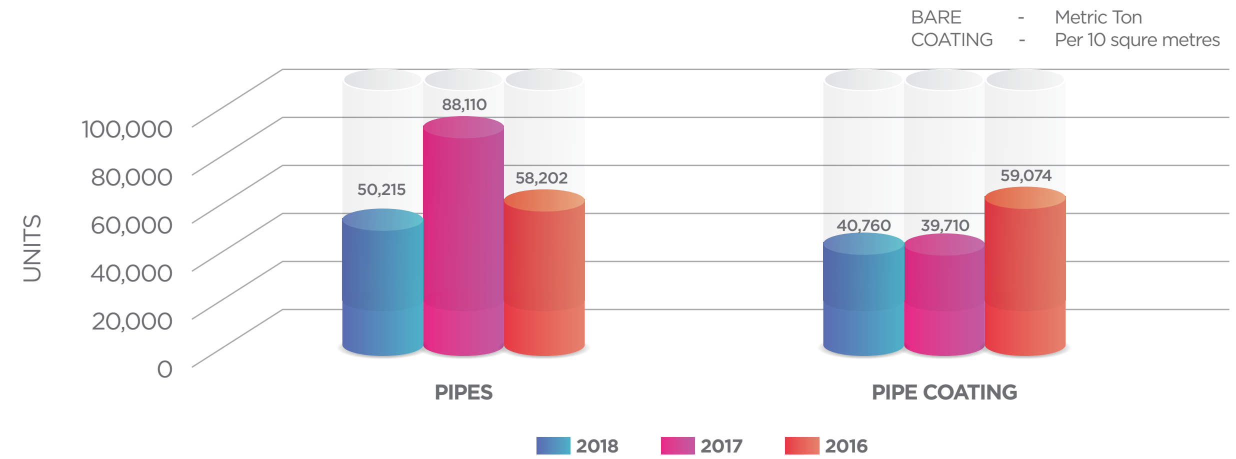
Revenue from Steel division was down 31% YoY at Rs. 6,136.2 million (FY17: Rs. 8,920.1 million) as pace of projects slowed down due to instability in government. Revenue for the latter half of the year was consequently Rs. 201.8 million. HRC prices showed volatility and an upward movement of 7% in price was seen during the year. While our price is informed by future prices, in many cases, there are delays in the bid opening and orders being awarded; we only source raw material when we are certain of order placement on us and carry the risk of an uptick in price.

Consequently, Gross Profit margins were substantially lower this financial year at 12.9% (FY17: 20.9%).

Distribution and selling expenses fell in line with sales and closed the year at Rs.10.7 million. As a percentage of sales these were higher at 0.17% (FY17: 0.15%).

Bare pipe production, in different diameters, was 43% lower at 50,215 tons (FY17: 88,110 tons). On a notional basis this works out to 56,145 tons (FY17: 107,699 tons). Line-pipe coating of 407,598 square meters was recorded during FY18 as compared to 397,103 square meters during the FY17

PRODUCTION



IID DIVISION

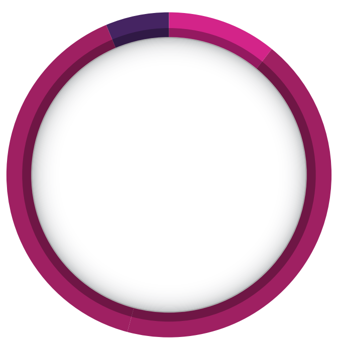
During the year under review the division recorded investment income of Rs. 495.5 million (FY17: Rs. 246.8 million), constituting primarily of dividends received from strategic investments, aggregating Rs. 518.1 million.

The trading portfolio yielded a loss on investments of Rs. 29.2 million, at an ROI of -5.88% on weighted average investments of Rs. 497 million, on account of unrealized losses of Rs. 48.8 million. The trading portfolio dividend yield for the period stood at 6.00% at Rs. 26.2 million compared to KSE-100 yields of 6.26%.

On an overall basis, the equity portfolio, excluding unquoted strategic investments, posted an ROI of -13.65% on weighted average investments of Rs. 6,078.8 million. Total unrealized returns stood at Rs. -1,436 million (FY17: Rs. 2,909 million) and total dividends at Rs. 549.3 million. The segment also owns rental properties, the property has been rented out and yielded returns of 7.4% on cost.

Consequently the Division posted a PBT of Rs. 464.9 million contributing Rs. 5.99 or 62% to Group EPS.

The Company's strategic investments include, Shakarganj Limited, Crescent Textile Limited and Shakarganj Food (Products) Limited as well as a minority investment in Altern Energy Limited. These constitute 90% of the total universe of equity investments.



AFS - Unquoted Held for Trading
Equity Accounted Investments

THE EQUITIES MARKET – KSE 100 INDEX

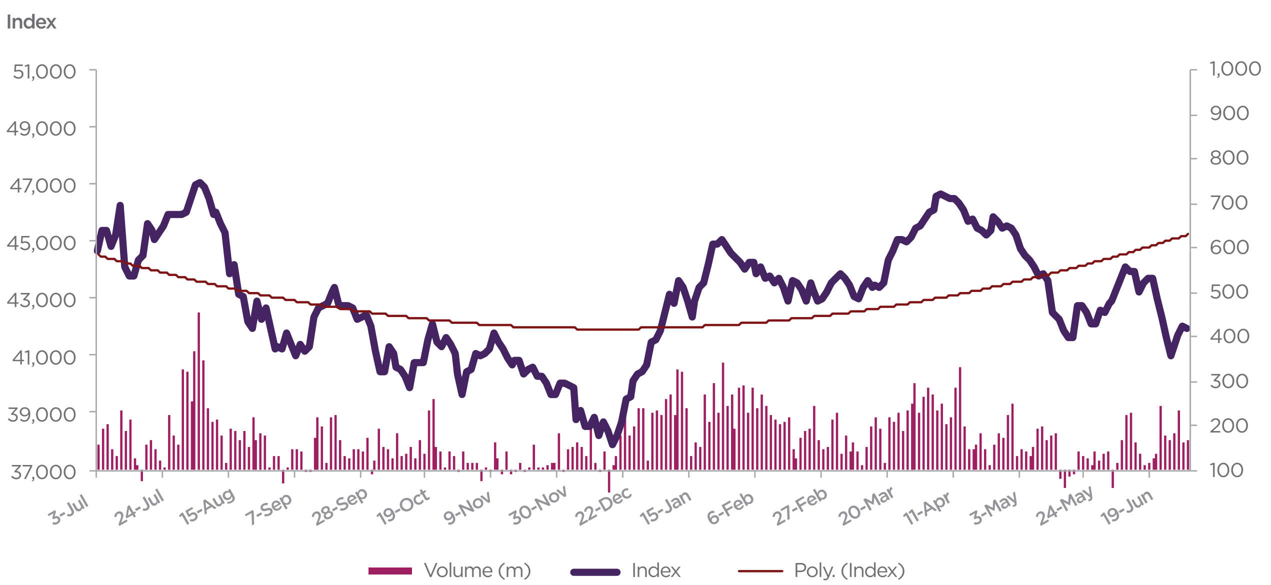
Marred by uncertainty, the KSE-100 index shed 10% during FY18 after 8 consecutive years of positive performance averaging 27% p.a.

On a CY2017 basis the index shed 15% and remained the worst performing markets of the region, however the local bourse gained 4% during the first half of CY2018.

Performance was largely affected by a weak macroeconomic and looming uncertainty due to an unstable political landscape.

Rising rates in the US and a worsening political-economic environment, hurt investor confidence and dampened liquidity, keeping market activity largely lackluster and volumes remained suppressed throughout the year at an average per day of 175 million shares against 350 million shares during FY17, down 50%. Average traded values also dropped by 43% YoY to USD 106mn against USD 186mn during FY17.

THE MARKET PERFORMANCE FOR FY18



COTTON SEGMENT PERFORMANCE

Our Cotton Division operations had been closed temporarily in FY17. We resumed operations at the spinning unit in November 2018, as market conditions became favorable. During this 8 months period of activity, the division recorded revenues of Rs. 907.6 million (FY17: Rs. 1,288 million) and posted a Gross Profit of Rs. 19.3 million (FY17: Gross Loss Rs. 6.58 million).

Operating and Administrative expenses were recorded at Rs. 24.5 million (FY17: Rs. 46.8 million). As a percentage of sales these were lower at 2.7% (FY17: 3.63%).

The year ended with a PBT of Rs. 8.2 million (FY17: Loss before tax Rs. 45.5 million) due to increase in other income of Rs. 20.3 million (FY17: Rs. 12.2 million) which mainly constitutes gain on sale of machinery. The operations from Cotton Division constituted a cash profit of Rs. 22.5 million.

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

SUBSIDIARIES

CS CAPITAL (PRIVATE) LIMITED

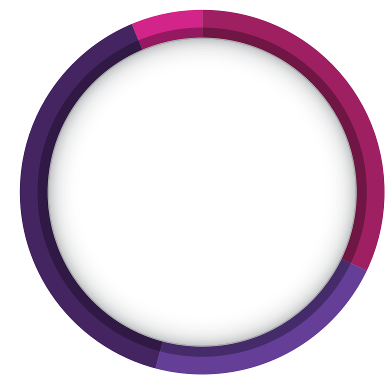
During the year under review the division recorded investment income of Rs. 17.4 million (FY17: Rs. 106.6 million), constituting primarily of dividends received from strategic investments, aggregating Rs. 35.9 million.

The trading portfolio yielded a loss on investments of Rs. 21.9 million, at an ROI of -4.62% on weighted average investments of Rs. 474.2 million, on account of unrealized losses of Rs. 37.3 million. The trading portfolio dividend yield for the period stood at 6.20% at Rs. 26.6 million compared to KSE-100 yields of 6.26%.

On an overall basis, the equity portfolio, excluding unquoted strategic investments, posted an ROI of 18.02% on weighted average investments of Rs. 1,569.7 million. Total unrealized returns stood at Rs. -334.2 million (FY17: Rs. 756 million) and total dividends at Rs. 62.5 million. The segment also owns property at Port Qasim, for long term appreciation, the property has been rented out and yielded returns of 7.4% on cost Consequently the Company posted a LBT of Rs. 0.2 million.

The Company's strategic investments include, Shakarganj Limited, Crescent Textile Limited and Shakarganj Food (Products) Limited as well as a minority investment in Altern Energy Limited. These constitute 65% of the total universe of equity investments.

SEGMENT WISE CONCENTRATION



Held For Trading AFS - Unquoted
AFS - RP AFS - Others

CS ENERGY (PRIVATE) LIMITED
(FORMERLY SHAKARGANJ ENERGY (PVT.) LIMITED) (CSEL)

During FY18 CSEL reported a loss of Rs. 113.9 million (FY17: Rs. 57.7 million), net of profit of Rs. 49.5 million during sugar crushing season. During the first half of FY18, the loss amounted to Rs. 129.44 million as compared to the corresponding period last year (FY17: Rs. 63.3 million)

Loss during the year was incurred mainly due to fixed production overheads as a result of underutilization of plant capacity and yield losses on bagasse. Efficiencies on bagasse consumption were adversely affected because heavy rains led to high moisture content in the bagasse stored at site.

During FY18, 50,559 MW of electricity was generated, out of which 45,431 MW were sold. Revenue for the Year stood at Rs. 651.9 million (FY17: Rs. 934.4 million).

CRESCENT HADEED (PRIVATE) LIMITED (CHL)

We commissioned the second furnace at the end of FY17. Enhanced capacity and gradual credit limit enhancements by lenders enabled a higher production of 49,900 tons of billets (FY17: 31,835 tons), on planned capacity of 85,000 tons. Consequently revenues were higher by 76% at Rs. 2,891.1 million (FY17: Rs.1,634 million).

However, sourcing challenges led to higher wastages of 6.7% (FY17: 5.6%). Coupled with inconsistent power supply (the power supplier remained closed for two months to carry out maintenance activities on the boiler) and cashflow constraints, the unit was inoperational for two months during the year and closed the year with a capacity utilization of 59% (FY17: 75%).

The Company posted a net loss of Rs. 246.9 million (FY17: Rs. 151.9 million) – profitability was affected, as mentioned above, by yield losses and erosion of margins primarily due to an upward movement in scrap prices that did not translate into an upward movement in billet prices, scrap sourcing and blending issues and inconsistent supply of power.

During the year, the Company managed to secure additional working capital lines of Rs. 600 million – this will ease cashflow pressures and enable continuous operations at the plant. Additionally, we took measures to review and re-work production processes to enhance yields and protect margins.

QUALITY

Procedures adopted for quality assurance of products and services

We are committed to the highest standards of quality in product delivery and services, with a focus on the customer. We strive to apply cutting edge technology and remain client centric to drive profitability and efficiency, without compromising on product or process quality. Every year, we carry out targeted quality improvement projects that run alongside our strategic and process improvement initiatives. Effectiveness of our Quality Management System is ensured through an independent quality control and assurance function.

STEEL DIVISION

This year we upgraded our line pipe testing facility with an Online Ultrasonic Testing Machine and an Online X-Ray Imaging system. The upgrades to our non-destructive testing facility further strengthen our quality assurance abilities and help reduce costs by reducing throughput times.

We continue to maintain quality management certification under API Q1 and ISO 9001.

CHALLENGES AND INITIATIVES

CHALLENGES

The second half of fiscal year 2018 saw significant reduction in demand for steel line pipes as required energy infrastructure projects were put on hold due to political uncertainty because of election year. The trend may continue into the coming financial year 2018-19 with weak demand for steel line pipes.

TARIFF ANOMALIES

Local steel line pipe manufacturers in Pakistan face survival challenges as large diameter pipe imports are largely unregulated, with very little difference between duties on imported raw material and finished product (for large diameter welded pipes). Additionally, there is lacking clarity on duty structures, with recurring changes that make the operating environment increasingly difficult for local manufacturers.

Additionally, incorrect interpretation of SRO 827 by the public sector companies provide undue advantage to foreign bidders. We however 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. 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 compete without significant erosion to margin.

CAPITAL MANAGEMENT AND LIQUIDITY

The increase in the business volume during the first half of the year and continuous financing requirements of the wholly owned subsidiaries due to their growth phase compound liquidity pressures. To address this, we acquired new funded lines, restructured debt and entered into new long credit arrangements by leveraging our strong balance sheet position.

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. Further in view of US tariff on steel, volatility in prices of steel products has increased.

TEXTILE SECTOR

The Pakistan textile industry contributes more than 60 percent (USD 9.6 billion) to the country's total exports. However, currently this industry is facing great decline in its growth rate. The major reasons for this decline are high costs of production due to increase in the energy costs, rise in inflation rate and high cost of financing. Operating obsolete machinery has compounded the problems along with unavailability of quality cotton. Prevailing conditions are making it very tough to post a positive bottom line.

CYCLICAL NATURE OF STEEL PIPE INDUSTRY

Cyclicality in sales is a significant challenge particularly for large diameter pipe manufacturers. Given the reliance of large diameter pipe manufacturers on public sector and pipeline augmentation projects of gas utility companies. This year the cyclical nature of the demand for large dia steel line pipe was observed as sales dried up in the second half of year as energy infrastructure augmentation projects were put on hold.

CURRENCY DEVALUATION AND FX VOLATILITY

During the year the Rupee depreciated by 17% and economist anticipate that any bridge financing, especially with the IMF will cause a further depreciation of 20%. While this will help ease pressure on the country's FX reserves, which depleted by 34% during the year, it adds to exchange rate volatility. In order to protect ourselves from this volatility we are working with our supplier, who are mostly based in China to establish trade in Yuan. This move will allow us to book forward covers and protect us from adverse FX movement.

INITIATIVES

Innovation, machinery optimization and process improvement initiatives are of great value to us at Crescent Steel. We remain persistent in our quest for enhancing yield through persistent enhancements in our procedures and framework. We trust that focused change activities 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 the latest technology placing emphasis on employee training, to meet the product quality requirements as defined by the customer and American Petroleum Institute standards. During the year, in addition to augmenting our pipe plant and finishing line to manage increased handling and finishing volumes, we upgraded our Pipe manufacturing line with state-of-the-art Heavy Strip edge milling unit and especially designed handling equipment for pipe stacking and loading.

INFORMATION SYSTEMS

The function continues to focus on business continuity, disaster management and this year the WAN infrastructure of CSAPL has been outsourced under managed network service arrangement that assures 99% uptime and service reliability to end users.

RISK AND OPPORTUNITY 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.

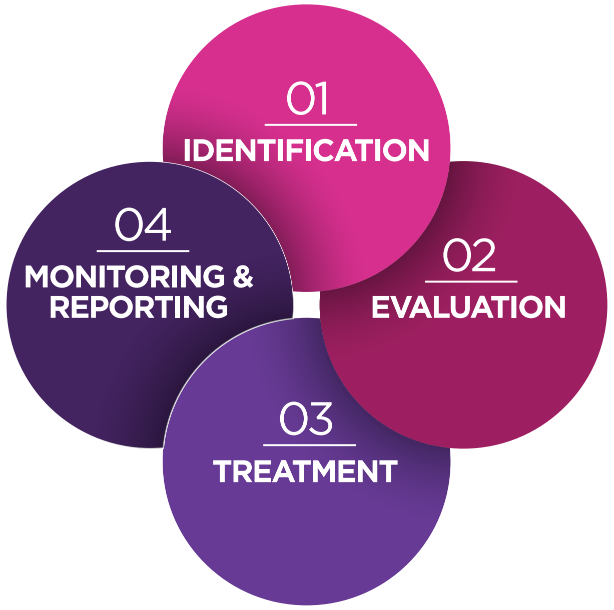
Risk management is one of the essential elements of the Company's corporate governance and creates a balance between entrepreneurial attitude and risk levels associated with business opportunities. Our risk management system supports recognition of developments likely to jeopardize the future performance 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 through a bottom-up approach. Risks are then managed strategically in a top-down approach. During the year, a Risk Management Committee of the Board was constituted with the responsibility to govern the risk framework of the Company while Internal audit assists the management in identifying risks along with their mitigating controls.

Our plan is to implement a single risk management, reporting and governance framework across all 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 centralized 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 help create greater accountability, identify opportunities and help manage risks proactively at all levels.

Risk Management Committee of the Board has carried robust assessment of the principal risks facing the company, including those that would threaten the business model, future performance, solvency and liquidity. Major risks and their mitigations are covered separately in this report.



MAJOR BUSINESS RISKS AND THEIR MITIGATION

KEY BUSINESS RISKS	MITIGATING FACTORS / ACTIONS IN PLACE	SOURCE OF RISK	SENSITIVITY
MACRO-ECONOMIC SITUATION AND POLITICAL INSTABILITY			
91% of our sales over the last three years have been generated through the Steel Division, primarily constituting sale of line pipes two the state-owned gas utilities. These companies award business through a tendering process and instability in government and fiscal constraints that may slow down progress on energy and water infrastructure projects will adversely affect our topline.	The Company has built a strong and resilient corporate structure that buffers shocks; 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 provides a liquidity buffer in difficult times.	External	High
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 to minimize any losses due to adverse price movements.	External	Medium -High

KEY BUSINESS RISKS	MITIGATING FACTORS / ACTIONS IN PLACE	SOURCE OF RISK	SENSITIVITY
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.	Internal-External	Medium
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.	External	High
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. Due to non -availability of forward cover booking in USD, we are negotiating with our Chinese suppliers of key raw materials to establish LCs in CNY to protect ourselves from the USD/PKR volatility, allowing us to hedge against exchange rate losses. Additionally, purchases of HRC are largely hedged as the exchange rate applied is that of the BL date, limiting exposure to exchange rate volatility to a maximum of 30 days. For the year under review HRC constitutes 44% of total COGs.	External	High
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.	External	Medium

KEY BUSINESS RISKS	MITIGATING FACTORS / ACTIONS IN PLACE	SOURCE OF RISK	SENSITIVITY
CREDIT RISK			
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.	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.	Internal	Low
SAFETY AND SECURITY OF ASSET			
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.	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.	Internal	Low
HEALTH, SAFETY AND ENVIRONMENT			
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.	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 Sustainability Report for developments during the year.	Internal	Low

KEY BUSINESS RISKS	MITIGATING FACTORS / ACTIONS IN PLACE	SOURCE OF RISK	SENSITIVITY
COST AND AVAILABILITY OF FUNDS			
Exhaustion in the steady availability of funds and rise in interest rates may adversely affect liquidity and overall financial conditions. This is 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.	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.	External	Medium
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.	Internal	Low

KEY BUSINESS RISKS	MITIGATING FACTORS / ACTIONS IN PLACE	SOURCE OF RISK	SENSITIVITY
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.	Internal	Medium
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.	External	Low
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.	Internal	Low

OPPORTUNITIES:

We are focused on allocating resources into new business ventures and expanding the profitability of existing ones to fulfill our future development goals. In the short term we aim to capitalize on our organizational strengths and over the longer term horizon we aim to modernize by creating new business opportunities to help the accomplishment of the Company's expressed vision.

We are the only functioning large dia pipe manufacturer in Pakistan and also have the highest production capacity as well. With this strategic edge, the Company actively participates in gas infrastructure and water sector pipe projects to fully utilize its potential. With the expected upcoming gas infrastructure augmentation projects like RLNG 3, we are fully poised to capture this opportunity.

We have diversified into capital markets, energy and steel billet manufacturing sectors by continuously investing in our subsidiaries. With the Government's Public development programs and China Pakistan Economic Corridor (CPEC) infrastructure projects coming online, its expected demand for steel products will increase significantly.

According to Pakistan's Steel Re-Rolling Mills Association (PSRMA), the start of mega development schemes and power projects under (CPEC) will boost the annual demand for steel product from 4m tons to 6m tons, a 30% increase. We are well placed to fulfill the development needs of the country. The Company is committed to search all possible avenues to maximize the pace of growth of the Company and Shareholders wealth

HEALTH, SAFETY, 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 as well as our compliance with Sindh Environmental Quality Standards (EQS).

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.

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.

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 acting 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. We plan to introduce new initiatives during fiscal year 2019 to promote healthy living among employees.

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 Rs. 45.9 million or 4.71% of PBT (FY17: Rs. 100.8 million) in the form of donations and sponsorships – this includes a contribution of Rs. 10 million towards our staff benevolent fund, recorded as employee costs on our books.

In addition to cash contributions our people have volunteered 2,159 hours (FY17: 1,265 hours) to structured community programs throughout the year.

Detailed information and analysis on our 2018 environmental and social performance is published in the Crescent Steel Corporate Social Responsibility Report 2018 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 FY17 public spending on education was 2.7% 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 the World Economic Forum, ranks 125 (out of 130 countries) in human capital development. It has almost 25.02 million children that are out of school, the second highest number in the world; of these approximately 17 million children are between the ages of 10 and 15 years. In addition to targeted investments towards primary and secondary education and skills learning programs, we also continue to support tertiary level education for children of employees and other merit students at recognized schools in Pakistan and abroad.

We currently support 7 students in universities in Pakistan and the US including 3 children of employees through our scholarship program. 18 students have been supported in full or in part for tertiary programs.

EDUCATION NON-PROFIT PARTNERS: 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.

To date the Company has helped build 21 schooling units (16 primary and 5 secondary school units) and continues to support 15 schooling units (12 primary and 3 secondary school units). An estimated 3,142 children have graduated from primary schools supported by us, approximately 432 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 3,447 students, the majority of whom reside in some of the most impoverished communities of the country; 47% of these students are female.

NATIONAL UNIVERSITY OF SCIENCES AND TECHNOLOGY

Finding Innovative and Creative Solutions for Society (FICS) is being managed by NUST for the past five years, aimed at promoting a culture of social entrepreneurship where students are given an opportunity to involve in social problems and think innovatively to devise technology-based solutions that can serve communities. The concept of FICS is fully aligned with the Sustainable Development Goals (SDGs).

FICS competition comprises of three stages and a workshop. In the third and final stage of the competition, the teams shortlisted present working prototypes of their solution. We supported NUST by contributing towards FICS's Prototype Development Fund. We also volunteered our time to judge projects that had qualified for the second stage of FICS 2018 at the Pakistan Navy Engineering College (PNEC).

Through our contribution towards the same initiative two years back, 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 Startup from Pakistan at the SeedStar Summit 2017 in Switzerland.

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 third 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 have been supporting this initiative since its inception. A total of 12,971 people have been sensitized regarding hepatitis B and C protection and prevention through 326 targeted community awareness sessions and 4,242 people have been vaccinated for Hepatitis B.

THE INDUS HOSPITAL BLOOD CENTRE

Indus Hospital has established the first centralized blood bank of Pakistan with an aim to save lives by collecting blood through voluntary donations. 58 employees from our Head Office and Nooriabad facility donated 29,000 ml of blood through the Indus Hospital Blood Drive held during the year.

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

EARTH HOUR 2018

WWF-Pakistan is a member of the WWF International Network, one of the world's largest environmental conservation organizations. During Earth Hour 2018, we went beyond just switching off unnecessary lights by partnering with WWF-Pakistan to raise awareness about environmental conservation and wildlife in Pakistan among our employees and arranged an overnight visit to the Indus Blind Dolphin Conservation Center and PAI Forest Reserve.

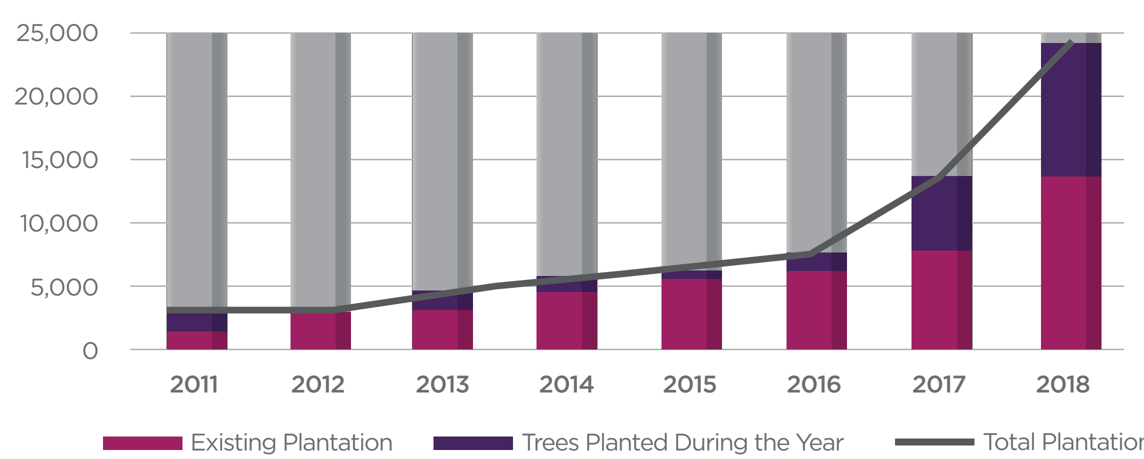
MARINE CONSERVATION: MANGROVE PLANTATION

During the year, we planted 175 mangrove saplings at WWF's Wetland Centre. We also continue to maintain the 525 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 700, reducing our carbon footprint by 4.1 tons annually. The plantation was followed by a beach cleaning activity.

TREE PLANTATION ACTIVITIES AT OUR CAMPUSES

During the year, we planted 9,932 trees at our campuses. Over the years our plantation size has increased to over 23,623 trees. These trees will help reduce our carbon footprint by 140 tons of carbon annually.

TREE PLANTATIONS



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: RASHID MEMORIAL WELFARE ORGANIZATION

Rashid Memorial Welfare Organization (RMWO) was set up by a group of retired PAF officers in 1998. The objective of the organization is to set up model villages throughout Pakistan by integrating all essential facilities so as to ensure a positive outflow to the rural community all under one roof.

We partnered with RMWO to support the model village in Rashidabad, a pilot project located in interior Sindh that encompasses all four elements of a sustainable society: education, health, environment and socio-economics. Rashidabad has created an ever-lasting impact on the community. Its three schools are catering to the needs of over two thousand students and it has provided the surrounding population with employment opportunities for over 1,200 people in various positions.

THE CITIZENS POLICE LIAISON COMMITTEE

The Citizens Police Liaison Committee (CPLC) is a statutory institution that is completely managed by citizens. It serves as the central branch that collects, collates, analyzes and then disseminates all information related to criminal activities. We supported CPLC in working towards integrating resources to develop a database with details of convicts in Karachi. This database will used by CPLC along with other law enforcement agencies in Pakistan in general and Karachi in particular. CPLC is certain that the effort is an important stepping stone in enhancing law enforcement agencies' capability to improve the law and order situation in the country.

CONTRIBUTION TO NATIONAL EXCHEQUER AND ECONOMY

Contribution to the National Exchequer and the Economy aggregated Rs. 2,590.1 million (FY17: Rs. 3,710.0 million). At a Group level this aggregates to Rs. 3,472.9 million (FY17: Rs. 4,247.9 million).

The Group contributed Rs. 2,610.7 million (FY17: Rs. 3,018.3 million) towards the national exchequer on account of government levies and taxes.

Contribution to the Economy included Rs. 264.0 million (FY17: Rs. 204.6 million) on account of payments to providers of capital and Rs. 155.3 million (FY17: Rs. 407.6 million) in the shape of shareholders' returns through cash dividends. On a Group level the Company provided employment to 1,003 (FY17: 583) full and part-time employees with compensation and benefits of Rs. 407.9 million (FY17: Rs. 536.7 million).

MANAGING THE FUTURE

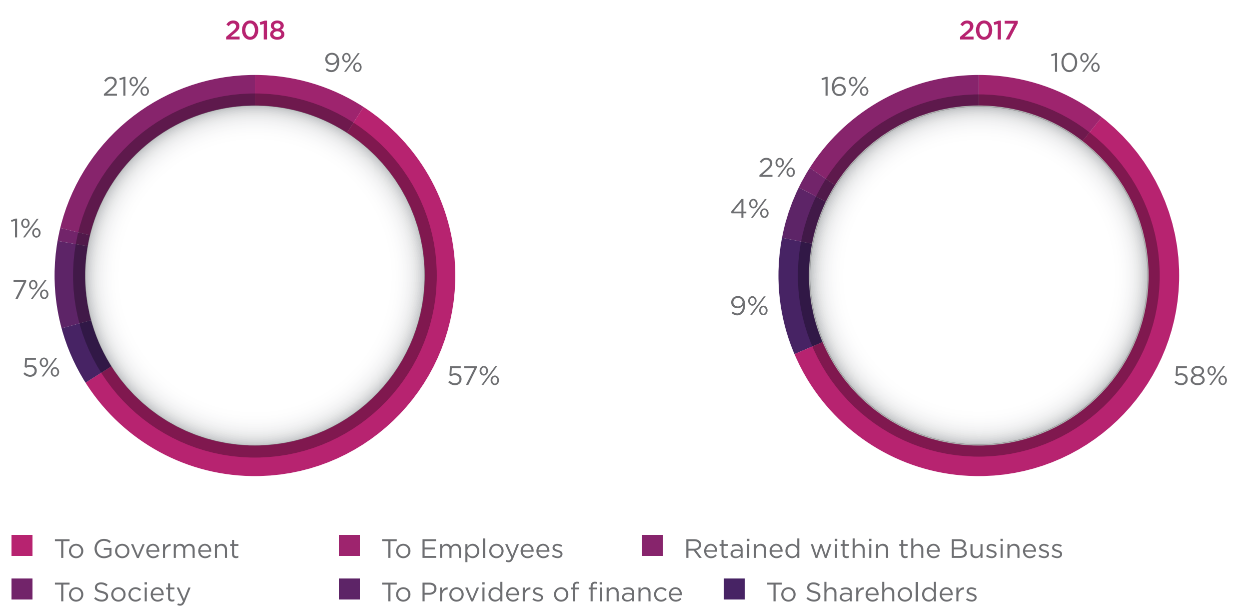
COMPANY PERFORMANCE

STATEMENT OF VALUE ADDED

	2018 Rupees in '000	%	2017 Rupees in '000	%
WEALTH GENERATED				
Total revenue	8,753,525	100%	12,163,915	100%
Bought-in-material and services	(5,469,503)	62%	(7,744,054)	64%
	3,284,022	38%	4,419,861	36%
WEALTH DISTRIBUTED				
To Employees				
Salaries, wages and other benefits	299,499	9%	460,113	10%
To Government				
Income tax, sales tax, custom duties, WWF and WPPF	1,868,920	57%	2,574,275	58%
To Shareholders				
Dividend *	155,265	5%	407,571	9%
To providers of finance				
Finance costs	231,319	7%	187,273	4%
To Society				
Donation towards education, health and environment	35,087	1%	80,813	2%
Retained within the business for future growth				
Depreciation, amortization and retained earnings	693,932	21%	709,816	16%
	3,284,022	100%	4,419,861	100%

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

Distribution of Wealth

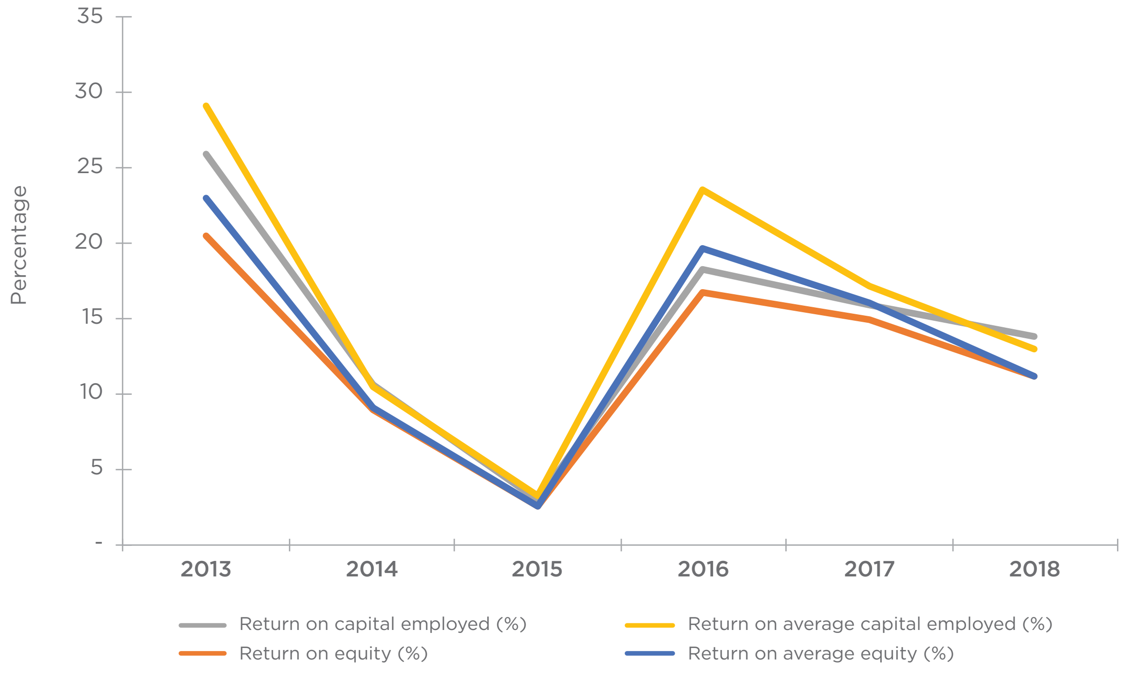


SUMMARY DATA AND PERFORMANCE INDICATORS

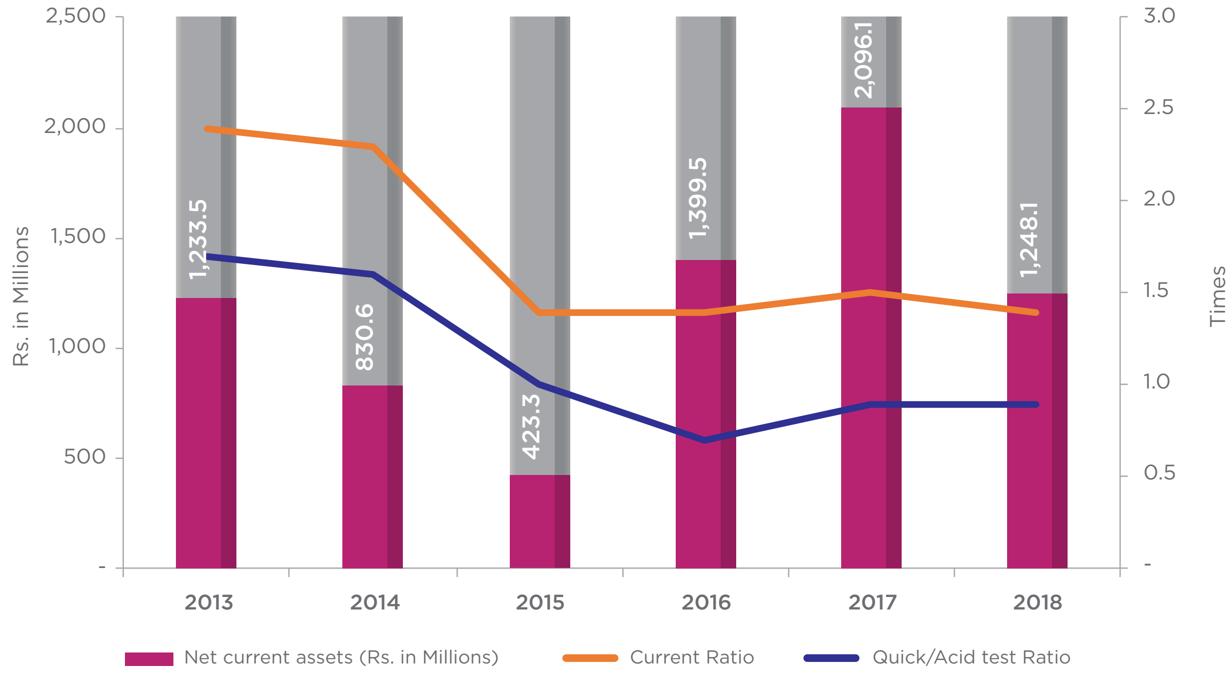
PERFORMANCE INDICATORS	2018	2017	2016	2015	2014	2013	2012
A Profitability Ratios							
Earnings before interest, taxation, depreciation and amortization (EBITDA) (Rs. in millions)	1,308.4	1,682.0	1,675.5	254.9	562.9	1,245.0	541.3
Profit before taxation and deprecation (Rs. in millions)	1,076.3	1,492.2	1,424.8	167.2	473.5	1,179.7	453.4
Gross profit ratio (%)	11.5	18.2	28.9	1.5	5.7	13.0	12.9
Operating profit margin to sales (net) (%)	17.1	15.5	21.0	6.8	11.5	23.0	11.0
Net profit margin to sales (net) (%)	10.7	9.9	13.0	5.1	8.9	16.3	8.7
EBITDA margin to sales (net) (%)	18.6	16.5	22.6	12.1	14.0	24.9	14.6
Operating leverage ratio	0.77	0.03	3.9	1.4	3.1	6.2	4.2
Return on equity (%)	11.2	14.8	16.7	2.6	9.0	20.5	11.0
Return on average equity (%)	11.1	16.0	19.6	2.6	9.0	23.0	11.4
Return on capital employed (RoCE) (%)	13.9	15.9	18.3	3.0	10.7	25.8	12.5
Return on average capital employed (%)	12.9	17.1	23.5	3.2	10.5	29.0	12.2
Return on average assets (%)	6.8	9.3	13.0	2.1	7.5	18.0	8.3
B Liquidity Ratios							
Current ratio	1.4 : 1	1.4 : 1	1.4 : 1	1.4 : 1	2.3 : 1	2.4 : 1	1.8 : 1
Quick / Acid-test ratio	0.9 : 1	0.9 : 1	0.7 : 1	1 : 1	1.6 : 1	1.7 : 1	1.2 : 1
Cash to current liabilities (%)	(5.8)	(4.7)	(3.7)	(24.6)	(18.6)	(25.3)	(24.1)
Cash flows from operations to sales (%)	22.7	1.7	(24.6)	7.7	14.0	(1.6)	7.3
Working capital (Net current assets)	1,248.1	2,096.1	1,399.5	423.3	830.6	1,233.5	851.2
Working capital turnover (times)	4.2	5.8	8.1	3.4	3.9	4.8	5.1
C Activity / Turnover Ratios							
Debtors turnover ratio (times)	18.3	20.7	36.1	23.7	28.2	17.7	15.3
No. of days in receivables / Average collection period (days)	20	18	10	15	13	21	24
Inventory turnover ratio (times)	2.9	3.4	3.9	4.8	7.1	7.0	4.8
No. of days in inventory (days)	124	108	94	76	51	52	76
Creditors turnover ratio (times)	5.7	11.5	23.2	9.0	38.1	19.9	16.2
No. of days in creditors / Average payment period (days)	64	31.8	15.7	40.4	9.6	18	23
Property, plant and equipment turnover (times)	6.8	10.9	9.0	2.7	5.1	6.4	5.9
Total assets turnover (times)	0.7	0.8	0.8	0.4	0.9	1.0	0.9
Operating cycle (days)	80	94	89	51	55	55	77
D Investment / Market Ratios							
Basic and diluted earnings / (loss) per share (Rs.)	9.68	13.05	12.97	1.53	5.16	11.70	4.90
Price earnings ratio (times)	9.4	18.3	8.8	34.0	8.4	3.8	4.7
Price to book ratio	0.9	0.4	0.7	1.3	1.5	1.6	2.4
Dividend yield (%) *	2.2	2.3	4.4	1.3	5.7	7.8	8.6
Dividend payout ratio (%) *	20.7	40.3	40.1	40.8	43.1	31.1	33.0
Dividend cover ratio (times) *	4.8	2.4	2.6	2.2	2.1	3.3	2.5
Cash dividend (Rs. in millions) *	155.3	407.6	388.2	43.5	155.3	197.6	112.9
Cash dividend per share (Rs.) *	2.0	5.3	5.0	0.7	2.5	3.5	2.0
Stock dividend / Bonus shares (Rs. in millions) *	-	-	-	-	-	56	-
Stock dividend / Bonus shares (%) *	-	-	-	-	-	10	-
Market value per share (at the end of the year) (Rs.)	91.2	238.6	114.6	51.9	43.5	45.0	23.2
- Lowest during the year (Rs.)	89.8	116.0	54.6	34.9	43.5	21.6	18.0
- Highest during the year (Rs.)	229.4	283.1	134.8	62.4	74.8	54.5	28.5
Break-up value per share (Rs.)	86.6	87.8	74.8	65.2	64.5	64.0	50.1
Break-up value per share including RP investment at MV	124.5	143.6	94.4	84.7	75.9	73.6	55.7
E Capital Structure Ratios							
Financial leverage ratio (%)	29.1	45.2	46.9	17.0	8.3	12.2	11.7
Long term debt to equity ratio (%)	5.3	5.7	8.1	7.0	1.5	0.9	0.6
Cost of debt	8.0	8.4	8.4	10.9	13.7	14.4	16.7
Long term debt : Equity ratio	6 : 95	6 : 95	8 : 92	7 : 93	2 : 98	1 : 99	1 : 99
Total liabilities to total assets (%)	33.2	43.9	38.7	24.9	15.3	18.7	25.7
Gearing ratio (%)	21.3	31.0	31.4	13.8	5.3	9.6	8.8
Interest coverage (times)	5.2	8.4	6.4	1.8	5.5	18.3	3.9

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

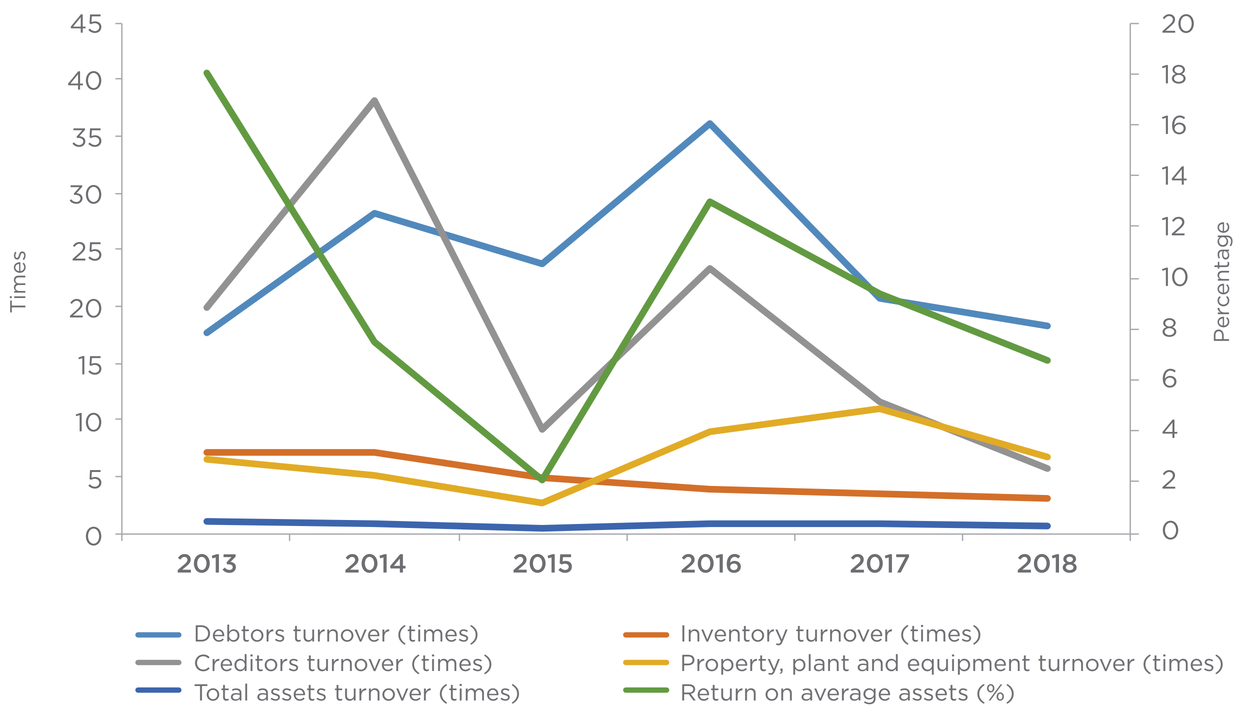
RETURN ON CAPITAL AND EQUITY



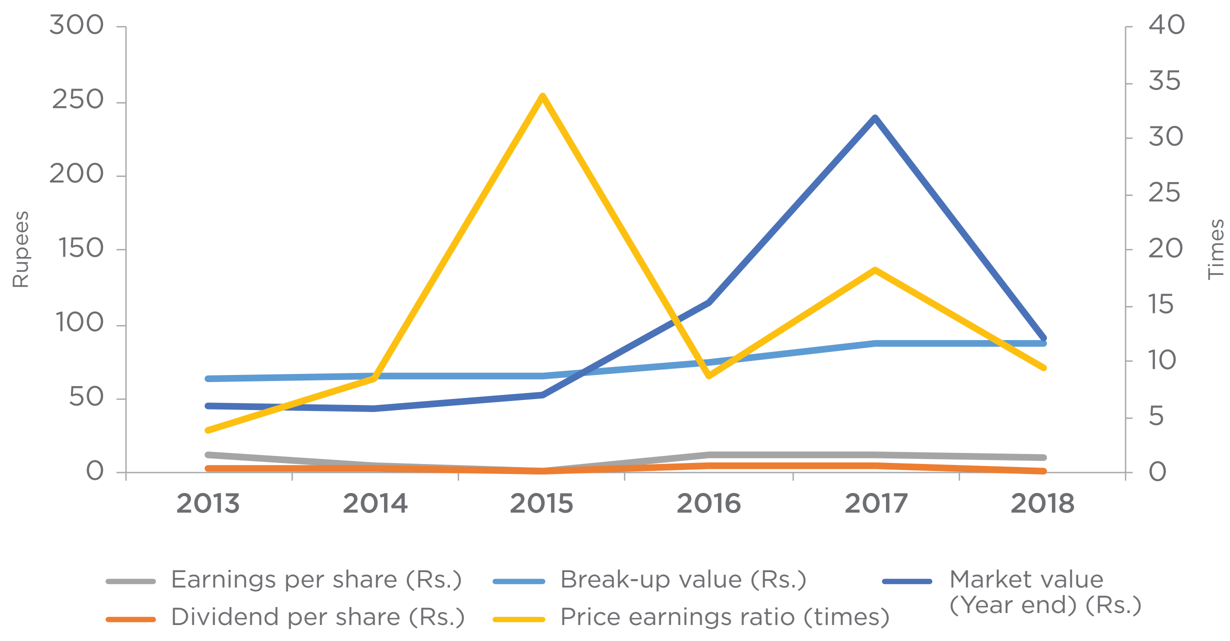
LIQUIDITY



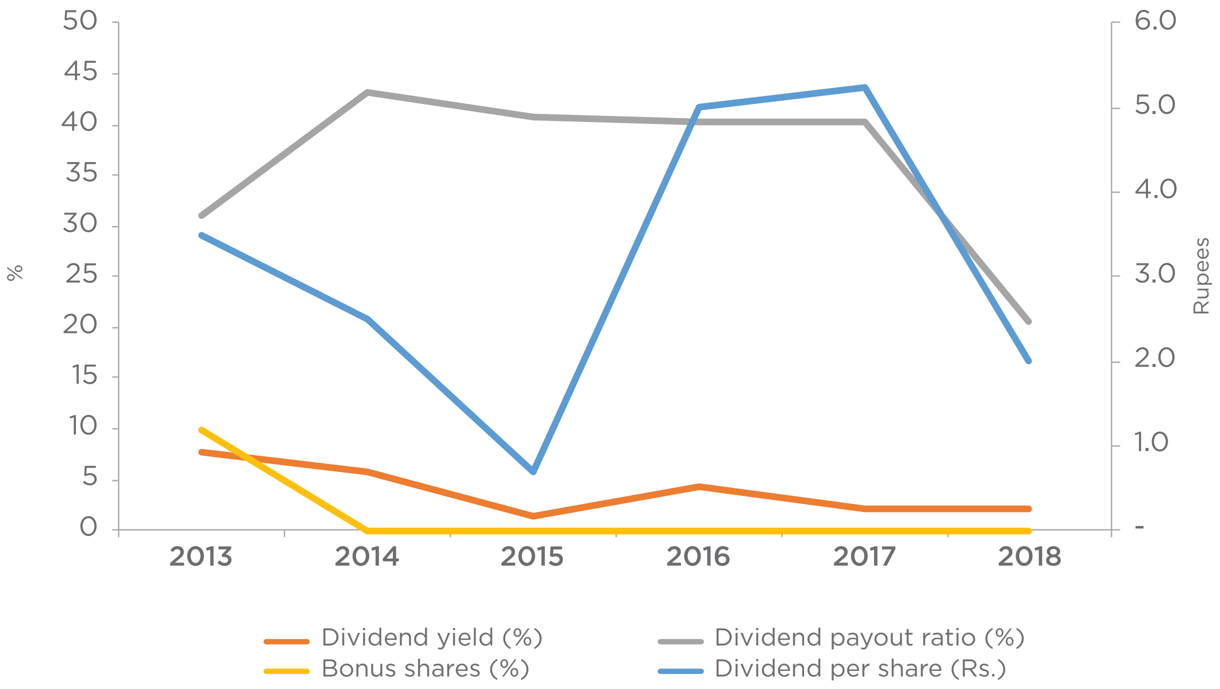
ASSET MANAGEMENT



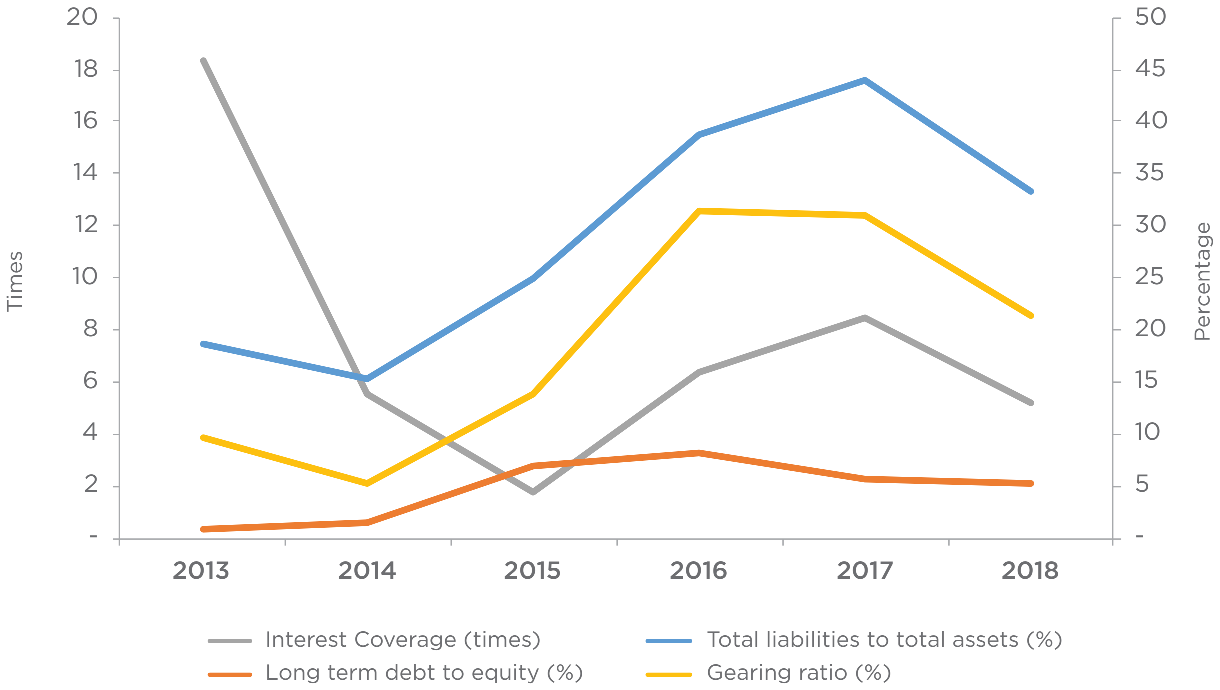
PER SHARE RESULTS



DIVIDEND AND RETURNS



DEBT MANAGEMENT



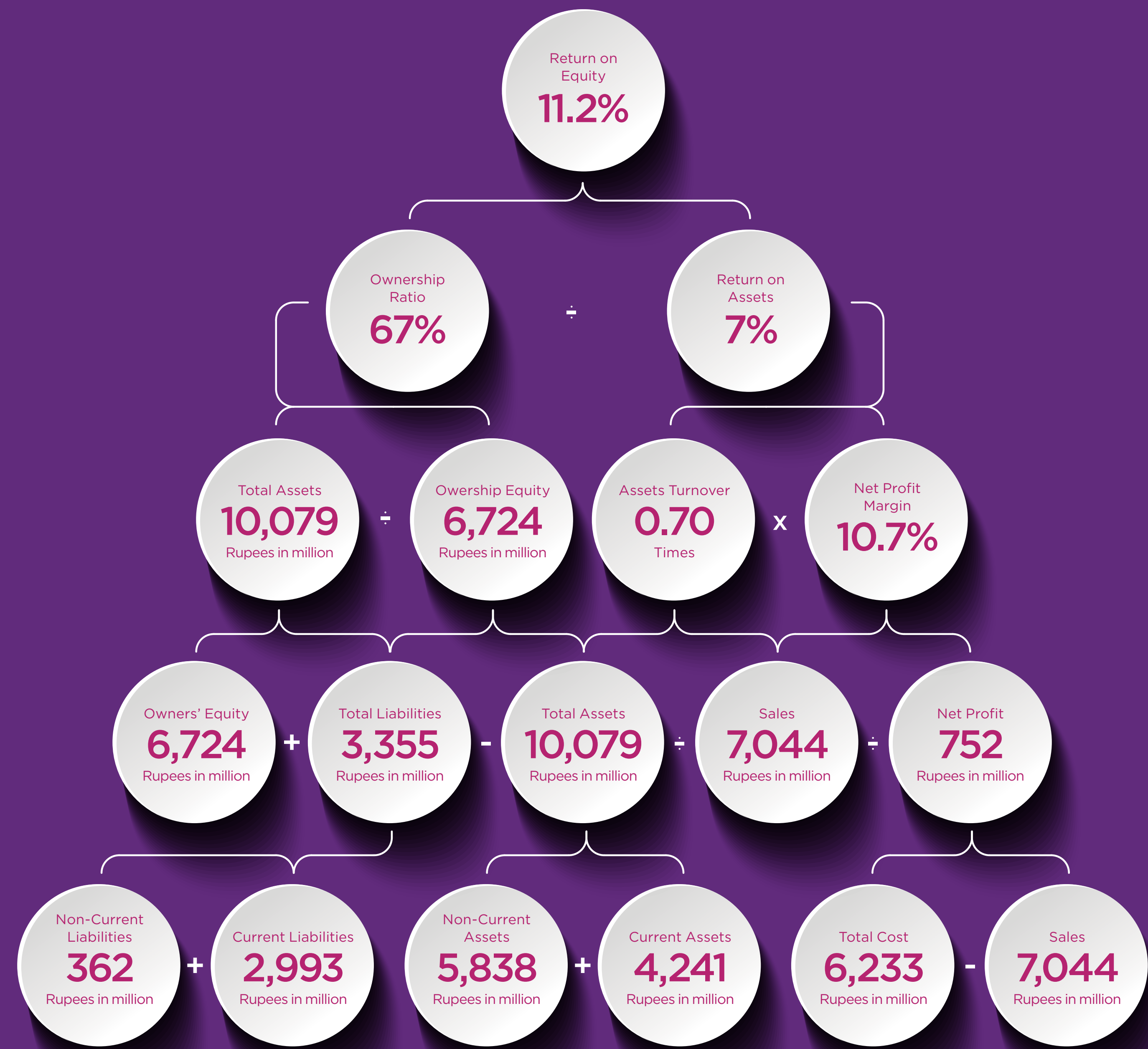
VERTICAL ANALYSIS OF STATEMENT OF FINANCIAL POSITION AND PROFIT OR LOSS

	2018		2017		2016		2015		2014		2013	
	Rs. in Million	%	Rs. in Million	%	Rs. in Million	%	Rs. in Million	%	Rs. in Million	%	Rs. in Million	%
Statement of Financial Position												
Property, plant and equipment	1,039	10.3	941	7.7	823	8.7	781	14.5	795	16.8	778	15.9
Intangible assets	-	-	1	-	3	-	10	0.2	14	0.3	14	0.3
Investment property	13	0.1	15	0.1	19	0.2	23	0.4	27	0.6	31	0.6
Long term investments	4,538	45.0	4,204	34.5	3,935	41.5	3,038	56.3	2,388	50.5	1,591	32.5
Long term deposits	217	2.2	189	1.6	177	1.9	24	0.4	26	0.5	369	7.5
Deferred taxation	30	0.3	-	-	-	-	38	0.7	-	-	-	-
Stores, spares and loose tools	169	1.7	163	1.3	112	1.2	67	1.2	72	1.5	79	1.6
Stock-in-trade	1,543	15.3	2,687	22.1	2,267	23.9	453	8.4	407	8.6	662	13.5
Trade debts	107	1.1	664	5.5	323	3.4	88	1.6	89	1.9	197	4.0
Loan and advances	275	2.7	378	3.1	40	0.4	18	0.3	49	1.0	32	0.7
Trade deposits and short term prepayments	26	0.3	15	0.1	16	0.2	11	0.2	7	0.1	9	0.2
Investments	448	4.4	515	4.2	392	4.1	388	7.2	456	9.6	798	16.3
Mark-up accrued	27	0.3	1	-	-	-	-	-	-	-	54	1.1
Other receivables	553	5.5	1,745	14.3	785	8.3	200	3.7	136	2.9	134	2.7
Taxation - net	961	9.5	633	5.2	529	5.6	211	3.9	159	3.4	75	1.5
Cash and bank balances	133	1.3	28	0.2	63	0.7	43	0.8	107	2.3	65	1.3
Total assets	10,079	100	12,179	100	9,484	100	5,393	100	4,732	100	4,888	100
Issued, subscribed and paid-up capital	776	7.7	776	6.4	776	8.2	621	11.5	621	13.1	565	11.6
Capital reserves	1,029	10.2	1,034	8.5	1,026	10.8	299	5.5	299	6.3	530	10.8
Revenue reserves	4,919	48.8	5,010	41.1	4,006	42.2	3,131	58.1	3,087	65.2	2,880	58.9
Shareholders' equity	6,724	66.7	6,820	56.0	5,808	61.2	4,051	75.1	4,007	84.6	3,975	81.3
Long term loan	227	2.3	322	2.6	394	4.2	239	4.4	-	-	-	-
Liabilities against assets subject to finance lease	127	1.3	64	0.5	77	0.8	46	0.9	62	1.3	34	0.7
Deferred income	8	0.1	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	1,349	13.4	1,864	15.3	711	7.5	626	11.6	315	6.7	344	7.0
Unpaid dividend	-	-	116	1.0	116	1.2	-	-	-	-	-	-
Unclaimed dividend	22	0.2	21	0.2	23	0.2	12	0.2	57	1.2	68	1.4
Mark-up accrued	16	0.2	28	0.2	21	0.2	12	0.2	8	0.2	9	0.2
Short term borrowings	1,458	14.5	2,517	20.7	2,084	22.0	302	5.6	228	4.8	418	8.6
Current portion of long term loan	97	1.0	141	1.2	109	1.1	55	1.0	-	-	-	-
Current portion of liabilities against assets subject to finance lease	46	0.5	42	0.3	59	0.6	47	0.9	41	0.9	32	0.7
Current portion of deferred income	5	-	4	-	5	0.1	2	-	2	-	1	-
Total equity and liabilities	10,079	100	12,179	100	9,484	100	5,393	100	4,732	100	4,888	100
Profit or Loss												
Sales - net	7,044	100.0	10,209	100.0	7,412	100.0	2,101	100.0	4,032	100.0	5,002	100.0
Cost of sales	6,232	88.5	8,350	81.8	5,269	71.1	2,069	98.5	3,801	94.3	4,351	87.0
Gross profit	811	11.5	1,859	18.2	2,143	28.9	32	1.5	231	5.7	651	13.0
Income from investments - net	496	7.0	247	2.4	42	0.6	309	14.7	440	10.9	298	6.0
Distribution and selling expenses	18	0.3	31	0.3	16	0.2	27	1.3	52	1.3	68	1.4
Administrative expenses	173	2.5	287	2.8	283	3.8	167	7.9	165	4.1	173	3.5
Other operating expenses	85	1.2	411	4.0	421	5.7	29	1.4	69	1.7	134	2.7
Other income	172	2.4	202	2.0	94	1.3	25	1.2	79	2.0	576	11.5
Operating profit before finance costs	1,203	16.9	1,579	15.5	1,559	21.1	143	6.8	464	11.5	1,150	22.9
Finance costs	231	3.3	187	1.8	244	3.3	81	3.9	84	2.1	62	1.2
Profit before taxation	971	13.6	1,392	13.7	1,315	17.8	62	2.9	380	9.4	1,088	21.7
Taxation	220	3.1	379	3.7	348	4.7	(44)	(2.1)	19	0.5	271	5.4
Profit after taxation	752	10.5	1,013	10.0	967	13.1	106	5.0	361	8.9	817	16.3

HORIZONTAL ANALYSIS OF STATEMENT OF FINANCIAL POSITION AND PROFIT OR LOSS

	2018		2017		2016		2015		2014		2013	
	Rs. in Million	Variance %	Rs. in Million	Variance %	Rs. in Million	Variance %	Rs. in Million	Variance %	Rs. in Million	Variance %	Rs. in Million	Variance %
Statement of Financial Position												
Property, plant and equipment	1,039	10.4	941	14.3	823.0	5.4	781.0	(1.8)	795	2.2	778	16.6
Intangible assets	-	(100.0)	1	(66.7)	3.0	(70.0)	10.0	(28.6)	14	-	14	600.0
Investment property	13	(13.3)	15	(21.1)	19.0	(17.4)	23.0	(14.8)	27	(12.9)	31	(13.9)
Long term investments	4,538	7.9	4,204	6.8	3,935.0	29.5	3,038.0	27.2	2,388	50.1	1,591	20.4
Long term loans and deposits	217	14.8	189	6.8	177.0	637.5	24.0	(7.7)	26	(93.0)	369	51.2
Deferred taxation	30	100.0	-	-	-	(100.0)	38.0	100.0	-	-	-	(100.0)
Stores, spares and loose tools	169	3.7	163	45.5	112.0	67.2	67.0	(6.9)	72	(8.9)	79	19.7
Stock-in-trade	1,543	(42.6)	2,687	18.5	2,267.0	400.4	453.0	11.3	407	(38.5)	662	12.8
Trade debts	107	(83.9)	664	105.6	323.0	267.0	88.0	(1.1)	89	(54.8)	197	(46.6)
Loan and advances	275	(27.2)	378	845.0	40.0	122.2	18.0	(63.3)	49	53.1	32	(76.8)
Trade deposits and short term prepayments	26	73.3	15	(6.3)	16.0	45.5	11.0	57.1	7	(22.2)	9	80.0
Investments	448	(13.0)	515	31.4	392.0	1.0	388.0	(14.9)	456	(42.9)	798	52.6
Mark-up accrued	27	2,600.0	1	100.0	-	-	-	-	-	(100.0)	54	217.6
Other receivables	553	(68.3)	1,745	122.3	785.0	292.5	200.0	47.1	136	1.5	134	226.8
Taxation - net	961	51.8	633	19.7	529.0	150.7	211.0	32.7	159	112.0	75	(19.4)
Cash and bank balances	133	375.0	28	(55.6)	63.0	46.5	43.0	(59.8)	107	64.6	65	3.2
Total assets	10,079	(17.2)	12,179	28.4	9,484	75.9	5,393	14.0	4,732	(3.2)	4,888	16.9
Issued, subscribed and paid-up capital	776	-	776	-	776.0	25.0	621.0	-	621	9.9	565	-
Capital reserves	1,029	(0.5)	1,034	0.8	1,026.0	243.1	299.0	-	299	(43.6)	530	40.6
Revenue reserves	4,919	(1.8)	5,010	25.1	4,006.0	27.9	3,131.0	1.4	3,087	7.2	2,880	32.9
Shareholders' equity	6,724	(1.4)	6,820	17.4	5,808	43.4	4,051	1.1	4,007	0.8	3,975	27.9
Long term loan	227	(29.5)	322	(18.3)	394.0	64.9	239.0	100.0	-	-	-	-
Redeemable capital	-	-	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	127	98.4	64	(16.9)	77.0	67.4	46.0	(25.8)	62	82.4	34	70.0
Deferred income	8	14.3	7	(22.2)	9.0	800.0	1.0	(50.0)	2	100.0	1	100.0
Deferred taxation	-	(100.0)	233	242.6	68.0	100.0	-	(100.0)	10	66.7	6	100.0
Trade and other payables	1,349	(27.6)	1,864	162.2	711.0	13.6	626.0	98.7	315	(8.4)	344	(45.0)
Unpaid dividend	-	(100.0)	116	-	116.0	100.0	-	-	-	-	-	-
Unclaimed dividend	22	4.8	21	(8.7)	23.0	91.7	12.0	(78.9)	57	(16.2)	68	3.0
Mark-up accrued	16	(42.9)	28	33.3	21.0	75.0	12.0	50.0	8	(11.1)	9	(43.8)
Short term borrowings	1,458	(42.1)	2,517	20.8	2,084.0	590.1	302.0	32.5	228	(45.5)	418	24.8
Current portion of long term loan	97	(31.2)	141	29.4	109.0	98.2	55.0	100.0	-	-	-	-
Current portion of redeemable capital	-	-	-	-	-	-	-	-	-	-	-	-
Current portion of liabilities against assets subject to finance lease	46	9.5	42	(28.8)	59.0	25.5	47.0	14.6	41	28.1	32	300.0
Current portion of deferred income	5	25.0	4	(20.0)	5.0	150.0	2.0	-	2	100.0	1	100.0
Total equity and liabilities	10,079	(17.2)	12,179	28.4	9,484	75.9	5,393	14.0	4,732	(3.2)	4,888	16.9
Profit or Loss												
Sales - net	7,044	(31.0)	10,209	37.7	7,412.0	252.8	2,101.0	(47.9)	4,032	(19.4)	5,002	26.9
Cost of sales	6,232	(25.4)	8,350	58.5	5,269.0	154.7	2,069.0	(45.6)	3,801	(12.6)	4,351	26.7
Gross profit	811	(56.4)	1,859	(13.3)	2,143	6,596.9	32	(86.1)	231	(64.5)	651	27.9
Income from investments - net	496	100.6	247	488.1	42.0	(86.4)	309.0	(29.8)	440	47.7	298	344.8
Distribution and selling expenses	18	(42.3)	31	93.8	16.0	(40.7)	27.0	(48.1)	52	(23.5)	68	47.8
Administrative expenses	173	(39.7)	287	1.4	283.0	69.5	167.0	1.2	165	(4.6)	173	5.5
Other operating expenses	85	(79.3)	411	(2.4)	421.0	1,351.7	29.0	(58.0)	69	(48.5)	134	103.0
Other income	172	(15.0)	202	114.9	94.0	276.0	25.0	(68.4)	79	(86.3)	576	336.4
Operating profit before finance costs	1,203	(23.8)	1,579	1.3	1,559	990.2	143	(69.2)	464	(59.7)	1,150	166.2
Finance costs	231	23.7	187	(23.4)	244.0	201.2	81.0	(3.6)	84	35.5	62	(43.1)
Profit before taxation	971	(30.2)	1,392	5.9	1,315	2,021.0	62	(83.7)	380	(65.1)	1,088	236.8
Taxation	220	(42.0)	379	8.9	348.0	890.9	(44.0)	(331.6)	19	(93.0)	271	1,526.3
Profit after taxation	752	(25.8)	1,013	4.8	967	812.3	106	(70.6)	361	(55.8)	817	138.9

DUPONT ANALYSIS

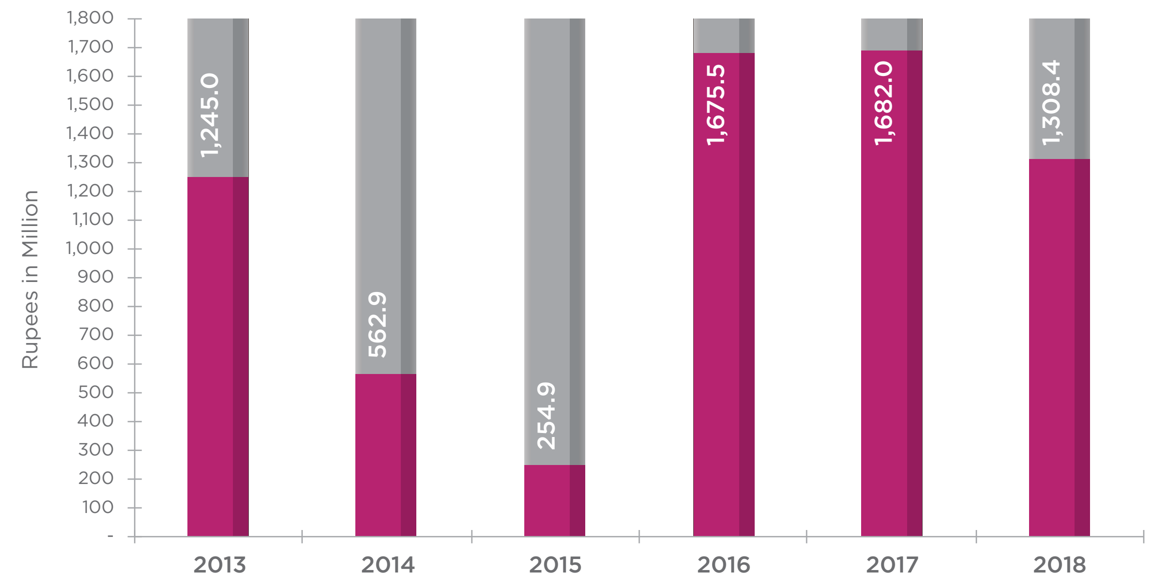


DuPont Analysis	2018	2017
Tax burden	22.6%	27.3%
Interest burden	23.8%	13.5%
EBIT margin	17.1%	15.5%
Asset Turnover (times)	0.7	0.8
Leverage	29.2%	46.2%
Return on equity	11.2%	14.8%

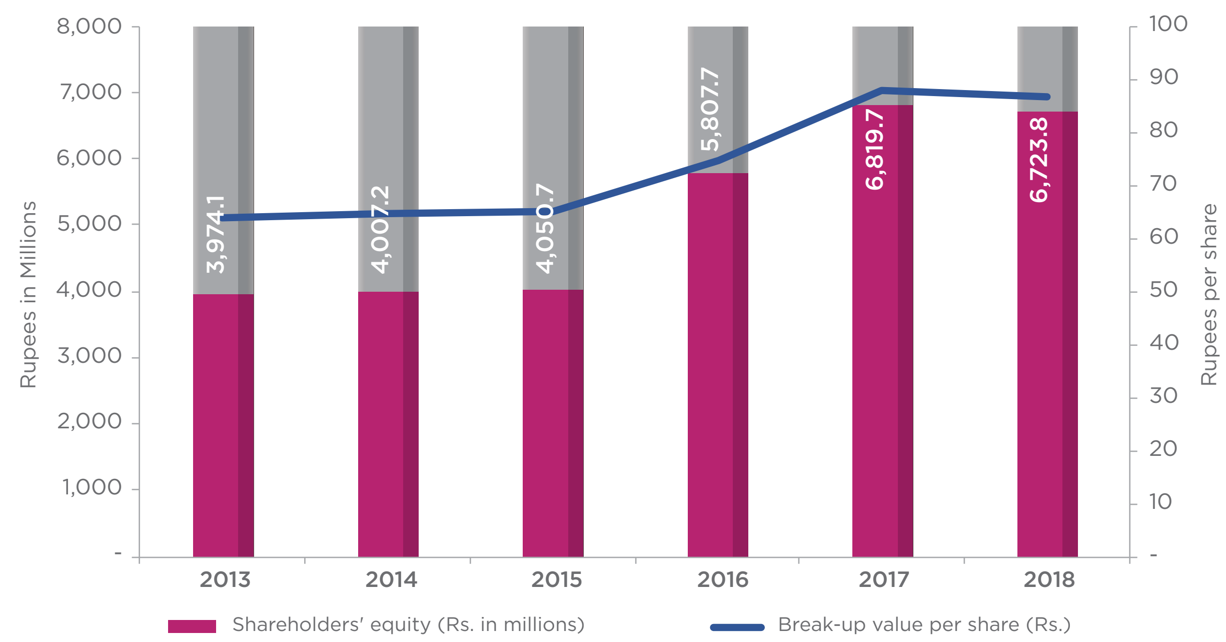
KEY OPERATING AND FINANCIAL DATA

SUMMARIZED FINANCIAL DATA	2018	2017	2016	2015	2014	2013	2012
A Summary of Profit or Loss (Rupees in millions)							
Sales - net	7,043.8	10,208.6	7,412.0	2,101.6	4,031.6	5,001.7	3,942.9
Cost of sales	6,232.5	8,349.8	5,269.1	2,069.1	3,801.3	4,350.8	3,434.1
Gross profit	811.3	1,858.8	2,142.9	32.5	230.3	650.9	508.8
Income from investments - net	495.5	246.9	42.6	308.7	440.1	298.4	67.2
Distribution, selling and administrative expenses	190.9	317.8	298.6	194.0	217.2	241.1	210.0
Other operating expenses	84.9	410.8	421.3	29.3	68.7	134.0	65.8
Other income	171.7	201.8	93.7	25.6	78.6	575.7	132.2
Operating profit before finance costs	1,202.7	1,578.9	1,559.3	143.5	463	1,149.9	432.4
Finance costs	231.3	187.3	243.8	80.7	84.1	62.9	109.5
Profit before taxation	971.4	1,391.6	1,315.5	62.8	379.0	1,087.0	322.9
Taxation	219.7	379	348.4	(44)	19	271.0	(19)
Net income	751.7	1,012	967.1	106.5	360.2	816.0	341.8
B Summary of Statement of Financial Position (Rupees in millions)							
Current assets	4,241.1	6,829.6	4,527.1	1,478.7	1,482.4	2,106.1	1,902.0
Stock-in-trade	1,542.7	2,686.7	2,266.8	453.1	407.2	662.4	586.7
Trade debts	106.9	663.7	322.9	87.9	89.5	196.9	368.9
Current liabilities	2,993.0	4,733.5	3,127.6	1,055.4	651.8	872.6	1,050.8
Trade and other payables	1,349.1	1,863.8	711.0	626.0	315.0	344.0	626.0
Property, plant and equipment	1,039.0	940.6	822.6	780.7	795.1	777.8	666.8
Total assets	10,079.0	12,179.6	9,484.2	5,392.7	4,733.0	4,888.7	4,179.7
Long term financing (excluding current maturity)	354.2	386.1	471.4	285.2	62.0	34.5	19.8
Deferred income (including current maturity)	13.5	11.6	13.8	3.2	4.1	2.2	-
Deferred liabilities	-	232.8	68.3	-	9.7	6.2	-
Short term financing (including current maturity of long-term financing)	1,600.7	2,699.5	2,251.9	404.2	269.4	450.5	343.0
Reserves	5,947.4	6,043.4	5,031.4	3,429.7	3,386.1	3,409.5	3,544.5
Shareholders' equity	6,723.8	6,819.7	5,807.7	4,050.7	4,007.2	3,974.1	3,109.1
C Summary of Statement of Cash Flows (Rupees in millions)							
Cash and cash equivalents at the beginning of the year	(219.4)	(117.0)	(259.3)	(121.1)	(220.7)	(253.1)	(553.7)
Net cash generated from/(used in) from operating activities	1,599.5	172.0	(1,820.1)	162.2	565.2	(81.4)	288.7
Net cash inflows from / (used in) investing activities	168.3	(144.6)	(816.3)	(399.2)	(132.5)	192.3	284.5
Net cash (used in)/inflow from financing activities	(1,720.5)	(129.8)	2,778.7	98.8	(333.1)	(78.5)	(272.6)
Net increase / (decrease) in cash and cash equivalents	47.3	(102.4)	142.3	(138.2)	99.6	32.4	300.6
Cash and cash equivalents at the end of the year	(172.1)	(219.4)	(117.0)	(259.3)	(121.1)	(220.7)	(253.1)
D Other Data (Rupees in millions)							
Cash and Bank balances	133.5	28.5	62.9	-	-	63.3	16.5
Depreciation	104.9	100.5	109.3	-	-	130.6	161.3
Amortization	0.8	2.5	6.8	-	-	11.3	11.8
Depreciation and amortization	105.7	103.0	116.1	111.4	99.8	95.1	141.9
Capital expenditure	204.2	215.2	141.5	95.7	131.8	220.5	68.2
No. of ordinary shares (no. of shares in millions)	77.6	77.6	77.6	62.1	62.1	56.5	56.5
Payments to National Exchequer	1,862.7	2,574.3	2,250.0	157.2	358.0	730.2	290.3

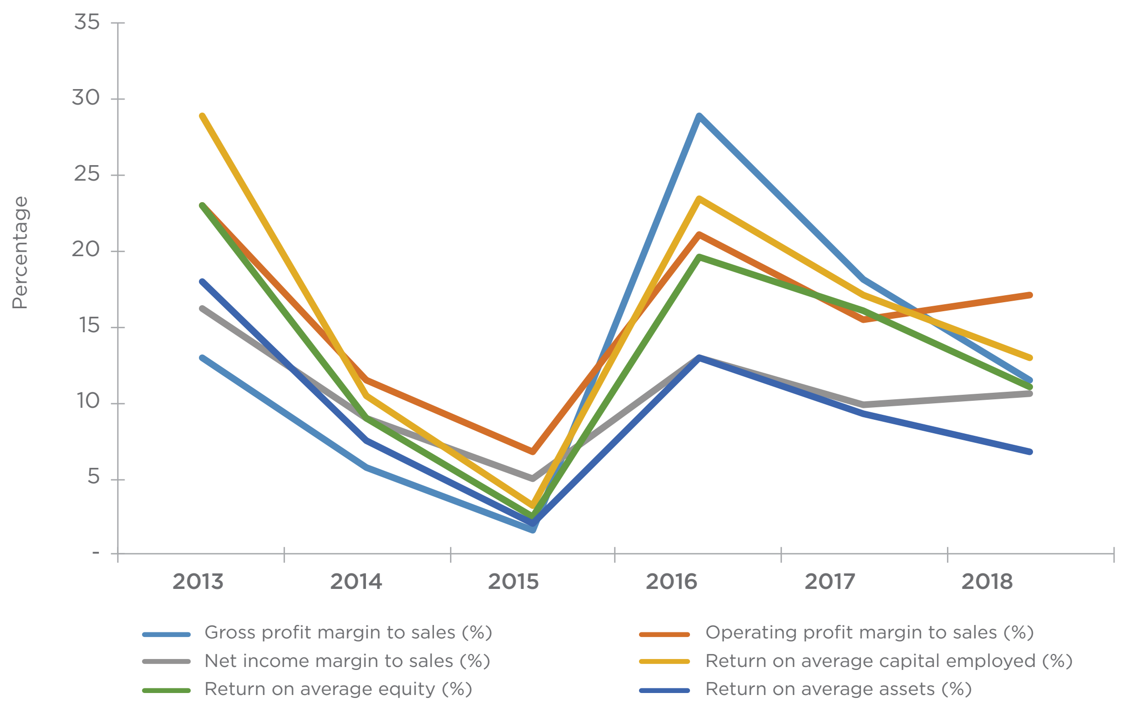
EARNINGS BEFORE TAXATION, DEPRECIATION AND AMORTIZATION (EBITDA)



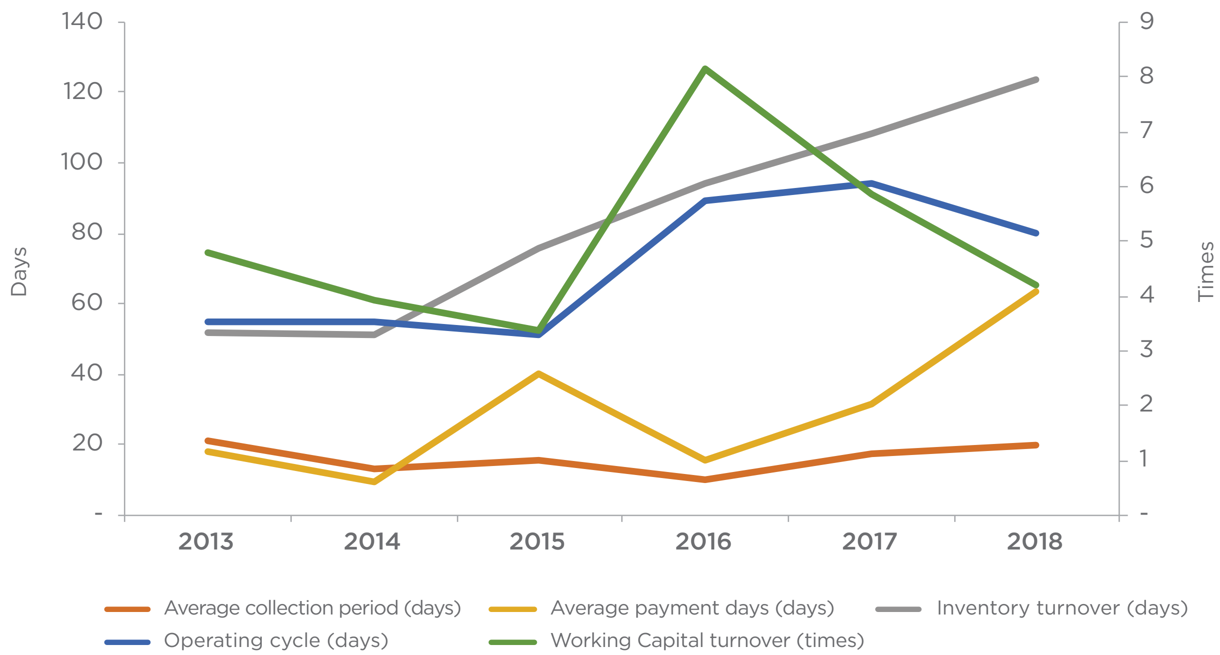
SHAREHOLDERS' EQUITY AND BREAK-UP VALUE PER SHARE



PROFITABILITY AND RETURN

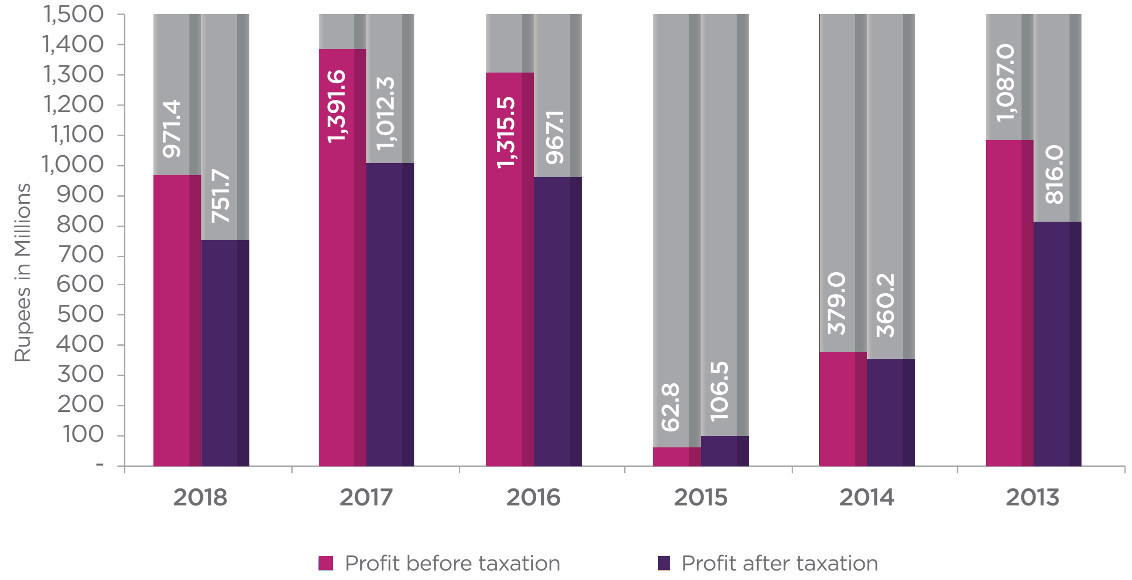


MANAGEMENT OF WORKING CAPITAL



MOVEMENT IN STOCK PRICES

PROFIT BEFORE AND AFTER TAXATION



QUARTERLY ANALYSIS

SALES

After a healthy turnover in first half, sales dropped in second half. Second half posted 13.5% or Rs. 952 million to annual revenue [H1FY18: Rs. 6,091.7 million (86.5%), H2FY18: Rs. 952 million (13.5%)]. As explained in detail in the Segment 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 utility company.

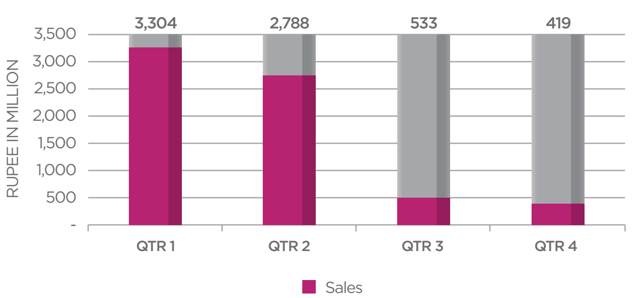
INCOME FROM INVESTMENTS

During the first quarter the IID Division recorded a net profit Rs. 215.1 million. Income from investments, inclusive of dividend income of Rs. 549.3 million and unrealized loss of Rs. 48.8 million, stood at Rs. 495.5 million on the back of volatile market conditions. The second and third quarter showed positive results and the IID Division contributed Rs. 295.8 million to profits during the fiscal year. The year closed with the fourth quarter contributing loss of Rs. 46 million with unrealized loss on HFT investments of Rs. 37 million.

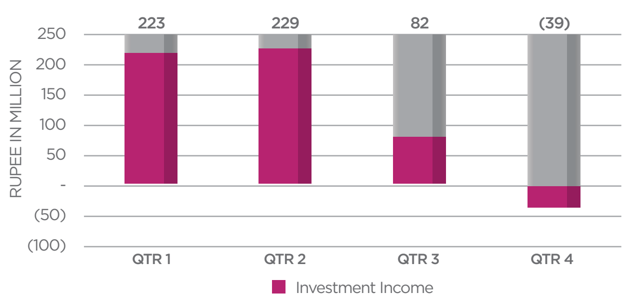
PROFIT AFTER TAXATION

Profit after taxation for the first quarter stood at Rs. 422 million primarily constituting profits from the Steel Division. Second and third quarters added Rs. 478 million to the bottom line and constitute profits from the Steel and IID Division. After dip in third quarter, the fourth quarter posted loss after tax of Rs. 148.7 million.

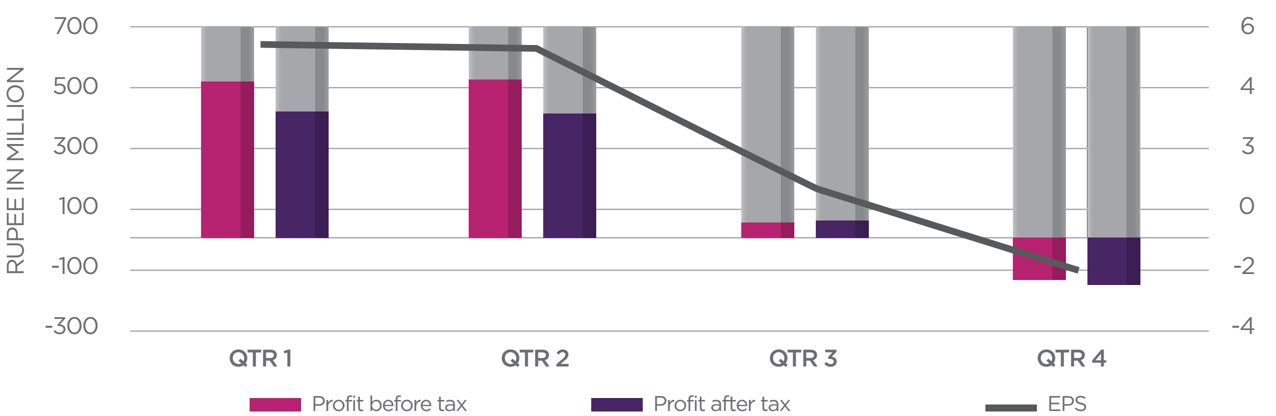
SALES



INVESTMENT INCOME



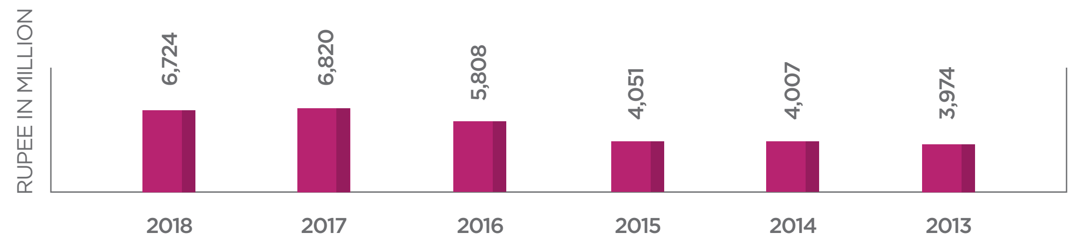
PROFIT BEFORE TAX, PROFIT AFTER TAX AND EPS



COMMENTS ON SIX-YEAR BALANCE SHEET

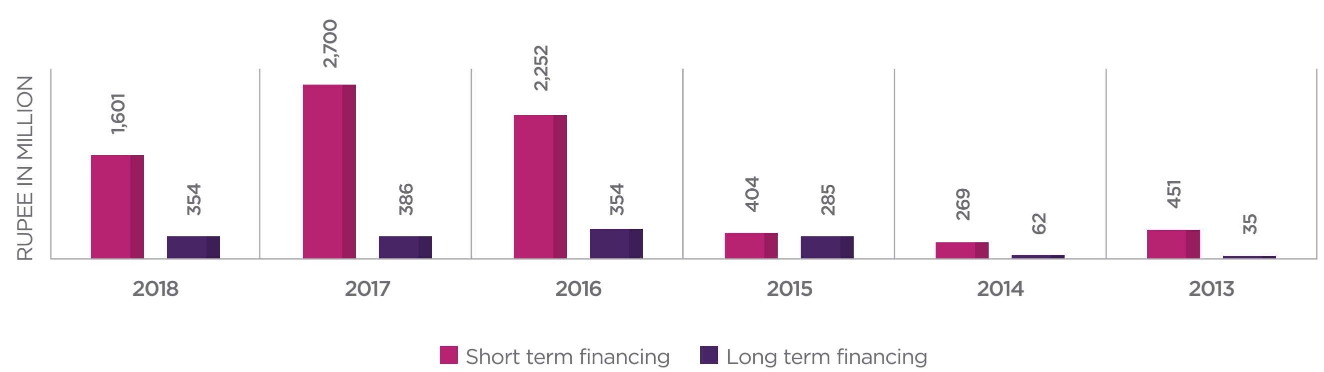
EQUITY

Over the last six years equity increased by 1.7 times. Increase in equity was attributable to profitable results of the Company over the last six year and issue of rights shares amounting to Rs. 900.5 million in FY16 million (including premiums)



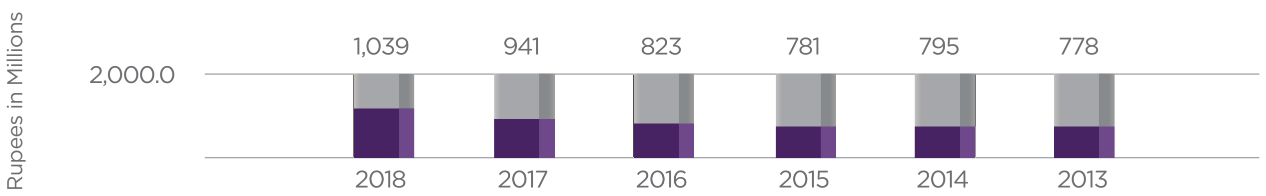
SHORT TERM BORROWINGS / LONG TERM LOAN

Short term borrowings increased from Rs. 451 million in 2013 to Rs. 1,601 million in 2018. Upward movement was in line due to increase in working capital requirement to meet operating requirement during the year. In FY18 the decrease of Rs. 1,099 million was due to settlement of order-specific short term borrowing approaching maturity. During the financial year 2018, long term loan decreased on account of repayments made during the year.



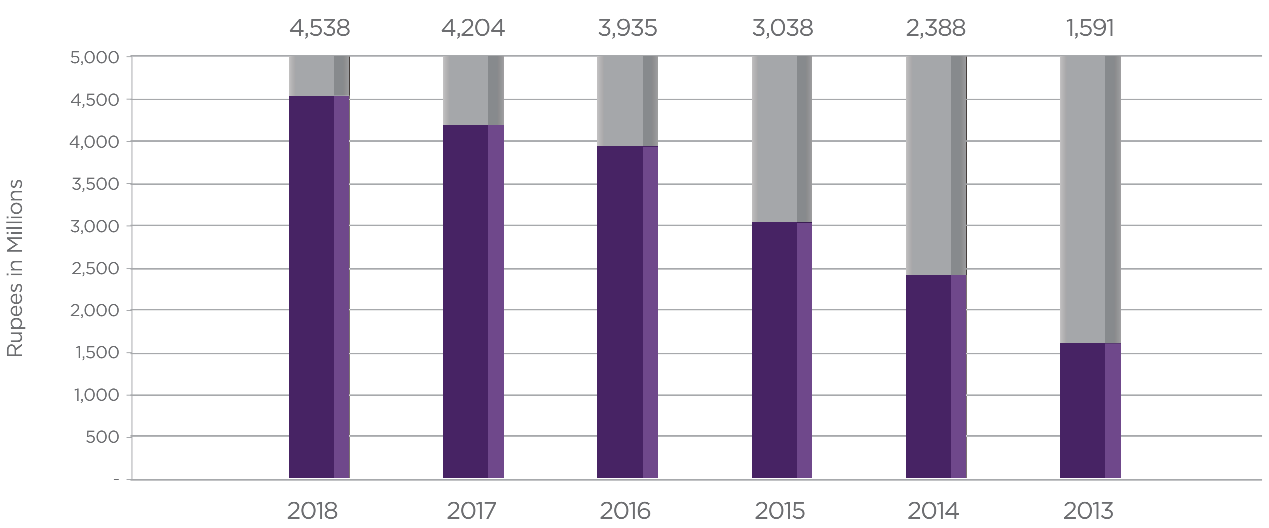
PROPERTY, PLANT AND EQUIPMENT

Increase in net book value of property, plant and equipment was due to acquisition of plant and machinery during the year.



LONG TERM INVESTMENTS

Long term investments consistently increased over the years from Rs. 1,591 million in 2013 to Rs. 4,538 million in 2018. This increase mainly represented consistent investment in subsidiaries for diversification of businesses.

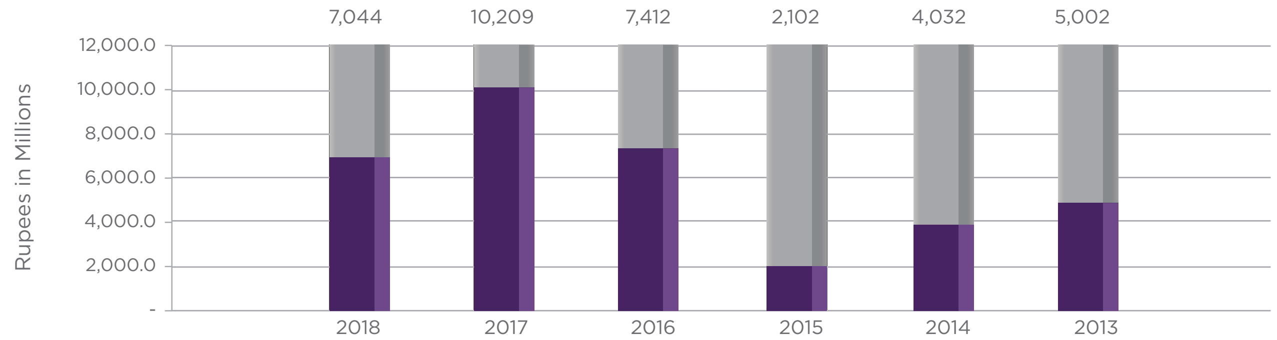


COMMENTS ON SIX-YEAR PROFIT AND LOSS

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. Order intake during the last three years was at an all-time high, due to capacity expansion and lying of gas pipelines for transmission of RLNG.

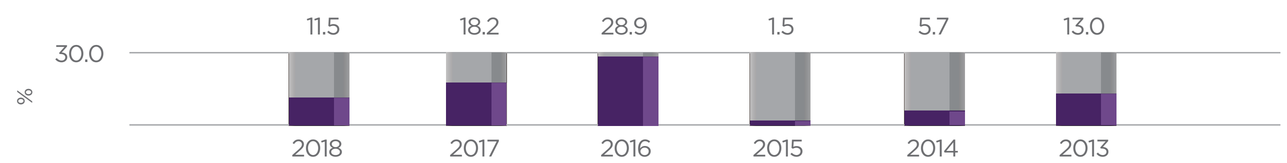
SALES

After the record high sales revenue of Rs. 10,208.6 million in FY17 the sales dropped to Rs. 7,043.8 million in FY18. This was due to gas infrastructure projects being postponed in the latter half of FY18. Sales revenue in 2015 at Rs. 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 revenues from the cotton spinning segment on account of adverse market conditions and low order intake hampering export sales.



GROSS PROFIT

In FY18 gross profit margin decreased to 11.5% as compared to 18.2% in the previous year. The decrease in margin was due to upward movement in HR Coil prices and idling of the Plant, thus significantly effecting gross profit margin. Gross Profit margin of 1.5% in 2015 was the lowest during the six-year period.



OPERATING EXPENSE

In FY18 Distribution and selling expenses showed downward movement, achieving lowest level in comparative period in past six years. This decrease was due to the drop in sales from second half of 2018 and not incurring liquidated damages during the year.

In FY17 and FY16 major component to other operating expenses were charges for liquidated damages–this charge was directly linked to delivery of orders. Other component comprise expense provision for Workers' Welfare Fund and Workers' Profit Participation Fund, which were directly related to profits of the Company.

FINANCE COST

During FY18 finance costs were higher, matching with increased business activity in the first half of the year and associated working capital requirements. The increase also includes a one-off finance cost of Rs. 43.4 million related to markup on Commercial Paper issued during the year.

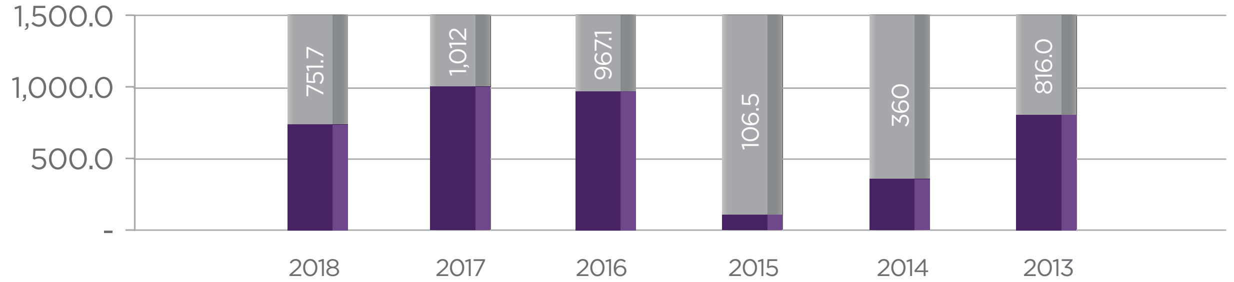
Finance cost decreased significantly in FY17 despite increase in business activities during the year due to better cash flow management and early recoveries from debtors.

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

PROFIT AFTER TAXATION

Variations in profit after taxation during the six year period was on account of varying market conditions across business segments. Profit in 2018 was driven through operations from Steel Division and significant dividend income from strategic investments.

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.



CASH FLOWS

Cash generated from operations was recorded at Rs. 2,389 million, which had been highest since 2013. Favourable movement was observed in working capital changes with net increase of Rs. 1,675 million in year 2018 as compared to net decrease of Rs. 435 million in year 2017. This was mainly due to stock-in-trade, which showed an increase of Rs. 1,541 million in FY18 but for FY17, the increase was only of Rs. 372.2 million. Another factor, which contributed positively, was increase of Rs. 1,745 million in trade debts and other receivables. However this positive movement was countered by decrease in trade and other payables by Rs. 1,644 million.

Net cash flow from operating activities stood at Rs. 1,599 million as compared to Rs. 172 million in FY17, 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.

Whereas repayment of short term loan was a main factor for increase in net cash outflow from financing activities for the last year. Cash and cash equivalents as at 30 June, 2018 were recorded at Rs. 172.1 million in comparison with Rs. 219.3 million for 2017.

RATIO ANALYSIS

PROFITABILITY RATIOS

For the year FY18 gross profit margins stood at 11.5% which were lower than comparative period. However net profit margin slightly increased to 10.7%. Rising HR coil prices and plant idling in the second half of the year forced the gross margins for FY18 downwards. Consequently, return on equity and capital employed moved from 14.8% and 15.9% to 11.2% and 13.9% 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. Over the last four years Current ratio was sustained at 1.4 times .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 124 days, while debtor turnover days increased in comparison with last year from 18 days to 20 days. Number of days in payables doubled to 64 days mainly due to a deferred payment LC. In FY18 total asset slightly dipped to 0.7 times as compared to 0.8 times last year, this was in line with the historical six year average of the Company.

INVESTMENT / MARKET RATIOS

With a decrease in profitability, the Company's earnings per share was recorded at Rs. 9.68 per share. Price to earnings ratio nearly halved to 9.4 times as compared to 18.3 times in 2017 as the market price of Company's share declined from Rs. 238.6 at close of 2017 to Rs. 91.2 at close of FY18. Dividend payout ratio for 2018 was recorded at 20.7% against an average of 39.0% for the last 6 years.

CAPITAL STRUCTURE RATIOS

Financial leverage ratio decreased to 29.1% in 2018 from 45.2% in 2017 due to decrease in long term and short term financing availed for capital expenditure and working capital requirements. Long term Debt to equity ratio marginally decreased to 5.3% after reaching highest level of 8.1% in comparative period during the last six years. Company's interest cover ratio decreased to 5.2 times in comparison with 8.4 times in 2017 as a result of decrease in profitability.

EVA AND FCF

ECONOMIC VALUE ADDED (EVA)

EVA attempts to capture the true economic profit of the Company. It also provide a measurement of a Company's economic success (or failure) over a period of time.

	2018	2017
	--------(Rs. in 000)--------	
Profit before interest and tax	1,202,722	1,578,976
Taxes	219,653	379,268
Net operating profit after tax (NOPAT)	983,069	1,199,708
Total Capital employed	8,678,681	9,905,340
Cost of Capital (%)	10%	9.6%
Cost of Capital (COC)(Rs)	867,831	949,665
	115,831	250,043

The positive number of EVA reveals that the Company is more than covered its cost of capital.

Free cash flow (FCF)

Free cash flow is the cash left over after the Company pays for its working costs and capital expenditure requirement.

	2018	2017
	--------(Rs. in 000)--------	
Cash Flow from operating activities	1,599,485	172,041
Capital expenditure	204,216	215,198
Free cash flow	1,395,269	(43,157)

FCF it indicates how proficient an organization is at generating cash.

CAPTURING THE FUTURE

SHAREHOLDER INFORMATION

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.

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 2018, there were 3,163 shareholders on record of the Company's ordinary shares.

ANNUAL GENERAL MEETING

The annual shareholders meeting will be held on Monday, 29 October 2018 at 12:00 noon at Liberty Castle Banquet Hall, 79-D-1, Main Boulevard, Gulberg-III, Lahore. Shareholders as of 22 October 2018 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 22 October 2018. Income tax will be deducted in accordance with the current regulations.

BOOK CLOSURE

The Share Transfer Books of the Company will remain closed from 23 October 2018 to 29 October 2018 (both days inclusive). Transfers received in order at Share Registrar's Office, CorpTec Associates (Private) Limited, by the close of business on 22 October 2018, 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 2018 along with Auditors and Directors Report thereon on Company's website. All quarterly reports are also regularly posted on the Company's website.

ISSUES RAISED AT LAST AGM

During the 33rd Annual General Meeting of the Company held on 17th October, the member raised some queries on the Directors Report and financial statements which were responded by the Chairman to the entire satisfaction of the members and no significant issues were raised.

FINANCIAL CALENDAR

RESULTS AND DIVIDEND ANNOUNCED FY2019

RESULTS

1st Quarter ending 30 September 2018	Approved and announced on	29 October 2018
2nd Quarter ending 31 December 2018	Approved and announced on	30 January 2019
3rd Quarter ending 31 March 2019	Approved and announced on	25 April 2019
Year ended 30 June 2019	Approved and announced on	31 July 2019

DIVIDEND

Final – Financial Year 2017	Approved	12-August-2017
	Book Closure date	11-October-2017
	Paid on	15-November-2017
First Interim – Financial Year 2018	Approved	29-January-18
	Book Closure date	16-April-18
	Paid on	30-April-18

EXPECTED MEETING CALENDAR FY2019

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	29 October 2018
1st Quarter ending 30 September 2018	29 October 2018 *
2nd Quarter ending 31 December 2018	31 January 2019 *
3rd Quarter ending 31 March 2019	26 April 2019 *
Year ended 30 June 2019	31 July 2019 *

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

SHARE PRICE SENSITIVITY ANALYSIS

CSAP opened FY18 at Rs. 240.00, dropping to a low of Rs. 85.31 (↓64%) on the back of persistent uncertainty in the market as well as due to idling of Pipe Plant during second half of the fiscal year. It closed the year at Rs. 91.17. The scrip traded between Rs. 105.23 and Rs. 229.41 during the first half of fiscal year 2018 and Rs. 89.79 and Rs. 164.07 during the second half of the fiscal year. The share price however, was adjusted for the total dividend pay-out of 32.5% announced during the fiscal year.

COMPANY SHARE PRICE

PATTERN OF SHAREHOLDING

Number of Shareholders	Shareholding From	Shareholding To	Total Shares Held
664	1	100	31,657
894	101	500	285,031
435	501	1,000	353,955
657	1,001	5,000	1,663,557
155	5,001	10,000	1,176,062
59	10,001	15,000	732,090
60	15,001	20,000	1,090,190
51	20,001	25,000	1,184,028
16	25,001	30,000	437,768
12	30,001	35,000	388,096
15	35,001	40,000	574,341
11	40,001	45,000	467,516
7	45,001	50,000	340,763
11	50,001	55,000	580,744
7	55,001	60,000	403,372
8	60,001	65,000	497,050
6	65,001	70,000	406,405
5	70,001	75,000	366,200
3	75,001	80,000	231,800
2	80,001	85,000	161,750
2	85,001	90,000	172,502
9	95,001	100,000	893,550
1	100,001	105,000	103,215
1	105,001	110,000	107,610
2	110,001	115,000	225,200
4	120,001	125,000	492,215
2	125,001	130,000	255,800
2	135,001	140,000	275,365
2	140,001	145,000	286,500
2	145,001	150,000	298,100
1	150,001	155,000	153,450
2	155,001	160,000	318,050
3	160,001	165,000	487,377
1	165,001	170,000	168,500
1	170,001	175,000	175,000
2	175,001	180,000	358,300
2	180,001	185,000	367,540
2	185,001	190,000	377,500
2	195,001	200,000	400,000
2	205,001	210,000	420,000
3	210,001	215,000	642,075
1	215,001	220,000	218,894
1	220,001	225,000	223,400
1	265,001	270,000	268,750
1	295,001	300,000	300,000
1	315,001	320,000	315,800
1	335,001	340,000	337,500
1	360,001	365,000	362,500
1	390,001	395,000	390,646
2	405,001	410,000	816,142
1	415,001	420,000	415,460
1	430,001	435,000	434,100
1	470,001	475,000	475,000
2	495,001	500,000	997,083
1	535,001	540,000	540,000
1	550,001	555,000	550,500
1	585,001	590,000	588,000
1	620,001	625,000	625,000
1	650,001	655,000	650,588
1	690,001	695,000	691,3001
1	740,001	745,000	741,300
1	885,001	890,000	890,000
1	1,020,001	1,025,000	1,025,000
1	1,600,001	1,605,000	1,602,233
1	1,690,001	1,695,000	1,691,200
1	1,910,001	1,915,000	1,912,236
1	1,915,001	1,920,000	1,917,700
1	2,630,001	2,635,000	2,630,695
1	2,940,001	2,945,000	2,943,400
1	3,255,001	3,260,000	3,257,900
1	3,830,001	3,835,000	3,832,681
1	4,250,001	4,255,000	4,252,000
1	4,275,001	4,280,000	4,278,200
1	4,740,001	4,745,000	4,743,956
1	5,820,001	5,825,000	5,824,800
1	8,535,001	8,540,000	8,538,303
3,163			**77,632,491**

CATEGORIES OF SHAREHOLDING

	Shareholders Category	Physical	CDC	Total	% age
1	**Directors, Chief Executive Officer, Their Spouses and Minor Childern**				
	Chief Executive				
	MR. AHSAN MUHAMMAD SALEEM	-	497,083	497,083	0.64
	Directors				
	MR. AHMAD WAQAR	27	-	27	0.00
	MR. FARRUKH VIQARUDDIN JUNAIDY	1	-	1	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 Childern				
	MRS. SHAHNAZ A.SALEEM	-	650,588	650,588	0.84
		31	1,274,876	1,274,907	1.64
2 -	**Executives**	8,402	63,830	72,232	0.09
3 -	**Associated Companies, Undertakings & Related Parties**				
	CSAP STAFF BENEVOLENT FUND	-	36,178	36,178	0.05
	CSAPL - Employees Gratuity Fund	5,100	-	5,100	0.01
	CSAPL - Employees Pension Fund	24,299	-	24,299	0.03
	MUHAMMAD AMIN MUHAMMAD BASHIR LIMITED	848	-	848	0.00
	PREMIER INSURANCE LIMITED	-	141,500	141,500	0.18
	SHAKARGANJ LIMITED	-	180,000	180,000	0.23
	THE CRESENT TEXTILE MILLS LTD	-	8,538,303	8,538,303	11.00
	TRUSTEE CRES. STEEL & ALLIED PROD LTD EMP GRATUITY FUND	-	145,000	145,000	0.19
	TRUSTEES CRESCENT COTTON PRODUCTS STAFF PROVIDENT FUND	-	74,800	74,800	0.10
	TRUSTEES CRESCENT STEEL&ALLIED PROD G.F.	-	1,602,233	1,602,233	2.06
	TRUSTEES CRESCENT STEEL&ALLIED PROD PN.F	-	3,832,681	3,832,681	4.94
	TRUSTEES CRESCENT STEEL&ALLIED PROD SPF	-	124,200	124,200	0.16
		30,247	14,674,895	14,705,142	18.94
4	**NIT & ICP (Name Wise Detail)**				
	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	-	1,912,236	1,912,236	2.46
		-	1,912,236	1,912,236	2.46
5 -	**Mutual Funds (Name Wise Detail)**				
	ABA ALI HABIB SECURITIES (PVT) LIMITED - MF	-	1,300	1,300	0.00
	CDC - TRUSTEE AKD INDEX TRACKER FUND	-	7,900	7,900	0.01
	CDC - TRUSTEE AL MEEZAN MUTUAL FUND	-	121,600	121,600	0.16
	CDC - TRUSTEE ALFALAH GHP ALPHA FUND	-	25,000	25,000	0.03
	CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	-	69,600	69,600	0.09
	CDC - TRUSTEE ALFALAH GHP STOCK FUND	-	34,900	34,900	0.04
	CDC - TRUSTEE ALFALAH GHP VALUE FUND	-	25,500	25,500	0.03
	CDC - TRUSTEE ASKARI ASSET ALLOCATION FUND	-	5,000	5,000	0.01
	CDC - TRUSTEE ASKARI EQUITY FUND	-	10,000	10,000	0.01
	CDC - TRUSTEE DAWOOD ISLAMIC FUND	-	3,500	3,500	0.00
	CDC - TRUSTEE FAYSAL ASSET ALLOCATION FUND	-	9,100	9,100	0.01
	CDC - TRUSTEE FAYSAL ISLAMIC ASSET ALLOCATION FUND	-	20,000	20,000	0.03

Shareholders Category	Physical	CDC	Total	% age
CDC - TRUSTEE FAYSAL STOCK FUND	-	5,000	5,000	0.01
CDC - TRUSTEE FIRST DAWOOD MUTUAL FUND	-	2,100	2,100	0.00
CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND	-	125,800	125,800	0.16
CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND	-	70,800	70,800	0.09
CDC - TRUSTEE MEEZAN BALANCED FUND	-	153,450	153,450	0.20
CDC - TRUSTEE MEEZAN ISLAMIC FUND	-	70,600	70,600	0.09
CDC - TRUSTEE MEEZAN TAHAFFUZ PENSION FUND - EQUITY SUB FUND	-	77,300	77,300	0.10
CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND	-	123,000	123,000	0.16
CDC - TRUSTEE NAFA ISLAMIC STOCK FUND	-	16,400	16,400	0.02
CDC - TRUSTEE NIT ISLAMIC EQUITY FUND	-	178,300	178,300	0.23
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	-	408,452	408,452	0.53
CDC-TRUSTEE NITIPF EQUITY SUB-FUND	-	51,000	51,000	0.07
CDC-TRUSTEE NITPF EQUITY SUB-FUND	-	40,000	40,000	0.05
M C F S L-TRUSTEE ASKARI ISLAMIC ASSET ALLOCATION FUND	-	20,000	20,000	0.03
MCBFSL - TRUSTEE AKD ISLAMIC STOCK FUND	-	20,000	20,000	0.03
MCBFSL - TRUSTEE PAK OMAN ADVANTAGE ASSET ALLOCATION FUND	-	9,000	9,000	0.01
MCBFSL - TRUSTEE PAK OMAN ISLAMIC ASSET ALLOCATION FUND	-	20,000	20,000	0.03
	-	1,724,602	1,724,602	2.22
6 Banks, NBFCs, DFIs, Takaful, Pension Funds	4,748,845	8,943,943	13,692,788	17.64
7 Modarabas	190	40,575	40,765	0.05
8 Insurance Companies	-	13,383,495	13,383,495	17.24
9 Other Companies,Corporate Bodies, Trust etc.	37,966	5,371,025	5,408,991	6.97
10 General Public				
A. Local	653,882	24,744,751	25,398,633	32.72
B. Foreign	-	18,700	18,700	0.02
	653,882	24,763,451	25,417,333	32.74
	5,479,563	72,152,928	77,632,491	100.00

Shareholders More Than 5.00%		
THE CRESENT TEXTILE MILLS LTD	8,538,303	11.00
JUBILEE LIFE INSURANCE COMPANY LIMITED	5,824,800	7.50
Islamic Development Bank	4,743,956	6.11
EFU LIFE ASSURANCE LTD	4,278,200	5.51
BALQIES SALEEM	4,252,000	5.48

NOTICE OF 34th ANNUAL GENERAL MEETING

Notice is hereby given that the 34th Annual General Meeting ("AGM") of shareholders of Crescent Steel and Allied Products Limited (the "Company") will be held on Monday, 29 October 2018 at 12:00 noon, at Liberty Castle Banquet Hall, 79-D-1, Main Boulevard, Gulberg-III, Lahore to transact the following Ordinary Business:

1. To receive, consider and adopt the Chairman's Review Report, the Reports of Directors and Auditors together with Audited Annual Separate and Consolidated Financial Statements for the year ended 30 June 2018.

2. To approve, as recommended by the Board of Directors, the payment of final cash dividend of Re. 1.00 per share (i.e., @10.0%) in addition to the interim cash dividend already declared and paid of Re. 1.0/- per share, a total cash distribution of Rs. 2.00 per share (i.e., @20.0%) for the year ended 30 June 2018.

3. To appoint Company's auditors and to fix their remuneration. The members are hereby notified that the Audit Committee and the Board of directors have recommended the name of retiring auditors M/s KPMG Taseer Hadi & Co., Chartered Accountants for appointment as auditors of the Company.

Lahore: 08 October 2018

BY ORDER OF THE BOARD

Mohammad Fahad
Company Secretary

Notes:

1. **Book Closure:**
   The Share Transfer Books of the Company will remain closed from 23 October 2018 to 29 October 2018 (both days inclusive). Transfers received in order at the office of our Share Registrar, M/s CorpTec Associates (Pvt) Limited, 503-E, Johar Town, Lahore by the close of business on 22 October 2018, will be treated in time for the purposes of entitlement of final cash dividend and to attend, speak and vote at the 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 and a proxy so appointed shall have the same rights, as respects attending, speaking and voting at the AGM as are available to the members. 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 notarial 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. Proxy Forms, in English and Urdu languages, have been dispatched to the members along with the notice of AGM.

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.

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. CNIC/IBAN for E-Dividend Payment

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. 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. In case of non-submission, all future dividend payments may be withheld.

6. Zakat Declarations:

The members of the Company are required to submit Declaration for Zakat exemption in terms of Zakat and Ushr Ordinance, 1980.

7. Circulations of Annual Reports through CD/DVD/USB/ Email

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 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. Tax Deductions from Filers and Non-Filers

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	15.0%
2	Non- Filers	20.0%

Tax deduction will be made on the basis of Active Tax Payers List provided on the website of Federal Board of Revenue.

Members seeking exemption from deduction of tax on dividend payment or are eligible for deduction at a reduced rate are requested to submit a valid withholding tax exemption 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

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.

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 AGM. The demand for video-link facility shall be received by the Share Registrar at the address given hereinabove at least seven (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 a copy of the Notice of AGM, Annual Separate and Consolidated Financial Statements for the year ended 30 June 2018 along with Auditors and Directors Reports thereon and Chairman's Review on the website of the Company: www.crescent.com.pk

لہٰذا،فزیکل شیئرز رکھنے والے شیئر ہولڈرز سے گزارش ہے کہ وہ کمپنی کے شیئر رجسٹرار کو مندجہ بالا پتے پر ای ڈیویڈنڈ فارم پر، جو سالانہ رپورٹ میں فراہم کیا گیا ہے اور کمپنی کی ویب سائیٹ پر بھی دستیاب ہے، الیکٹرانک ڈیویڈنڈ مینڈیٹ فراہم کریں۔سی ڈی سی سے میں رکھے ہوئے شیئرز کی صورت میں یہی معلومات،اپ ڈیٹ کرنے اور کمپنی کو فارورڈ کرنے کی غرض سے سی ڈی ایس پارٹیسپنٹس کو فراہم کی جائیں۔پیش نہ کرنے کی صورت میں مستقبل میں ڈیویڈنڈ کی تمام ادائیگیاں روکی جاسکتی ہیں۔

6. زکوٰۃ کا بیانِ حلفی:

ارکان کو زکوٰۃ اینڈ عشر آرڈیننس،1980 کے ضمن میں زکوٰۃ سے استثنا کے لیے حلف نامہ جمع کرانا ضروری ہے۔

7. سی ڈی سی/ڈی وی ڈی/یو ایس بی/ای میل کے ذریعے سالانہ رپورٹس کی تقسیم

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے نوٹیفکیشن S.R.O 470(I)/2016 مورخہ 31 مئی،2016 کے مطابق،کریسنٹ اسٹیل اینڈ الائیڈ پراڈکٹس لمیٹڈ کے شیئر ہولڈرز نے سالانہ آڈٹ شدہ حسابات، سالانہ عام اجلاسوں کے نوٹسز اور ان میں درج کمپنی کی دیگر معلومات سمیت سالانہ رپورٹس کی ہارڈ کاپی کی بجائے سی ڈی یا ڈی وی ڈی یا یو ایس بی کے ذریعے ٹرانسمیشن کے لیے اپنی رضامندی دے دی ہے۔جو شیئر ہولڈرز مذکورہ بالا دستاویزات کی ہارڈ کاپی وصول کرنا چاہتے ہیں اسٹینڈرڈ ریکوئسٹ فارم جو سالانہ رپورٹ میں فراہم کیا گیا ہے اور کمپنی کی ویب سائیٹ پر بھی دستیاب ہے، کمپنی سیکرٹری/شیئر رجسٹرار کو بھیج سکتے ہیں اور کمپنی طلب کرنے پر شیئر ہولڈرز کو مذکورہ بالا دستاویزات کی ہارڈ کاپیاں،مطالبے کے ایک ہفتے کے اندر بلا معاوضہ سپلائی کرے گی۔جو شیئر ہولڈرز اجلاس کے نوٹس سمیت سالانہ رپورٹ ای- میل کے ذریعے وصول کرنا چاہتے ہیں،ان سے گزارش ہے کہ وہ اسٹینڈرڈ ریکوئسٹ فارم پر جو سالانہ رپورٹ میں فراہم کیا گیا ہے اور کمپنی ویب سائیٹ www.crescent.com.pk پر بھی دستیاب ہے، اپنی تحریری رضامندی دیں۔

8. فائیلرز اور نان فائیلرز سے ٹیکس کی کٹوتی

منافع منقسمہ سے انکم ٹیکس کی کٹوتی فائیلرز اور نان فائیلرز کی بنیاد پر درج ذیل کے مطابق ہوگی:

نمبر شمار	شیئر ہولڈرز کی نوعیت	کٹوتی کی شرح
1	فائیلرز	15.0 فیصد
2	نان فائیلرز	20.0 فیصد

ٹیکس کی کٹوتی فیڈرل بورڈ آف ریونیو کی ویب سائیٹ پر فراہم کردہ ایکٹو ٹیکس پیئرز لسٹ کی بنیاد پر کی جائے گی۔

جو ارکان منافع منقسمہ کی ادائیگی پر ٹیکس کی کٹوتی سے استثنا رکھتے ہیں یا کم شرح پر کٹوتی کے حق دار ہیں، ان سے گزارش کی جاتی ہے کہ وہ ود ہولڈنگ ٹیکس سے استثنا کا سرٹیفکیٹ یا ضروری دستاویزی ثبوت، جو بھی صورت ہو، پیش کریں۔

جن شیئر ہولڈرز کے پاس فائیلرز اور نان فائیلرز کی جوائنٹ شیئر ہولڈنگ ہے ان کے بارے میں الگ الگ فیصلہ کیا جائے گا اور اس قسم کی مخصوص صورت میں ہر اکاؤنٹ ہولڈر کے ساتھ فائیلر یا نان فائیلر کے مطابق سلوک کیا جائے گا اور اس کی شیئر ہولڈنگ کے مطابق ٹیکس منہا کیا جائے گا۔اگر شیئر کے بارے میں کوئی فیصلہ نہیں ہو پائے گا تو یہ سمجھا جائے گا کہ ہر اکاؤنٹ ہولڈر شیئرز کے پاس مساوی حصہ اور اس کے مطابق کٹوتی کی جائے گی۔چنانچہ،زیادہ شرح سے ٹیکس کی کٹوتی سے بچنے کے لیے جوائنٹ اکاؤنٹ ہولڈرز سے گزارش ہے کہ

وہ کمپنی کے شیئر رجسٹرار کو اے جی ایم کی تاریخ تک اپنی شیئر ہولڈنگ کی درج ذیل تفصیلات فراہم کریں۔

فولیو سی ڈی سی اکاؤنٹ نمبر	شیئر ہولڈر کا نام	سی این آئی سی	شیئر ہولڈنگ	کل شیئرز	پرنسپل/جوائنٹ شیئر ہولڈر

9. غیر دعویدار ڈیویڈنڈ اور بونس شیئرز

ایسے شیئر ہولڈرز، جو کسی بھی وجہ سے اپنا ڈیویڈنڈ یا بونس شیئرز کلیم نہیں کر سکے یا اپنے فزیکل شیئرز، اگر کوئی ہیں، وصول نہیں کر سکے، انھیں مشورہ دیا جاتا ہے کہ وہ اپنے uncalimed ڈیویڈنڈ یا التوا میں پڑے ہوئے شیئرز، اگر کوئی ہیں، وصول/ان کے بارے میں معلومات کے لیے ہمارے شیئر رجسٹرار، میسرز کارپ ٹیک ایسوسی ایٹس (پرائیویٹ) لمیٹڈ،503-E، جوہر ٹاؤن، لاہور سے رابطہ کریں۔

10. ویڈیو کانفرنس کی سہولت

کمپنیز ایکٹ،2017 کی دفعات کی رو سے کسی شہر میں رہنے والے ایسے شیئر ہولڈرز جو کل ادا شدہ شیئر کیپیٹل کا کم سے کم 10 فیصد ہولڈنگ رکھتے ہوں، اے جی ایم میں شرکت کے لیے کمپنی سے ویڈیو لنک کی سہولت فراہم کرنے کا مطالبہ کر سکتے ہیں۔ویڈیو لنک سہولت کا مطالبہ،اسٹینڈرڈ فارم پر جو سالانہ رپورٹ میں فراہم کیا گیا ہے اور کمپنی کی ویب سائیٹ پر بھی دستیاب ہے، اجلاس کی تاریخ سے کم از کم سات (7) روز قبل مزکورہ بالا پتے پر شیئر رجسٹرار کو مل جانا چاہیئے۔

11. فنانشل اسٹیٹمینٹس کی پلیسمنٹ

کمپنی نے اے جی ایم کے نوٹس کی کاپی، 30 جون 2018 کو ختم ہونے والے سال کے لیے سالانہ علیحدہ علیحدہ اور مربوط فنانشل اسٹیٹمینٹس، بمع ان کے بارے میں آڈیٹرز اور ڈائریکٹرز کی رپورٹس اور چیئر مین کا جائزہ کمپنی کی ویب سائیٹ www.crescent.com.pk پر آویزاں کر دیا ہے۔

اطلاع برائے 34 ویں سالانہ اجلاس عام

بذریعہ ہذا ممبران کو اطلاع دی جاتی ہے کہ کریسنٹ اسٹیل اینڈ الائیڈ پراڈکٹس لمیٹڈ (" کمپنی ") کا 34 واں سالانہ اجلاس عام ("اے جی ایم") پیر، 29 اکتوبر 2018 کو دوپہر 12:00 بجے لبرٹی کیسل بینکوئیٹ ہال، I-D-79، مین بلیوارڈ، گلبرگ -III، لاہور میں منعقد ہوگا جس میں درج ذیل عمومی امور نمٹا یا جائے گا:

1. چیئرمین کی ریویو رپورٹ، ڈائریکٹرز اور آڈیٹرز کی رپورٹس، بمع 30 جون، 2018 کو ختم ہونے والے مالی سال کے لیے آڈٹ شدہ علیحدہ اور مربوط فنانشل اسٹیٹمینٹس کی وصولی، غور اور ان کی منظوری۔

2. جیسا کہ بورڈ آف ڈائریکٹرز نے سفارش کی ہے، 1.00 روپیہ فی شیئر (یعنی 10.0@ فیصد) نقد منافع منقسمہ کی منظوری، اس عبوری نقد منافع منقسمہ کے ساتھ، جس کا -/1.0 روپیہ فی شیئر کے حساب سے پہلے ہی اعلان کیا جا چکا ہے اور ادا کیا جا چکا ہے، 30 جون، 2018 کو ختم ہونے والے سال کے لیے کل نقد منافع منقسمہ کی تقسیم 2.00 روپے فی شیئر (یعنی 20.0@ فیصد) ہو جائے گی۔

3. کمپنی کے آڈیٹرز کا تقرر اور ان کے مشاہرہ کا تعین۔ ممبرز کو بذریعہ ہذا اطلاع دی جاتی ہے کہ آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز نے کمپنی کے آڈیٹرز کی حیثیت سے تقرر کے لیے سبکدوش ہونے والے آڈیٹرز، میسرز کے پی ایم جی تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس کے نام کی سفارش کی ہے۔

بحکم بورڈ

محمد فہد

کمپنی سیکرٹری

لاہور: مورخہ 08 اکتوبر، 2018

نوٹس:

1. کھاتوں کی بندش

کمپنی کی شیئر ٹرانسفر بکس 23 اکتوبر، 2018 سے 29 اکتوبر، 2018 تک (دونوں دن شامل ہیں) بند رہیں گی۔ 22 اکتوبر، 2018 تک جو ٹرانسفرز صحیح حالت میں ہمارے شیئر رجسٹرار، میسرز کارپ ٹیک ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، 503-E، جوہر ٹاؤن، لاہور کے دفتر میں موصول ہو جائیں گی، وہ حتمی نقد منافع منقسمہ کے استحقاق اور سالانہ اجلاس عام میں شرکت، اظہار خیال اور ووٹ ڈالنے کے مقاصد کے لیے بروقت سمجھی جائیں گی۔

2. اس اجلاس میں شرکت اور ووٹ ڈالنے کا استحقاق رکھنے والا رکن اپنے بجائے کسی دوسرے ممبر کو شرکت کرنے اور ووٹ ڈالنے کے لئے مقرر کر سکتا ہے۔ پراکسی کو لازماً کمپنی کا ممبر ہونا چاہیئے۔

3. پراکسی مقرر کرنے کا انسٹرومینٹ 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 رجسٹرڈ دفتر میں جمع کرانی ہوگی۔ ارکان کو انگریزی اور اردو زبانوں میں پراکسی فارم اے جی ایم کے نوٹس کے ساتھ ارسال کر دیئے گئے ہیں۔

4. جن ارکان نے اپنے شیئرز سنٹرل ڈیپازٹری کمپنی آف پاکستان لمیٹڈ ("CDC") میں ڈیپازٹ کرا رکھے ہیں، انھیں درج ذیل رہنما اصولوں پر بھی عمل کرنا ہوگا، جیسا کہ سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے طے کیا ہے۔

A. اجلاس میں شرکت کے لیے

a. افراد کی صورت میں، اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر، جس کی سیکیورٹیز اور رجسٹریشن کی تفصیلات سی ڈی سی ضابطوں کے مطابق اپ لوڈ ڈ ہیں، اجلاس میں شرکت کے وقت اپنا اصل سی این آئی سی 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 بمعہ 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، جس کی سیکیورٹیز اور رجسٹریشن کی تفصیلات ضابطوں کے مطابق اپ لوڈ ڈ 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. بینیفیشل 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 بمعہ 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۔

5. ای-ڈیویڈنڈ ادائیگی کے لیے سی این آئی سی/ آئی بی اے این

کمپنیز ایکٹ، 2017 کے سیکشن 242 کی دفعات کے تحت لسٹڈ کمپنیوں کے لیے ضروری ہے کہ نقد کی صورت میں قابل ادائیگی کوئی بھی ڈیویڈنڈ استحقاق رکھنے والے شیئر ہولڈرز کے مقررہ بینک اکاؤنٹ میں صرف الیکٹرانک طریقے سے ادا کیا جائے گا۔

SECURING THE FUTURE

UNCONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REVIEW REPORT

KPMG

To the members of Crescent Steel and Allied Products Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Crescent Steel and Allied Products Limited (the Company) for the year ended 30 June 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2018.

Date: 31 July 2018
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

INDEPENDENT AUDITORS' REPORT

KPMG

To the members of Crescent Steel and Allied Products Limited

Report on the Audit of Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of Crescent Steel and Allied Products Limited (the Company), which comprise the unconsolidated statement of financial position as at 30 June 2018, and the unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, 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 purpose of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of unconsolidated financial position, unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2018 and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

S.No.	Key audit matters	How the matter was addressed in our audit
1.	**Revenue Recognition**	
	Refer to note 6.16 and 32 to the unconsolidated financial statements. The Company's revenue is principally generated from sale of large diameter spiral arc welded steel line bare pipe, coated pipes, pre coated pipes and cotton yarn. Revenue from sale of	Our audit procedures in respect of the timing of revenue recognition , amongst others, included the following: • obtaining an understanding of and testing the design and operating effectiveness of controls designed to ensure that revenue is recognized in the appropriate accounting period;

S. No.	Key audit matters	How the matter was addressed in our audit
	products is recognized when the Company delivers the products to customers in accordance with the terms of the relevant contracts which includes liquidated damages in case of delay in supply. We identified revenue recognition as key audit matter because recognition of sales in the appropriate period is subject to acceptance of the products by customers based on agreed terms and condition. Therefore, there could be potential risk that the revenue transactions are not recognized in the appropriate periods.	• inspecting significant contracts to obtain an understanding of contracts terms particularly relating to timing and the customer's acceptance of the products including charge of liquidated damages and assessing the Company's accounting policies for the recognition of revenue with reference to the requirements of the prevailing accounting standards; and • comparing, on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation, including the relevant sales contracts, the customer's acknowledgement of acceptance, to assess whether revenue and charge for liquidated damages had been recognized in the appropriate accounting period.
2 .	**Valuation of Stock-in-Trade**	
	Refer to note 6.7 and 23 to the unconsolidated financial statements. As at 30 June 2018, the Company's stock-in-trade amounted to Rs. 1,542.65 million. This significantly comprised of bare pipes, pre coated pipes, pipe coating, hot rolled steel coils and raw cotton. We identified the valuation of stock-in-trade as a key audit matter because determining an appropriate write-down as a result of net realizable value (NRV) being lower than their costs involved significant management judgment and estimation.	Our audit procedures in respect of the valuation of stock-in-trade, amongst others, included the following: • obtaining an understanding of management's determination of NRV and the key estimates adopted, including future selling prices, future costs to complete work-in-progress and costs necessary to make the sales, the basis of calculation and justification for the amount of the write-downs and provisions and future purchase commitments; • assessing the NRV of stock-in-trade by comparing, on a sample basis, management's estimation of future selling prices for the products with committed sales contracts and selling prices achieved subsequent to the end of the reporting period; • assessing management's estimation of the costs of converting raw materials and work-in-progress into finished goods and the related selling expenses, on a sample basis, by comparing them with actual costs incurred in the current year; and • testing the calculations made by management in arriving at their year-end assessment of NRV and write-downs of and provisions for stock-in-trade.

3 .	Classification and valuation of Investments	How the matter was addressed in our audit
	Refer to note 6.4, 19 and 27 to the unconsolidated financial statements. The Company's investments as at 30 June 2018 amounted to Rs. 4,986.717 million. These comprised of investments in listed and unlisted equity securities and investments in subsidiaries and associates. The investments in subsidiaries amounted to Rs. 3,043.142 million, associated companies amounted to Rs. 1,284.596 million, financial assets classified as investments at fair value through profit or loss amounted to Rs. 436.971 million and available for sale investments amounted to Rs. 222.01 million. The management's judgment is involved in classification of investments between investments at fair value through profit or loss and available for sale investments, valuation of investments where quoted prices are not available and the impairment allowance against investments classified as available for sale. In assessing whether there was any impairment of the carrying value of the investments in subsidiaries and associates management determines the recoverable amounts based on higher of its value in use and its fair value less costs to sell. We identified the classification, valuation of investments and impairment as a key audit matters because of its significance and the management's judgment involved.	Our audit procedures in respect of the classification and valuation of investments and determination of allowance for impairment, amongst others, included the following: • Obtaining an understanding of and testing the design and operating effectiveness of controls designed to ensure for the classification, valuation of investments and determination of provision for impairment against investment classified as available for sale; • Comparing, on a sample basis, specific investment buying and selling transactions recorded during the year with underlying documentation; • assessing, on a sample basis, whether investments were recorded within the appropriate classification at the time of purchase by comparing individual items in the portfolio with underlying documentation; • assessing, on a sample basis, whether investments were valued at fair value based on the last quoted market price and method used by the management for unquoted investments; • assessing the basis and estimates used by the management to determine impairment against investment classified as available for sale; • involving our internal valuation specialists to assist us in assessing the appropriateness of calculations to determine recoverable amounts based on value in use; and • comparing the higher of value in use and fair values of the investments in subsidiaries and associates as assessed by management.

Information Other than the Unconsolidated Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Company's Annual Report for 2018 but does not include the unconsolidated financial statements and our auditors' report thereon.

Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Unconsolidated Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the unconsolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Other Matters

The engagement partner on the audit resulting in this independent auditors' report is Muhammad Nadeem.

Date: 31 July 2018
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	Note	2018	2017
		(Rupees in '000)	
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	7	776,325	776,325
Capital reserves	8	1,028,282	1,033,823
Revenue reserves		4,919,160	5,009,569
		6,723,767	6,819,717
Non-current liabilities			
Long term loans	9	226,746	322,481
Liabilities against assets subject to finance lease	10	127,419	63,606
Deferred income	11	8,107	7,471
Deferred taxation	21	-	232,847
		362,272	626,405
Current liabilities			
Trade and other payables	12	1,349,139	1,863,813
Unpaid dividend		-	116,449
Unclaimed dividend		21,520	21,628
Mark-up accrued	13	16,144	27,892
Short term borrowings	14	1,458,195	2,517,336
Current portion of long term loans	9	96,544	140,500
Current portion of liabilities against assets subject to finance lease	10	46,010	41,700
Current portion of deferred income	11	5,424	4,148
		2,992,976	4,733,466
Contingencies and commitments	15		
Total equity and liabilities		10,079,015	12,179,588

	Note	2018	2017
		(Rupees in '000)	
ASSETS			
Non-current assets			
Property, plant and equipment	16	1,039,047	940,606
Intangible assets	17	151	977
Investment properties	18	13,076	15,314
Long term investments	19	4,538,346	4,204,446
Long term deposits	20	217,233	188,650
Deferred taxation	21	30,081	-
		5,837,934	5,349,993
Current assets			
Stores, spares and loose tools	22	168,973	163,185
Stock-in-trade	23	1,542,650	2,686,682
Trade debts	24	106,886	663,671
Loans and advances	25	274,713	378,023
Trade deposits and short term prepayments	26	25,579	14,675
Investments	27	448,371	514,984
Mark-up accrued	28	26,506	1,480
Other receivables	29	553,446	1,745,625
Taxation - net	30	960,505	632,799
Cash and bank balances	31	133,452	28,471
		4,241,081	6,829,595
Total assets		10,079,015	12,179,588

The annexed notes from 1 to 54 form an integral part of these unconsolidated financial statements.

Chief Executive	Director	Chief Financial Officer

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018	2017
		(Rupees in '000)	
Sales	32	8,086,346	11,715,194
Less: Sales tax		1,042,559	1,506,550
		7,043,787	10,208,644
Cost of sales	33	6,232,466	8,349,794
Gross profit		811,321	1,858,850
Income from investments	34	495,508	246,889
		1,306,829	2,105,739
Distribution and selling expenses	35	17,852	31,024
Administrative expenses	36	173,036	286,750
Other operating expenses	37	84,890	410,821
		275,778	728,595
		1,031,051	1,377,144
Other income	38	171,671	201,832
Operating profit before finance costs		1,202,722	1,578,976
Finance costs	39	231,319	187,273
Profit before taxation		971,403	1,391,703
Taxation	40	219,653	379,268
Profit for the year		751,750	1,012,435
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Unrealized (loss) / gain on remeasurement of investments classified as 'available for sale'		(5,541)	8,129
Items that will not be reclassified subsequently to profit or loss			
(Loss) / gain on remeasurement of staff retirement benefit plans - net of tax		(589,853)	379,591
Other comprehensive income for the year		(595,394)	387,720
Total comprehensive income for the year		156,356	1,400,155
		(Rupees)	
Basic and diluted earnings per share	41	9.68	13.04

The annexed notes from 1 to 54 form an integral part of these unconsolidated financial statements.

Chief Executive | Director | Chief Financial Officer

UNCONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018	2017
		(Rupees in '000)	
Cash flows from operating activities			
Cash generated from operations	42	2,388,838	914,867
Taxes paid		(576,328)	(503,994)
Finance costs paid		(181,359)	(168,632)
Contribution to gratuity and pension funds		(11,552)	(12,081)
Contribution to Workers' Profit Participation Fund		(111)	(60,000)
Long term deposits - net		(20,003)	1,881
Net cash generated from operating activities		1,599,485	172,041
Cash flows from investing activities			
Capital expenditure		(204,216)	(215,198)
Proceeds from disposal of operating fixed assets		59,332	80,578
Proceeds from disposal of operating fixed assets under sale and leaseback arrangement		89,839	30,889
Investments - net		(328,270)	(205,218)
Dividend income received		549,528	163,595
Interest income received		2,026	765
Net cash generated from / (used in) investing activities		168,239	(144,589)
Cash flows from financing activities			
Repayment of long term loans		(139,691)	(40,519)
Payments against finance lease obligations		(51,660)	(65,553)
(Repayment of) / proceeds from short term loans obtained - net		(1,160,295)	365,416
Dividends paid		(368,863)	(389,172)
Net cash used in financing activities	42.1	(1,720,509)	(129,828)
Net increase / (decrease) in cash and cash equivalents		47,215	(102,376)
Cash and cash equivalents at beginning of the year		(219,311)	(116,935)
Cash and cash equivalents at end of the year	43	(172,096)	(219,311)

The annexed notes from 1 to 54 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 2018

	Issued, subscribed and paid-up capital	Capital reserves		Revenue reserves		Total
		Share premium	Unrealized gain / (loss) on remeasurement of investments classified as 'available for sale'	General reserve	Unappropriated profit	
	--(Rupees in '000)--					
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 for the year	-	-	-	-	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
Transactions with owners						
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
Total comprehensive income for the year ended 30 June 2017						
Profit for the year	-	-	-	-	751,750	751,750
Other comprehensive income						
Total Other comprehensive income for the year	-	-	(5,541)	-	(589,853)	(595,394)
Total comprehensive income for the year	-	-	(5,541)	-	161,897	156,356
Dividend:						
- Final @ 22.5% (i.e. Rs. 2.25 per share) for the year ended 30 June 2017	-	-	-	-	(174,673)	(174,673)
- First interim @ 10% (i.e. Rs. 1 per share) for the year ended 30 June 2018	-	-	-	-	(77,633)	(77,633)
Balance as at 30 June 2018	776,325	1,020,908	7,374	3,642,000	1,277,160	6,723,767

The annexed notes from 1 to 54 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 2018

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. The Company is Shariah Compliant Company and listed on Islamic Index.

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 Jamshoro, Sindh. 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. The Company's fabrication unit is engaged in fabrication and erection of machinery located at Bhone, District Jhang.

1.3 The Company is running cotton spinning unit at Jaranwala, District Faisalabad. This 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 is also managing a portfolio of equity investments and real estate through its Investment and Infrastructure Division from the principal office of the Company.

1.5 The Company also has investment in subsidiaries and associates, the details of which are stated in notes 19.1 and 19.2.

2. SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS DURING THE YEAR

2.1 The Company's net sales stood at Rs. 7.044 billion (2017: Rs. 10.209 billion), 87.12 percent of which was generated from Steel division. For the second half of the year, the Steel division recorded revenue of Rs. 201.8 million only, owing to lower sales order booked by Steel division due to delay in infrastructure projects. During the month of April 2018, the Company secured a contract of Rs. 1.7 billion from SNGPL for the supply of 24" coated pipe. Production and delivery of coated pipe is expected to commence from first quarter of next fiscal year.

Income from investments in equity shares of Rs. 488.328 million generated during the year. However, due to decline in KSE-100 Index in second half of the year, the bench mark shed by 13.1 percent and posted a low of 37,919 points and closed at 40,471. Consequently, the Company suffered unrealized loss of Rs. 54.383 million on its investments.

Director's report contain details about the Company's performance.

3. BASIS OF PREPARATION

3.1 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. The consolidated financial statements of the Company are prepared and presented separately.

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

3.2 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFASs) issued by Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS or IFASs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.3 Basis of measurement

These financial statements have been prepared under the historical cost convention except for quoted investments which are classified as held for trading and available for sale, and derivatives 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.

3.4 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.

4. 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 recognized prospectively. Information about judgements made in applying accounting policies that have the most significant effects on the amount recognized in the financial statements to the carrying amount of the assets and liabilities and assumptions and estimation uncertainties that have a significant risk resulting in a material adjustment in the subsequent year are set forth below:

- Property, plant and equipment (refer note 6.1)
- Intangible assets (refer note 6.2)
- Investment property (refer note 6.3)
- Investments (refer note 6.4)
- Stores, spares and loose tools and stock-in-trade (refer note 6.6 and 6.7)
- Employee benefits (refer note 6.10)
- Leases (refer note 6.12)
- Taxation (refer note 6.15)
- Impairment (refer note 6.1, 6.2, 6.3, 6.4 and 6.19)
- Provision (refer note 6.18)

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

5.1 There are new and amended standards and interpretations as notified under the Companies Act, 2017 that are mandatory for accounting periods beginning 1 July 2017 but are considered not to be relevant or do not have any significant effect on the Company's financial statements and are therefore not stated in these financial statements.

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

5.2 Standards, interpretations and amendments to published approved accounting standards that arenot yet effective

The following International Financial Reporting Standards (IFRS) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2018:

- Classification and Measurement of Share-based Payment Transactions - amendments to IFRS 2 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 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 financial statements.

- Annual Improvements to IFRS 2014-2016 Cycle [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 and 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. The application of interpretation is not likely to have an impact on the Company's financial statements.

- 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. The application of interpretation is not likely to have an impact on the Company's financial statements.

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

- IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The management has completed an initial assessment of the potential impact on revenue and considered that the impact would not be significant.

- IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 July 2018 and 1 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The management has completed an initial assessment of changes required in classification and measurement of financial instruments on adoption of the standard and has also carried out an initial exercise to calculate impairment required under expected credit loss model. Based on initial assessment the management considered that there is no significant change in the recognition criteria or carrying value of the financial assets or liabilities and no additional significant impairment is expected.

- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The management has completed an initial assessment of the potential impact on the Company's lease arrangements and considered that the impact would not be significant.

- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on the Company's financial statements.

- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on the Company's financial statements

- Annual Improvements to IFRS 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:

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

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 1 January 2019 and are not likely to have an impact on the Company's financial statements.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below, which have been consistently applied to all the periods presented except for the following:

- the first time application of financial reporting requirements, including disclosure and presentation requirements of the Companies Act, 2017 effective from 30 June 2018, some of the amounts reported for the previous period have been reclassified (refer note 52). However, there was no change in the reported amounts of statement of profit or loss and other comprehensive income or the amounts presented in the statement of financial position except for presentation.

- new or amendments / interpretations to existing standards and interpretation as stated in note no. 5.1.

6.1 Property, plant and equipment

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 profit or loss as incurred.

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

Depreciation

Depreciation is charged to income on a straight line basis at the rates specified in note 16.1 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 profit or loss.

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 less impairment, if any 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.

6.2 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 profit or loss 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.

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

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 exists 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.

6.3 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

Depreciation is charged to the profit or loss on straight line method at the rates specified in the note 18 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.

Impairment

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 profit or loss. 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.

Disposal

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 profit or loss.

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

6.4 Financial assets

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 or 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 profit or loss when incurred. Investments at fair value through profit or loss are measured at fair value and changes therein are recognized in profit or loss.

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, and contains impacts of Group taxation as explained above.

Available for sale investments

Other investments not covered in any of the above categories 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 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 profit or loss.

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

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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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Impairment

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.

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 profit or loss. 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 profit or loss.

Impairment losses on available for sale financial assets are recognized by reclassifying the losses accumulated in reserves in equity to profit or loss. The cumulative loss that is reclassified from equity to the profit or loss 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 profit or loss.

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 profit or loss. 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 profit or loss. 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 statement of financial position. The resultant gains and losses from derivatives held for trading purposes are recognized in profit or loss. No derivative is designated as hedging instrument by the Company.

6.5 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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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6.6 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.

6.7 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.

6.8 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.

6.9 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 statement of cash flows.

6.10 Employee benefits

6.10.1 Compensated absences

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

6.10.2 Post retirement benefits

6.10.2.1 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 profit or loss when they are due.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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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%.

6.10.2.2 Defined benefit plans

Pension and gratuity fund schemes

The Company provides gratuity benefits to all its permanent employees who have completed their minimum 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 profit or loss. 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.

6.11 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 profit or loss over the period of the borrowings on an effective interest basis.

6.12 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 profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized as more fully explained in note 6.17 below.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss 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 profit or loss over the lease term. Any loss representing the excess of the carrying values over the sale proceeds is recognized immediately in profit or loss.

6.13 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 statement of financial position and payments made under Ijarah financing are recognized in profit or loss on a straight line basis over the term of the lease.

6.14 Trade and other payables

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

6.15 Taxation

Group taxation

The Parent company has opted for Group taxation under section 59AA of the Income Tax Ordinance, 2001 along with two of its subsidiaries CS Capital (Private) Limited and CS Energy (Private) Limited. Thesecompanies are taxed as one fiscal unit under this scheme. The current and deferred income taxes have been estimated on income of each of the companies according to the applicable law and are recognised by each company separately within the Group, regardless of who has the legal liability for settlement or the legal right for recovery of the tax. Any adjustments arising solely due to Group taxation in respect of result of subsidiaries are recognised in the Parent Company and the amounts paid to or receivable from the Parent company are adjusted accordingly.

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, and contains impacts of Group taxation as explained above.

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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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6.16 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 'fair value through profit or loss' are recognized in profit or loss in the period in which they arise. Gains and losses arising on revaluation of derivatives to the fair value are also recognized in profit or loss.

Unrealized gains and losses arising on revaluation of securities classified as 'available for sale' are recognized in other 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.

6.17 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 profit or loss.

6.18 Provisions

A provision is recognized in the unconsolidated statement of financial position 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.

6.19 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 profit or loss.

6.20 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 profit or loss.

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

6.21 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 statement of financial position 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.

6.22 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.

6.23 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.

6.24 Earnings per share

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

7. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2018	2017		2018	2017
------- (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

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

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

	2018		2017	
	(Percentage of holding)	(Number of shares)	(Percentage of holding)	(Number of shares)
Crescent Steel and Allied Products Limited - Gratuity Fund	2.26%	1,752,333	1.90%	1,471,233
Crescent Steel and Allied Products Limited - Pension Fund	4.97%	3,856,980	4.16%	3,230,181
Crescent Steel and Allied Products Limited - Staff Provident Fund	0.16%	124,200	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	0.05%	36,178
Muhammad Amin Muhammad Bashir Limited	0.00%	848	0.00%	848
Premier Insurance Limited	0.18%	141,500	0.19%	146,500
Shakarganj Limited	0.23%	180,000	0.23%	180,000
Crescent Cotton Mills Limited	0.00%	76	0.00%	76

7.2 There is no shareholder agreement for voting rights, board selection, rights of first refusal, and block voting.

8. CAPITAL RESERVES

This includes share premium reserve amounting to Rs. 1,020.9 million and as per section 81 of the Companies Act, 2017 this can be used for following purpose:

- to write off preliminary expenses of the Company;
- to write off expenses of, or the commission paid or discount allowed on, any issue of shares of the Company; and
- in providing for the premium payable on the redemption of any redeemable preference shares of the Company.

The Company may also use the share premium account to issue bonus shares to its members.

9. LONG TERM LOANS

	Note	2018	2017
		----------- (Rupees in '000) -------------	
Secured - Under non-shariah arrangement			
Allied Bank Limited	9.1	323,290	244,231
Saudi Pak Industrial and Agriculture Investment Company Limited	9.2	-	218,750
		323,290	462,981
Less: Current portion shown under current liabilities		96,544	140,500
		226,746	322,481

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

9.1 The Company has a long term loan arrangement with Allied Bank Limited for an amount of Rs. 312 million (2017: 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 (2017: Rs. 78 million) . Mark-up is payable at the rate of 3 months KIBOR plus 1.5% per annum.

During the year ended 30 June 2017, Company entered into a loan arrangement with Allied Bank Limited of an amount of Rs. 100 million, out of which Rs. 74.176 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. During the year, the Company has made repayment of Rs. 4.636 million. Mark-up is payable at the rate of 3 months KIBOR plus 1.5% per annum.

During year ended 30 June 2018, Company entered into new loan arrangement with Allied Bank Limited of an amount of Rs. 300 million, out of which Rs. 156.25 million have been disbursed till date. The term of the loan is 4 years from the date of disbursement with a grace period of one year, repayable in 12 equal quarterly installments starting after twelve 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 ranged between 7.64% to 8.35% (2017: 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.

9.2 The Company had 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 was 5 years from the date of disbursement including a grace period of one year, repayable in 8 equal semi annual installments starting from eighteen months from date of disbursement. During the year, the Company has made repayment of Rs. 218.75 million (2017: Rs. 31.25 million) including early repayment of Rs. 156.25 million. During the year, mark-up on such arrangement is 8.61% to 8.92% (2017: 8.48% to 8.85%) per annum. The facility was secured against first exclusive mortgage charge on land and building and property of the Company.

10. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Minimum lease payments		Future finance costs		Present value of minimum lease payments	
	2018	2017	2018	2017	2018	2017
	(Rupees in '000)					
Not later than one year	58,647	49,414	12,637	7,714	46,010	41,700
Later than one year and not later than five years	143,293	69,552	15,874	5,946	127,419	63,606
	201,940	118,966	28,511	13,660	173,429	105,306
Less: Current portion shown under current liabilities					46,010	41,700
					127,419	63,606

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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10.1 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 arrangments is from three to five years (2017: three to five years) and the liability is payable by the month ranging from one to sixty months (2017: three to sixty months). The periodic lease payments include built-in rates of mark-up ranging between 10.47% to 12.06% (2017: 10.61% to 15.41%) per annum. Included in the gross present value of minimum lease payments, is a sum aggregating Rs. 150.175 million (2017: Rs. 117.245 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.

11. 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. 5.424 million (2017: Rs. 4.148 million) is classified in current liabilities; being current portion of deferred income of Rs. 13.531 million (2017: Rs. 11.619 million). The deferred income will be amortized to the profit or loss over the lease term. During the year, Rs. 4.677 million (2017: Rs. 4.968 million) is amortized in profit or loss.

12. TRADE AND OTHER PAYABLES

	Note	2018	2017
		(Rupees in '000)	
Trade creditors		42,426	36,328
Bills payable		767,979	1,287,514
Commission payable		1,253	802
Accrued liabilities	12.1	259,375	282,489
Advances from customers - unsecured		24,632	46,280
Provisions	12.2	184,858	165,162
Due to related parties	12.3	41	-
Payable to provident fund		2,017	369
Payable to staff retirement benefit funds		1,899	-
Retention money		2,949	4,699
Sales Tax payable		207	300
Withholding tax payable		2,272	2,689
Derivative financial liability		306	-
Workers' Profit Participation Fund	12.4	29,443	2,772
Workers' Welfare Fund		12,215	20,849
Others		17,267	13,560
		1,349,139	1,863,813

12.1 Accrued liabilities

	Note	2018	2017
Salaries, wages and other benefits		34,239	41,849
Accrual for 10-C bonus		2,609	2,481
Compensated absences		12,928	13,820
Liquidated damages		153,695	153,695
Others	12.1.1	55,904	70,644
		259,375	282,489

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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12.1.1 This includes liability against Gas Infrastructure Development Cess of Rs. 17.004 million (2017: 17.004 million).

12.2 Movement in provisions

	Infrastructure fee	Sales Tax	Liquidated damages	Total
	---------------	(Rupees in '000)	---------------	
	(Note 12.2.1)	(Note 12.2.2)	(Note 12.2.3)	
Opening balance as at 1 July 2017	116,499	3,242	45,421	165,162
Provision for the year	39,610	-	-	39,610
Payments during the year	(19,914)	-	-	(19,914)
Closing balance as at 30 June 2018	136,195	3,242	45,421	184,858

12.2.1 This provision has been recognized against infrastructure fee levied by the Government of Sindh through Sindh Finance (Amendment) Ordinance, 2001 (the Ordinance) and through Sindh Development and Maintenance of Infrastructure Cess Act, 2017 (the Act). The Act validates fees leviede through the Ordinance and continues the levy.

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.

After promulgation of new law, the Company has instituted legal proceedings against the levy in the Sindh High Court, where interim stay has been granted on similar terms of payment of 50% of the amount of cess to the Government and furnishing of bank guarantees for remaining 50%.

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. 101.539 million (2017: Rs. 91.539 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 profit or loss. However, on a prudent basis full provision has been recognized.

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

12.2.3 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.

12.3 This represents balances due to Premier Insurance Limited - a related party, amounting to Rs. 0.041 million (2017: Rs. Nil).

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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	Note	2018	2017
		(Rupees in '000)	
12.4 Workers' Profit Participation Fund			
Opening balance as at 1 July		2,772	2,661
Allocation for the year	37	26,782	60,111
		29,554	62,772
Amount paid to the trustees of the fund		(111)	(60,000)
Closing balance as at 30 June		29,443	2,772

13. MARK-UP ACCRUED

	Note	2018	2017
Mark-up accrued on :			
- Finance lease obligations		425	148
- Long term loans		3,732	4,765
- Running finance and short term loans	13.1	11,987	22,979
		16,144	27,892

13.1 This includes mark-up accrued amounting to Rs. 0.03 million (2017: Rs. 8.52 million) on shariah arrangement.

14. SHORT TERM BORROWINGS

	Note	2018	2017
Secured from banking companies			
Running finances under mark-up arrangements	14.1	305,548	247,782
Short term loans	14.2	439,339	2,269,554
Unsecured from non-banking companies			
Short term finance under mark-up arrangement	14.6	713,308	-
		1,458,195	2,517,336

14.1 Short term running finance / money market available from conventional side of various commercial banks under mark-up arrangements amounted to Rs. 1,200 million (2017: Rs. 850 million) out of which Rs. 250 million (2017: Rs. 250 million), Rs.Nil (2017: Rs. 50 million) and Rs.100 million (2017: 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 7.64% to 8.84% (2017: 6.96% to 8.62%) per annum.

14.2 This includes an amount of Rs. 46.8 million (2017: Rs. 402.5 million) outstanding against islamic mode of financing. Short term loans available from various commercial banks under mark-up arrangements amounted to Rs. 4,707 million (2017: Rs. 4,380 million) out of which Rs. 3,925 million (2017: Rs. 3,500 million), Rs. Nil (2017: Rs. 50 million) and Rs. 210 million (2017: 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 7.83% to 8.67% (2017: 7.71% to 8.51%) per annum.

14.3 The facilities for opening letters of credit amounted to Rs. 5,525 million (2017: Rs. 4,800 million) out of which Rs. 250 million (2017: Rs. 250 million), Rs. 2,925 million (2017: Rs. 3,500 million) and Rs. 210 million (2017: Rs. 410 million) are interchangeable with short term running finance, short term loans and letter of guarantee respectively as mentioned in notes 14.1 and 14.2 above. The facility for letters of credit guarantees as at 30 June 2018 amounted to Rs. 1,922 million (2017: Rs. 2,857 million). Amounts unutilized for letters of credit and guarantees as at 30 June 2018 were Rs. 4,249 milllion and Rs. 106 million (2017: Rs. 761 million and Rs. 650 million) respectively.

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14.4 The Company is currently availing Islamic mode of financing from the Al Baraka Bank, Dubai Islamic Bank, and Bank Islami Pakistan Limited. Facilities availed during the year includes letter of credit, bank guarantee, Wakala, Morhaba, Istisna and Ijarah financing.

14.5 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 27.3). Further, above facilities (refer note 14.1 to 14.3) are also secured against mortgage of land and building, hypothecation of plant and machinery and pledge of shares owned by Subsidiary Companies.

14.6 During the year, the Company has issued commercial papers at discounted value of Rs. 669.9 million to non-banking finance companies for working capital requirement. The term of the loan is one year from the date of issuance and redeemable on 15 August 2018 at face value of Rs. 719.5 million. Mark-up is payable at the rate of six months KIBOR plus 1.35% per annum. During the year, mark-up on such arrangement was 7.50% per annum.

15. CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

15.1.1 During 2014-2015, 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.

15.1.2 During 2015-2016, 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.

15.1.3 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.

15.2 Commitments

15.2.1 During 2015-2016, the Company entered into Ijarah financing arrangement amounting to Rs. 600 million with Bank Islami Pakistan Limited for acquisition of Spiral Pipe (SP) machine. As per requirement of IFAS-2 Ijarah financing has been treated as an operating lease. As at 30 June 2018, amount of lease rental outstanding under the agreement are Rs. 274.776 million (2017: Rs. 366.503 million), which is payable in quarterly instalments of Rs. 22.898 million (2017: Rs. 22.906 million) each.

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

	2018	2017
	(Rupees in '000)	
Not later than one year	91,592	91,626
Later than one year and not later than five years	423,184	514,877
	514,776	606,503
Security deposit under arrangement	(240,000)	(240,000)
	274,776	366,503

15.2.2 Aggregate amount of guarantees issued on behalf of the Company against various contracts aggregated Rs. 1,834 million (2017: Rs. 1,934 million). This includes guarantee issued by islamic banks amounting to Rs. 166.8 million (2017: Rs. 209 million).

15.2.3 Commitments in respect of capital expenditure contracted for as at 30 June 2018 amounted to Rs. 25.492 million (2017: Rs. 78.707 million) including Rs. 7.462 million (2017: Rs. 7.462 million) representing office premises located in Islamabad payable on completion of project.

15.2.4 Commitments under letters of credit (L/C) as at 30 June 2018 amounted to Rs. 508.333 million (2017: Rs. 700.54 million).

16. PROPERTY, PLANT AND EQUIPMENT

	Note	2018	2017
		(Rupees in '000)	
Operating fixed assets	16.1	927,045	830,910
Capital work-in-progress	16.5	112,002	109,696
		1,039,047	940,606

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16.1 Operating fixed assets

	Note	Land: Freehold	Land: Leasehold including improvements	Buildings: On freehold land	Buildings: On leasehold land	Office premises	Plant and machinery: Owned *	Plant and machinery: Leased	Electrical / office equipment and installation	Furniture and fittings	Computers	Motor vehicles: Owned	Motor vehicles: Leased	Total
		----------------------------------(Rupees in '000)----------------------------------												
Net carrying value as at 1 July 2017														
Opening Net Book Value (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
Additions / transfers		-	-	19,655	-	-	121,245	114,775	7,521	1,178	2,578	49,614	-	316,566
Disposals (at NBV)	16.6	-	-	-	-	-	(83,250)	(31,078)	-	-	-	(3,453)	-	(117,781)
Depreciation charge	16.1.2	-	(118)	(9,987)	(107)	(905)	(46,059)	(17,955)	(5,791)	(1,120)	(3,632)	(9,930)	(7,046)	(102,650)
Balance as at 30 June 2018 (NBV)		265,900	10,049	140,464	849	7,125	207,212	191,198	19,821	8,383	5,008	53,822	17,214	927,045
Gross carrying value as at 30 June 2018														
Cost	16.2	265,900	11,714	308,086	70,027	27,481	1,344,811	218,546	62,784	26,014	59,804	94,578	34,538	2,524,283
Accumulated depreciation		-	(1,665)	(167,622)	(69,178)	(20,356)	(1,137,599)	(27,348)	(42,963)	(17,631)	(54,796)	(40,756)	(17,324)	(1,597,238)
Net Book Value		265,900	10,049	140,464	849	7,125	207,212	191,198	19,821	8,383	5,008	53,822	17,214	927,045
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
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. 1.049 million (2017: Rs. 0.251 million) representing net book value of capitalized spares.

16.1.1 During the year asset having net book value Rs. 31.078 million (2017: RS. 48.305 million) transferred from lease assets to own assets due to maturity of lease term.

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

	Note	2018	2017
		(Rupees in '000)	
Cost of sales	33.1	83,095	75,270
Distribution and selling expenses	35	976	1,189
Administrative expenses	36	18,580	18,146
Allocated against rental income		-	1,909
		102,651	96,514

16.2 Property, plant and equipment as at 30 June 2018 include items having an aggregate cost of Rs. 1,257.172 million (2017: Rs. 1,252.551 million) that have been fully depreciated and are still in use by the Company.

16.3 Particulars of Company's immovable operating fixed assets are as follows:

Particulars	Location	Area	
Building			
Office premises	Saddar, Karachi	14,504	Sq feet
Building	Nooriabad, District Jamshoro	261,257	Sq feet
Building	Jaranwala, District Faisalabad	340,455	Sq feet
Building	Dalowal, District Faisalabad	30,484	Sq feet
Land			
Lease hold	Nooriabad, District Jamshoro	30.0	Acre
Freehold land	Ferozpur, Lahore	5.1	Acre
Freehold land	Dalowal, District Faisalabad	13.9	Acre
Freehold land	Jaranwala, District Faisalabad	35.5	Acre

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

16.5 Capital work-in-progress

	Note	2018	2017
		(Rupees in '000)	
Advance to supplier		56,806	61,116
Civil work	16.5.1 & 16.5.2	54,470	48,580
Plant and machinery		726	-
		112,002	109,696

16.5.1 This includes an amount of Rs. 26.4 million (2017: 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.

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16.5.2 The Company has recognized a provision in previous year for an amount of Rs. 20.619 million (2017: Rs. 20.619 million) against construction work at a site which has been halted.

16.6 The following assets were disposed off during the year:

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain/(loss)	Mode of disposal	Particular of buyers
	(Rupees in '000)						
Plant and machinery	33,422	696	32,726	34,893	2,167	Sale and lease back	Sindh Leasing Company Limited
	12,043	201	11,842	14,995	3,153	Sale and lease back	Sindh Leasing Company Limited
	20,039	-	20,039	20,751	712	Sale and lease back	Sindh Leasing Company Limited
	18,643	-	18,643	19,200	557	Sale and lease back	Pak-Gulf Leasing Company Limited
Motor Vehicle	753	66	687	732	45	Company Policy	Mr. Mumtaz Malik (Employee)
Others	57,246	54,480	2,766	27,407	24,641	Various	Various
2018	142,146	55,443	86,703	117,978	31,275		
2017	108,479	75,853	32,626	111,467	78,841		

17. INTANGIBLE ASSETS

	Note	2018	2017
		(Rupees in '000)	
Net book value as at 1 July		977	3,507
Amortization	17.1	(826)	(2,530)
Net book value as at 30 June	17.2	151	977
Gross carrying value as at 30 June			
Cost		69,222	69,222
Accumulated amortization		(66,431)	(65,605)
Accumulated impairment		(2,640)	(2,640)
Net book value		151	977
Amortization rate (% per annum)		33.33	33.33

17.1 The amortization charge for the year has been allocated to administrative expenses (Note 36).

17.2 Intangible assets as at 30 June 2018 include items having an aggregate cost of Rs. 65.751 million (2017: Rs. 63.269 million) that have been fully amortized and are still in use of the Company.

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18. INVESTMENT PROPERTIES

	Note	Leasehold land and improvements	Buildings on leasehold land	Office premises	Total
		(Rupees in '000)			
Net carrying value as at 1 July 2017					
Opening Net Book Value (NBV)		2,821	11,532	961	15,314
Depreciation charge	18.1	(238)	(1,080)	(920)	(2,238)
Balance as at 30 June 2018 (NBV)		2,583	10,452	41	13,076
Gross carrying value as at 30 June 2018					
Cost	18.2	4,609	21,608	29,830	56,047
Accumulated depreciation		(2,026)	(11,156)	(29,789)	(42,971)
Net Book Value		2,583	10,452	41	13,076
Net carrying value as at 1 July 2016					
Opening Net Book Value (NBV)		3,059	12,613	3,644	19,316
Depreciation charge		(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		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
Depreciation rate (% per annum)		1 & 10	5	10 - 20	

18.1 Depreciation charged for the year has been allocated to administrative expenses (Note 36).

18.2 Fair value of the investment properties based on recent valuation as at 30 June 2018 is Rs. 138 million (2017: Rs. 133 million), which is determined by independent valuer on the basis of market value.

18.3 Particulars of Company's investment properties are as follows:

Particulars	Location	Area	
Building			
Ware house	Port Qasim, Karachi	40,000	Sq feet
Office premises	Saddar, Karachi	4,854	Sq feet
Land			
Lease hold	Port Qasim, Karachi	2	Acre
Freehold land	Gawadar	3	Acre

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19. LONG TERM INVESTMENTS

	Note	2018	2017
		---------- (Rupees in '000) ------------	
Subsidiary companies			
- at cost	19.1	2,882,000	2,882,000
- share deposit money			
Crescent Hadeed (Private) Limited		108,142	72,697
CS Capital (Private) Limited		53,000	-
Associated companies - at cost	19.2	1,284,596	1,070,803
Other long term investments	19.3	210,608	178,946
		4,538,346	4,204,446

19.1 Subsidiary companies - at cost

2018	2017		Note	2018	2017
------- (Number of Shares) -------				-------- (Rupees in '000) --------	
		Unquoted			
126,000,000	126,000,000	CS Energy (Private) Limited (Formerly Shakarganj Energy (Private) Limited) (Chief Executive Officer - Mr. Muhammad Saad Thaniana)	19.1.1	1,260,000	1,260,000
47,200,000	47,200,000	CS Capital (Private) Limited (Chief Executive Officer - Ms. Hajerah Ahsan Saleem)	19.1.2	472,000	472,000
115,000,000	115,000,000	Crescent Hadeed (Private) Limited (Chief Executive Officer - Mr. Iqbal Zafar Siddiqui)	19.1.3	1,150,000	1,150,000
2	2	Crescent Continental Gas Pipelines Limited (US $ 1 each)	19.1.4	-	-
				2,882,000	2,882,000

19.1.1 This represents the Company's investment in 100% ordinary shares of CS Energy (Private) Limited . The Company has acquired CS Energy (Private) Limited on 4 January 2010. The Company has assessed the recoverable amount of investment in CS Energy (Private) Limited based on value in use calculation. This calculation has been made on discounted cash flow of next 3 year which assumes gross profit margin of 6% - 13%, EBITDA of 12% - 18%, terminal growth rate 4% and discount rate of approximately 11.53%. Based on valuation the recoverable amount exceeds the carrying amount and accordingly, no impairment is required.

19.1.2 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.

19.1.3 This represents the Company's investment in 100% ordinary shares of Crescent Hadeed (Private) Limited which was incorporated on 15 May 2013. The Company has assessed the recoverable amount of investment in discounted cash flow methodology which assumes gross profit margin of 4%, EBITDA of 4%, terminal growth rate 7% and discount rate of approximately 14.83%. Based on valuation the recoverable amount exceeds the carrying amount and accordingly, no impairment is required.

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

19.2 Associated companies - at cost

2018	2017		Note	2018	2017
------- (Number of Shares) -------				-------- (Rupees in '000) --------	
		Quoted			
60,475,416	60,475,416	Altern Energy Limited (Chief Executive Officer - Mr. Taimur Dawood)	19.2.1	593,488	593,488
27,409,075	24,119,987	Shakarganj Limited (Chief Executive Officer - Mr. Anjum M. Saleem)	19.2.2	691,108	477,315
				1,284,596	1,070,803

19.2.1 The Company holds 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.

19.2.2 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. During the year, the Company has further subscribed right shares issues made by the investee Company aggregating to 3.289 million ordinary shares for Rs. 213.793 million.

19.2.3 Investment in associated companies or undertakings have been made in accordance with the requirements under the Companies Act, 2017.

19.2.4 Market value of investments in associates is as follows :

	2018	2017
	-------- (Rupees in '000) --------	
Altern Energy Limited	2,295,042	3,008,047
Shakarganj Limited	1,932,340	2,386,914
	4,227,382	5,394,961

19.2.5 Percentage of holding of equity in associates is as follows :

	2018	2017
	-----(Percentage of holding)----	
Altern Energy Limited	16.64	16.64
Shakarganj Limited	21.93	21.93

19.2.6 The latest financial statements / condensed interim financial information of associated companies as at 30 June 2018 are not presently available. The following is summarized financial information of associated companies as at 31 March 2018 and for the twelve months period ended 31 March 2018 based on their respective unaudited condensed interim financial information prepared in accordance with the accounting and reporting standards as applicable in Pakistan:

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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	Note	Non current assets	Current assets	Non Current Liabilities	Current Liabilities	Revenues	Profit / (loss) after tax	Other comprehensive income / (loss)	Total comprehensive income / (loss)
		(As at 31 March)				(For the twelve months period ended 31 March)			
		(Rupees in '000)							
2018									
Altern Energy Limited	19.2.6.1	19,414,491	17,068,451	2,732,866	7,637,322	29,231,699	3,012,659	(2,453)	3,010,206
Shakarganj Limited		9,605,917	2,163,289	1,094,046	4,673,841	7,268,191	(822,881)	(36,604)	(859,485)
2017									
Altern Energy Limited		20,632,067	16,103,421	3,506,735	5,149,159	27,246,068	3,298,861	215	3,299,076
Shakarganj Mills Limited		9,882,579	2,758,038	1,226,976	5,364,955	9,648,086	830,093	(39,595)	790,498

19.2.6.1 These figures are based on the latest available unaudited condensed interim consolidated financial information as at 31 March 2018 including its subsidiary company Rousch (Pakistan) Power Limited being managed by Power Management Company holding 59.98% shares.

19.3 Other long term investments - Available for sale

	Note	2018	2017
		(Rupees in '000)	
Investments in related parties	19.3.1	-	58,946
Other investment	19.3.2	210,608	120,000
		210,608	178,946

19.3.1 Investments in related parties

2018	2017		Note	2018	2017
(Number of Shares)				(Rupees in '000)	
		Unquoted			
2,403,725	2,403,725	Crescent Bahuman Limited	19.3.1.1	24,037	24,037
-	2,814,999	Central Depository Company of Pakistan Limited (CDC)		-	58,946
				24,037	82,983
		Less: Provision for impairment		24,037	24,037
				-	58,946

19.3.1.1 The chief executive of Crescent Bahuman Limited is Mr. Nasir Shafi. The break-up value of shares of the investee company is Rs. 15.50 per share (2017: Rs. 15.43 per share), calculated on the basis of audited annual financial statements for the year ended 30 June 2017.

19.3.2 Other investment

2018	2017		Note	2018	2017
(Number of Shares)				(Rupees in '000)	
		Unquoted			
2,982,474	-	Central Depository Company of Pakistan Limited (CDC)		58,946	-
1,047,000	1,047,000	Crescent Industrial Chemicals Limited		10,470	10,470
12,000,000	12,000,000	Shakarganj Food Products Limited		120,000	120,000
		Right shares subscription money	19.3.2.1	31,662	-
				151,662	120,000
				221,078	130,470
		Provision for impairment		(10,470)	(10,470)
				210,608	120,000

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19.3.2.1 During the year, the Company has further subscribed right shares issued by the investee company aggregating to 2.111 million ordinary shares of Rs. 15 each.

	Note	2018	2017
		(Rupees in '000)	
20. LONG TERM DEPOSITS			
Security deposits			
- Leasing companies		24,670	11,930
- Ijarah financing arrangement		181,788	166,034
- Others		10,775	10,686
		217,233	188,650

21. DEFERRED TAXATION - NET

	2018	2017
Deferred tax credits / (debits) arising in respect of :		
Taxable temporary differences		
Accelerated tax depreciation / amortization	35,926	33,144
Finance lease obligations	10,145	13,322
Employee benefits - Defined benefit plan	37,895	292,556
Unrealized gain on held for trading investments	1,447	6,364
	85,413	345,386
Deductible temporary differences		
Provision for slow moving stores, spares and loose tools	(17,538)	(13,777)
Provisions for doubtful trade debts, doubtful advances and others	(57,667)	(55,082)
Discounting on long term deposit	(19,404)	(22,647)
Deferred income	(3,923)	(3,486)
Provisions for impairment of fixed assets	(5,980)	(6,186)
Provision of Gas Infrastructure Development Cess	(3,477)	(3,597)
Provision for diminution in the value of investments	(7,505)	(7,764)
	(115,494)	(112,539)
	(30,081)	232,847

21.1 Break up of deferred tax (reversal) / charge is as following:

	2018	2017
Profit or loss	(8,268)	1,906
Other comprehensive income	(254,660)	162,682
	(262,928)	164,588

22. STORES, SPARES AND LOOSE TOOLS

	Note	2018	2017
Stores - steel segment		16,029	17,036
Spare parts - steel segment		181,797	154,136
Loose tools - steel segment		3,053	2,365
Stores and spares - cotton segment		28,571	35,572
		229,450	209,109
Less: Provision for slow moving items	22.1	60,477	45,924
		168,973	163,185

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

	Note	2018	2017
		(Rupees in '000)	
22.1 Movement in provision for slow moving items			
Opening balance		45,924	42,159
Provision made during the year		14,553	6,047
Reversal of provision made during the year		-	(2,282)
Closing balance		60,477	45,924

23. STOCK-IN-TRADE

	Note	2018	2017
Raw materials			
Hot rolled steel coils (HR Coil)		190,673	468,650
Coating materials		74,068	71,783
Others		90,527	69,347
Raw cotton		205,217	66
Stock-in-transit		776,402	1,587,601
	23.1	1,336,887	2,197,447
Work-in-process	23.1 & 33.1	19,713	85,524
Finished goods	23.1 & 33.1	180,239	394,107
Scrap / cotton waste		5,811	9,604
		205,763	489,235
		1,542,650	2,686,682

23.1 Stock-in-trade as at 30 June 2018 includes items valued at net realisable value (NRV). Charge in respect of stock written down to NRV was amounting to Rs. 27.052 million (2017: Rs. 119.930 million) has been recognized in cost of goods sold.

	Cost	NRV
	(Rupees in '000)	
Raw material	1,338,220	1,336,887
Work-in-process	19,713	19,713
Finished goods	205,958	180,239
	1,563,891	1,536,839

24. TRADE DEBTS

	Note	2018	2017
		(Rupees in '000)	
Secured			
Considered good		-	611,744
Unsecured			
Considered good	24.1	106,886	51,927
Considered doubtful		16,626	21,640
Provision for doubtful trade debts	24.2	(16,626)	(21,640)
		106,886	51,927
		106,886	663,671

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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24.1 This includes following amount due from related parties, Crescent Hadeed (Private) Limited and CS Energy (Private) Limited amounting to Rs. 63.595 million (2017: Rs. Nil) and Rs. 0.026 million (2017: Rs. 12.526 million) respectively. Maximum aggregate amount outstanding at any time during the year calculated by reference to month-end balances are Rs. 203.665 million (2017: Rs. Nil) and Rs. 12.526 million (2017: Rs. 12.526 million) respectively.

	Note	2018	2017
		(Rupees in '000)	
24.1.1 The aging of amount due from related parties:			
Not past due		-	-
Past due 1 - 30 days		3,061	-
Past due 30 - 180 days		60,560	-
Past due 180 days		-	12,526
		63,621	12,526
24.2 Movement in provision for doubtful trade debts			
Opening balance		21,640	14,271
Provision made during the year		-	7,447
Reversal of provision made during the year		(5,014)	(78)
Closing balance		16,626	21,640

25. LOANS AND ADVANCES

	Note	2018	2017
Unsecured			
Loan to related parties - considered good			
Loan to subsidiaries	25.1	249,900	365,000
Advances - considered good			
Staff		1,095	3,242
Suppliers for goods and services		23,718	9,746
Advances to others		-	35
Advances - considered doubtful			
Suppliers for goods and services		47	47
Provision for doubtful advances		(47)	(47)
		-	-
		274,713	378,023

25.1 Loan to subsidiaries

	Note	2018	2017
Crescent Hadeed (Private) Limited	25.1.1	247,900	250,000
CS Energy (Private) Limited	25.1.2	2,000	115,000
		249,900	365,000
The aging of amount due from related parties:			
Past due 1 - 30 days		4,700	365,000
Past due 30 - 180 days		245,200	-
		249,900	365,000

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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25.1.1 During year 2016-2017, the Company entered into a short term loan agreement with its wholly owned subsidiary company Crescent Hadeed (Private) Limited for an amount 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 ranged between 8.13% to 8.82% per annum (2017: 8.13%). Maximum aggregate amount outstanding at any time during the year calculated by reference to month-end balance is Rs. 250 million (2017: Rs. 250 million)

25.1.2 During year 2016-2017, the Company entered into a short term loan agreement with its wholly owned subsidiary company CS Energy (Private) Limited for an amount of Rs. 125 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 8.12% to 8.85% (2017: 8.12% to 8.15%). Maximum aggregate amount outstanding at any time during the year calculated by reference to month-end balance is Rs. 115 million (2017: Rs. 115 million).

	Note	2018	2017
		---------- (Rupees in '000) ----------	
26. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposits - leasing companies		2,891	4,969
Security deposits - others		13,899	171
Prepayments		8,789	9,535
		25,579	14,675
27. INVESTMENTS			
Available for sale	27.1	11,400	16,941
Held for trading	27.2	436,971	498,043
		448,371	514,984

27.1 Available for sale

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

2018	2017	Name of investee company	Note	2018	2017
------- (Number of Shares) -------				-------- (Rupees in '000) --------	
		Quoted			
452,379	452,379	The Crescent Textile Mills Limited	27.1.1	11,400	16,941
26,490	26,490	Jubilee Spinning and Weaving Mills Limited	27.1.2	-	-
		Unquoted			
1,996	1,996	Innovative Investment Bank Limited	27.1.2	-	-
				11,400	16,941

27.1.1 The Company has recognized impairment loss in previous years amounting to Rs. 4.537 million (2017: Rs. 4.537 million) against the investment.

27.1.2 These investments are fully impaired as their break-up value of share is Rs. Nil per share (2017: Rs. Nil)

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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27.2 Held for trading

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

2018	2017	Name of investee company	2018	2017
(Number of shares / certificates)			-------- (Rupees in '000) -------	
6,300	6,300	Attock Cement Pakistan Limited	847	1,907
100,000	100,000	Cherat Cement Company Limited	9,723	17,878
315,000	315,000	D.G. Khan Cement Company Limited	36,064	67,145
200,000	200,000	Engro Fertilizer Limited	14,982	11,048
15,000	15,000	Fatima Fertilizer Company Limited	486	505
182,500	182,500	Fauji Fertilizer Bin Qasim Limited	7,045	7,818
55,000	55,000	Fauji Fertilizer Company Limited	5,439	4,545
68,500	15,000	Hi-Tech Lubricants Limited	6,940	1,635
1,350	1,350	Innovative Investment Bank Limited	-	-
117,000	105,000	International Industries Limited	27,178	38,700
63,000	63,000	International Steel Limited	6,407	8,057
1,500,000	1,500,000	K-Electric Limited *	8,520	10,350
31,600	31,600	Kohat Cement Limited	3,889	7,245
100,000	100,000	Kohinoor Energy Limited	4,000	4,307
140,000	140,000	Kot Addu Power Company Limited	7,547	10,083
20,000	-	Loads Limited	624	-
65,400	50,000	Nishat Mills Limited	9,216	7,934
186,000	186,000	Nishat Power Limited	5,513	8,787
72,700	70,000	Oil and Gas Development Company Limited	11,314	9,848
100,000	100,000	Pakgen Power Limited	1,928	2,022
-	300,000	Pakistan International Bulk Terminals Limited	-	6,948
50,000	50,000	Pakistan Oilfields Limited	33,590	22,908
393,800	390,000	Pakistan Petroleum Limited	84,628	57,775
84,000	70,000	Pakistan State Oil Company Limited	26,738	27,114
1,486,749	1,486,749	Pakistan Stock Exchange Limited	29,363	38,180
125,000	350,000	Pakistan Telecommunication Company Limited	1,430	5,464
1,705,000	1,705,000	PICIC Growth Fund	52,020	52,855
500,673	500,673	PICIC Investment Fund	6,744	7,510
37,400	34,000	Roshan Packages Limited	1,054	1,910
140,000	240,000	Sui Northern Gas Pipelines Limited	14,031	35,741
35,000	35,000	Sui Southern Gas Company Limited	1,149	1,274
5,100	-	Thal Limited	2,435	-
175,000	175,000	The Hub Power Company Limited	16,127	20,550
			436,971	498,043

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

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

27.3 The market value of investments which have been pledged with financial institutions as security against financing facilities (refer note 14.5) are as follows:

	2018	2017
	(Rupees in '000)	
Name of investee company		
Altern Energy Limited (Long term investment)	2,034,120	2,908,547
Attock Cement Pakistan Limited	847	1,907
Cherat Cement Company Limited	9,723	17,878
D.G. Khan Cement Company Limited	36,064	67,145
Engro Fertilizer Limited	14,982	11,048
Fatima Fertilizer Company Limited	486	505
Fauji Fertilizer Bin Qasim Limited	7,045	7,819
Fauji Fertilizer Company Limited	5,439	4,546
Hi-Tech Lubricants Limited	6,940	1,635
International Industries Limited	24,390	38,700
International Steel Limited	6,407	8,057
K-Electric Limited	8,520	10,350
Kohat Cement Limited	-	7,245
Kohinoor Energy Limited	4,000	4,307
Kot Addu Power Company Limited	7,547	10,083
Nishat Mills Limited	7,046	2,380
Nishat Power Limited	5,513	8,787
Oil and Gas Development Company Limited	10,893	9,848
Pakgen Power Limited	1,928	2,022
Pakistan International Bulk Terminals Limited	-	6,947
Pakistan Oilfields Limited	33,590	22,907
Pakistan Petroleum Limited	83,811	57,774
Pakistan State Oil Company Limited	22,282	27,115
Pakistan Stock Exchange Limited	29,363	-
Pakistan Telecommunication Company Limited	-	5,464
PICIC Growth Fund	-	52,854
PICIC Investment Fund	6,735	7,500
Roshan Packages Limited	958	1,910
Sui Northern Gas Pipelines Limited	14,031	35,741
Sui Southern Gas Company Limited	1,149	1,274
The Crescent Textile Mills Limited	11,400	7,490
The Hub Power Company Limited	16,128	20,550
	2,411,337	3,370,335

28. MARK-UP ACCRUED

28.1 This represents amount due from related parties:

	2018	2017
Crescent Hadeed (Private) Limited	18,132	278
CS Energy (Private) Limited	8,374	1,202
	26,506	1,480

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

28.2 The aging of amount due from related parties:

	2018	2017
	(Rupees in '000)	
Past due 1 - 30 days	2,514	1,480
Past due 30 - 180 days	10,499	-
Past due 180 days	13,493	-
	26,506	1,480

28.3 Maximum aggregate amount outstanding at any time during the year calculated by reference to month-end balances is Rs. 18.132 million (2017: Rs. 0.278 million) and Rs. 8.374 million (2017: Rs. 1.202 million) from Crescent Hadeed (Private) Limited and CS Energy (Private) Limited respectively.

29. OTHER RECEIVABLES

	Note	2018	2017
		(Rupees in '000)	
Dividend receivable		1,946	2,163
Provision there against		(885)	(885)
		1,061	1,278
Receivable against rent from investment property		442	442
Claim receivable		-	1,863
Due from related parties	29.1	60,506	75,739
Retention money receivable		113,162	380,691
Sales tax refundable	29.2	106,100	248,573
Margin on letter of guarantee		15,359	18,219
Receivable from staff retirement benefits funds	45	254,774	1,014,310
Others		2,042	4,510
		553,446	1,745,625

29.1 Due from related parties

	2018	2017
Shakarganj Limited	1,645	1,562
CS Capital (Private) Limited	998	211
CS Energy (Private) Limited	28,451	22,431
Crescent Hadeed (Private) Limited	17,855	39,993
Solution de Energy (Private) Limited	11,504	11,502
Crescent Steel and Allied Products Limited - Pension Fund	53	40
	60,506	75,739

29.1.1 Maximum aggregate amount outstanding at any time during the year calculated by reference to month-end balance is as follows:

	2018	2017
Shakarganj Limited	1,648	1,563
CS Capital (Private) Limited	1,376	211
CS Energy (Private) Limited	28,451	22,431
Crescent Hadeed (Private) Limited	34,145	39,994
Solution de Energy (Private) Limited	11,504	11,502
Crescent Steel and Allied Products Limited - Pension Fund	53	40

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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	2018	2017
	----------- (Rupees in '000) -------------	
29.1.2 The aging of amount due from related parties:		
Not yet due	5,326	6,019
Past due 1 - 30 days	4,535	3,594
Past due 30 - 180 days	18,452	16,281
Past due 180 days	32,193	49,845
	60,506	75,739

29.2 During the year, order original no. 10/2016-17 dated 18 August 2017 was issued whereby demand aggregating to Rs. 41.6 million was raised against the company under sections 33 and 34 of the Sales Tax Act, 1990. The case was contested at Commissioner Inland Revenue (Appeals), where the case has been decided mostly in favour of company thereby reducing demand to Rs. 8.759 million via order dated 8 January 2018, issued under section 45B of the Sales Tax Act, 1990. Currently the case is pending in Appellate Tribunal Inland Revenue. No provision has been made in these financial statements in respect of this case, since based on the tax consultant's opinion the management is confident of favourable outcome of this appeal.

30. TAXATION - NET

	2018	2017
	----------- (Rupees in '000) -------------	
Advance taxation	3,347,778	2,792,149
Provision for taxation	(2,387,273)	(2,159,350)
	960,505	632,799

30.1 The Income Tax assessments of the Company have been finalized up to and including tax year 2017, 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:

The Additional Commissioner Inland Revenue amended the deemed assessment of the Company for Tax Year 2009 and Tax Year 2011 thereby raising demands of Rs. 4.937 million and Rs. 22.218 million respectively. The Company has filed appeals with the Commissioner Inland Revenue (appeals) which are yet to be fixed for hearing.

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 preferred 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.

30.2 The Board of Directors of the Company in their meeting held on 31 July 2018 has announced sufficient cash dividend for the year ended 30 June 2018 to comply with the requirements of section 5A of the Income Tax Ordinance, 2001. Accordingly, no provision for tax on undistributed reserves has been recognized in these financial statements.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

31. CASH AND BANK BALANCES

	Note	2018	2017
		----------- (Rupees in '000) ------------	
With banks			
- in saving account	31.1	3,097	17,088
- in current accounts		130,270	11,069
	31.2	133,367	28,157
Cash in hand		85	314
		133,452	28,471

31.1 Mark-up rate on saving account is 3.75% (2017: 4.25%).

31.2 This includes balances amounting to Rs. 1.811 million (2017: Rs. 1.037 million) with Shariah compliance banks.

32. SALES - NET

	Note	2018	2017
		----------- (Rupees in '000) ------------	
Local sales			
Bare pipes		5,533,373	8,426,029
Pipe coating		742,977	341,833
Pre coated pipes		475,612	1,339,963
Cotton yarn / raw cotton		884,203	1,216,867
Others		173,011	83,203
Scrap / waste		264,050	251,326
Sales returns		-	(1,196)
		8,073,226	11,658,025
Export sales			
Fabric	32.1	13,120	57,169
		8,086,346	11,715,194
Sales tax		(1,042,559)	(1,506,550)
		7,043,787	10,208,644

32.1 Summary of export sales during the year:

Country	Geographical location	Credit terms	2018	2017
Ecuador	South America	Unsecured	13,120	33,552
Dominican republic	North America	Unsecured	-	10,441
Paraguay	South America	Unsecured	-	10,876
Peru	South America	Unsecured	-	2,300
			13,120	57,169

33. COST OF SALES

	Note	2018	2017
Steel segment	33.1	5,344,171	7,054,680
Cotton segment	33.1	888,295	1,295,114
		6,232,466	8,349,794

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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33.1 Cost of sales

	Note	Steel segment 2018	Steel segment 2017	Cotton segment 2018	Cotton segment 2017	Total 2018	Total 2017
		---------	-------	(Rupees in '000)	-------	-------	-------
Raw materials consumed		4,125,720	6,332,309	611,491	853,563	4,737,211	7,185,872
Cost of raw cotton sold		-	-	27,736	-	27,736	-
Packing materials consumed		-	-	9,613	19,559	9,613	19,559
Store and spares consumed		115,322	194,541	13,671	25,866	128,993	220,407
Fuel, power and electricity		55,616	74,581	111,143	169,478	166,759	244,059
Salaries, wages and other benefits	33.2	171,121	215,603	82,221	118,955	253,342	334,558
Insurance		4,687	4,022	2,394	2,657	7,081	6,679
Repairs and maintenance		17,835	19,328	1,834	2,227	19,669	21,555
Depreciation	16.1.2	53,894	40,042	29,201	35,228	83,095	75,270
Rental under Ijarah financing		91,599	91,349	-	-	91,599	91,349
Stock-in-trade written down to NRV		27,052	119,930	-	-	27,052	119,930
Other expenses		397,031	237,748	3,606	39,756	400,637	277,504
		5,059,877	7,329,453	892,910	1,267,289	5,952,787	8,596,742
Opening stock of work-in-process		85,524	76,672	-	10,250	85,524	86,922
Closing stock of work-in-process	23	(10,288)	(85,524)	(9,425)	-	(19,713)	(85,524)
		75,236	(8,852)	(9,425)	10,250	65,811	1,398
Cost of goods manufactured		5,135,113	7,320,601	883,485	1,277,539	6,018,598	8,598,140
Opening stock of finished goods		383,803	117,882	10,304	27,879	394,107	145,761
Closing stock of finished goods	23	(174,745)	(383,803)	(5,494)	(10,304)	(180,239)	(394,107)
		209,058	(265,921)	4,810	17,575	213,868	(248,346)
		5,344,171	7,054,680	888,295	1,295,114	6,232,466	8,349,794

33.2 Detail of salaries, wages and other benefits

	Note	Steel segment 2018	Steel segment 2017	Cotton segment 2018	Cotton segment 2017	Total 2018	Total 2017
Salaries, wages and other benefits	33.2.1	162,171	214,116	80,865	117,362	243,036	331,478
Pension fund	33.2.2	3,358	1,019	363	121	3,721	1,140
Gratuity fund	33.2.2	1,329	(3,499)	34	(192)	1,363	(3,691)
Provident fund contributions		4,263	3,967	959	1,664	5,222	5,631
		171,121	215,603	82,221	118,955	253,342	334,558

33.2.1 This includes contribution amounting to Rs. 10 million (2017: Rs. 20 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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

33.2.2 Staff retirement benefits

	2018 Pension	2018 Gratuity	2017 Pension	2017 Gratuity
	-------	(Rupees in '000)	-------	-------
Current service costs	(1,261)	(255)	9,675	3,116
Interest costs	(3,040)	(454)	22,104	4,049
Return on plan assets, excluding interest income	8,022	2,072	(41,716)	(11,774)
Past service cost recognized	-	-	11,077	918
	3,721	1,363	1,140	(3,691)

34. INCOME FROM INVESTMENTS

	Note	2018	2017
		(Rupees in '000)	
Dividend income	34.1	549,311	164,233
(Loss) / gain on sale of investments - net	34.1	(6,600)	10,299
Unrealized (loss) / gain on held for trading investments - net	34.1	(48,842)	68,349
Rent from investment properties	34.2	1,639	4,008
		495,508	246,889

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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34.1 Company wise break up of dividend income, realised gain / (loss) and unrealised (loss) / gain is as follows:

Name of investee company	Dividend income	Realised gain / (loss)	Unrealised (loss) / gain
	---------------(Rupees in '000)		---------------
Shariah compliant investee companies			
Altern Energy Limited	483,803	-	-
Attock Cement Pakistan Limited	85	-	(1,060)
Cherat Cement Company Limited	450	-	(8,155)
D.G. Khan Cement Company Limited	2,363	-	(31,081)
Engro Fertilizer Limited	1,700	-	3,934
Fatima Fertilizer Company Limited	34	-	(19)
Hi-Tech Lubricants Limited	53	-	1
International Industries Limited	423	(88)	(13,583)
International Steel Limited	158	571	(1,519)
K-Electric Limited	-	-	(1,830)
Kohat Cement Limited	63	-	(3,356)
Kohinoor Energy Limited	450	-	(307)
Loads Limited	-	-	(180)
Nishat Mills Limited	250	-	(1,040)
Oil and Gas Development Company Limited	681	-	1,048
Kot Addu Power Company Limited	1,274	-	(2,535)
Pakistan Oilfields Limited	2,125	-	10,682
Pakistan Petroleum Limited	3,915	-	26,095
Pakistan Telecommunication Company Limited	350	(633)	(521)
Roshan Packages Limited	34	-	(856)
Sui Northern Gas Pipelines Limited	1,800	(4,909)	(6,065)
Sui Southern Gas Company Limited	-	267	(233)
Shakarganj Limited	34,260	-	-
The Hub Power Company Limited	1,243	101	(4,371)
	535,514	(4,691)	(34,951)
Non- Shariah compliant investee companies			
Fauji Fertilizer Bin Qasim Limited	155	-	(774)
Fauji Fertilizer Company Limited	399	-	894
Pakgen Power Limited	200	-	(94)
Nishat Power Limited	371	-	(3,275)
Pakistan State Oil Company Limited	1,890	662	(203)
Pakistan Stock Exchange Limited	371	-	(8,816)
PICIC Growth Fund	4,689	-	(835)
Pakistan International Bulk Terminals Limited	-	(2,571)	-
PICIC Investment Fund	676	-	(766)
Thal Limited	8	-	(22)
First Equity Modaraba	1	-	-
First UDL Modaraba	5	-	-
	8,765	(1,909)	(13,891)
Others			
Central Depository Company of Pakistan Limited	5,032	-	-
	549,311	(6,600)	(48,842)

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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34.1.1 Unrealized gain amounting to Rs. 5.541 million on this investment was recognized in the other comprehensive income during the year.

34.1.2 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.

34.2 Direct operating expenses incurred against rental income from investment properties amounted to Rs. 2.749 million (2017: Rs. 4.875 million). Further Rs. 0.391 million (2017: Rs. 1.313 million) were incurred against the non rented out area.

35. DISTRIBUTION AND SELLING EXPENSES

	Note	Steel segment 2018	Steel segment 2017	Cotton segment 2018	Cotton segment 2017	Total 2018	Total 2017
		--------------------		(Rupees in '000)			--------------------
Salaries, wages and other benefits	35.1	3,860	6,003	1,526	5,917	5,386	11,920
Commission		-	-	2,855	5,577	2,855	5,577
Travelling, conveyance and entertainment		489	536	92	832	581	1,368
Depreciation	16.1.2	976	1,189	-	-	976	1,189
Insurance		104	160	-	7	104	167
Postage, telephone and telegram		64	81	162	701	226	782
Advertisement		728	98	-	-	728	98
Bid bond expenses		2,499	1,213	-	-	2,499	1,213
Legal and professional charges		1,054	3,475	-	-	1,054	3,475
Others		882	955	2,561	4,280	3,443	5,235
		10,656	13,710	7,196	17,314	17,852	31,024

35.1 Detail of salaries, wages and other benefits

	Note	Steel segment 2018	Steel segment 2017	Cotton segment 2018	Cotton segment 2017	Total 2018	Total 2017
Salaries, wages and other benefits		3,458	5,852	1,526	5,921	4,984	11,773
Pension fund	35.1.1	176	28	-	6	176	34
Gratuity fund	35.1.1	73	(96)	-	(10)	73	(106)
Provident fund contributions		153	219	-	-	153	219
		3,860	6,003	1,526	5,917	5,386	11,920

35.1.1 Staff retirement benefits

	2018 Pension	2018 Gratuity	2017 Pension	2017 Gratuity
	----------------------	(Rupees in '000)		----------------------
Current service costs	(60)	(14)	289	89
Interest costs	(144)	(23)	659	117
Return on plan assets, excluding interest income	380	110	(1,244)	(338)
Past service cost recognized	-	-	330	26
	176	73	34	(106)

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36. ADMINISTRATIVE EXPENSE

	Note	Steel segment 2018	Steel segment 2017	Cotton segment 2018	Cotton segment 2017	IID segment 2018	IID segment 2017	Total 2018	Total 2017
		(Rupees in '000)							
Salaries, wages and other benefits	36.1	27,245	89,670	7,824	17,327	5,736	6,446	40,805	113,443
Rents, rates and taxes		2,543	1,119	439	330	628	510	3,610	1,959
Travelling, conveyance and entertainment		8,809	7,986	1,228	1,582	508	464	10,545	10,032
Fuel and power		7,904	7,265	761	836	421	888	9,086	8,989
Postage, telephone and telegram		1,973	2,115	356	494	109	115	2,438	2,724
Insurance		1,412	1,049	161	124	117	96	1,690	1,269
Repairs and maintenance		10,181	10,872	298	557	780	1,261	11,259	12,690
Auditors' remuneration	36.2	1,947	1,446	342	351	199	142	2,488	1,939
Legal, professional and corporate service charges		14,527	7,223	1,826	1,563	2,539	1,342	18,892	10,128
Advertisement		1,854	2,893	12	20	96	151	1,962	3,064
Donations	36.3	33,333	76,702	-	70	1,754	4,041	35,087	80,813
Depreciation	16.1.2 & 18.1	15,411	14,300	2,390	3,067	3,017	4,781	20,818	22,148
Amortization of intangible assets	17.1	705	2,024	88	405	33	101	826	2,530
Printing, stationery and office supplies		4,812	4,995	242	1,134	352	408	5,406	6,537
Newspapers, subscriptions and periodicals		277	1,328	455	657	19	72	751	2,057
Others		5,884	4,792	873	941	616	695	7,373	6,428
		138,817	235,779	17,295	29,458	16,924	21,513	173,036	286,750

36.1 Detail of salaries, wages and other benefits

	Note	Steel segment 2018	Steel segment 2017	Cotton segment 2018	Cotton segment 2017	IID segment 2018	IID segment 2017	Total 2018	Total 2017
Salaries, wages and other benefits		95,619	87,509	13,309	16,686	6,233	6,211	115,161	110,406
Pension fund	36.1.1	(45,975)	414	(4,851)	18	(532)	18	(51,358)	450
Gratuity fund	36.1.1	(25,986)	(1,430)	(1,161)	(27)	(254)	(51)	(27,401)	(1,508)
Provident fund contributions		3,587	3,177	527	650	289	268	4,403	4,095
		27,245	89,670	7,824	17,327	5,736	6,446	40,805	113,443

36.1.1 Staff retirement benefits

	2018 Pension	2018 Gratuity	2017 Pension	2017 Gratuity
	(Rupees in '000)			
Current service costs	17,405	5,132	3,819	1,273
Interest costs	41,961	9,121	8,725	1,655
Return on plan assets, excluding interest income	(110,724)	(41,654)	(16,467)	(4,811)
Past service cost recognized	-	-	4,373	375
	(51,358)	(27,401)	450	(1,508)

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36.2 Auditors' remuneration

	Note	2018	2017
		(Rupees in '000)	
Audit fee	36.2.1	1,817	1,675
Fee for audit of funds' financial statements and other reports		360	47
Out of pocket expenses		183	89
Sales tax		128	128
		2,488	1,939

36.2.1 Audit fee includes services for audit of annual unconsolidated and consolidated financial statements, audit of annual consolidated financial statements for group taxation purpose, 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.

36.3 Donations

36.3.1 Donations include the following in which a director is interested :

Name of director	Interest in donee	Name and address of the donee	Amount donated 2018	Amount donated 2017
			(Rupees in '000)	
Mr. Ahsan M. Saleem	Director	The Citizens Foundation Plot No. 20, Sector - 14, New Brookes Chowrangi, Korangi Industrial Area, Karachi	23,688	58,351
	Chairman	CSAP Foundation E-Floor, IT Tower, 73-E/1, Hali Road, Gulberg-111, Lahore	1,000	7,760
	Director	Pakistan Centre for Philanthropy 1-A St.14 F-8/3 Islamabad.	1,000	-
			25,688	66,111

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.

36.3.2 Donations include the following in which directors are not interested:

Name of donee	Amount donated 2018	Amount donated 2017
	(Rupees in '000)	
Crescent Educational Trust	3,000	3,500
Citizens Police Liaison Committee	2,500	-
Rashid Memorial Welfare Organization	1,000	-
National University of Sciences and Technology	1,000	1,000
Business Hospital Trust	-	1,000
Hunar Foundation	-	1,000
Imkaan Welfare Organization	-	1,200
Shakarganj Foundation	-	1,500
The Cardiovascular Foundation	-	1,500
The Health Foundation	-	1,500
The Citizens Archive of Pakistan	-	1,500
Others	1,899	1,002
	9,399	14,702

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

	Note	2018	2017
		---------- (Rupees in '000) -------------	
37. OTHER OPERATING EXPENSES			
Exchange loss		6,041	8,074
Claim receivable written off		561	-
Provision for :			
- Workers' Profit Participation Fund		26,782	60,111
- Workers' Welfare Fund		11,071	21,022
- doubtful trade debts		-	7,369
- other receivables		-	885
- liquidated damages		-	19,141
- slow moving stores, spares and loose tools - net		14,553	3,765
Liquidated damages		25,882	290,454
		84,890	410,821

	Note	2018	2017
38. OTHER INCOME			
Income from financial assets			
Mark-up on short term loan to subsidiary companies		26,228	1,480
Return on deposits - from conventional banking		824	765
Exchange gain on derivative financial lability - net	12.4	1,504	-
Unwinding of discount on long term deposit		16,920	14,880
Reversal of provision for diminution in the value of investments		-	100,561
		45,476	117,686
Income from non-financial assets			
Gain on disposal of operating fixed assets		24,686	75,982
Deferred income amortized		4,677	4,968
Insurance commission		1,566	1,400
Liabilities written-back		768	-
Recovery of liquidated damages		85,185	-
Reversal of provision for :			
- stock-in-trade		715	-
- doubtful trade debts		5,014	-
Rent income		2,959	1,630
Others		625	166
		126,195	84,146
		171,671	201,832

	2018	2017
39. FINANCE COSTS		
Mark-up on short term loans - Shariah arrangement	21,643	13,999
Interest on - Non - Shariah arrangement		
- finance lease obligations	10,257	11,616
- long term loans	31,793	38,251
- running finances	50,180	9,069
- short term loans	103,151	101,022
Discounting of long term deposit	8,340	1,017
Bank charges	5,955	12,299
	231,319	187,273

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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	2018	2017
	----------- (Rupees in '000) -------------	
40. TAXATION		
Current		
- for the year	186,820	318,704
- Super tax	33,995	36,637
- for prior years	7,106	22,021
	227,921	377,362
Deferred	(8,268)	1,906
	219,653	379,268

40.1 Relationship between taxation expense and accounting profit

	2018	2017
	---------- (Rupees in '000) ------------	
Profit before taxation	971,403	1,391,703
Tax at the applicable rate of 30% (2017: 31%)	291,421	431,428
Tax effect of inadmissible expenses / losses	(12,055)	(17,851)
Tax effect of income taxed at a lower rate	(99,800)	(91,349)
Prior year tax effect	7,106	22,021
Super tax	33,995	36,637
Tax effect of change in effective tax rate	(1,014)	(1,618)
	219,653	379,268

40.2 Sufficient provision for tax has been made in these financial statements taking into account the profit or loss for the year and various admissible and inadmissible allowances and deduction under the Income Tax Ordinance, 2001. Position of provision and assessment including returns filed and demeed assessed for last three years are as follows:

	2017	2016	2015
	-------------(Rupees in '000)--------------		
Tax provision including effects of prior years	362,447	343,233	18,288
Tax assessed / return filed	327,909	322,899	18,288

	2018	2017
41. BASIC AND DILUTED EARNINGS PER SHARE		
	------------(Rupees in '000)--------------	
Profit for the year	751,750	1,012,435
	(Number of shares)	
Weighted average number of ordinary shares in issue during the year	77,632,491	77,632,491
	(Rupees)	
Basic and diluted earnings per share	9.68	13.04

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42. CASH GENERATED FROM OPERATION

	2018	2017
	----------- (Rupees in '000) ------------	
Profit before taxation	971,403	1,391,703
Adjustments for non cash charges and other items :		
Depreciation on operating fixed assets and investment properties	104,889	100,516
Amortization of intangible assets	826	2,530
Reversal for the year on staff retirement benefit funds	(73,425)	(3,681)
Dividend income	(549,311)	(164,233)
Unrealized loss / (gain) on held for trading investments - net	48,842	(68,349)
Loss / (gain) on sale of investments	6,600	(10,299)
Provision for slow moving stores, spares and loose tools	14,553	3,765
(Reversal of provision) for stock-in-trade - Raw materials	(715)	-
(Reversal) / provision of doubtful trade debts - net	(5,014)	7,369
Provision of doubtful other receivables	-	885
Provision for Workers' Welfare Fund	11,071	21,022
Provision for Workers' Profit Participation Fund	26,782	60,111
Provision for liquidated damages - net	-	19,141
Reversal of provision for diminution the value of investments - net	-	(100,561)
Return on loan to subsidiary company	(26,228)	(1,480)
Return on deposits	(824)	(765)
Gain on disposal of operating fixed assets	(24,686)	(75,982)
Deferred income amortized	(4,677)	(4,968)
Discounting of long term deposit	8,340	1,017
Unwinding of discount on long term deposit	(16,920)	(14,880)
Liabilities written back	(768)	-
Finance costs	222,979	187,273
	713,717	1,350,134
Changes in:		
- Stores, spares and loose tools	(20,341)	(55,367)
- Stock-in-trade	1,144,747	(396,060)
- Trade debts	561,799	(348,189)
- Advances	103,310	(338,193)
- Trade deposits and short term prepayments	(15,873)	(6,809)
- Other receivables	433,423	(402,434)
- Trade and other payables	(531,943)	1,111,785
	2,388,839	914,867

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

42.1 Reconciliation of movements of liabilities to cash flows arising from financing activities

	Long term loans	Finance lease liabilities (Including mark-up accrued)	Short term borrowings	Dividend Payable	Total
	9	10 & 13	14		
Opening balance as at 1 July 2017	462,981	105,454	2,269,554	138,077	2,976,066
Dividend declared	-	-	-	252,306	252,306
Lease obligation entered during the year	-	114,772	-	-	114,772
Interest accrued on lease obligation	-	10,257	-	-	10,257
Lease deposit matured	-	(4,969)	-	-	(4,969)
Mark-up on commercial papers	-	-	43,388	-	43,388
	-	120,060	43,388	252,306	415,754
Proceeds from long term loans	161,695	-	-	-	161,695
Repayment of long term loans	(301,386)	-	-	-	(301,386)
Proceeds from short term borrowings	-	-	8,479,025	-	8,479,025
Repayment of short term borrowings	-	-	(9,639,320)	-	(9,639,320)
Dividend paid	-	-	-	(368,863)	(368,863)
Lease payments	-	(51,660)	-	-	(51,660)
	(139,691)	(51,660)	(1,160,295)	(368,863)	(1,720,509)
Closing balance as at 30 June 2018	323,290	173,854	1,152,647	21,520	1,671,311

43. CASH AND CASH EQUIVALENTS

	Note	2018	2017
		---------- (Rupees in '000) -------------	
Running finances under mark-up arrangements	14.1	(305,548)	(247,782)
Cash and bank balances	31	133,452	28,471
		(172,096)	(219,311)

44. SEGMENT REPORTING

44.1 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) (Note 1.4).

The Company's all segments are engaged in shariah compliant businesses except mentioned in note 34. Information regarding the Company's reportable segments is presented below:

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

44.2 Segment revenues and results

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

For the year ended 30 June 2018	Steel segment	Cotton segment	IID segment	Total
	(Rupees in '000)			
Sales	6,136,191	907,596	-	7,043,787
Cost of sales	5,344,171	888,295	-	6,232,466
Gross profit	792,020	19,301	-	811,321
Income from investments	-	-	495,508	495,508
	792,020	19,301	495,508	1,306,829
Distribution and selling expenses	10,656	7,196	-	17,852
Administrative expenses	138,817	17,295	16,924	173,036
Other operating expenses	83,559	1,304	27	84,890
	233,032	25,795	16,951	275,778
	558,988	(6,494)	478,557	1,031,051
Other income	151,418	20,253	-	171,671
Operating profit before finance costs	710,406	13,759	478,557	1,202,722
Finance costs	212,079	5,609	13,631	231,319
Profit before taxation	498,327	8,150	464,926	971,403
Taxation				219,653
Profit for the year				751,750

For the year ended 30 June 2017	Steel segment	Cotton segment	IID segment	Total
Sales	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 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 for the year				1,012,435

44.2.1 Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the year (2017: Nil).

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44.2.2 The accounting policies of the reportable segments are the same as the Company's accounting policies described in note 6 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.

44.3 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 32 to these unconsolidated financial statements.

44.4 Information about major customers

Revenue from major customers of Steel segment represents an aggregate amount of Rs. 5,693.456 million (2017: Rs. 8,482.683 million) of total Steel segment revenue of Rs. 6,136.191 million (2017: Rs. 8,920.116 million). Revenue from major customers of Cotton segment represents an aggregate amount of Rs. 84.508 million (2017: Rs. 533.351 million) of total Cotton segment revenue of Rs. 907.596 million (2017: Rs. 1,288.528 million).

44.5 Geographical information

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

	2018	2017
	(Rupees in '000)	
South and North America	13,120	57,169
Pakistan	7,030,667	10,151,475
	7,043,787	10,208,644

44.5.2 All non-current assets of the Company as at 30 June 2018 and 2017 were located and operating in Pakistan.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

44.6 Segment assets and liabilities

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

	Steel segment	Cotton segment	IID segment	Total
	(Rupees in '000)			
As at 30 June 2018				
Segment assets for reportable segments	4,103,680	531,879	3,778,357	8,413,916
Unallocated corporate assets				1,665,099
Total assets as per unconsolidated balance sheet				10,079,015
Segment liabilities for reportable segments	1,345,671	99,215	2,262	1,447,148
Unallocated corporate liabilities and deferred income				1,908,100
Total liabilities as per unconsolidated balance sheet				3,355,248
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

44.6.1 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.

44.7 Other segment information

	Steel segment	Cotton segment	IID segment	Total
	(Rupees in '000)			
For the year ended 30 June 2018				
Capital expenditure	107,613	54,961	-	162,574
Depreciation and amortization	70,986	31,679	3,050	105,715
Non-cash items other than depreciation and amortization - net	134,895	(17,300)	(480,997)	(363,402)
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)

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

45. STAFF RETIREMENT BENEFITS

45.1 Defined benefit plans

45.1.1 The actuarial valuation of both pension and gratuity schemes has been conducted in accordance with IAS 19, 'Employee benefits' as at 30 June 2018. The projected unit credit method, using the following significant assumptions, has been used for the actuarial valuation:

	2018		2017	
	Pension	Gratuity	Pension	Gratuity
Financial assumptions				
- Discount rate used for Interest Cost in profit or loss charge	9.25%	9.25%	9.00%	7.25%
- Discount rate used for year end obligation	10%	10%	9.25%	9.25%
- Expected rate of increase in salaries	10%	10%	9.25%	9.25%
Demographic assumptions				
- Retirement Assumption	Age 58		Age 58	
- Expected mortality for active members	"SLIC (2001-05)"		"SLIC (2001-05)"	

45.1.2 The amounts recognized in unconsolidated balance sheet are as follows:

	Note	2018 Pension	2018 Gratuity	2018 Total	2017 Pension	2017 Gratuity	2017 Total
Present value of defined benefit obligations	45.1.4	457,906	101,625	559,531	423,509	94,572	518,081
Fair value of plan assets	45.1.5	(608,912)	(205,706)	(814,618)	(1,106,188)	(426,203)	(1,532,391)
Asset recognized in unconsolidated balance sheet		(151,006)	(104,081)	(255,087)	(682,679)	(331,631)	(1,014,310)

45.1.3 Movement in the net defined benefit liability / (asset)

	Note	2018 Pension	2018 Gratuity	2018 Total	2017 Pension	2017 Gratuity	2017 Total
Opening balance		(682,679)	(331,631)	(1,014,310)	(306,233)	(150,043)	(456,276)
"Net benefit (income) / cost charged to profit or loss"	45.1.7	(47,460)	(25,965)	(73,425)	1,625	(5,305)	(3,680)
Remeasurements recognized in other comprehensive income		587,706	256,807	844,513	(369,286)	(172,986)	(542,272)
Contributions by the Company	45.1.5	(8,573)	(3,292)	(11,865)	(8,785)	(3,297)	(12,082)
Closing balance		(151,006)	(104,081)	(255,087)	(682,679)	(331,631)	(1,014,310)

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45.1.4 Movement in the present value of defined benefit obligations

	2018			2017		
	Pension	Gratuity	Total	Pension	Gratuity	Total
	(Rupees in '000)					
Present value of defined benefit obligations - 1 July	423,509	94,572	518,081	354,115	82,485	436,600
Current service cost	16,084	4,863	20,947	13,791	4,479	18,270
Past service cost	-	-	-	15,790	1,319	17,109
Interest cost	38,776	8,642	47,418	31,508	5,820	37,328
Benefits paid during the year	(8,626)	(2,292)	(10,918)	(8,050)	(1,519)	(9,569)
Benefit due but not paid	-	-	-	-	(2,891)	(2,891)
Remeasurement:						
Actuarial (gains) / losses from change in financial assumption	2,381	13	2,394	724	33	757
Experience adjustments	(14,218)	(4,173)	(18,391)	15,631	4,846	20,477
Present value of defined benefit obligations - 30 June	457,906	101,625	559,531	423,509	94,572	518,081

45.1.5 Movement in the fair value of plan assets are as follows

	2018 Pension	2018 Gratuity	2018 Total	2017 Pension	2017 Gratuity	2017 Total
Fair value of plan assets - 1 July	1,106,188	426,203	1,532,391	660,348	232,528	892,876
Contributions by the Company	8,573	3,292	11,865	8,785	3,297	12,082
Interest income on plan assets	102,320	39,470	141,790	59,464	16,923	76,387
Benefits paid during the year	(8,626)	(2,292)	(10,918)	(8,050)	(1,519)	(9,569)
Benefit due but not paid	-	-	-	-	(2,891)	(2,891)
Return on plan assets, excluding interest income	(599,543)	(260,967)	(860,510)	385,641	177,865	563,506
Fair value of plan assets - 30 June	608,912	205,706	814,618	1,106,188	426,203	1,532,391

	2018 Pension	2018 Gratuity	2018 Total	2017 Pension	2017 Gratuity	2017 Total
45.1.6 Actual return on plan assets	(497,223)	(221,497)	(718,720)	445,105	194,788	639,893

45.1.7 Following amounts have been charged in the profit or loss account in respect of these benefits

	2018 Pension	2018 Gratuity	2018 Total	2017 Pension	2017 Gratuity	2017 Total
Current service cost	16,084	4,863	20,947	13,791	4,479	18,270
Past service cost	-	-	-	15,790	1,319	17,109
Interest cost	38,776	8,642	47,418	31,508	5,820	37,328
Interest income on plan assets	(102,320)	(39,470)	(141,790)	(59,464)	(16,923)	(76,387)
(Income) / charge recognized in profit or loss	(47,460)	(25,965)	(73,425)	1,625	(5,305)	(3,680)

45.1.8 Following amounts of remeasurements have been charged in the other comprehensive income in respect of these benefits

	2018 Pension	2018 Gratuity	2018 Total	2017 Pension	2017 Gratuity	2017 Total
Remeasurement:						
Actuarial losses from change in financial assumption	2,381	13	2,394	724	33	757
Experience adjustments	(14,218)	(4,173)	(18,391)	15,631	4,846	20,477
Return on plan assets, excluding interest income	599,543	260,967	860,510	(385,641)	(177,865)	(563,506)
Remeasurement loss / (gain) recognised in the other comprehensive income	587,706	256,807	844,513	(369,286)	(172,986)	(542,272)

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	2018			2017		
	Pension	Gratuity	Total	Pension	Gratuity	Total
	(Rupees in '000)					
45.1.9 Total defined benefit cost recognized in profit or loss and other comprehensive income	540,246	230,842	771,088	(367,661)	(178,291)	(545,952)
Expected contributions to funds in the following year	-	-	-	-	-	-
Weighted average duration of the defined benefit obligation (years)	11	3		11	3	
Analysis of present value of defined benefit obligation						
Type of Members:						
Pensioners	29	-		26	-	
Beneficiaries	98	98		92	91	
Vested / Non-Vested						
Vested benefits	422,010	81,066	503,076	388,077	77,228	465,305
Non - vested benefits	41,673	20,559	62,232	35,432	17,344	52,776
	463,683	101,625	565,308	423,509	94,572	518,081
Disaggregation of fair value of plan assets						
The fair value of the plan assets at reporting date for each category are as follows:						
Cash and cash equivalents (comprising bank balances and adjusted for current liabilities) - quoted	4,841	2,567	7,408	82,099	980	83,079
Debt instruments						
AA+	95,707	19,629	115,336	116,124	44,336	160,460
AA/AA-	61,791	-	61,791	237	-	237
	157,498	19,629	177,127	116,361	44,336	160,697
Equity instruments						
Automobile Assembling	115	-	115	809	-	809
Automobile Parts and Accessories	179	-	179	-	-	-
Cables and Electrical Goods	-	-	-	251	-	251
Cement	8,605	-	8,605	16,345	-	16,345
Chemicals	530	-	530	435	-	435
Commercial Banks	137	-	137	337	-	337
Engineering	352,135	159,760	511,895	771,003	350,992	1,121,995
Fertilizer	9,842	292	10,134	10,443	244	10,687
Insurance	97	-	97	166	-	166
Jute	-	-	-	148	-	148
Oil and Gas Exploration Companies	11,754	4,263	16,017	8,185	2,913	11,098
Oil and Gas Marketing Companies	1,042	-	1,042	860	-	860
Power Generation and Distribution	27,992	13,052	41,044	55,205	16,647	71,852
Sugar and Allied Industries	8,176	2,408	10,584	10,099	2,975	13,074
Textile Composite	3,959	-	3,959	4,529	-	4,529
	424,563	179,775	604,338	878,815	373,771	1,252,586
Mutual funds						
Income Fund	22,010	3,733	25,743	7,772	2,883	10,655
Equity Fund	-	-	-	21,141	4,233	25,374
	22,010	3,733	25,743	28,913	7,116	36,029
	608,912	205,704	814,616	1,106,188	426,203	1,532,391

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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%	411,403	98,920
Discount rate -1%	514,493	104,731
Long term pension / salary increase +1%	468,268	104,720
Long term pension / salary decrease -1%	448,756	98,881
Long term pension increase +1%	507,855	-
Long term pension decrease -1%	415,136	-

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.

45.2 Defined contribution plan

The Company has set up provident fund for its permanent employees . The total charge against provident fund for the year ended 30 June 2018 was Rs. 11.163 million (2017: Rs. 9.344 million). Reporting 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:

	31 December 2017 (Unaudited)	31 December 2016 (Unaudited)	30 June 2018 (Unaudited)	30 June 2017 (Audited)
	Steel and IID Division		Cotton Division	
	-----------------------(Rupees in '000)	---------------------		
Cost of investments made	155,216	196,959	27,776	25,451
Size of the Fund	300,244	306,677	32,094	40,941
Fair value of investments	298,274	303,140	32,094	40,941
Percentage of investments made	99%	99%	100%	100%
Amount wise breakup of Fair value of investments is as follows:				
Equity Securities	133,476	155,868	7,119	18,291
Government Securities	84,701	65,883	-	-
Mutual Funds	44,248	14,370	-	-
Others	35,849	67,019	24,975	22,650
	298,274	303,140	32,094	40,941
Percentage wise breakup of Fair value of investments out of Size of Fund is as follows:				
Equity Securities	44%	51%	22%	45%
Government Securities	28%	21%	-	-
Mutual Funds	15%	5%	-	-
Others	12%	22%	78%	55%

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Investments out of the provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

46. 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 categorized:

	30 June 2018							
	Carrying amount				Fair value			
	Investments	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	----------------(Rupees in '000)	----------------						
On-balance sheet financial instruments								
Financial assets measured at fair value								
Investments								
- Listed equity securities	448,371	-	-	448,371	448,371	-	-	448,371
Financial assets not measured at fair value								
Investments								
- unlisted equity securities	210,608	-	-	210,608	-	-	-	-
- associates	1,284,596	-	-	1,284,596	-	-	-	-
Deposits	-	234,023	-	234,023	-	-	-	-
Loan to subsidiaries	-	249,900	-	249,900	-	-	-	-
Markup accrued	-	26,506	-	26,506	-	-	-	-
Trade debts	-	106,886	-	106,886	-	-	-	-
Other receivables	-	192,572	-	192,572	-	-	-	-
Bank balances	-	133,367	-	133,367	-	-	-	-
	1,495,204	943,254	-	2,438,458	-	-	-	-

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30 June 2018

	Carrying amount				Fair value			
	Investments	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	----------------------------(Rupees in '000)----------------------------							
Financial liabilities not measured at fair value								
Long term loans	-	-	323,290	323,290	-	-	-	-
Liabilities against assets subject to finance lease	-	-	173,429	173,429	-	-	-	-
Trade and other payables	-	-	1,095,512	1,095,512	-	-	-	-
Mark-up accrued	-	-	16,144	16,144	-	-	-	-
Short term borrowings	-	-	1,458,195	1,458,195	-	-	-	-
Unpaid dividend	-	-	-	-	-	-	-	-
Unclaimed dividend	-	-	21,520	21,520	-	-	-	
	-	-	3,088,090	3,088,090	-	-	-	-

30 June 2017

	Carrying amount				Fair value			
	Investments	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	----------------------------(Rupees in '000)----------------------------							
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	-	-	-	-
Deposits	-	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	-	-	-	-

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30 June 2017

	Carrying amount				Fair value			
	Investments	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	----------------------------(Rupees in '000)----------------------------							
Financial liabilities not measured at fair value								
Long term loan	-	-	462,981	462,981	-	-	-	-
Liabilities against assets subject to finance lease	-	-	105,306	105,306	-	-	-	-
Trade and other payables	-	-	1,625,761	1,625,761	-	-	-	-
Mark-up accrued	-	-	27,892	27,892	-	-	-	-
Short term borrowings	-	-	2,517,336	2,517,336	-	-	-	-
Unpaid dividend	-	-	116,449	116,449	-	-	-	-
Unclaimed dividend	-	-	21,628	21,628	-	-	-	-
	-	-	4,877,353	4,877,353	-	-	-	-

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 18.2. 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.

47. 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.

47.1 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.

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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:

	2018	2017
	---------- (Rupees in '000) -------------	
Deposits	234,023	193,790
Trade debts	106,886	663,671
Loan to subsidiaries	249,900	365,000
Mark-up accrued	26,506	1,480
Other receivables	192,572	482,742
Bank balances	133,367	28,157
	943,254	1,734,840

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.

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:

	2018	2017
	---------- (Rupees in '000) -------------	
Steel segment	104,875	643,909
Cotton segment	2,011	19,762
	106,886	663,671

The aging of trade debts at the balance sheet date is

	2018	2017
Not past due	-	312,854
Past due 1 - 30 days	5,054	322,380
Past due 30 - 180 days	89,297	7,936
Past due 180 days	29,161	42,141
	123,512	685,311
Less: Impaired	16,626	21,640
	106,886	663,671

The movement in the allowance for impairment in respect of trade debts and advances is given in note 24.2 and note 25 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.

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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 Short term	Rating Long term	Agency	2018	2017
				-------(Rupees in '000)-------	
Mutual Funds					
PICIC Investment Fund	MFR 3 star	MFR 3 star	JCR - VIS	6,744	7,510
PICIC Growth Fund	MFR 1 star	MFR 1 star	JCR - VIS	52,020	52,855
				58,764	60,365

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 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.

47.2 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:

	2018						
	Carrying amount	On demand	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
	(Rupees in '000)						
Financial liabilities							
Long term loans	323,290	-	323,290	48,272	48,272	38,044	188,702
Liabilities against assets subject to finance lease	173,429	-	201,940	29,681	28,916	54,472	88,871
Trade and other payables	1,095,512	-	1,095,512	1,095,512	-	-	-
Mark-up accrued	16,144	-	16,144	16,144	-	-	-
Unpaid dividend	-	-	-	-	-	-	-
Unclaimed dividend	21,520	21,520	-	-	-	-	-
Short term borrowings	1,458,195	744,887	713,308	713,308	-	-	-
	3,088,090	766,407	2,350,194	1,902,917	77,188	92,516	277,573

	2017						
	Carrying amount	On demand	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
	(Rupees in '000)						
Financial liabilities							
Long term loan	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	1,625,761	-	1,625,761	1,625,761	-	-	-
Mark-up accrued	27,892	-	27,892	27,892	-	-	-
Unpaid dividend	116,449	116,449	-	-	-	-	-
Unclaimed dividend	21,628	21,628	-	-	-	-	-
Short term borrowings	2,517,336	2,517,336	-	-	-	-	-
	4,877,353	2,655,413	2,235,600	1,748,505	99,359	190,758	196,978

47.3 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.

47.3.1 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, Chinese Yuan (CNY) and JPY. The Company's exposure to foreign currency risk for these currencies is as follows:

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	2018			
	USD	Euro	JPY	CNY
Foreign creditors	(3,783,071)	-	-	(16,415,649)
Outstanding letters of credit	(1,223,167)	(210,804)	-	(17,577,402)
Net exposure	(5,006,238)	(210,804)	-	(33,993,051)

	2017			
	USD	Euro	JPY	CNY
Foreign creditors	(12,223,879)	(33,350)	-	-
Outstanding letters of credit	(5,938,793)	(469,266)	(12,200,000)	-
Net exposure	(18,162,672)	(502,616)	(12,200,000)	-

The following significant exchange rate has been applied :

	Average rate		Reporting date rate	
	2018	2017	2018	2017
USD to PKR	110.63	104.76	121.60	105.00
Euro to PKR	132.04	114.43	141.57	120.10
CNY to PKR	17.43	-	18.76	-
JPY to PKR	-	0.96	-	0.94

Sensitivity analysis

At the reporting date, if the PKR had strengthened by 10% against the USD, Euro, CNY 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.

Effect on profit or loss

	2018	2017
	(Rupees in '000)	
USD	(433,428)	(1,816,267)
Euro	(21,080)	(50,262)
CNY	(3,399,305)	-
JPY	-	(1,220,000)
	(3,853,813)	(3,086,529)

The weakening of the PKR against USD, Euro, CNY 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.

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47.3.2 Interest rate risk

At the reporting date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows :

	2018	2017	2018	2017
	Effective interest rate		Carrying amount	
	-------(Percentage)--------		-----(Rupees in '000)-----	
Financial liabilities				
Variable rate instruments:				
Long term loans	7.64-8.92	7.53-8.85	323,290	462,981
Liabilities against assets subject to finance lease	10.47-12.06	10.61-15.41	173,429	105,306
Short term borrowings	7.64-8.84	6.96-8.62	1,458,195	2,517,336

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 or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

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 2017.

	Profit and loss 100 bp	
	Increase	Decrease
	----------- (Rupees in '000)	-------------
As at 30 June 2018		
Cash flow sensitivity - Variable rate financial liabilities	(19,549)	19,549
As at 30 June 2017		
Cash flow sensitivity - Variable rate financial liabilities	(30,856)	30,856

47.3.3 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 :

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	2018	2017
Effect on profit	43,697	49,804
Effect on equity	1,140	1,694
Effect on investments	44,837	51,498

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Company.

48. REMUNERATION TO THE CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

	Chief Executive		Director		Executives		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	----------	----------	----------	(Rupees in '000)	----------	----------	----------	----------
Managerial remuneration	21,884	21,060	-	-	51,748	73,896	73,632	94,956
House rent	7,452	6,966	-	-	17,297	25,433	24,749	32,399
Utilities	1,656	1,548	-	-	3,470	5,302	5,126	6,850
Travelling expenses	5,803	68	-	-	-	-	5,803	68
Others	-	-	-	-	-	-	-	-
Medical	185	292	-	-	1,931	2,723	2,116	3,015
Contributions to								
- Gratuity fund	537	600	-	-	1,100	1,591	1,637	2,191
- Pension fund	1,290	1,440	-	-	2,855	4,447	4,145	5,887
- Provident fund	1,290	1,548	-	-	2,837	8,099	4,127	9,647
Club subscription and expenses	713	1,082	-	-	179	178	892	1,260
Entertainment	321	233	-	-	84	69	405	302
Conveyance	-	-	-	-	870	2,540	870	2,540
Telephone	-	-	-	-	6	6	6	6
	41,131	34,837	-	-	82,377	124,284	123,508	159,121
Number of persons	1	1	-	-	15	43	16	44

48.1 The aggregate amount charged in respect of directors' fees paid to six (2017: six) directors is Rs. 2.960 million (2017: Rs. 2.8 million). Also, during the year remuneration paid to the non-executive Chairman of the Board of Directors amounted to Rs. 1.275 million (2017: Rs. 1.2 million).

48.2 The chief executive and ten executives are provided with free use of company maintained cars, in accordance with their entitlements.

48.3 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.

49. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of subsidiaries and associated companies, 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 :

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

Name	Nature of Relationship	Basis of Relationship	Nature of Transaction	2018	2017
				------------ (Rupees in '000)	--------------
Crescent Hadeed (Private) Limited	Subsidiary company	100% Holding	Right shares subscribed	-	300,000
			Reimbursable expenses	42,390	34,439
			Sale of finished goods	238,532	204,159
			Share deposit money	35,446	72,697
			Short term loan provided	807,400	250,000
			Short term loan repayment	809,500	-
			Mark-up income	17,853	279
CS Capital (Private) Limited	Subsidiary company	100% Holding	Reimbursable expenses	1,282	1,199
CS Energy (Private) Limited	Subsidiary company	100% Holding	Reimbursable expenses	7,044	1,112
			Right shares subscribed	-	80,000
			Mark-up income	8,374	1,202
			Sale of finished goods	22	-
			Short term loan provided	124,600	115,000
			Short term loan repayment	237,600	-
			Transfer of Pressure reducing desuper heating system	3,249	-
Solution de Energy (Private) Limited	Subsidiary company	100% Holding	Reimbursable expenses	94	-
Altern Energy Limited	Associated company	16.64% Holding	Dividend received	483,803	140,908
Shakarganj Limited	Associated company	21.93% Holding	Dividend paid	855	5,118
			Dividend received	34,260	-
			Sales of finished goods	618	70
			Services received	1,402	1,149
			Reimbursable expenses	1,723	1,442
			Right shares subscribed	213,793	-
Central Depository Company of Pakistan Limited	Related party	Common directorship	Services received	1,378	521
			Dividend Received	5,032	550

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

Name	Nature of Relationship	Basis of Relationship	Nature of Transaction	2018	2017
				------------ (Rupees in '000)	--------------
Muhammad Amin Muhammad Bashir Limited	Related party	Common directorship	Dividend paid	4	4
Pakistan Centre for Philanthropy	Related party	Common directorship	Services received	250	-
			Donation given	1,000	-
Premier Insurance Limited	Related party	Common directorship	Insurance premium	9,610	16,449
			Dividend paid	691	720
Crescent Cotton Mills Limited	Related party	Common directorship	Dividend paid	-	63
The Citizens' Foundation	Related party	Common directorship	Donation given	23,688	58,351
CSAP Foundation	Related party	Common directorship	Donation given	1,000	7,760
Crescent Cotton Products - Staff Provident Fund	Retirement benefit fund	Employees benefit fund	Contribution made	2,513	1,820
			Dividend paid	355	374
Crescent Steel and Allied Products Limited - Gratuity Fund	Retirement benefit fund	Employees benefit fund	Contribution made	3,292	2,851
			Dividend paid	7,123	7,356
Crescent Steel and Allied Products Limited - Pension Fund	Retirement benefit fund	Employees benefit fund	Contribution made	8,573	7,545
			Dividend paid	15,525	16,151
Crescent Steel and Allied Products Limited - Staff Provident Fund	Retirement benefit fund	Employees benefit fund	Contribution made	8,822	8,251
			Dividend paid	3,785	4,166
CSAP - Staff Benevolent Fund	Staff welfare fund	Employees Welfare fund	Contribution made	10,000	20,000
			Dividend paid	172	77
Key management personnel	Related parties	Executives	Remuneration and benefits	104,433	93,133
			Dividend paid	2,856	3,166
Directors and their spouse	Related parties	Directors	Dividend paid	3,694	693

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

49.1 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.

49.2 Contributions to the employee retirement benefit funds are made in accordance with the terms of employee retirement benefit schemes and actuarial advice.

49.3 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.

49.4 Outstanding balances and other information with respect to related parties as at 30 June 2018 and 2017 are included in issued, subscribed and paid-up capital (note 7.1), trade and other payables (note 12), long term investments (notes 19.1, 19.2 and 19.3.1), trade debts (note 24.1), other receivables (note 29), administrative expenses (note 36) and staff retirement benefits (note 45).

50. 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 2017.

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.

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.

50.1 Gearing ratio

The gearing ratio at end of the year is calculated as follows

	Note	2018	2017
		---------- (Rupees in '000)	-------------
Total debt	50.1.1	1,954,914	3,085,623
Less: Cash and bank balances		133,452	28,471
Net debt		1,821,462	3,057,152
Total equity	50.1.2	6,723,767	6,819,717
Total capital		8,545,229	9,876,869
Gearing ratio		21.3%	31.0%

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

50.1.1 Total debt is defined as long term and short term borrowings (excluding derivatives), as described in notes 9, 10 and 14 to these financial statements.

50.1.2 Total equity includes issued, subscribed and paid-up capital and reserves.

51. PLANT CAPACITY AND PRODUCTION

51.1 Steel segment

Pipe plant

The plant's installed / rated capacity for production based on single shift is 66,667 tons (2017: 66,667 tons) annually on the basis of notional pipe size (Where as the notional pipe size is taken as 30" dia x ½" thickness for SP1600 and 40"dia x 5/8" thickness for SP 2003). The actual production achieved during the year was 50,215 tons (2017: 88,110 tons) line pipes of varied sizes and thickness. Actual production is equivalent to 56,145 tons (2017: 107,699 tons) when translated to the notional pipe size of 30" diameter. Reason for underutilization was delay in materialization of orders for different projects.

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 206,389 meters (2017: 272,587 meters) of different dia pipes (407,598 square meters surface area) was achieved during the year (2017: 397,103 square meters surface area). Reason for underutilization was Lack of coating work orders in hand.

51.2 Cotton segment

Spinning unit 1

The plant capacity converted to 20s count polyester cotton yarn based on three shifts per day for 1,080 shifts is 9,197,007 kilogram (2017: 8,298,913 kilograms). Actual production converted into 20s count was 4,897,430 kilograms for 705 shifts (2017: 7,949,096 kilograms for 1,080 shifts). Reason for under utilization of production capacity is shutdown of plant for four months.

52. COMPARATIVE INFORMATION

The fourth schedule to the Companies Act, 2017 has introduced certain presentation and classification requirements for the elements of financial statements. The preparation and presentation of these financial statements for the year ended 30 June 2018 is in accordance with requirements in Companies Act 2017. Accordingly, the corresponding figures have been rearranged and reclassified, wherever considered necessary, to comply with the requirements of Companies Act, 2017. Major reclassifications include unpaid dividend and unclaimed dividend of Rs. 116.449 million and Rs. 21.628 million respectively which have been reclassified from trade and other payables to face of statement of financial position separately.

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

53. GENERAL

53.1 Number of employees

The total number of employees including contractual employees of the Company as at 30 June 2018 were 789 (2017: 481) and weighted average number of employees were 737 (2017: 939).

The number of factory employees including contractual employees of the company as at 30 June 2018 were 702 (2017: 399) and weighted average number of employees were 651 (2017: 855).

53.2 Subsequent events

The Board of Directors of the Company in their meeting held on 31 July 2018 have proposed final cash dividend for the year ended 30 June 2018 of Re. 1 per share (i.e. 10%) (2017: Rs. 2.25 per share) amounting to Rs. 77.632 million (2017: Rs. 174.673 million). This is in addition to the first interim cash dividends of Re. 1 per share each (i.e. 10% each), this makes a total distribution of Rs. 2 per share (i.e. 20%) for the year ended 30 June 2018. The above proposed final cash dividend is subject to the approval of the members at the Annual General Meeting to be held on 29 October 2018. These unconsolidated 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.

54. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue in the Board of Directors meeting held on 31 July 2018.

Chief Executive | Director | Chief Financial Officer

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

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 2018. The Group comprises of CSAPL and it's wholly owned subsidiary companies namely; CS Energy (Private) Limited (Formerly Shakarganj Energy (Private) Limited), CS Capital (Private) Limited, Crescent Hadeed (Private) Limited and Crescent Continental Gas Pipelines Limited (CCGPL). CCGPL is not carrying on any business operations and accordingly no financial statements are being prepared.

The Directors' Report containing commentary on the performance of CSAPL for the year ended 30 June 2018 has been presented separately.

Group results

The consolidated financial results of the Group are summarized below:

	Note	2018	2017
		----------- Rupees in '000	-------------
Profit for the year before taxation		147,493	1,591,974
Taxation charge		(208,912)	(404,853)
Profit after taxation		(61,419)	1,187,121
Total other comprehensive income for the year		(589,853)	379,591
Unappropriated profit brought forward		2,940,279	2,761,730
Profit available for appropriation		2,289,007	4,328,442
Appropriations :			
- Final dividend	2016 - @ 20%	-	(155,265)
- First interim dividend	2017 - @ 15%	-	(116,449)
- Second interim dividend	2017 - @ 15%	-	(116,449)
- Final dividend	2017 - @ 22.5%	(174,673)	-
- First interim dividend	2018 - @ 10%	(77,633)	-
		(252,306)	(388,163)
Transfer to general reserve			(1,000,000)
Unappropriated profit carried forward		2,036,701	2,940,279
Basic and diluted earning per share		Rs. (0.79)	Rs. 15.29

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.

Chief Executive's Review

The Directors endorse the contents of the Annual Report for the year ended 30 June 2018 which contains the state of the Group's affairs, operational performance of CSAPL and its subsidiary companies, future prospects of profits and other requisite information. The contents of the said review shall be read along with this report and shall form an integral part of the Director's Report in terms of section 227 of the Companies Act, 2017 and the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2017 and the Pakistan Stock Exchange (PSX) Rule Book.

By order of the Board

Ahsan M. Saleem
Chief Executive Officer
31 July 2018

Zahid Bashir
Director

ترتیب حصص داری

ترتیب حصص داری اوراس سے متعلق اضافی معلومات رپورٹ ہذا کے ساتھ علیحدہ سے منسلک ہے۔

اہم تغیرات ووعدے

زیرنظر مالی سال کے دوران بنائی جانے والی بیلنس شیٹ کی تاریخ اورڈائریکٹرز رپورٹ کے شائع ہونے کے درمیان کی تاریخ تک ناتو کوئی اہم تغیرات واقع ہوئے ہیں اورناہی ایسے کوئی وعدے کیئے گئے ہیں جن کااثر گروپ کے مالیاتی نتائج پر پڑتا ہو۔

چیف ایگزیکیٹیو کا جائزہ

ڈائریکٹروں کی جانب سے مالی سال30جون2018 کی رپورٹ میں شامل موادکی توثیق کی جاتی ہے جس سے کمپنی کے معاملات، سی ایس اے پی ایل اوراس کی ذیلی کمپنیوں کی کاروباری کارکردگی، منافع سے متعلق پیشن گوئی اوردیگراہم معلومات کااظہارہوتا ہے۔مزکورجائزےکورپورٹ ہذاکے ساتھ ملاکر پڑھاجائے جوکہ کمپنیزایکٹ2017کے دفعہ227، لسٹڈ کمپنیز (کوڈآف کارپوریٹ گورنس)ریگولیشنز 2017 اور پاکستان اسٹاک ایکسچینج (پی ایس ایکس) کی رول بک کےتحت ڈائریکٹرزرپورٹ کالازمی حصہ ہے۔

بحکم بورڈ

احسان ایم سلیم
چیف ایگزیکیٹیو
31جولائی2018

زاہدبشیر
ڈائریکٹر

ڈائریکٹر صاحبان کی رپورٹ۔ مربوط

کریسنٹ اسٹیل اورالائیڈ پروڈکٹس لمیٹڈ (سی ایس اے پی ایل) کے ڈائریکٹرانتہائی مسرت کے ساتھ 30 جون 2018 کوختم ہونے والے مالی سال سے متعلق گروپ کی رپورٹ بمعہ آڈٹ شدہ مالیاتی دستاویزات آپ کی خدمت میں پیش کررہے ہیں۔گروپ سی ایس اے پی ایل اور مکمل طور پر اس کی ملکیت میں شامل ذیلی کمپنیوں سی ایس انر جی (پرائیویٹ) لمیٹڈ (سابقہ شکر گنج انرجی (پرائیویٹ) لمیٹڈ)، سی ایس کیپٹل (پرائیویٹ) لمیٹڈ، کریسنٹ حدید (پرائیویٹ) لمیٹڈ اور کریسنٹ کانٹینینٹل گیس پائپ لائنز لمیٹڈ (سی سی جی پی ایل) پر مشتمل ہے۔سی سی جی پی ایل کی جانب سے کاروباری افعال سرانجام نہیں دیئے جارہے ہیں اس لئے کسی بھی قسم کی مالیاتی دستاویزات بھی تیار نہیں کی گئیں۔

سی ایس اے پی ایل کی کارکردگی بابت مالی سال اختتامیہ 30 جون 2018 سے متعلق ڈائریکٹر رپورٹ بمعہ جائزہ کوعلیحدہ سے پیش کیا گیا ہے۔

گروپ کے نتائج

گروپ کے یکجا مالی نتائج کا خلاصہ درج ذیل ہے:

		2018	2017
		(روپے ہزاروں میں)	
زیرنظر سال کا منافع قبل از ٹیکس		147,493	1,591,974
ٹیکس		(208,912)	(404,853)
منافع بعد از ٹیکس		(61,419)	1,187,121
دیگر جامع آمدن		(589,853)	379,591
گزشتہ غیر منقسم شدہ منافع		2,940,279	2,761,730
تقسیم کیلئے دستیاب، نافع		2,289,007	4,328,442
منافع کی تقسیم:			
آخری ڈیویڈنڈ	20% @ 2016	-	(155,265)
پہلاعبوری ڈیویڈنڈ	15% @ 2017	-	(116,449)
دوسرا عبوری ڈیویڈنڈ	15% @ 2017	-	(116,449)
آخری ڈیویڈنڈ	22.5% @ 2017	(174,673)	-
پہلا عبوری ڈیویڈنڈ	10% @ 2018	(77,633)	-
		(252,306)	(388,163)
عمومی ذخائر میں منتقلی			(1,000,000)
گزشتہ غیر منقسم شدہ منافع		2,036,701	2,940,279
بنیادی وتحلیلی آمدن فی حصص		روپے (0.79)	روپے 15.29

KEY PERFORMANCE INDICATORS

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

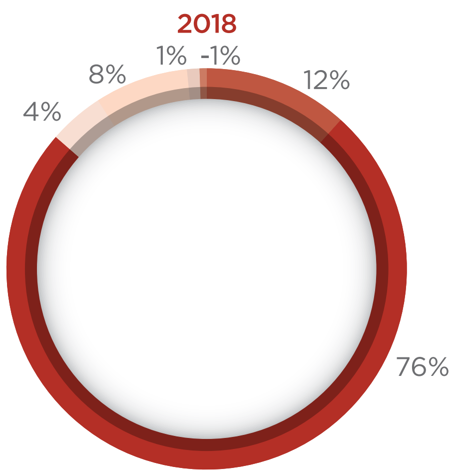
(Rs. in million)	9,929.8	Sales Revenue
(Rs. in million)	147.5	Profit before tax
(In %)	5.4	Gross profit ratio
(In %)	(0.6)	Net profit margin
(Rs. in million)	635.7	EBTIDA
(Rs. per share)	(0.79)	Earnings per Share (Basic and diluted)
(Rs. in million)	12,059.0	Total assets
(Rs. in million)	7,613.7	Shareholders' Equity
(Rs. in million)	249.8	Capital Expenditure
(Rs. per share)	98.1	Break-up value
(Rs. per share)	2.0	Cash dividend (Including final proposed)
(In %)	3.7	Return on average capital employed
(In %)	22.8	Gearing ratio
(In ratio)	1.4:1	Current Ratio
(In times)	-	Price earnings ratio
(Rs. per share)	91.2	Share price

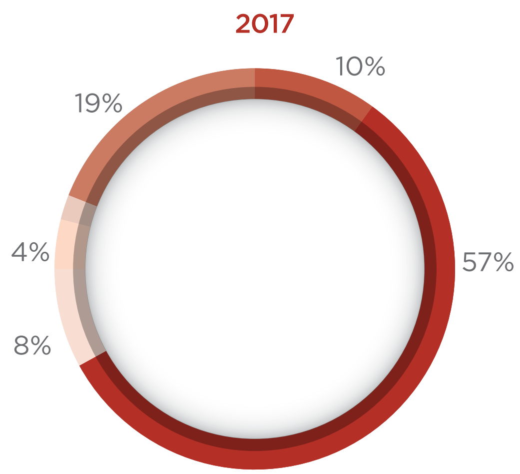
STATEMENT OF VALUE ADDED

	2018 Rupees in '000	%	2017 Rupees in '000	%
WEALTH GENERATED				
Total revenue	11,660,156	100%	15,023,072	100%
Bought-in-material and services	(8,206,962)	70%	(9,765,204)	65%
	3,453,194	30%	5,257,868	35%
WEALTH DISTRIBUTED				
To Employees				
Salaries, wages and other benefits	407,939	12%	536,666	10%
To Government				
Income tax, sales tax, custom duties, WWF and WPPF	2,610,709	76%	3,018,268	57%
To Shareholders				
Dividend *	155,265	4%	407,571	8%
To providers of finance				
Finance costs	263,964	8%	204,626	4%
To Society				
Donation towards education, health and environment	35,087	1%	80,813	2%
Retained within the business for future growth				
Depreciation, amortization and retained earnings	(19,770)	-1%	1,009,924	19%
	3,453,194	100%	5,257,868	100%

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

Distribution of Wealth





To Goverment | To Employees | Retained within the Business
To Society | To Providers of finance | To Shareholders

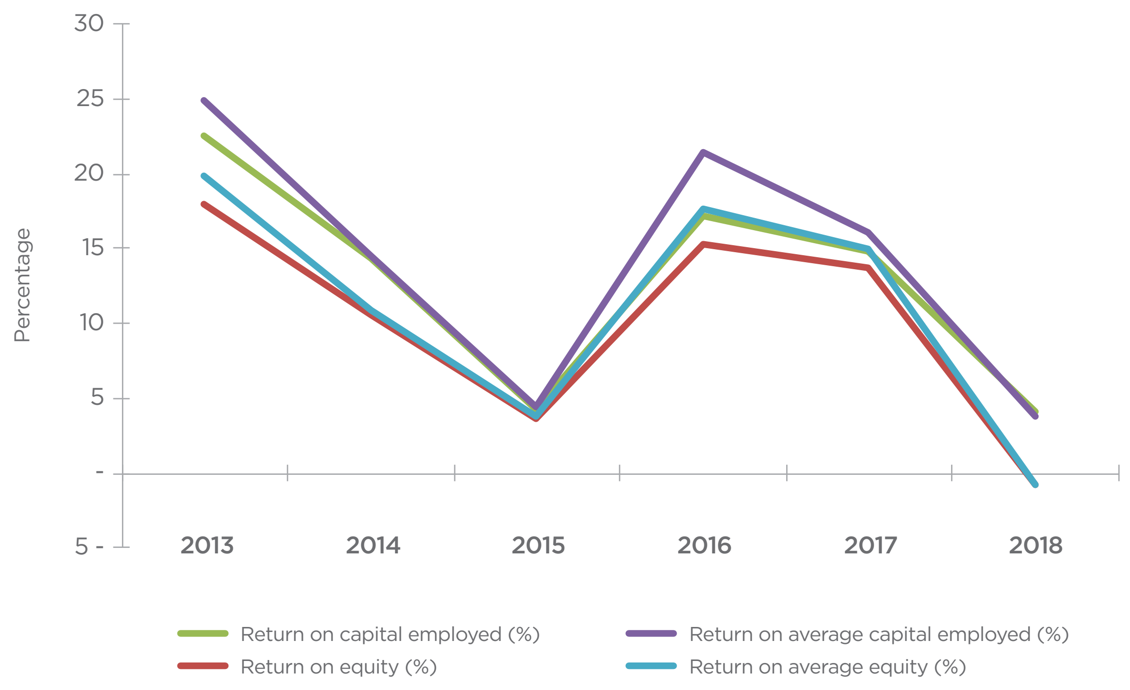
SUMMARY DATA AND PERFORMANCE INDICATORS

PERFORMANCE INDICATORS	2018	2017	2016	2015	2014	2013	2012
A - Profitability Ratios							
Earnings before interest, taxation, depreciation and amortization (EBITDA) (Rs. in millions)	635.7	2,008.4	1,914.4	389.4	902.5	1,316.6	703.6
Profit before taxation and depreciation (Rs. in millions)	368.1	1,798.5	1,653.4	295.1	802.3	1,251.3	582.7
Gross profit ratio (%)	5.4	13.7	26.6	0.9	5.7	13.0	12.9
Operating profit margin to sales (net) (%)	3.3	10.0	18.6	2.2	11.5	19.1	7.8
Net profit margin to sales (net) (%)	(0.6)	9.7	14.8	8.7	13.7	17.8	11.9
EBITDA margin to sales (net) (%)	6.4	16.3	25.3	16.9	22.4	26.3	17.8
Operating leverage ratio	4.0	0.0	2.6	1.6	1.8	4.4	4.1
Return on equity (%)	(0.8)	13.8	15.3	3.7	10.5	18.0	11.7
Return on average equity (%)	(0.8)	14.9	17.7	3.8	10.8	19.9	12.4
Return on capital employed (RoCE) (%)	4.1	14.9	17.1	4.2	14.4	22.5	12.8
Return on average capital employed (%)	3.7	16.1	21.5	4.4	14.6	25.0	12.7
Return on average assets (%)	(0.5)	9.0	12.3	3.1	9.8	16.3	9.4
B - Liquidity Ratios							
Current ratio	1.4 : 1	1.5 : 1	1.6 : 1	1.9 : 1	2.6 : 1	2.5 : 1	1.8 : 1
Quick / Acid-test ratio	0.9 : 1	0.9 : 1	0.9 : 1	1.4 : 1	2 : 1	1.8 : 1	1.3 : 1
Cash to current liabilities (%)	(6.6)	(5.8)	(6.8)	(18.9)	(11.8)	(23.6)	(23.5)
Cash flows from operations to sales (%)	15.2	(0.4)	(31.0)	4.1	4.3	(1.7)	11.1
Working capital (Net current assets)	1,753.8	2,949.6	2,095.1	929.3	1,123.6	1,340.9	856.4
Working capital turnover (times)	4.2	4.9	5.0	2.2	3.3	4.6	5.4
C - Activity / Turnover Ratios							
Debtors turnover ratio (times)	20.4	18.0	28.4	30.7	28.1	17.7	15.3
No. of days in receivables / Average collection period (days)	18	20	13	12	13	21	24
Inventory turnover ratio (times)	3.3	3.6	3.7	5.3	7.1	7.0	4.8
No. of days in inventory (days)	110	102	98	69	51	52	76
Creditors turnover ratio (times)	6.7	11.2	20.0	8.5	29.3	19.9	15.9
No. of days in creditors / Average payment period (days)	54	33	18	43	12	18	23
Property, plant and equipment turnover (times)	3.8	4.8	3.1	1.1	2.9	3.9	3.6
Total assets turnover (times)	0.8	0.8	0.7	0.3	0.7	0.9	0.8
Operating cycle (days)	74	89	93	38	52	55	77
D - Investment / Market Ratios							
Basic and diluted earnings per share (Rs.)	(0.79)	15.29	15.05	2.87	7.93	12.77	6.75
Price earnings ratio (times)	-	15.6	7.6	18.1	5.5	3.5	3.4
Dividend yield (%) *	2.2	2.2	4.4	1.3	5.7	7.8	8.6
Dividend payout ratio (%) *	(252.5)	34.3	34.6	21.7	28.1	28.5	24.0
Dividend cover ratio (times) *	(0.4)	2.9	3.0	4.1	3.2	3.6	3.4
Cash dividend (Rs. in millions) *	155.3	407.6	388.2	43.5	155.3	197.6	112.9
Cash dividend per share (Rs.) *	2.0	5.3	5.0	0.7	2.5	3.5	2.0
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.)	91.2	238.6	114.6	51.9	43.5	45.0	23.2
- Lowest during the year (Rs.)	89.8	116.0	54.6	34.9	43.5	21.6	18.0
- Highest during the year (Rs.)	229.4	283.1	134.8	62.4	74.8	54.5	28.5
Break-up value per share (Rs.)	98.1	110.8	94.3	86.8	84.5	79.8	64.7
E - Capital Structure Ratios							
Financial leverage ratio (%)	32.2	40.4	39.9	12.8	6.3	9.8	9.0
Long term debt to equity ratio (%)	4.6	4.5	6.4	5.3	1.2	0.7	0.5
Cost of debts	8.0	8.4	8.4	10.9	13.7	14.4	16.7
Long term debt : Equity ratio	4 : 96	4 : 96	6 : 94	5 : 95	1 : 99	1 : 99	0 : 100
Total liabilities to total assets (%)	36.8	41.9	36.0	21.1	14.9	15.6	21.1
Gearing ratio (%)	22.8	28.3	28.0	9.8	3.4	7.6	6.8
Interest coverage (times)	1.6	8.8	6.9	2.9	8.5	19.5	5.1

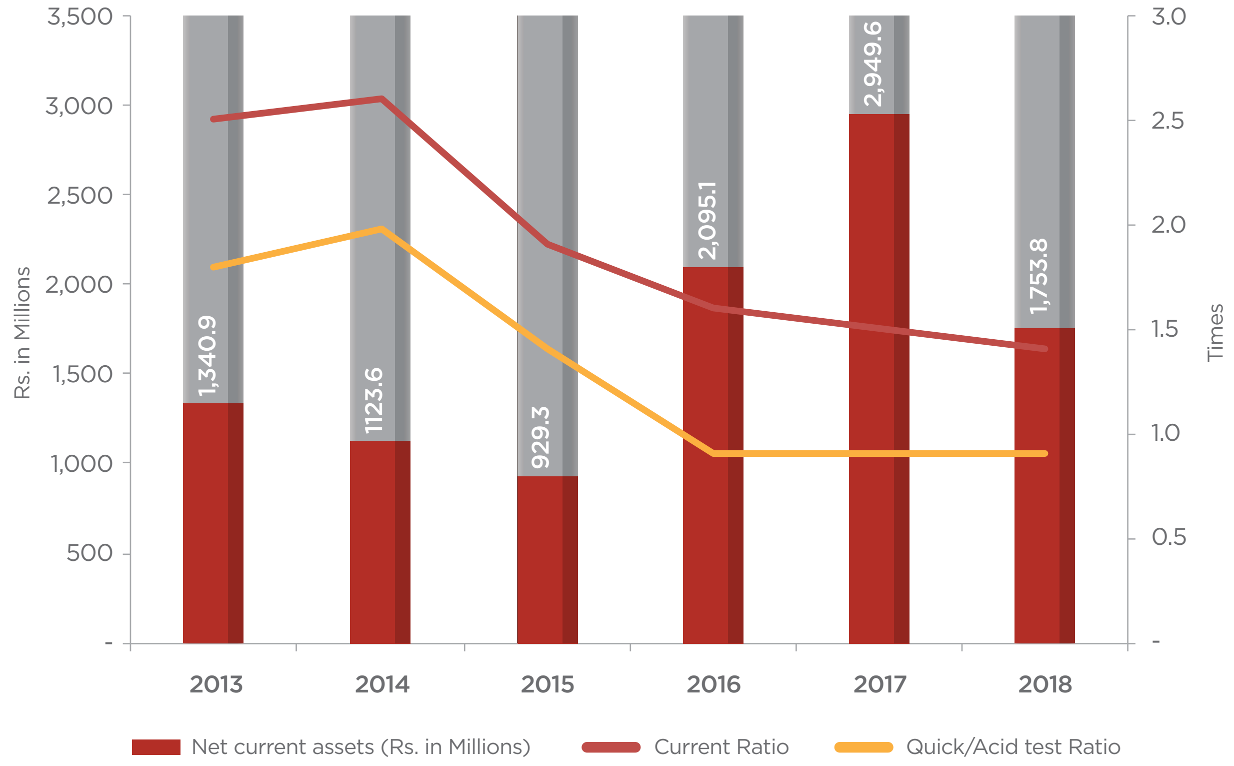
Notes:

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

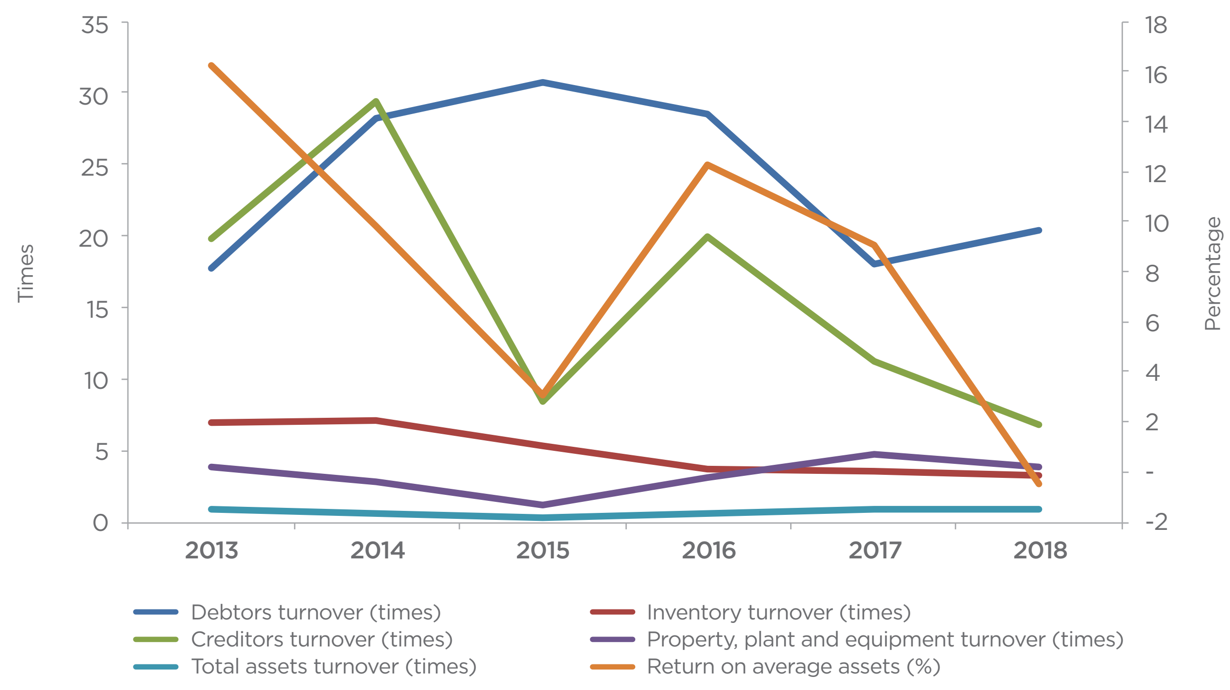
RETURN ON CAPITAL AND EQUITY



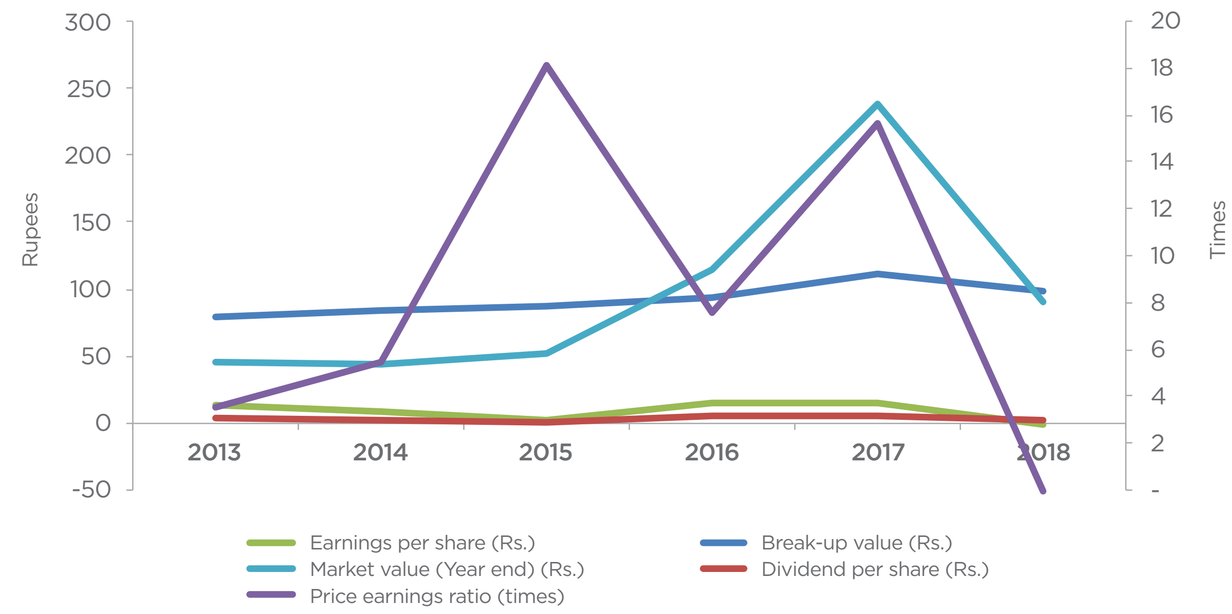
LIQUIDITY



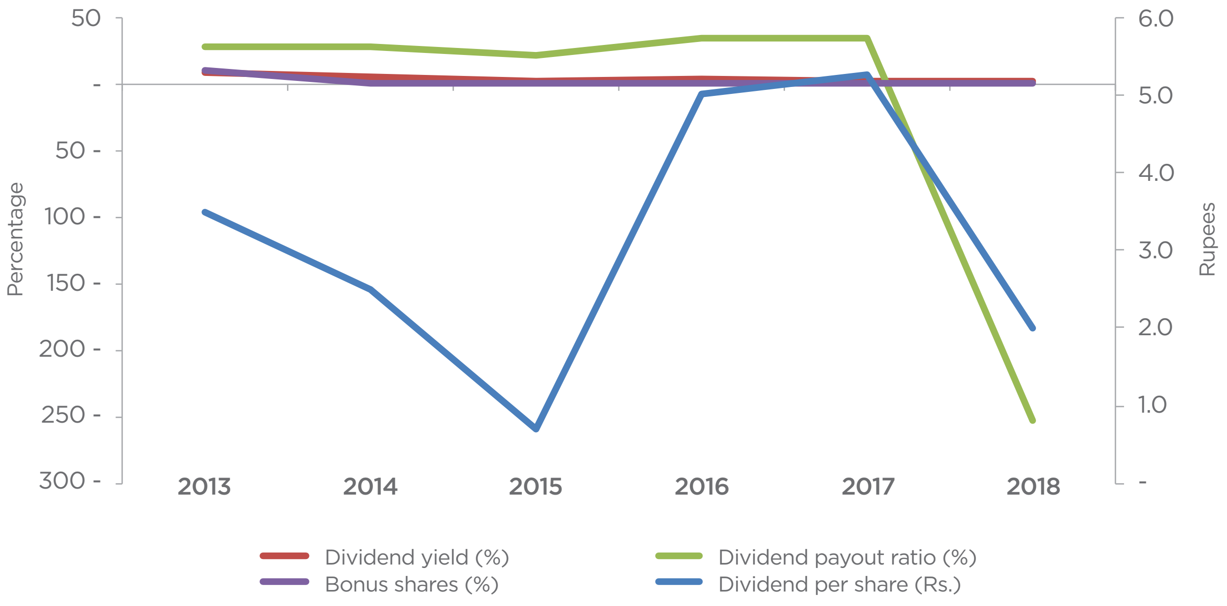
ASSET MANAGEMENT



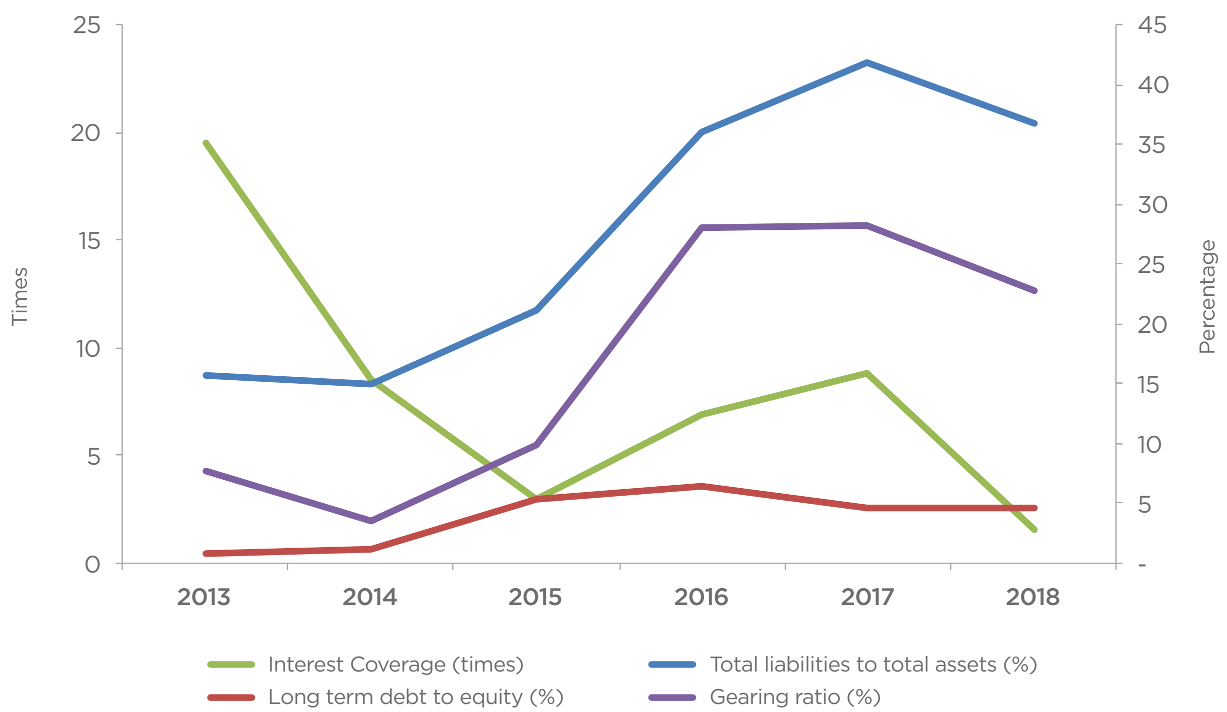
PER SHARE RESULTS



DIVIDEND AND RETURNS



DEBT MANAGEMENT



VERTICAL ANALYSIS OF STATEMENT OF FINANCIAL POSITION AND PROFIT OR LOSS

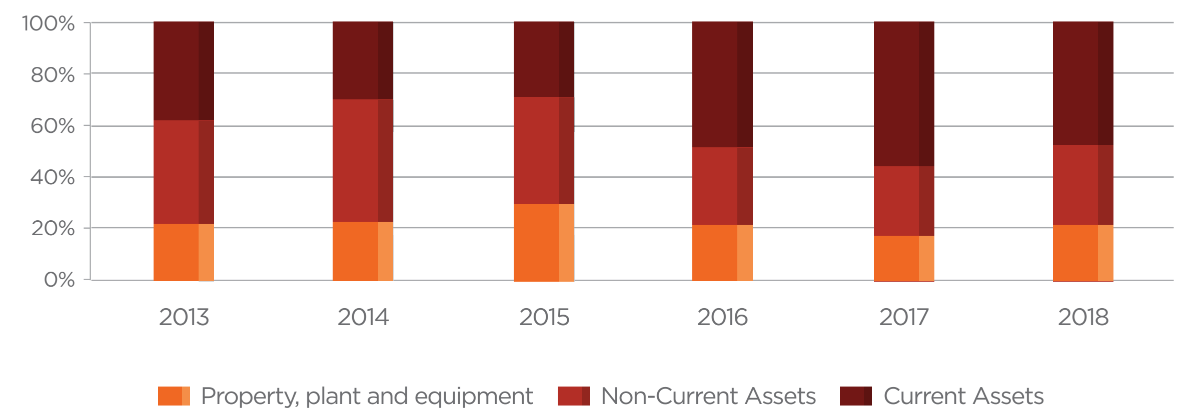
	2018		2017		2016		2015		2014		2013	
	Rs. in Million	%	Rs. in Million	%	Rs. in Million	%	Rs. in Million	%	Rs. in Million	%	Rs. in Million	%
Consolidated Balance Sheet												
Property, plant and equipment	2,596	21.5	2,565	17.3	2,468	21.5	2,019.0	29.5	1,404.0	22.8	1,281	21.8
Intangible assets	137	1.1	129	0.9	113	1.0	68.0	1.0	39.0	0.6	14	0.2
Investment property	49	0.4	54	0.4	60	0.5	67.0	1.0	73.0	1.2	62	1.1
Investment in equity accounted investees	3,088	25.6	3,292	22.2	2,882	25.2	2,423.0	35.4	2,540.0	41.1	2,040	34.6
Other long term investments	263	2.2	221	1.5	221	1.9	221.0	3.2	221.0	3.5	221	3.7
Long term loans and deposits	217	1.8	194	1.3	189	1.6	48.0	0.7	51.0	0.8	20	0.3
Stores, spares and loose tools	212	1.8	191	1.3	130	1.1	67.0	1.0	72.0	1.2	79	1.3
Stock-in-trade	2,268	18.8	3,385	22.9	2,531	22.1	453.0	6.6	407.0	6.6	662	11.3
Trade debts	82	0.7	891	6.0	472	4.1	61.0	0.9	89.0	1.4	197	3.4
Advances	30	0.2	21	0.1	45	0.4	58.0	0.8	58.0	0.9	32	0.5
Trade deposits and short term prepayments	72	0.6	57	0.4	38	0.3	15.0	0.2	7.0	0.1	9	0.2
Investments	1,055	8.7	1,201	8.1	879	7.7	824.0	12.1	758.0	12.3	946	16.1
Other receivables	631	5.2	1,774	12.0	800	7.0	187.0	2.7	143.0	2.3	135	2.3
Taxation - net	1,165	9.7	749	5.1	555	4.8	225.0	3.3	159.0	2.6	76	1.3
Cash and bank balances	194	1.6	86	0.6	74	0.6	101.0	1.5	144.0	2.3	80	1.4
Non-current asset held for sale	-	-	-	-	-	-	-	-	-	-	19	0.3
Total assets	12,059	100	14,810	100	11,457	100	6,837	100	6,165	100	5,873	100
Issued, subscribed and paid-up capital	776	6.4	776	5.2	776.0	6.8	621.0	9.1	621.0	10.1	565	9.6
Capital reserves	1,159	9.6	1,243	8.4	1,139.0	9.9	396.0	5.8	388.0	6.3	555	9.4
Revenue reserves	5,678	47.1	6,582	44.4	5,404.0	47.2	4,374.0	64.0	4,237.0	68.7	3,836	65.3
Shareholders' equity	7,613	63.1	8,601	58.0	7,319	63.9	5,391	78.9	5,246	85.1	4,956	84.3
Long term loans	227	1.9	322	2.2	394	3.4	239	3.5	-	-	-	-
Liabilities against assets subject to finance lease	127	1.1	64	0.4	77	0.7	46	0.7	62	1.0	34	0.6
Deferred income	8	0.1	7	-	9	0.1	1	-	2	-	1	-
Deferred taxation	129	1.1	410	2.8	229	2.0	98	1.4	142	2.3	6	0.1
Trade and other payables	1,805	15.0	2,145	14.5	815	7.1	631	9.2	376	7.0	347	7.1
Unpaid dividend	-	-	116	0.8	116	1.0	-	-	-	-	-	-
Unclaimed dividend	22	0.2	22	0.1	23	0.2	12	-	57	-	68	-
Mark-up accrued	24	0.2	32	0.2	23	0.2	13	0.2	9	0.1	9	0.2
Short term borrowings	1,956	16.2	2,904	19.5	2,279	19.8	302	4.4	228	3.7	418	7.1
Current portion of long term loan	97	0.8	141	1.0	109	1.0	55	0.8	-	-	-	-
Current portion of liabilities against assets subject to finance lease	46	0.4	42	0.3	59	0.5	47	0.7	41	0.7	32	0.5
Current portion of deferred income	5	-	4	-	5	-	2	-	2	-	1	-
Total equity and liabilities	12,059	100	14,810	100	11,457	100	6,837	100	6,165	100	5,873	100
Consolidated Profit and Loss Account												
Sales - net	9,930	100.0	12,285	100	7,575	100	2,303	100	4,030	100	5,002	100
Cost of sales	9,390	94.6	10,598	86.3	5,559	73.4	2,282	99.1	3,800	94.3	4,351	87.0
Gross profit	540	5.4	1,687	13.7	2,016	26.6	21	0.9	230	5.7	651	13.0
Income from investments - net	(41)	(0.4)	205	1.7	102	1.3	219	9.5	441	10.9	348	7.0
Distribution and selling expenses	19	0.2	32	0.3	16	0.2	27	1.2	52	1.3	68	1.4
Administrative expenses	199	2.0	307	2.5	299	3.9	181	7.9	172	4.3	177	3.5
Other operating expenses	107	1.1	429	3.5	427	5.6	11	0.5	33	0.8	169	3.4
Other income	153	1.5	104	0.8	30	0.4	32	1.4	47	1.2	371	7.4
Operating profit before finance costs	327	3.2	1,228	9.9	1,406	18.6	52	2.2	461	11.4	956	19.1
Finance costs	264	2.7	205	1.7	254	3.4	87	3.8	95	2.4	63	1.3
"Share of profit in equity accounted investees - net of taxation"	85	0.9	569	4.6	347	4.6	203	8.8	341	8.5	269	5.4
Profit before taxation	148	1.4	1,592	12.8	1,499	19.8	168	7.3	707	17.5	1,162	23.2
Taxation	209	2.1	405	3.3	377	5.0	(32)	(1.4)	154	3.8	272	5.4
(Loss) / profit after taxation	(61)	(0.7)	1,187	9.5	1,122	14.8	200	8.7	553	13.7	890	17.8

HORIZONTAL ANALYSIS OF STATEMENT OF FINANCIAL POSITION AND PROFIT OR LOSS

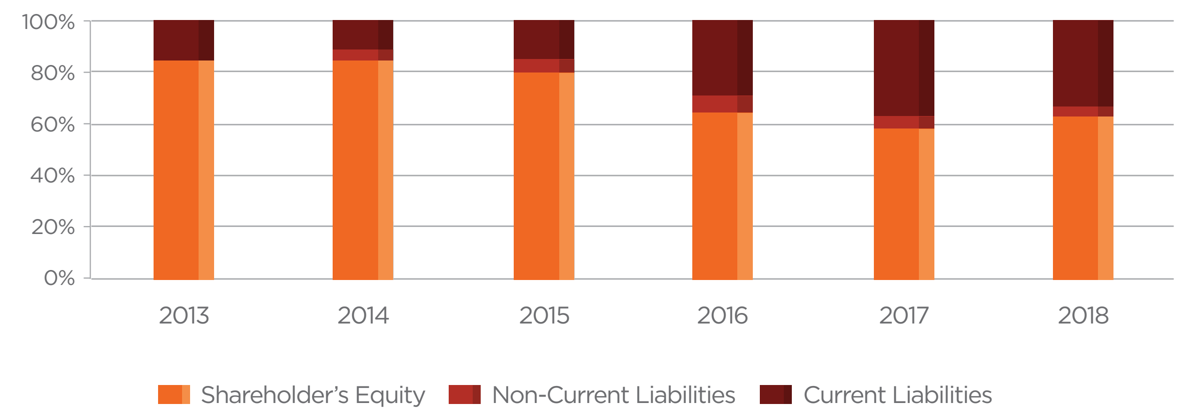
	2018		2017		2016		2015		2014		2013	
	Rs. in Million	Variance %	Rs. in Million	Variance %	Rs. in Million	Variance %	Rs. in Million	Variance %	Rs. in Million	Variance %	Rs. in Million	Variance %
Consolidated Balance Sheet												
Property, plant and equipment	2,596	1.2	2,565	3.9	2,468	22.2	2,019	43.8	1,404	9.6	1,281	18.0
Intangible assets	137	6.2	129	14.2	113	66.2	68	74.4	39	178.6	14	600.0
Investment property	49	(9.3)	54	(10.0)	60	(10.4)	67	(8.2)	73	17.7	62	72.2
Investment in equity accounted investees	3,088	(6.2)	3,292	14.2	2,882	18.9	2,423	(4.6)	2,540	24.5	2,040	13.0
Other long term investments	263	19.0	221	-	221	-	221	-	221	-	221	-
Long term loans and deposits	217	11.9	194	2.6	189	293.8	48	(5.9)	51	155.0	20	(4.8)
Stores, spares and loose tools	212	11.0	191	46.9	130	94.0	67	(6.9)	72	(8.9)	79	19.7
Stock-in-trade	2,268	(33.0)	3,385	33.7	2,531	458.7	453	11.3	407	(38.5)	662	12.8
Trade debts	82	(90.8)	891	88.8	472	673.8	61	(31.5)	89	(54.8)	197	(46.6)
Advances	30	42.9	21	(53.3)	45	(22.4)	58	-	58	81.3	32	(76.8)
Trade deposits and short term prepayments	72	26.3	57	50.0	38	153.3	15	114.3	7	(22.2)	9	50.0
Investments	1,055	(12.2)	1,201	36.6	879	6.7	824	8.7	758	(19.9)	946	81.1
Other receivables	631	(64.4)	1,774	121.8	800	327.8	187	30.8	143	5.9	135	181.3
Taxation - net	1,165	55.5	749	35.0	555	146.7	225	41.5	159	109.2	76	(18.3)
Cash and bank balances	194	125.6	86	16.2	74	(26.7)	101	(29.9)	144	80.0	80	15.9
Non-current asset held for sale	-	-	-	-	-	-	-	-	-	(100.0)	19	100.0
Total assets	12,059	(18.6)	14,810	29.3	11,457	67.6	6,837	10.9	6,165	5.0	5,873	15.5
Issued, subscribed and paid-up capital	776	-	776	-	776	25.0	621	-	621	9.9	565	-
Capital reserves	1,159	(6.8)	1,243	9.1	1,139	187.6	396	2.2	388	(30.1)	555	38.1
Revenue reserves	5,678	(13.7)	6,582	21.8	5,404	23.5	4,374	3.2	4,237	10.5	3,836	25.8
Shareholders' equity	7,613	(11.5)	8,601	17.5	7,319	35.8	5,391	2.8	5,246	5.9	4,956	23.4
Long term loans	227	(29.5)	322	(18.3)	394	64.9	239	100.0	-	-	-	-
Liabilities against assets subject to finance lease	127	98.4	64	(16.9)	77	67.4	46	(23.4)	62	77.7	34	72.3
Deferred income	8	14.3	7	(22.2)	9	800.0	1	8.5	2	41.5	1	100.0
Deferred taxation	129	(68.5)	410	79.0	229	133.7	98	34.9	142	2,201.1	6	100.0
Trade and other payables	1,805	(15.9)	2,145	163.2	815	29.2	631	67.8	376	8.4	347	(44.6)
Unpaid dividend	-	(100.0)	116	-	116	100.0	-	-	-	-	-	-
Unclaimed dividend	22	-	22	(4.3)	23	91.7	12	(78.9)	57	(16.2)	68	3.0
Mark-up accrued	24	(25.0)	32	39.1	23	76.9	13	44.4	9	-	9	(43.8)
Short term borrowings	1,956	(32.6)	2,904	27.4	2,279	654.6	302	32.5	228	(45.5)	418	24.8
Current portion of long term loan	97	(31.2)	141	29.4	109	98.2	55	100.0	-	-	-	-
Current portion of liabilities against assets subject to finance lease	46	9.5	42	(28.8)	59	25.5	47	14.6	41	28.1	32	300.0
Current portion of deferred income	5	25.0	4	(20.0)	5	150.0	2	-	2	100.0	1	100.0
Total equity and liabilities	12,059	(18.6)	14,810	29.3	11,457	67.6	6,837	10.9	6,165	5.0	5,873	15.5
Consolidated Profit and Loss Account												
Sales - net	9,930	(19.2)	12,285	62.2	7,575	228.9	2,303	(42.9)	4,030	(19.4)	5,002	26.9
Cost of sales	9,390	(11.4)	10,598	90.6	5,559	143.6	2,282	(39.9)	3,800	(12.7)	4,351	26.7
Gross profit	540	(68.0)	1,687	(16.3)	2,016	9,500.0	21	(90.9)	230	(64.7)	651	27.9
Income from investments - net	(41)	(120.0)	205	101.0	102	(53.4)	219	(50.3)	441	26.7	348	411.8
Distribution and selling expenses	19	(40.6)	32	100.0	16	(42.0)	27	(47.5)	52	(23.5)	68	47.8
Administrative expenses	199	(35.2)	307	2.7	299	65.2	181	5.3	172	(2.8)	177	4.1
Other operating expenses	107	(75.1)	429	0.5	427	3,712.8	11	(66.1)	33	(80.5)	169	156.1
Other income	153	47.1	104	246.7	30	(6.7)	32	(31.9)	47	(87.3)	371	2,991.7
Operating profit before finance costs	327	(73.4)	1,228	(12.7)	1,406	2,588.3	52	(88.7)	461	(51.8)	956	211.4
Finance costs	264	28.8	205	(19.3)	254	192.3	87	(8.4)	95	50.8	63	(42.7)
"Share of profit in equity accounted investees - net of taxation"	85	(85.1)	569	64.0	347	71.0	203	(40.5)	341	26.8	269	5.5
Profit before taxation	148	(90.7)	1,592	6.2	1,499	790.7	168	(76.2)	707	(39.3)	1,162	157.1
Taxation	209	(48.4)	405	7.4	377	1,277.9	(32)	(120.8)	154	(43.4)	272	1,531.6
(Loss) / profit after taxation	(61)	(105.1)	1,187	5.8	1,122	460.2	200	(63.7)	553	(38.0)	890	89.0

HORIZONTAL ANALYSIS OF STATEMENT OF FINANCIAL POSITION AND PROFIT OR LOSS

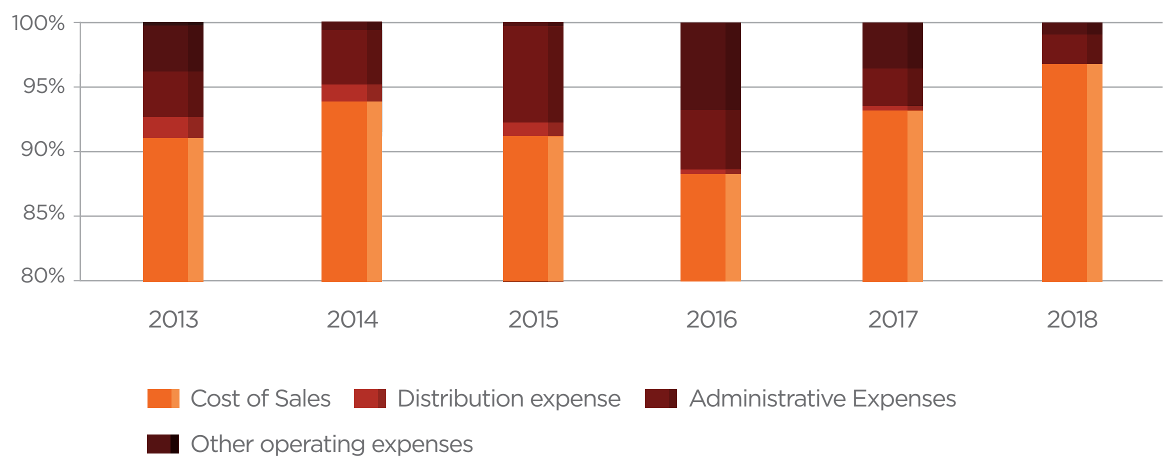
Balance Sheet Analysis (Assets) %



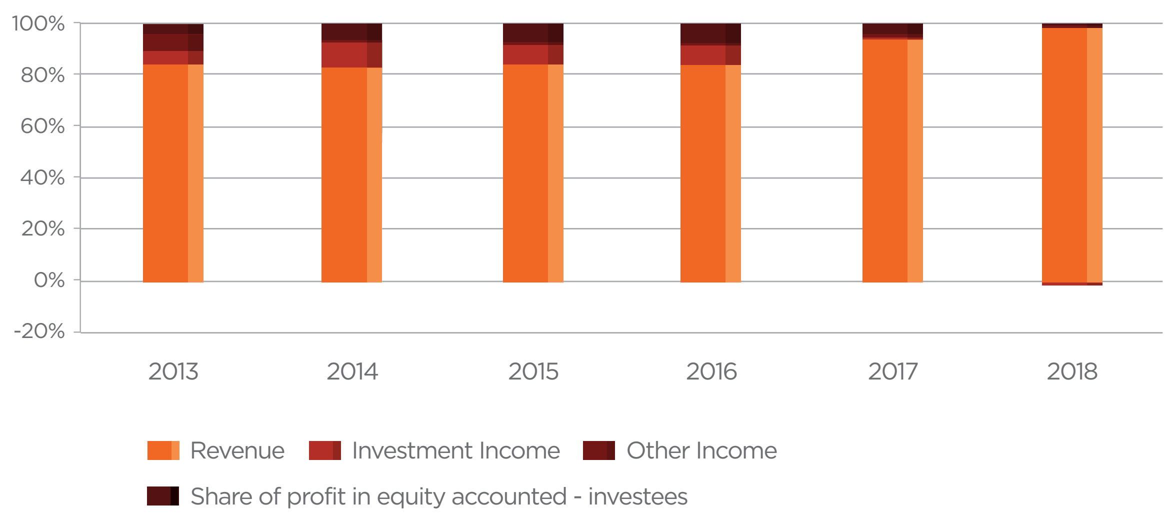
Balance Sheet Analysis (Equity and liabilities) %



Profit and loss Analysis (Expenses) %



Profit and loss Analysis (Revenue and income) %



COMMENTS ON CONSOLIDATED ANALYSIS SIX YEARS

The Group comprise of CSAPL and wholly owned subsidiaries i.e. CS Energy (Private) Limited (CSEL), Solution de Energy (Private) Limited (SdeE), CS Capital (Private) Limited (CSCL), and Crescent Hadeed (Private) Limited (CHL).

Consolidated Profit and Loss:

The difference between the results of Unconsolidated and Consolidated financial statements mainly represents share of profits from equity accounted investments. Share of profit had significantly decreased from Rs. 269.0 million in 2013 to Rs. 85.0 million in 2018, whereas, investment income amounted to Rs. (41.0) million in FY18 (2017: Rs. 205.0 million) out of which Rs. (18.5) million was contributed by CSCL (2017: Rs. 98.5 million). SEL contributed loss of Rs. 517 million while CHL contributed profit of Rs. 428 million in the Group's bottom line.

Consolidated Balance Sheet:

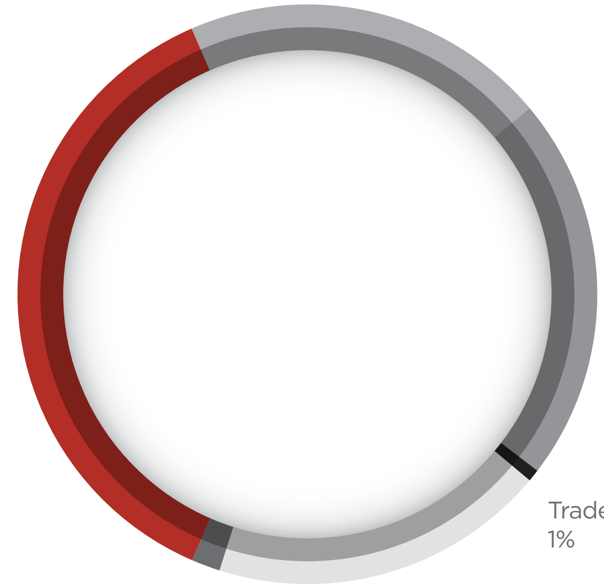
With respect to balance sheet, carrying amount of property plant and equipment (PPE) increased by 1.2% from last year. PPE of CHL decreased by Rs. 44.7 million, whereas SEL decreased by 30.4 million. Furthermore, investments in equity accounted investments increased by 51% from Rs. 2,040 million in 2013 to Rs. 3,088 million in 2018 mainly due to recognition of share of profits from Altern Energy Limited and Shakarganj Limited.

Total assets of the Group increased to Rs. 12,058 million in 2018 from Rs. 5,873 million in 2013.

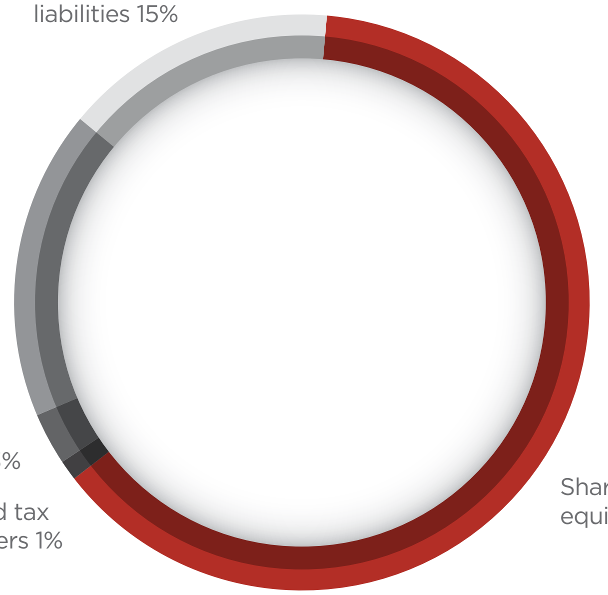
KEY OPERATING AND FINANCIAL DATA

SUMMARIZED FINANCIAL DATA	2018	2017	2016	2015	2014	2013	2012
A - Summary of Profit and Loss Account (Rupees in millions)							
Sales - net	9,929.8	12,285.5	7,575.4	2,302.5	4,030.2	5,001.7	3,942.9
Cost of sales	9,390.1	10,598.0	5,559.6	2,281.9	3,799.9	4,350.8	3,434.1
Gross profit	539.7	1,687.5	2,015.8	20.6	230.3	650.9	508.8
Income from investments - net	(41.1)	204.8	102.5	219.2	441.4	348.1	67.8
Distribution, selling and administrative expenses	218.2	339.5	315.2	208.7	223.7	244.9	216.0
Other operating expenses	107.3	429.3	426.8	11.3	33.4	169.0	65.8
Other income	153.3	103.7	29.8	31.8	47.3	371.2	11.6
Operating profit before finance costs	326.4	1,227.2	1,406.1	51.6	461.9	956.3	306.4
Finance costs	264.0	204.6	253.9	87.3	94.9	62.9	109.5
Share of profit in equity accounted investees - net of taxation"	85.0	569.3	347.1	203.3	340.5	269.5	255.3
Profit before taxation	147.4	1,591.9	1,499.3	167.6	707.5	1,162.9	452.2
Taxation	208.9	404.9	377.1	(32.4)	154.2	272.0	(18.9)
Net income	(61.5)	1,187.0	1,122.2	200.0	553.3	890.9	471.1
B - Summary of Balance Sheet (Rupees in millions)							
Current assets	5,708.2	8,354.7	5,524.1	1,991.0	1,836.8	2,216.1	1,908.0
Stock-in-trade	2,268.1	3,384.8	2,531.2	453.1	407.2	662.4	586.7
Trade debts	82.3	890.8	472.1	60.6	89.5	196.9	368.9
Current liabilities	3,954.4	5,405.1	3,429.0	1,061.7	713.2	875.2	1,051.6
Trade and other payables	1,805.2	2,144.8	815	631.0	376.0	347.0	626.0
Unpaid dividend	-	116.4	116	-	-	-	
Unclaimed dividend	21.5	21.6	23	12.0	57.0	68.0	66.0
Property, plant and equipment	2,596.0	2,565.4	2,467.8	2,018.5	1,404.4	1,280.7	1,086.2
Total assets	12,059.0	14,810.2	11,457.3	6,836.7	6,165.2	5,872.7	5,087.2
Long term financing (excluding current maturity)	354.2	386.1	471.4	285.2	62.0	34.5	19.8
Deferred income (including current maturity)	13.5	11.6	13.3	3.1	4.0	2.3	-
Deferred liabilities	128.7	410.3	228.5	98.2	141.5	6.2	-
Short term financing (including current maturity of long-term financing) "	2,098.7	3,086.4	2,446.9	404.2	269.4	450.5	343.0
Reserves	6,837.4	7,825.0	6,542.9	4,769.2	4,625.1	4,391.0	3,451.2
Shareholders' equity	7,613.7	8,601.4	7,319.2	5,390.2	5,246.2	4,955.6	4,015.8
C - Summary of Cash Flow Statement (Rupees in millions)							
Cash and cash equivalents at the beginning of the year	(313.0)	(233.4)	(200.4)	(84.1)	(206.3)	(247.0)	(551.1)
Net cash (used in) / generated from operating activities	1,505.1	(48.8)	(2,345.1)	94.1	169.2	(85.1)	437.0
Net cash (outflows) / inflows from investing activities	154.6	(69.4)	(534.1)	(309.2)	286.2	77.9	254.8
Net cash inflows / (outflows) from financing activities	(1,607.0)	38.6	2,846.2	98.8	(333.1)	47.9	(387.7)
Net (decrease) / increase in cash and cash equivalents	52.7	(79.6)	(33.0)	(116.4)	122.2	40.7	304.1
Cash and cash equivalents at the end of the year	(260.3)	(313.0)	(233.4)	(200.4)	(84.1)	(206.3)	(247.0)
D - Other Data (Rupees in millions)							
Depreciation and amortization	224.3	211.8	161.2	134.5	100.2	90.8	141.9
Capital expenditure	249.8	298.3	557.1	745.3	253.9	348.5	97.4
No. of ordinary shares (no. of shares in millions)	77.6	77.6	77.6	62.1	62.1	56.5	56.5
Payments to National Exchequer	2,610.7	3,018.3	2,296.9	210.7	361.4	731.4	290.4

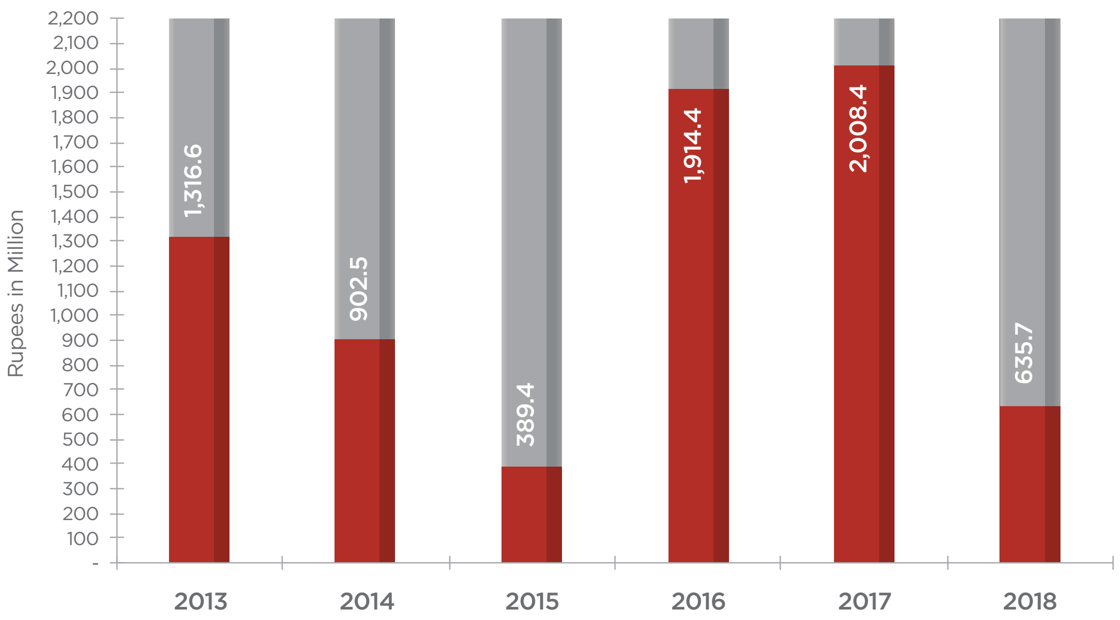
TOTAL ASSETS AS OF 30 JUNE 2018



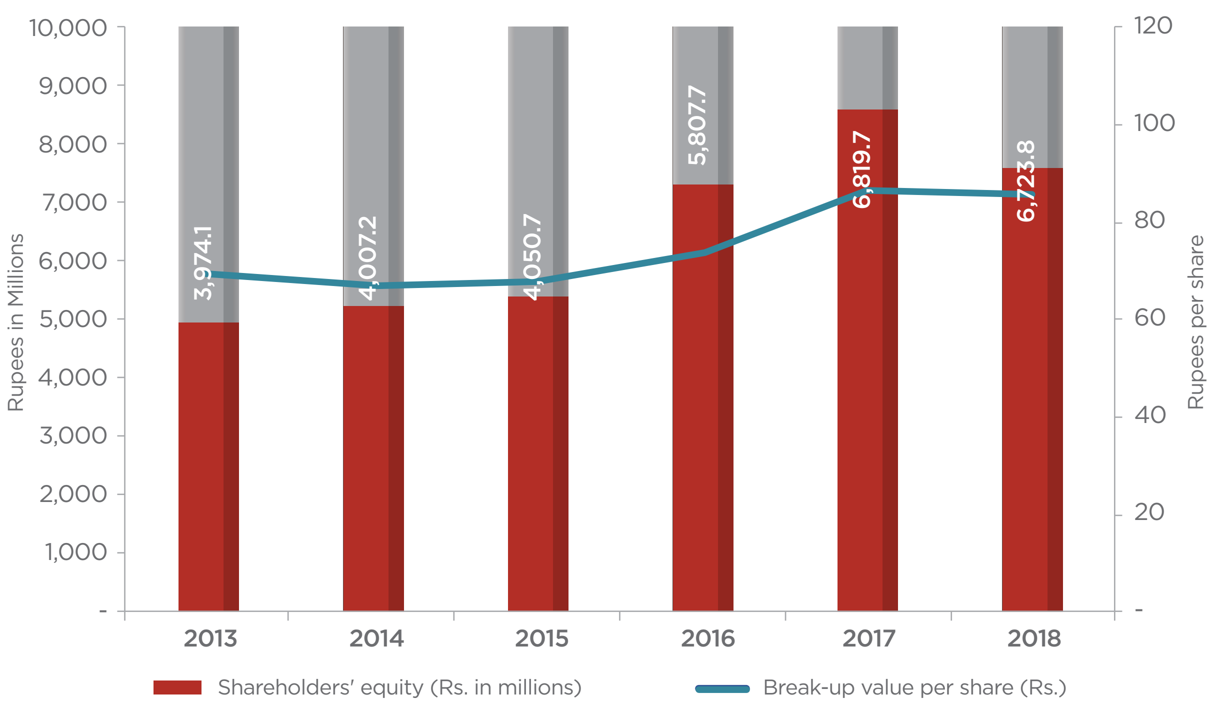
TOTAL LIABILITIES AS OF 30 JUNE 2018



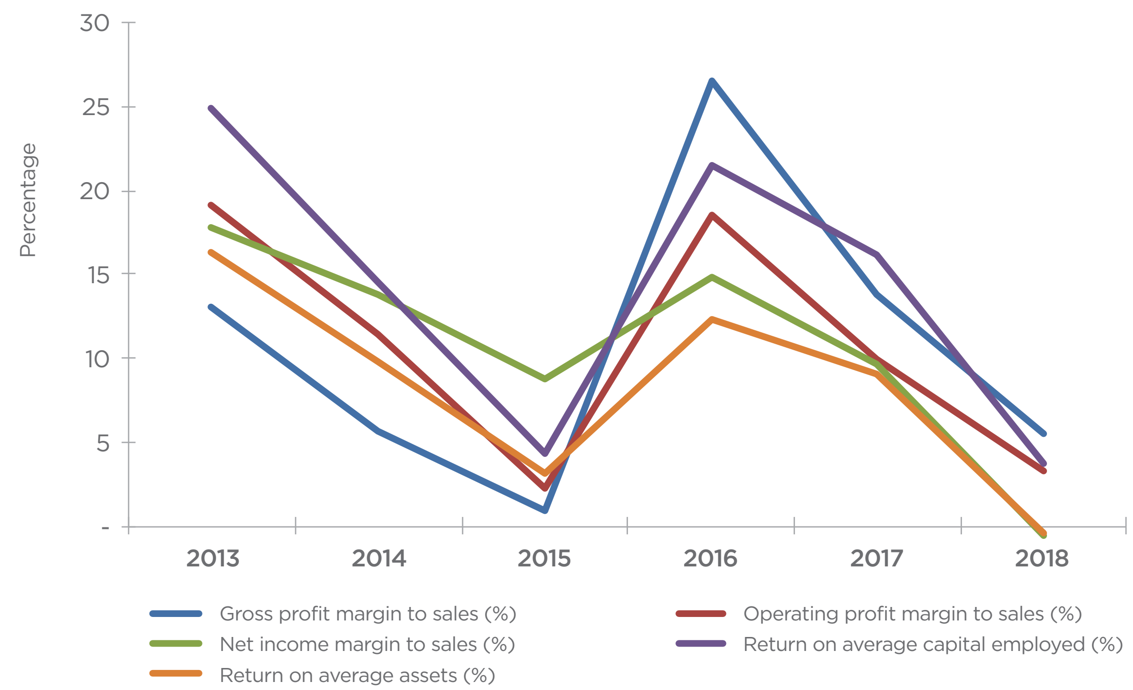
EARNINGS BEFORE, TAXATION, DEPRECIATION AND AMORTIZATION (EBITDA)



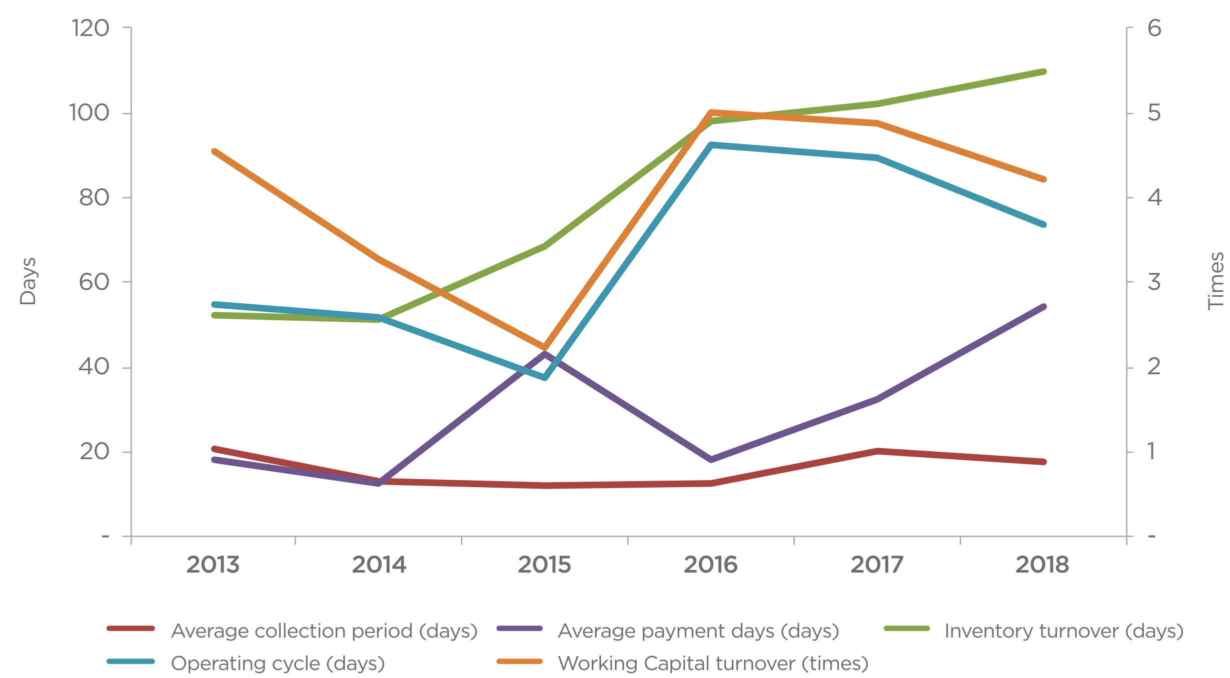
SHAREHOLDERS' EQUITY AND BREAK-UP VALUE PER SHARE



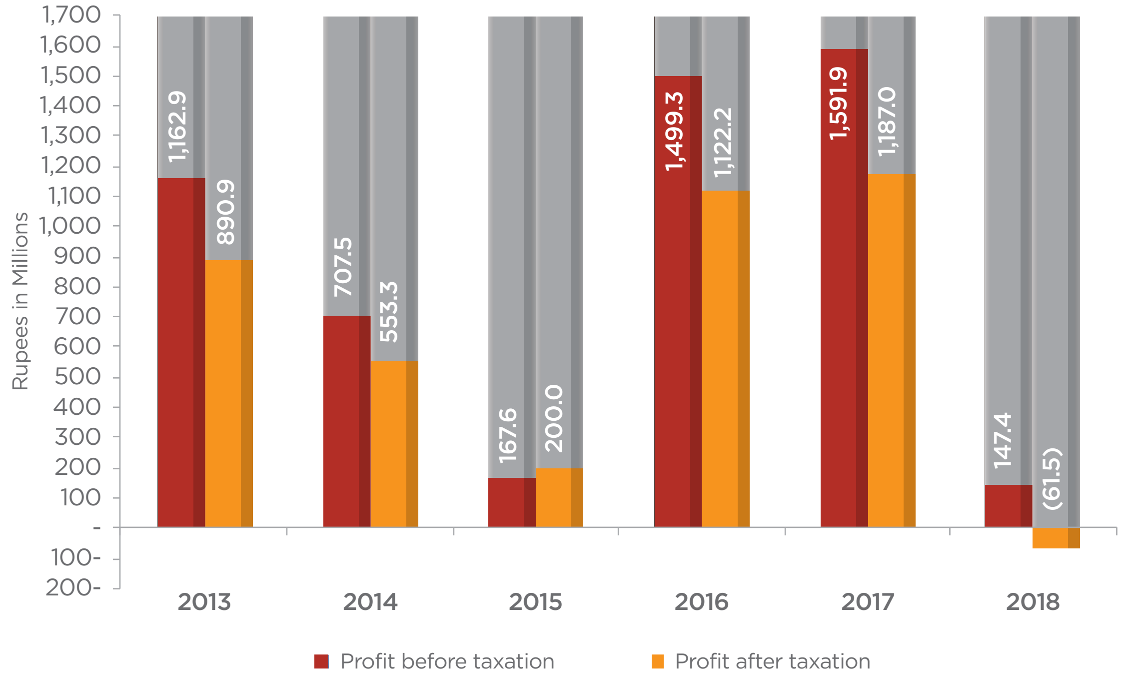
PROFITABILITY AND RETURN



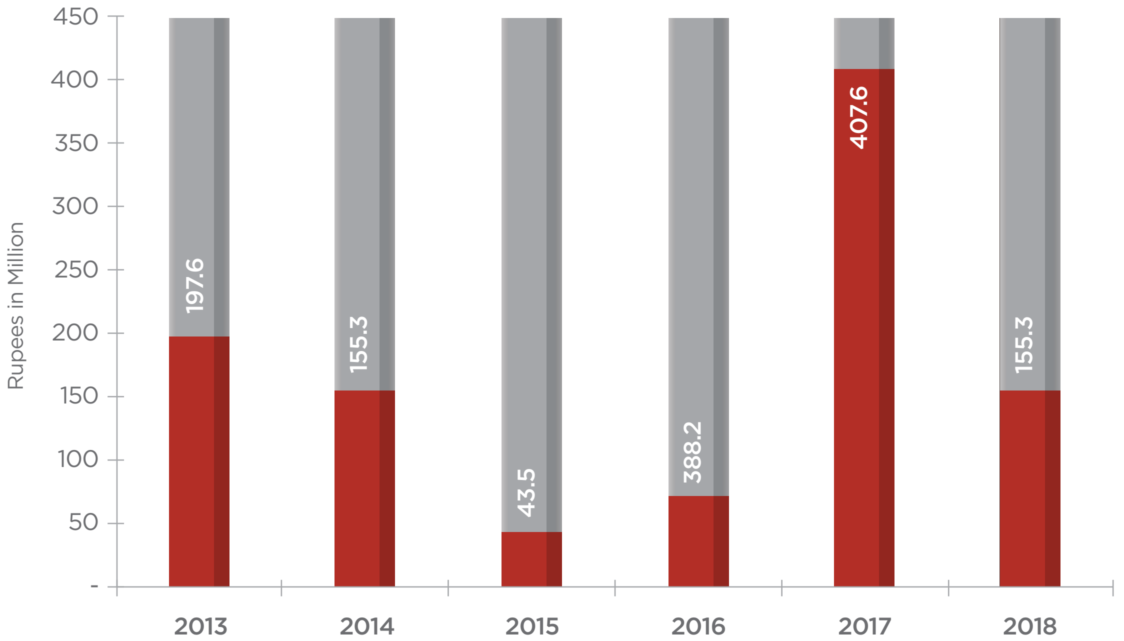
MANAGEMENT OF WORKING CAPITAL



PROFIT BEFORE AND AFTER TAXATION



DIVIDEND (INCLUDING FINAL PROPOSED)



INDEPENDENT AUDITORS' REPORT

To the members of Crescent Steel and Allied Products Limited

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of Crescent Steel and Allied Products Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 30 June 2018, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

S.No.	Key audit matters	How the matter was addressed in our audit
1.	**Revenue Recognition**	
	Refer to note 6.18 and 32 to the consolidated financial statements. The Group's revenue is principally generated from sale of large diameter spiral arc welded steel line bare pipe, coated pipes, pre coated pipes, cotton yarn, steel billets, electricity and steam. Revenue from sale of products is recognized when the Group delivers the products to customers in accordance with the terms of the relevant contracts which includes liquidated damages in case of delay of supply.	Our audit procedures in respect of the timing of revenue recognition, amongst others, included the following: • obtaining an understanding of and testing the design and operating effectiveness of controls designed to ensure that revenue is recognized in the appropriate accounting period; • inspecting significant contracts to obtain an understanding of contracts terms particularly relating to timing and the customer's acceptance of the products including charge of liquidated

S. No.	Key audit matters	How the matter was addressed in our audit
	We identified revenue recognition as key audit matter because recognition of sales in the appropriate period is subject to acceptance of the products by customers based on agreed terms and condition. Therefore, there could be potential risk that the revenue transactions are not recognized in the appropriate periods.	damages and assessing the Company's accounting policies for the recognition of revenue with reference to the requirements of the prevailing accounting standards; and • comparing, on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation, including the relevant sales contracts, the customer's acknowledgement of acceptance, to assess whether revenue and charge for liquidated damages had been recognized in the appropriate accounting period.
2.	**Valuation of Stock-in-Trade**	
	Refer to note 6.9 and 24 to the consolidated financial statements. As at 30 June 2018, the Group's stock-in-trade amounted to Rs. 2,268.108 million. This significantly comprised of bare pipes, pre coated pipes, pipe coating, hot rolled steel coils, raw cotton and steel billets. We identified the valuation of stock-in-trade as a key audit matter because determining an appropriate write-down as a result of net realizable value (NRV) being lower than their costs involved significant management judgment and estimation.	Our audit procedures in respect of the valuation of stock-in-trade, amongst others, included the following: • obtaining an understanding of management's determination of NRV and the key estimates adopted, including future selling prices, future costs to complete work-in-progress and costs necessary to make the sales, the basis of calculation and justification for the amount of the write-downs and provisions and future purchase commitments; • assessing the NRV of stock-in-trade by comparing, on a sample basis, management's estimation of future selling prices for the products with committed sales contracts and selling prices achieved subsequent to the end of the reporting period; • assessing management's estimation of the costs of converting raw materials and work-in-progress into finished goods and the related selling expenses, on a sample basis, by comparing them with actual costs incurred in the current year; and • testing the calculations made by management in arriving at their year-end assessment of NRV and write-downs of and provisions for stock-in-trade.

S.No.	Key audit matters	How the matter was addressed in our audit
3.	**Classification, valuation of Investments and Investment in Equity Accounted Investees**	
	Refer to note 6.5, 20 and 28 to the consolidated financial statements. The Group's investments as at 30 June 2018 amounted to Rs. 4,406.014 million. These comprised of investments in listed and unlisted equity securities and investments in equity accounted investees. The investments in equity accounted investees amounted to Rs. 3,088.233 million, financial assets classified as investments at fair value through profit or loss amounted to Rs. 866.028 million and available for sale investments amounted to Rs. 423.753 million. The management's judgment is involved in classification of investments between investments at fair value through profit or loss and available for sale investments, valuation of investments where quoted prices are not available and the impairment allowance against investments classified as available for sale. In assessing whether there was any impairment of the carrying value of the investment in equity accounted investees management determines the recoverable amounts based on higher of its value in use and its fair value less costs to sell. We identified the classification, valuation of investments and impairment as a key audit matters because of its significance and the management's judgment involved.	Our audit procedures in respect of the classification and valuation of investments and determination of allowance for impairment, amongst others, included the following: • Obtaining an understanding of and testing the design and operating effectiveness of controls designed to ensure for the classification, valuation of investments and determination of provision for impairment against investment classified as available for sale; • Comparing, on a sample basis, specific investment buying and selling transactions recorded during the year with underlying documentation; • assessing, on a sample basis, whether investments were recorded within the appropriate classification at the time of purchase by comparing individual items in the portfolio with underlying documentation; • assessing, on a sample basis, whether investments were valued at fair value based on the last quoted market price and method used by the management for unquoted investments; • assessing the basis and estimates used by the management to determine impairment against investment classified as available for sale; • involving our internal valuation specialists to assist us in assessing the appropriateness of calculations to determine recoverable amounts based on value in use; and • comparing the higher of value in use and fair values of the investments in associates as assessed by management.
4.	**Recoverability of Intangible Assets Under Project Development**	
	Refer to note 6.3 and 18 to the consolidated financial statements. Intangible assets includes project development 100 MW solar project as at 30 June 2018 amounted to Rs.134.403 million which represent expenditure incurred on account of project related activities.	Our audit procedures in respect of the recoverability of intangible assets under project development, amongst others, included the following: • inspected agreement with the Consultant to assessed that amounts capitalized were in accordance with the agreement; and

S.No.	Key audit matters	How the matter was addressed in our audit
	The recovery of these assets depends on a combination of achieving sufficiently profitable business in the future as well as the ability of potential buyers to pay amounts capitalized by the management.	• inspected agreement with the Consultant to assessed that amounts capitalized were in accordance with the agreement; and • inspected confirmation from Consultant that based on market research, recoverable amount of the 100 MW solar project at present condition is in excess of its carrying value.

Information Other than the Consolidated Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Group's Annual Report for 2018 but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

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

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

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

Other Matters

The engagement partner on the audit resulting in this independent auditors' report is Muhammad Nadeem.

Date: 31 July 2018
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	Note	2018	2017
		(Rupees in '000)	
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	7	776,325	776,325
Capital reserves	8	1,158,663	1,242,763
Revenue reserves		5,678,701	6,582,279
		7,613,689	8,601,367
Non-current liabilities			
Long term loans	9	226,746	322,481
Liabilities against assets subject to finance lease	10	127,419	63,606
Deferred income	11	8,107	7,471
Deferred taxation	12	128,663	410,253
		490,935	803,811
Current liabilities			
Trade and other payables	13	1,805,207	2,144,839
Unpaid dividend		-	116,449
Unclaimed dividend		21,520	21,628
Mark-up accrued	14	23,569	31,631
Short term borrowings	15	1,956,125	2,904,166
Current portion of long term loans	9	96,544	140,500
Current portion of liabilities against assets subject to finance lease	10	46,010	41,700
Current portion of deferred income	11	5,424	4,148
		3,954,399	5,405,061
Contingencies and commitments	16		
Total equity and liabilities		12,059,023	14,810,239

	Note	2018	2017
		(Rupees in '000)	
ASSETS			
Non-current assets			
Property, plant and equipment	17	2,596,034	2,565,370
Intangible assets	18	137,005	129,226
Investment properties	19	49,358	54,071
Investment in equity accounted investees	20	3,088,233	3,291,606
Other long term investments	21	262,933	220,717
Long term deposits	22	217,233	194,535
		6,350,796	6,455,525
Current assets			
Stores, spares and loose tools	23	211,513	191,208
Stock-in-trade	24	2,268,108	3,384,752
Trade debts	25	82,320	890,794
Advances	26	29,897	21,187
Trade deposits and short term prepayments	27	71,774	56,860
Investments	28	1,054,848	1,201,262
Mark-up accrued		155	132
Other receivables	29	630,648	1,774,364
Taxation - net	30	1,165,309	748,526
Cash and bank balances	31	193,655	85,629
		5,708,227	8,354,714
Total assets		12,059,023	14,810,239

The annexed notes from 1 to 55 form an integral part of these consolidated financial statements.

Chief Executive | Director | Chief Financial Officer

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018	2017
		-----------(Rupees in '000)-------------	
Sales	32	11,462,930	14,145,170
Sales tax		1,533,174	1,859,622
		9,929,756	12,285,548
Cost of sales	33	9,390,054	10,598,021
Gross profit		539,702	1,687,527
Income from investments	34	(41,057)	204,848
		498,645	1,892,375
Distribution and selling expenses	35	19,405	32,281
Administrative expenses	36	198,766	307,267
Other operating expenses	37	107,300	429,281
		325,471	768,829
Operating profit before finance costs		173,174	1,123,546
Other income	38	153,321	103,745
		326,495	1,227,291
Finance costs	39	263,964	204,626
Share of profit in equity accounted investees - net of taxation	40	84,962	569,309
Profit before taxation		147,493	1,591,974
Taxation	41	208,912	404,853
(Loss) / profit for the year		(61,419)	1,187,121
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Unrealized (diminution) / appreciation during the year on remeasurement of investment classified as 'available for sale'		(78,177)	114,680
Proportionate share of other comprehensive income of equity accounted investees		(5,923)	(11,053)
Items that will not be reclassified subsequently to profit or loss			
(Loss) / gain on remeasurement of staff retirement benefit plans - net of tax		(589,853)	379,591
Other comprehensive (loss) / income for the year		(673,953)	483,218
Total comprehensive income for the year		(735,372)	1,670,339
		(Rupees)	
Basic and diluted (loss) / earnings per share	42	(0.79)	15.29

The annexed notes from 1 to 55 form an integral part of these consolidated financial statements.

Chief Executive	Director	Chief Financial Officer

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018	2017
		-----------(Rupees in '000)-------------	
Cash flows from operating activities			
Cash generated from operations	43	2,421,585	808,494
Taxes paid		(673,322)	(602,488)
Finance costs paid		(211,522)	(184,641)
Contribution to gratuity and pension funds		(11,552)	(12,081)
Contribution to Workers' Profit Participation Fund		(111)	(60,000)
Long term deposits - net		(20,003)	1,881
Net cash generated from / (used in) operating activities		1,505,075	(48,835)
Cash flows from investing activities			
Capital expenditure		(249,808)	(298,328)
Acquisition of intangible assets		(11,337)	(21,803)
Proceeds from disposal of operating fixed assets		59,332	80,578
Proceeds from disposal of operating fixed assets under sale and leaseback arrangement		89,839	30,889
Investments - net		(351,010)	(61,004)
Dividend income received		613,346	198,487
Interest income received		4,232	1,767
Net cash generated from / (used in) investing activities		154,594	(69,414)
Cash flows from financing activities			
Repayment of long term loans		(139,691)	(40,519)
Payments against finance lease obligations		(51,660)	(65,553)
(Repayments of) / proceeds from short term loans obtained - net		(1,046,780)	533,802
Dividends paid		(368,863)	(389,172)
Net cash (used in) / flow from financing activities	43.1	(1,606,994)	38,558
Net increase / (decrease) in cash and cash equivalents		52,675	(79,691)
Cash and cash equivalents at beginning of the year		(312,997)	(233,306)
Cash and cash equivalents at end of the year	44	(260,322)	(312,997)

The annexed notes from 1 to 55 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 2018

	Issued, subscribed and paid-up capital	Capital reserves			Revenue reserves		Total
		Share premium	Unrealized appreciation on (diminution) / remeasurement of investments classified as 'available for sale'	Others *	General reserve	Unappropriated profit	
	------(Rupees in '000)------						
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 for the year	-	-	-	-	-	1,187,121	1,187,121
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
Transactions with owners							
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 ending 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
Total comprehensive income for the year ended 30 June 2018							
Loss for the year	-	-	-	-	-	(61,419)	(61,419)
Other comprehensive loss for the year	-	-	(78,177)	(5,923)	-	(589,853)	(673,953)
Total comprehensive income for the year	-	-	(78,177)	(5,923)	-	(651,272)	(735,372)
Transactions with owners							
Dividend:							
- Final @ 22.5% (i.e. Rs. 2.25 per share) for the year ended 30 June 2017	-	-	-	-	-	(174,673)	(174,673)
- First interim @ 10% (i.e. Re. 1 per share) for the year ended 30 June 2018	-	-	-	-	-	(77,633)	(77,633)
Balance as at 30 June 2018	776,325	1,020,908	58,623	79,132	3,642,000	2,036,701	7,613,689

* This represents the Group's share of various reserves held by equity accounted investees.

The annexed notes from 1 to 55 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 2018

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, CS Energy (Private) Limited [formerly 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. The Holding Company is Shariah complaint and listed on Islamic Index.

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 Nooriabad, District Jamshoro, Sindh. 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's fabrication unit is engaged in fabrication and erection of machinery located at Bhone, District Jhang.

1.3 The Holding Company is running cotton spinning unit at Jaranwala, District Faisalabad. This 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.

1.4 The Holding Company is also managing a portfolio of equity investments and real estate though its Investment and Infrastructure Division from the principal office of the Holding Company.

1.5 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 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.

1.6 CS Energy (Private) Limited [formerly Shakarganj Energy (Private) Limited] was incorporated on 02 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 Generation Plants use bagasse in the combustion process to produce power and processed steam. The plant of the Company is located at Bhone, district Jhang, Punjab.

1.7 Solution de Energy (Private) Limited 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 Subsidiary 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 2018, all the shares are held by CS Energy (Private) Limited. The Subsidiary Company has been granted Letter of Interest (LOI) by the Punjab Power Development Board (PPDB) and currently the Subsidiary Company is in the phase of completing the requirements specified in LOI. Further, the Subsidiary Company has been

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allocated Land from PPDB. The, Interconnectivity study report has been completed and submitted for NTDC vetting and approval during the previous year has been duly vetted and approved for interconnectivity aspect during the current year ended 30 June 2018.

1.8 Crescent Hadeed (Private) Limited was incorporated on 15 May 2013 as a private limited company in Pakistan under the provisions of the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The objective of the Subsidiary Company is to cater to the growing demand of steel products is 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. The plant of the Subsidiary Company is located at Bhone, district Jhang, Punjab.

1.9 Crescent Continental Gas Pipelines Limited having share capital of Rs. 90 is not carrying on any business operations.

2. SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS DURING THE YEAR

The Holding Company's net sales stood at Rs. 9.930 billion (2017: Rs. 12.286 billion), 90.91% (2017: 85.91%) of which was generated from Steel division. For the second half of the year, the Steel division recorded revenue of Rs. 201.8 million only, owing to lower sales order booked by Steel division due to delay in infrastructure projects. During the month of April 2018, the Group secured a contract of Rs. 1.7 billion from SNGP for the supply of 24" coated pipe, Production and delivery of coated pipes is expected to commence from first quarter of next financial year. This includes 77% increase in sales over last year pertaining to sale of Steel billets. This has resulted due to second induction melting furnace along with the increase in selling prices with reference to the change in raw material (scrap) prices.

Net loss from investments amounted to Rs. 52.019 million for the year which includes unrealized loss of Rs. 92.033 million due to decline in KSE-100 Index in second half of the year, the bench mark shed by 13.1 percent and posted a low of 37,919 points and closed at 40,471.

Directors' report contain detail discussion about the Group's performance.

3. BASIS OF PREPARATION

3.1 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 CS Energy (Private) Limited for the year ended 30 June 2018. 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 20 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.

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3.2 Statement of compliance

These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFASs) issued by Institute of Chartered Accountant of Pakistan as are notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards or IFASs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.3 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except quoted investments which are classified as held for trading and available for sale, and derivatives 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.

3.4 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.

4. 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 underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognised prospectively. Information about judgements made in applying accounting policies that have the most significant effects on the amount recognised in the consolidated financial statements to the carrying amount of the assets and liabilities 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 (refer note 6.2)
- Intangible assets (refer note 6.3)
- Investment property (refer note 6.4)
- Investments (refer note 6.5 and 6.6)
- Stores, spares and loose tools and stock-in-trade (refer note 6.8 and 6.9)
- Employees benefits (refer note 6.12)
- Leases (refer note 6.14)
- Taxation (refer note 6.17)
- Impairment (refer note 6.2, 6.3, 6.4, 6.5 and 6.21)
- Provisions (refer note 6.20)

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

5.1 There are new and amended standards and interpretations as notified under the Companies Act, 2017 that are mandatory for accounting periods beginning 1 July 2017 but are considered not to be relevant or do not have any significant effect on the Group's consolidated financial statements and are therefore not stated in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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5.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 1 July 2018:

- Classification and Measurement of Share-based Payment Transactions - amendments to IFRS 2 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 Group'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 Group's consolidated financial statements.

- Annual Improvements to IFRSs 2014-2016 Cycle [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 Group'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. The application of interpretation is not likely to have an impact on the Group's consolidated financial statements.

- 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. The application of interpretation is not likely to have an impact on the Group's consolidated financial statements.

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- IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The management has completed an initial assessment of the potential impact on revenue and considered that the impact would not be significant.

- IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 July 2018 and 1 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The management has completed an initial assessment of changes required in classification and measurement of financial instruments on adoption of the standard and has also carried out an initial exercise to calculate impairment required under expected credit loss model. Based on initial assessment the management considered that there is no significant change in the recognition criteria or carrying value of the financial assets or liabilities and no additional significant impairment is expected.

- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The management has completed an initial assessment of the potential impact on the Group's lease arrangements and considered that the impact would not be significant.
- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on the Group's consolidated financial statements.

- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in consolidated other comprehensive income. The application of amendments is not likely to have an impact on the Group's consolidated financial statements.

- Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:

  - IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when

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it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 1 January 2019 and are not likely to have an impact on the Group's consolidated financial statements.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below, which have been consistently applied to all the periods presented except for the following:

- the first time application of financial reporting requirements, including disclosure and presentation requirements of the Companies Act, 2017 effective from 30 June 2018, some of the amounts reported for the previous period have been reclassified (refer note 53.1). However, there was no change in the reported amounts of consolidated statement of profit or loss and other comprehensive income or the amounts presented in the consolidated statement of financial position except for presentation.

- new or amendments / interpretations to existing standards and interpretation as stated in note no. 5.1.

6.1 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).

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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 profit or loss. 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 profit or loss. 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 or loss.

6.2 Property, plant and equipment

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 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 or loss as incurred.

Depreciation

Depreciation is charged to income on a straight line basis at the rates specified in note 17.1 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 consolidated profit or loss.

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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.

6.3 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.

Amortization

Amortization is charged to consolidated profit or loss 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 consolidated profit or loss 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 consolidated profit or loss as incurred. Capitalized development expenditure is stated at cost less

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accumulated amortization and accumulated impairment loss, if any. However, during the year expenses incurred in respect of the project have been capitalized (Refer note 18).

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

6.4 Investment property

Cost

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

Depreciation is charged to income on the straight line method at the rates specified in the note 19 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.

Impairment

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 consolidated profit or loss. 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.

Disposal

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 consolidated profit or loss.

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6.5 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 profit or loss when incurred. Investments at fair value through profit or loss are measured at fair value and changes therein are recognized in consolidated profit or loss.

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 transactions 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 or loss.

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

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.

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 profit or loss. 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 consolidated profit or loss.

Impairment losses on available for sale financial assets are recognized by reclassifying the losses accumulated in reserves in equity to profit or loss. The cumulative loss that is reclassified from equity to the consolidated profit or loss 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 consolidated profit or loss.

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 or loss. However, any subsequent recovery in the fair value of an impaired available for sale equity security is recognized in consolidated 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 consolidated profit or loss. 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 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 statement of financial position. The resultant gains and losses from derivatives held for trading purposes are recognized in consolidated profit or loss. No derivative is designated as hedging instrument by the Group.

6.6 Investment in commodities

Investment in commodities is initially recognised at cost, which is its fair value. Such commodities are principally acquired with the purpose of selling in near future and generating a profit from fluctuations in price. Subsequently, investment in commodities is stated at fair value less cost to sell. Changes in fair value is recognised in consolidated profit or loss.

6.7 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.

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6.8 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.

6.9 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 except for finished goods - pipe. 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 - pipe is assigned by using specific identification of their individual costs. Scrap stocks are valued at their estimated net realizable value.

6.10 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.

6.11 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 statement of cash flows.

6.12 Employee benefits

6.12.1 Compensated absences

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

6.12.2 Post retirement benefits

6.12.2.1 Defined contribution plan - Provident fund

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

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Cotton segment

Provision and collection from employees are made at the rate of 6.25% of basic pay plus Cost Of Living Allowance (COLA) 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 plus COLA for those employees who have served the Group for a period of less than five years and after completion of five years, contributions are made at the rate of 10%.

6.12.2.2 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 consolidated profit or loss. 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.

Crescent Hadeed (Private) Limited a Subsidiary Company had a gratuity benefit scheme for all of its permanent employees up to 31 December 2017. The Subsidiary Company discontinued the said scheme and accumulated benefits under the scheme will be paid to respective employee(s) on their separation from the Subsidiary Company.

6.13 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 consolidated profit or loss over the period of the borrowings on an effective interest basis.

6.14 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.

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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 consolidated profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized as more fully explained in note 6.19 below.

Payments made under operating leases (net of any incentives received from the lessor) are charged to consolidated profit or loss 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 consolidated profit or loss over the lease term. Any loss representing the excess of the carrying values over the sale proceeds is recognized immediately in consolidated profit or loss.

6.15 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 Group's consolidated financial statements and payments made under Ijarah financing are recognized in consolidated profit or loss on a straight line basis over the term of the lease.

6.16 Trade and other payables

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

6.17 Taxation

Group taxation

The Holding Company has opted for Group taxation under section 59AA of the Income Tax Ordinance, 2001 along with two of its subsidiaries CS Capital (Private) Limited and CS Energy (Private) Limited. The companies are taxed as one fiscal unit under this scheme. The current and deferred income taxes have been estimated on income of each of the companies according to the applicable law and are recognised by each company separately within the Group, regardless of who has the legal liability for settlement or the legal right for recovery of the tax. Any adjustments in respect of results of the subsidiaries arising solely due to group taxation are recognised in the Holding company and the amounts paid to or receivable from the Holding Company are adjusted accordingly.

The taxation of Crescent Hadeed (Private) Limited and Solution de energy (Private) Limited is made on an individual Company basis instead of Group 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.

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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.

6.18 Revenue recognition

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

Revenue is recognized on supply of electricity to consumers based on meter readings at the tariffs applied as per agreement with these consumers.

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 remeasurement of securities classified as 'fair value through profit or loss' are recognized in profit or loss in the period in which they arise. Gains and losses arising on revaluation of derivatives to the fair value are also recognized in profit or loss.

Unrealized gains and losses arising on remeasurement of securities classified as 'available for sale' are recognized in other 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.

6.19 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 profit or loss currently.

6.20 Provisions

A provision is recognized in the consolidated statement of financial position 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.

6.21 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 profit or loss.

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6.22 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 profit or loss.

6.23 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 statement of financial position 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.

6.24 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.

6.25 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.

6.26 Earnings per share

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

7. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2018	2017		2018	2017
------- (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

7.1 Ordinary shares of the Holding Company held by related parties as at year end are as follows

	2018		2017	
	(Percentage of holding)	(Number of shares)	(Percentage of holding)	(Number of shares)
	-----------------------(Rupees '000)-----------------------			
Crescent Steel and Allied Products Limited - Gratuity Fund	2.26%	1,752,333	1.90%	1,471,233
Crescent Steel and Allied Products Limited - Pension Fund	4.97%	3,856,980	4.16%	3,230,181
Crescent Steel and Allied Products Limited - Staff Provident Fund	0.16%	124,200	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	0.05%	36,178
Muhammad Amin Muhammad Bashir Limited	0.00%	848	0.00%	848
Premier Insurance Limited	0.18%	141,500	0.19%	146,500
Shakarganj Limited	0.23%	180,000	0.23%	180,000
Crescent Cotton Mills Limited	0.00%	76	0.00%	76

7.2 There is no shareholder agreement for voting rights, board selection, rights of first refusal, and block voting.

8. CAPITAL RESERVES

This includes share premium reserve amounting to Rs. 1,020.9 million and as per section 81 of the Companies Act 2017 this can be used for following purpose.

- to write off preliminary expenses of the Holding Company;
- to write off expenses of, or the commission paid or discount allowed on, any issue of shares of the Holding Company; and
- in providing for the premium payable on the redemption of any redeemable preference shares of the Holding Company.

The Holding Company may also use the share premium account to issue bonus shares to its members.

9. LONG TERM LOANS

	Note	2018	2017
		-----------(Rupees in '000)-------------	
Secured - Under non-shariah arrangement			
Allied Bank Limited	9.1	323,290	244,231
Saudi Pak Industrial and Agriculture Investment Company Limited	9.2	-	218,750
		323,290	462,981
Less: Current portion shown under current liabilities		96,544	140,500
		226,746	322,481

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9.1 The Holding Company has a long term loan arrangement with Allied Bank Limited for an amount of Rs. 312 million (2017: 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 instalments started from December 2015. During the year, the Holding Company has made repayment of Rs. 78 million (2017: Rs. 78 million) . Mark-up is payable at the rate of 3 months KIBOR plus 1.5% per annum.

During the year ended 30 June 2017, Holding Company entered into a loan arrangement with Allied Bank Limited of an amount of Rs. 100 million, out of which Rs. 74.176 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 instalments starting after fifteen months from date of disbursement. During the year, the Holding Company has made repayment of Rs. 4.636 million. Mark-up is payable at the rate of 3 months KIBOR plus 1.5% per annum.

During year ended 30 June 2018, the Holding Company entered into new loan arrangement with Allied Bank Limited of an amount of Rs. 300 million, out of which Rs. 156.25 million have been disbursed till date. The term of the loan is 4 years from the date of disbursement with a grace period of one year, repayable in 12 equal quarterly instalments starting after twelve 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 ranged between 7.64% to 8.35% (2017: 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.

9.2 The Holding Company had 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 instalments starting from eighteen month from date of disbursement. During the year, the Holding Company has made repayment of Rs. 218.75 million (2017: Rs. 31.250 million) including early repayment of 156.25 million. During the year, mark-up on such arrangement is 8.61% to 8.92% (2017: 8.48% to 8.85%) per annum. The facility was secured against first exclusive mortgage charge on land and building and property of the Holding Company.

10. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Minimum lease payments		Future finance costs		Present value of minimum lease payments	
	2018	2017	2018	2017	2018	2017
	(Rupees '000)					
Not later than one year	58,647	49,414	12,637	7,714	46,010	41,700
Later than one year and not later than five years	143,293	69,552	15,874	5,946	127,419	63,606
	201,940	118,966	28,511	13,660	173,429	105,306
Less: Current portion shown under current liabilities					46,010	41,700
					127,419	63,606

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10.1 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 to five years (2017: three to five years) and the liability is payable by the month ranging from one to sixty months (2017: three to sixty months). The periodic lease payments include built-in rates of mark-up ranging between 10.47% to 12.06% (2017: 10.61% to 15.41%) per annum. Included in the gross present value of minimum lease payments, is a sum aggregating Rs. 150.175 million (2017: Rs. 117.245 million) which pertains to obligations arising from sale and leaseback of assets.

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.

11. 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. 5.424 million (2017: Rs. 4.148 million) is classified in current liabilities; being current portion of deferred income of Rs. 13.531 million (2017: Rs. 11.619 million). The deferred income will be amortized to the consolidated profit or loss over the lease term. During the year, Rs. 4.677 million (2017: Rs. 4.968 million) is amortized in consolidated profit or loss.

12. DEFERRED TAXATION

	2018	2017
	(Rupees in '000)	
Deferred tax credits / (debits) arising in respect of :		
Taxable temporary differences		
Accelerated tax depreciation / amortization	35,926	33,144
Finance lease obligations	10,145	13,322
Employee benefits - Defined benefits plan	37,895	292,556
Unrealized gain on held for trading investments	2,094	10,934
Share of profit from equity accounted investees	158,097	172,836
	244,157	522,792
Deductible temporary differences		
Provision for slow moving stores, spares and loose tools	(17,538)	(13,777)
Provisions for doubtful trade debts, doubtful advances and others	(57,667)	(55,082)
Discounting on long term deposit	(19,404)	(22,647)
Deferred income	(3,923)	(3,486)
Provisions for impairment of fixed assets	(5,980)	(6,186)
Provision of Government Infrastructure Development Cess	(3,477)	(3,597)
Provision for diminution in the value of investments	(7,505)	(7,764)
	(115,494)	(112,539)
	128,663	410,253

12.1 Break up of deferred tax (reversal) / charge is as following:

	2018	2017
Consolidated profit or loss	(26,929)	19,027
Consolidated other comprehensive income	(254,661)	162,682
	(281,590)	181,709

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12.2 Net deferred tax asset of Rs. 138.840 million (2017: Rs. 67.910 million) arising on account of losses of Crescent Hadeed (Private) Limited (Subsidiary Company) has not been accounted for in these consolidated financial statements because the 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.

12.3 Profit of CS Energy (Private) Limited and Solution de Energy (Private) Limited the Subsidary Companies, from electric power generation are exempt from tax under clause 132 of part of second schedule to the Income Tax Ordinance, 2001. Since the income of the Subsidiary Companies is exempt from tax, no temporary difference arises. Accordingly, deferred tax has not been accounted for in these consolidated financial statements

13. TRADE AND OTHER PAYABLES

	Note	2018	2017
		(Rupees in '000)	
Trade creditors		201,473	137,621
Bills payable		940,333	1,365,239
Commission payable		1,253	802
Accrued liabilities	13.1	291,182	307,065
Advances from customers - unsecured		70,782	46,280
Provisions	13.2	201,805	172,616
Due to related parties	13.3	2,498	1,726
Payable to provident fund	13.4	2,384	369
Payable to staff retirement benefit funds	13.5	3,773	-
Retention money		2,949	4,699
Sales tax payable		1,832	28,488
Withholding tax payable		5,780	13,725
Derivative financial liability		306	-
Advance income tax	13.6	16,904	26,746
Workers' Profit Participation Fund	13.7	29,443	2,772
Workers' Welfare Fund		12,215	20,849
Others		20,295	15,842
		1,805,207	2,144,839

13.1 Accrued liabilities

	Note	2018	2017
Salaries, wages and other benefits		34,239	43,080
Accrual for 10-C bonus		2,609	2,481
Compensated absences		14,594	14,969
Liquidated damages		153,695	153,695
Others	13.1.1	86,045	92,840
		291,182	307,065

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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13.1.1 This includes liability against Gas Infrastructure Development Cess of Rs. 17.004 million (2017: Rs. 17.004 million).

13.2 Movement in provisions

	Infrastructure fee	Sales Tax	Liquidated damages	Total
	(Rupees '000)			
	(Note 13.2.1)	(Note 13.2.2)	(Note 13.2.3)	
Opening balance as at 30 June	123,953	3,242	45,421	172,616
Provision for the year	58,597	-	-	58,597
Payments during the year	(29,408)	-	-	(29,408)
Closing balance as at 30 June	153,142	3,242	45,421	201,805

13.2.1 This provision has been recognized against infrastructure fee levied by the Government of Sindh through Sindh Finance (Amendment) Ordinance, 2001 (the Ordinance) and through Sindh Development and Maintenance of Infrastructure Cess Act, 2017 (the Act). The Act validates fees levied through the Ordinance and continues the levy.

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.

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.

After promulgation of new law, the Group has instituted legal proceedings against the levy in the Sindh High Court, where interim stay has been granted on similar terms of payment of 50% of the amount of cess to the Government and furnishing of bank guarantees for remaining 50%.

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. 119.539 million (2017: Rs. 99.539 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 or loss. However, on a prudent basis full provision has been recognized.

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

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13.2.3 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.

13.3 This represent balance due to Premier Insurance Limited - a related party and Shakarganj Limited- associate amounting Rs. 0.041 million (2017: Rs. Nil) and Rs. 2.457 million (2017: Rs. 1.726 million) respectively.

13.4 Crescent Hadeed (Private) Limited a Subsidiary Company, formed a provident fund scheme for all of its permanent employees with effect from 01 January 2018 and investments were made by the Subsidiary Company into the trust in accordance with the requirements of Section 218 of the Companies Act, 2017.

13.5 This includes Rs. 1.874 million in respect of Crescent Hadeed (Private) Limited a Subsidiary Company, which had a gratuity benefit scheme for all of its permanent employees. On 31 December 2017, the Company discontinued the said scheme and accumulated benefits under the scheme will be paid to respective employee(s) on their separation from the Company.

13.6 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.

	Note	2018	2017
		-----------(Rupees in '000)-------------	
13.7 Workers' Profit Participation Fund			
Opening balance as at 1 July		2,772	2,661
Allocation for the year	37	26,782	60,111
		29,554	62,772
Amount paid to the trustees of the fund		(111)	(60,000)
Closing balance as at 30 June		29,443	2,772

14. MARK-UP ACCRUED

	Note	2018	2017
Mark-up accrued on:			
- Finance lease obligations		425	148
- Long term loans		3,732	4,765
- Running finance and short term loans	14.1	19,412	26,718
		23,569	31,631

14.1 This includes mark-up accrued amounting to Rs 2.96 million (2017: Rs 9.36 million) on shariah arrangement.

15. SHORT TERM BORROWINGS

	Note	2018	2017
Secured from banking companies			
Running finances under mark-up arrangements	15.1	453,977	398,626
Short term loans	15.2	788,840	2,505,540
Unsecured from non-banking companies			
Short term finance under mark-up arrangement	15.6	713,308	-
		1,956,125	2,904,166

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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15.1 Short term running finance available from conventional side of various commercial banks under mark-up arrangements amounted to Rs. 1,400 million (2017: Rs. 1,050 million) out of which Rs. 250 million (2017: Rs. 250 million), Rs. Nil (2017: Rs. 50 million) and Rs. 100 million (2017: 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 7.64% to 8.84% (2017: 6.96% to 8.62%) per annum.

15.2 This includes an amount of Rs. 225.904 million (2017: Rs. 622.8 million) outstanding against Islamic mode of financing. Short term loan financing available from various commercial banks under mark-up arrangements amounted to Rs. 5,457 million (2017: Rs. 4,380 million) out of which Rs. 3,925 million (2017: Rs. 3,500 million), Rs. 100 million (2017: Rs. 50 million) and Rs. 260 million (2017: 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 7.83% to 8.85% (2017: 7.71% to 8.51%) per annum.

15.3 The facilities for opening letters of credit amounted to Rs. 6,425 million (2017: Rs. 5,350 million) out of which Rs. 250 million (2017: Rs. 250 million), Rs. 3,675 million (2017: Rs. 3,500 million) and Rs. 210 million (2017: Rs. 410 million) are interchangeable with short term running finance, short term loans and letter of guarantee facility respectively as mentioned in notes 15.1 and 15.2 above. The facility for letters of guarantee as at 30 June 2018 amounted to Rs. 2,004 million (2017: Rs. 2,897 million). Amounts unutilized for letters of credit and guarantees as at 30 June 2018 were Rs. 4,453 million and Rs. 108 million (2017: Rs. 930 million and Rs. 652 million) respectively.

15.4 The Group is currently availing Islamic mode of financing from the Al Baraka Bank, Dubai Islamic Bank, Bank Islami Pakistan Limited. Facilities availed during the year includes letter of credit, bank guarantee, Wakala, Murahaba, Istisna and Ijarah financing.

15.5 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 28.3).

15.6 During the year, the Holding Company has issued commercial papers at discounted value of Rs. 669.9 million to non-banking finance companies for working capital requirement. The term of the loan is one year from the date of issuance and redeemable on 15 August 2018 at face value of Rs. 719.5 million. Mark-up is payable at the rate of six months KIBOR plus 1.35% per annum. During the year, mark-up on such arrangement was 7.50% per annum.

16. CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

16.1.1 During 2014-2015, 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 of 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 financial statements as the case is under appeal and management considers that the same would be decided in the Holding Company's favour.

16.1.2 During 2015-2016, 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 Honourable Sindh High Court has granted

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interim relief to the Holding Company. No provision has been recognized in the 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 favourable outcome of litigation in relation to the said matter.

16.1.3 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.

16.2 Commitments

16.2.1 During 2015-2016, the Holding Company entered into Ijarah financing arrangement amounting to Rs. 600 million with Bank Islami Pakistan Limited for acquisition of Spiral Pipe (SP) machine. As per requirement of IFAS-2 Ijarah financing has been treated as an operating lease. As at 30 June 2018, amount of lease rental outstanding under the agreement are Rs. 274.776 million (2017: Rs. 366.503 million), which is payable in quarterly instalments of Rs. 22.898 million (2017: Rs. 22.906 million) each.

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

	Note	2018	2017
		(Rupees in '000)	
Not later than one year		91,592	91,626
Later than one year and not later than five years		423,184	514,877
		514,776	606,503
Security deposit under arrangement		(240,000)	(240,000)
		274,776	366,503

16.2.2 Aggregate amount of guarantees issued by conventional side of banks on behalf of the Group against various contracts aggregated to Rs. 1,864 million (2017: Rs. 1,972 million). This includes guarantee issued by Islamic banks amounting to Rs. 166.8 million (2017: Rs. 209 million).

16.2.3 Commitments in respect of capital expenditure contracted for by the Group as at 30 June 2018 amounted to Rs. 25.492 million (2017: Rs. 79.631 million) which includes Rs. 7.462 million (2017: Rs. 7.462 million) related to office premises located in Islamabad payable on completion of project.

16.2.4 Commitments under letters of credit as at 30 June 2018 amounted to Rs. 682.933 million (2017: Rs. 767.334 million).

17. PROPERTY, PLANT AND EQUIPMENT

	Note	2018	2017
Operating fixed assets	17.1	2,483,743	2,453,130
Capital work-in-progress	17.5	112,291	112,240
		2,596,034	2,565,370

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17.1 Operating fixed assets

		Land		Buildings		Office	Plant and machinery		Electrical /	Furniture	Computers	Motor vehicles		Total
		Freehold	Leasehold including improvements	On freehold land	On leasehold land	premises	Owned *	Leased	office equipment and installation	and fittings		Owned	Leased	
		(Rupees in '000)												
Net carrying value as at 1 July 2017														
Opening net book value (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
Additions / transfers		-	-	25,709	-	-	158,882	114,775	11,099	1,453	2,880	49,614	-	364,412
Disposals (at NBV)	17.6	-	-	-	-	-	(83,250)	(31,078)	-	-	-	(3,453)	-	(117,781)
Depreciation charge	17.1.2	-	(1,686)	(26,593)	(107)	(905)	(138,171)	(17,955)	(7,079)	(1,651)	(4,303)	(10,522)	(7,046)	(216,018)
Balance as at 30 June 2018 (NBV)		307,724	39,311	438,787	849	7,125	1,383,546	191,198	25,183	11,944	5,600	55,262	17,214	2,483,743
Gross carrying value as at 30 June 2018														
Cost	17.4	307,724	43,066	640,705	70,027	27,481	2,757,295	218,546	70,870	31,493	62,082	97,539	34,538	4,361,366
Accumulated depreciation		-	(3,755)	(201,918)	(69,178)	(20,356)	(1,373,749)	(27,348)	(45,687)	(19,549)	(56,482)	(42,277)	(17,324)	(1,877,623)
Net book value		307,724	39,311	438,787	849	7,125	1,383,546	191,198	25,183	11,944	5,600	55,262	17,214	2,483,743
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
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. 1.049 million (2017: Rs. 0.251 million) representing net book value of capitalized spares.

17.1.1 During the year asset having net book value Rs. 31.078 million (2017: Rs. 48.305 million) transferred from lease assets to own assets due to maturity of lease term.

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

	Note	2018	2017
		(Rupees in '000)	
Cost of sales	33.1	194,005	176,558
Distribution and selling expenses	35	1,175	1,388
Administrative expenses	36	20,392	19,752
Allocated against rental income	38	-	1,909
Intangible under development phase		446	446
		216,018	200,053

17.2 Property, plant and equipment as at 30 June 2018 include items having an aggregate cost of Rs. 1,257.172 million (2017: Rs. 1,252.551 million) that have been fully depreciated and are still in use by the Holding Company.

17.3 Particulars of Group's immovable operating fixed assets are as follows:

Particulars	Location	Area	
Building			
Office premises	Saddar, Karachi	14,504	Sq. feet
Building	Nooriabad, District Jamshoro	261,257	Sq. feet
Building	Jaranwala, District Faisalabad	340,455	Sq. feet
Building	Dalowal, District Faisalabad	30,484	Sq. feet
Building	Bhone, District Jhang	78,098	Sq. feet
Building	Bhone, District Jhang	7,515	Sq. feet
Land			
Lease hold	Nooriabad, District Jamshoro	30.0	Acre
Freehold land	Ferozpur Lahore	5.1	Acre
Freehold land	Dalowal, District Faisalabad	13.9	Acre
Freehold land	Jaranwala, District Faisalabad	35.5	Acre
Freehold land	Bhone, District Jhang	19.11	Acre

17.4 The fair value of property, plant and equipment of the Group as at 30 June 2016 approximated to Rs. 4,508.7 million.

17.5 Capital work-in-progress

	Note	2018	2017
		Rupees in '000	
Advances to suppliers		56,806	61,116
Civil work	17.5.1 & 17.5.2	54,593	49,822
Plant and machinery		892	1,302
		112,291	112,240

17.5.1 This includes an amount of Rs. 26.4 million (2017: 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 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 favourable outcome.

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

17.5.2 The Holding Company has recognized a provision for an amount of Rs. 20.619 million (2017: Rs. 20.619 miilion) against construction work at a site which has been halted since last year.

17.6 The following assets were disposed off during the year

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain/(loss)	Mode of disposal	Particular of buyers
	(Rupees in '000)						
Plant and machinery	33,422	696	32,726	34,893	2,167	Sale and lease back	Sindh Leasing Company Limited
	12,043	201	11,842	14,995	3,153	Sale and lease back	Sindh Leasing Company Limited
	20,039	-	20,039	20,751	712	Sale and lease back	Sindh Leasing Company Limited
	18,643	-	18,643	19,200	557	Sale and lease back	Pak-Gulf Leasing Company Limited
Motor Vehicle	753	66	687	732	45	Company Policy	Mr. Mumtaz Malik (Employee)
Others	57,246	54,480	2,766	27,407	24,641	Various	Various
2018	142,146	55,443	86,703	117,978	31,275		
2017	108,479	75,853	32,626	111,467	78,841		

18. INTANGIBLE ASSETS

	Note	2018	2017
		(Rupees in '000)	
Intangible assets			
- Under use	18.1	2,602	6,160
- Under project development	18.2	134,403	123,066
		137,005	129,226

18.1 Intangible assets - under use

	Note	2018	2017
Net carrying value as at 1 July			
Net book value as at 1 July		6,160	11,423
Amortization	18.1.1	(3,558)	(5,263)
Net book value as at 30 June	18.1.2	2,602	6,160
Gross carrying value as at 30 June			
Cost		77,419	77,419
Accumulated amortization		(72,177)	(68,619)
Accumulated impairment		(2,640)	(2,640)
Net book value		2,602	6,160
Amortization rate (% per annum)		33.33	33.33

18.1.1 The amortization charge for the year has been allocated to administrative expenses (Note 36).

18.1.2 Intangible assets as at 30 June 2018 include items having an aggregate cost of Rs. 65.751 million (2017: Rs. 63.269 million) that have been fully amortized and are still in use of the Holding Company.

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18.2 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).

19. 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 2017					
Opening net book value (NBV)		40,156	12,954	961	54,071
Depreciation charge	19.1	(2,607)	(1,186)	(920)	(4,713)
Balance as at 30 June 2018 (NBV)		37,549	11,768	41	49,358
Gross carrying value as at 30 June 2018					
Cost	19.2	49,445	23,366	29,830	102,641
Accumulated depreciation		(11,896)	(11,598)	(29,789)	(53,283)
Net book value		37,549	11,768	41	49,358
Net carrying value as at 1 July 2016					
Opening net book value (NBV)		42,763	14,141	3,644	60,548
Depreciation charge		(2,607)	(1,187)	(2,683)	(6,477)
Balance as at 30 June 2017 (NBV)		40,156	12,954	961	54,071
Gross carrying value as at 30 June 2017					
Cost		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
Depreciation rate (% per annum)		1 & 10	5	10 - 20	

19.1 Depreciation charged for the year has been allocated to administrative expenses (Note 36).

19.2 Fair value of the investment property based on recent valuation as at 30 June 2018 is Rs. 258 million (2017: Rs. 213 million), which is determined by independent valuer on the basis of market value.

19.3 Particulars of Group's investment property are as follows:

Particulars	Location	Area	
Building			
Ware house	Port Qasim, Karachi	40,000	Sq. feet
Building	Port Qasim, Karachi	415.6	Sq. feet
Office premises	Saddar, Karachi	4,854	Sq. feet
Land			
Lease hold	Port Qasim, Karachi	4	Acre
Freehold land	Gawadar	3	Acre

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20. INVESTMENT IN EQUITY ACCOUNTED INVESTEES

2018	2017		Note	2018	2017
(Number of Shares)				(Rupees in '000)	
		Quoted			
63,967,500	63,967,500	Altern Energy Limited (Chief Executive Officer - Mr. Taimur Dawood)	20.1	2,777,125	2,973,681
35,011,347	30,809,987	Shakarganj Limited (Chief Executive Officer - Mr. Anjum M. Saleem)	20.1	311,108	317,925
		Unquoted			
3,430,000	3,430,000	Crescent Socks (Private) Limited (Chief Executive Officer - Mr. Shehryar Mazhar)	20.1	-	-
				3,088,233	3,291,606

20.1 Movement of investment in equity accounted investees is as follows:

Description	Note	Altern Energy Limited	Shakarganj Limited	Crescent Socks (Private) Limited	Total
		30 June 2018			
		20.1.3			
		(Rupees '000)			
Opening balance as at 1 July 2017		2,973,681	317,925	-	3,291,606
Share of profit / (loss)		315,443	(230,481)	-	84,962
Share of equity		(259)	(5,664)	-	(5,923)
Dividend received		(511,740)	(43,763)	-	(555,503)
Right shares subscribed	20.1.1	-	273,091	-	273,091
Closing balance as at 30 June 2018		2,777,125	311,108	-	3,088,233
Opening balance as at 1 July 2016		2,772,227	96,515	13,653	2,882,395
Share of profit / (loss)		350,461	232,501	(13,653)	569,309
Share of equity		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

20.1.1 During the year, the Group has further subscribed right shares issues made by the investee Company aggregating to 4.201 million ordinary shares for Rs. 273.091 million.

20.1.2 The Holding Company has assessed the recoverable amount of the investment in Altern Energy Limited based on value in use. The value in use has been determined on basis of Free Cash Flows to Firm method (FCFF) which assumes discount rate of 8.31%. Based on valuation the recoverable amount exceeds the carrying amount and accordingly, no impairment was recorded.

20.1.3 Investment in associated companies or undertakings have been made in accordance with the requirements under the Companies Act, 2017.

20.1.4 Due to accumulated losses, the Group has recognized impairment loss of Rs. 34 million in previous years. As per unaudited condensed interim financial information as at 31 March 2018 the share of profit /(loss) after tax of the associated company was Rs. 7.635 million [2017: Rs. (7.912 million)] but due to uncertainty of profitability and non-availability of value in use, share of profit was not recorded by the Group.

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	Note	2018	2017
		-----------(Rupees in '000)------------	

20.2 Market value of investments in associates is as follows:

	Note	2018	2017
Quoted			
Altern Energy Limited		2,427,567	3,181,743
Shakarganj Limited		2,468,300	3,048,956
		4,895,867	6,230,699

20.3 Percentage of holding of equity in associates is as follows:

	Note	2018	2017
Altern Energy Limited	20.3.1	17.60	17.60
Shakarganj Limited		28.01	28.01
Crescent Socks (Private) Limited		48.99	48.99

20.3.1 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 Group 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.

20.4 The latest financial statements / condensed interim financial information of these companies as at 30 June 2018 are not presently available. The following is summarized financial information of material associated companies as at 31 March 2018 and for the twelve months period ended 31 March 2018 based on their respective unaudited condensed interim financial information prepared in accordance with the accounting and reporting standards as applicable in Pakistan, modified for fair value and other adjustments and differences in Group's accounting policies:

	Altern Energy Limited		Shakarganj Limited	
	2018	2017	2018	2017
	-----------------------(Rupees in '000)-----------------------			
For the twelve months period ended 31 March				
Revenues	29,231,699	27,246,068	7,268,191	9,648,086
Profit / (loss) after tax	3,013,004	3,299,335	(822,853)	830,064
Other comprehensive income / (loss)	(2,453)	215	(20,221)	(39,595)
Total comprehensive income	3,010,551	3,299,550	(843,074)	790,469
Attributable to non-controlling interests of associates	1,219,733	1,308,078	-	-
Attributable to owners of the parent	1,790,818	1,991,472	(843,074)	790,469
	3,010,551	3,299,550	(843,074)	790,469
As at 31 March				
Non current assets	19,414,491	20,632,067	9,605,917	9,882,579
Current assets	17,068,451	16,103,421	2,163,289	2,758,038
Non Current Liabilities	(2,732,866)	(3,506,735)	(1,094,046)	(1,226,976)
Current Liabilities	(7,637,322)	(5,149,159)	(4,673,841)	(5,364,955)
Net Assets	26,112,754	28,079,594	6,001,319	6,048,686
Attributable to non-controlling interests of associates	10,152,354	11,002,627	-	-
Attributable to owners of the parent	15,960,400	17,076,967	6,001,319	6,048,686
	26,112,754	28,079,594	6,001,319	6,048,686
Group's interest in net assets of investee at end of the year	2,809,030	3,005,546	1,680,970	1,694,237
Fair value and other adjustments	(31,905)	(31,865)	(8,832)	(7,758)
Effect of difference in Group's accounting policy	-	-	(1,349,295)	(1,353,884)
Director's equity portion	-	-	(11,735)	(14,670)
Carrying amount of interest in equity accounted investees at end of the year	2,777,125	2,973,681	311,108	317,925

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20.4.1 These figures are based on the latest available unaudited condensed interim consolidated financial information as at 31 March 2018 including its subsidiary company Rousch (Pakistan) Power Limited being managed by Power Management Company holding 59.98% shares.

21. OTHER LONG TERM INVESTMENTS - Available for sale

	Note	2018	2017
		-----------(Rupees in '000)------------	
Investments in related parties	21.1	-	60,717
Other investments	21.2	262,933	160,000
		262,933	220,717

21.1 Investments in related parties

2018	2017		Note	2018	2017
------- (Number of Shares) -------					
		Unquoted			
2,403,725	2,403,725	Crescent Bahuman Limited	21.1.1	24,037	24,037
-	2,814,999	Central Depository Company of Pakistan Limited (CDC)		-	60,717
				24,037	84,754
		Less: Provision for impairment		24,037	24,037
				-	60,717

21.1.1 The chief executive of Crescent Bahuman Limited is Mr. Nasir Shafi. The break-up value of shares of the investee company is Rs. 15.50 per share (2017: Rs. 15.43 per share), calculated on the basis of audited annual financial statements for the year ended 30 June 2017.

2018	2017		Note	2018	2017
		Unquoted			
2,814,999	-	Central Depository Company of Pakistan Limited (CDC)		60,717	-
1,047,000	1,047,000	Crescent Industrial Chemicals Limited		10,470	10,470
16,000,000	16,000,000	Shakarganj Food Products Limited		160,000	160,000
		Right shares subscription money	21.2.1	42,216	-
				202,216	160,000
				273,403	170,470
		Less: Provision for impairment		(10,470)	(10,470)
				262,933	160,000

21.2.1 During the year, the Group has further subscribed right shares issued by the investee company aggregating to 2.815 million ordinary shares of Rs. 15 each.

22. LONG TERM DEPOSITS

	Note	2018	2017
Security deposits			
- leasing companies		24,670	11,930
- Ijarah financing arrangement		181,788	166,034
- others	22.1	10,775	16,571
		217,233	194,535

22.1 This includes Rs. Nil (2017: 5.885 million) in respect of cost of interconnectivity of 11KV feeder paid to FESCO under Power Purchase Agreement (PPA) (refer note 27.2).

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	Note	2018	2017
		-----------(Rupees in '000)------------	
23. STORES, SPARES AND LOOSE TOOLS			
Stores - steel segment		42,275	27,887
Spare parts - steel segment		201,567	169,641
Loose tools - steel segment		4,751	4,032
Stores and spares - cotton segment		28,571	35,572
		277,164	237,132
Less: Provision for slow moving items	23.1	65,651	45,924
		211,513	191,208

23.1 Movement in provision for slow moving items

	2018	2017
Opening balance	45,924	42,159
Provision made during the year	19,727	6,047
Reversal of provision made during the year	-	(2,282)
Closing balance	65,651	45,924

24. STOCK-IN-TRADE

	Note	2018	2017
Raw materials			
Hot rolled steel coils (HR Coil)		190,673	468,650
Coating materials		74,068	71,783
Remelting scrap		126,466	207,953
Others		149,149	96,625
Raw cotton		205,217	66
Bagasse		5,414	197,963
Stock-in-transit		1,075,007	1,832,515
	24.1 & 33.1	1,825,994	2,875,555
Work-in-process	24.1 & 33.1	19,713	85,524
Finished goods	24.1 & 33.1	416,590	414,069
Scrap / cotton waste		5,811	9,604
		442,114	509,197
		2,268,108	3,384,752

24.1 Stock-in-trade as at 30 June 2018 includes items valued at net realisable value (NRV). Charge in respect of stock written down to NRV was amounting to Rs. 32.020 million (2017: Rs. 120.433 million) has been recognized in cost of goods sold.

	Cost	NRV
	-----------(Rupees in '000)------------	
Raw material	1,829,092	1,825,994
Work-in-process	19,713	19,713
Finished goods	445,512	416,590
	2,294,317	2,262,297

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	Note	2018	2017
		-----------(Rupees in '000)------------	
25. TRADE DEBTS			
Secured			
Considered good		-	611,744
Unsecured			
Considered good	25.1	82,320	279,050
Considered doubtful		21,263	24,187
Provision for doubtful trade debts	25.2	(21,263)	(24,187)
		82,320	279,050
		82,320	890,794

25.1 This includes an amount of Rs. 8.966 million (2017: 148.841 million) due from Shakarganj Limited, a related party. Maximum aggregate amount outstanding at any time during the year calculated by reference to month end balances is Rs. 334.874 million (2017: Rs. 148.841 million).

25.1.1 The aging of amount due from related parties:

	2018	2017
Not past due	615	105,067
Past due 1 - 30 days	-	-
Past due 30 - 180 days	8,351	43,773
Past due 180 days	-	-
	8,966	148,840

25.2 Movement in provision for doubtful trade debts

	2018	2017
Opening balance	24,187	16,818
Provision made during the year	2,090	7,447
Reversal of provision made during the year	(5,014)	(78)
Closing balance	21,263	24,187

26. ADVANCES

	2018	2017
Unsecured		
Advances - considered good		
Staff	1,095	3,242
Suppliers for goods and services	28,802	17,910
Advances to others	-	35
Advances - considered doubtful		
Suppliers for goods and services	47	47
Provision for doubtful advances	(47)	(47)
	-	-
	29,897	21,187

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	Note	2018	2017
		----------(Rupees in '000)------------	
27. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposits - leasing companies		2,891	4,969
Security deposits - others	27.1 & 27.2	59,038	41,416
Prepayments		9,845	10,475
		71,774	56,860

27.1 This includes container security deposit related to import of raw material scrap amounting to Rs. 14.975 million (2017: Rs. 17.849 million).

27.2 This includes Rs. 28.625 (2017: 22.740 million) in respect of 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 instalments, without mark-up, commencing after one month from commercial operation date. For fair presentation, this interest free long term deposit was 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 instalments due, the amortization (unwinding) has been discontinued since last year.

	Note	2018	2017
		------------(Rupees in '000)------------	
28. INVESTMENT			
Investments in related parties			
Available for sale	28.1	160,820	238,996
Held for trading	28.2	866,028	950,766
Investment in term deposit receipts - Conventional banking	28.4	28,000	11,500
		1,054,848	1,201,262

28.1 Available for sale

2018	2017	Name of investee company	Note	2018	2017
------- (Number of Shares) -------				-------- (Rupees in '000) -------	
		Quoted			
6,381,743	6,381,743	The Crescent Textile Mills Limited	28.1.1	160,820	238,996
26,490	26,490	Jubilee Spinning and Weaving Mills Limited	28.1.2	-	-
		Unquoted			
1,996	1,996	Innovative Investment Bank Limited	28.1.2	-	-
				160,820	238,996

28.1.1 The Holding Company has recognized impairment loss in previous years amounting to Rs. 4.537 million (2017: Rs. 4.537 million) against the investment.

28.1.2 These investments are fully impaired as their break-up value of shares are Rs. Nil per share (2017: Rs. Nil).

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28.2 Held for trading

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

2018	2017	Name of investee company	2018	2017
(Number of shares / certificates)			-------- (Rupees in '000) -------	
18,300	6,300	Attock Cement Pakistan Limited	7,927	1,907
-	12,000	Attock Petroleum Limited	-	7,517
75,000	50,000	Avanceon Limited	4,968	2,266
200,000	200,000	Cherat Cement Company Limited	19,446	35,756
530,000	530,000	D.G. Khan Cement Company Limited	60,679	112,974
50,000	-	Dolmen City REIT	645	-
27,000	45,000	Engro Corporation Limited	8,474	14,666
200,000	310,000	Engro Fertilizer Limited	14,982	17,124
15,000	15,000	Engro Foods Limited	1,336	1,822
15,000	75,500	Fatima Fertilizer Company Limited	486	2,543
125,000	125,000	Fauji Cement Company Limited	2,856	5,129
445,000	445,000	Fauji Fertilizer Bin Qasim Limited	17,178	19,063
145,000	145,000	Fauji Fertilizer Company Limited	14,339	11,982
104,500	30,000	Hi-Tech Lubricants Limited	10,587	3,270
1,350	1,350	Innovative Investment Bank Limited	-	-
168,800	120,000	International Industries Limited	39,211	44,228
313,000	293,000	International Steels Limited	31,832	37,472
-	10,000	Ittehad Chemical Limited	-	313
1,800,000	1,800,000	K-Electric Limited *	10,224	12,420
56,600	61,600	Kohat Cement Company Limited	6,966	14,123
857,000	857,000	Kohinoor Energy Limited	34,280	36,911
447,000	447,000	Kot Addu Power Company Limited	24,097	32,193
320,000	250,000	Loads Limited	9,978	10,368
50,000	25,000	Meezan Bank Limited	4,086	1,975
-	35,000	Nishat (Chunian) Limited	-	1,796
320,400	285,000	Nishat Mills Limited	45,151	45,224
291,000	291,000	Nishat Power Limited	8,625	13,747
241,100	156,000	Oil and Gas Development Company Limited	37,520	21,947
15,000	-	Pak Suzuki Motors Company Limited	5,901	-
100,000	100,000	Pakgen Power Limited	1,928	2,022
-	650,000	Pakistan International Bulk Terminals Pakistan Limited	-	15,054
129,500	120,000	Pakistan Oilfields Limited	86,997	54,979
548,600	530,000	Pakistan Petroleum Limited	117,894	78,515
199,800	149,200	Pakistan State Oil Company Limited	63,598	57,792
1,982,332	1,982,332	Pakistan Stock Exchange Limited	39,151	50,907
125,000	510,000	Pakistan Telecommunication Company Limited	1,430	7,962
2,405,000	2,405,000	PICIC Growth Fund	73,377	74,555
764,673	764,673	PICIC Investment Fund	10,300	11,470
37,400	68,000	Roshan Packages Limited	1,054	3,820
140,000	380,000	Sui Northern Gas Pipelines Limited	14,031	56,590
310,000	135,000	Sui Southern Gas Company Limited	10,175	4,915
10,400	-	Thal Limited	4,966	-
210,000	190,000	The Hub Power Company Limited	19,353	22,311
-	20,000	Treet Corporation Limited	-	1,138
			866,028	950,766

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

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28.3 The market value of investments which has been pledge with financial institutions as security against financing facilities (refer note 15.5) are as follows:

	2018	2017
	-----------(Rupees in '000)-----------	
Name of investee company		
Altern Energy Limited (Associated Company)	2,147,970	3,057,767
Attock Cement Pakistan Limited	7,927	1,907
Attock Petroleum Limited	-	7,517
Avanceon Limited	4,968	-
Cherat Cement Company Limited	19,446	35,756
D.G. Khan Cement Company Limited	60,679	112,974
Engro Corporation Limited	8,474	14,666
Engro Fertilizer Limited	14,982	17,124
Engro Foods Limited	1,336	1,822
Fatima Fertilizer Company Limited	486	2,543
Fauji Cement Company Limited	2,856	5,129
Fauji Fertilizer Bin Qasim Limited	17,178	19,064
Fauji Fertilizer Company Limited	14,339	11,984
Hi-Tech Lubricants Limited	8,460	3,270
International Industries Limited	29,454	44,228
International Steel Limited	31,832	37,472
K-Electric Limited	10,224	10,350
Kohat Cement Company Limited	-	14,123
Kohinoor Energy Limited	25,560	29,592
Kot Addu Power Company Limited	24,097	32,193
Loads Limited	9,354	-
Meezan Bank Limited	4,086	1,975
Nishat (Chunian) Limited	-	1,796
Nishat Mills Limited	40,162	22,215
Nishat Power Limited	8,625	13,747
Oil and Gas Development Company Limited	37,099	21,947
Pak Suzuki Motor Company Limited	5,901	-
Pakgen Power Limited	1,928	2,022
Pakistan International Bulk Terminals Limited	-	6,947
Pakistan Oilfields Limited	86,997	54,977
Pakistan Petroleum Limited	117,078	78,514
Pakistan State Oil Company Limited	59,142	57,638
Pakistan Stock Exchange Limited	39,151	-
Pakistan Telecommunication Company Limited	-	7,962
PICIC Growth Fund	-	74,554
PICIC Investment Fund	6,735	7,500
Roshan Packages Limited	958	1,910
Sui Northern Gas Pipelines Limited	14,031	56,590
Sui Southern Gas Company Limited	10,175	4,915
Thal Limited	2,531	-
The Crescent Textile Mills Limited	112,200	127,330
The Hub Power Company Limited	19,354	22,311
Treet Corporation Limited	-	1,138
	3,005,775	4,025,469

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28.4 This represent term deposits with conventional side of a commercial bank having a maturity period of 6 to 12 months and carrying mark-up at 4.00% to 4.50% per annum. These term deposit receipts are kept with bank as security to issue a guarantee of Rs. 18.0 million (2017: Rs. 7.5 million) in favour of Excise and Taxation Department due to infrastructure fee imposed by the Government of Sindh; and also for Rs. 10.0 million (2017: Rs. 4.0 million) in favour of Shell Pakistan Limited against diesel bills.

29. OTHER RECEIVABLES

	Note	2018	2017
		-----------(Rupees in '000)------------	
Dividend receivable		3,262	3,257
Provision there against		(885)	(885)
Dividend receivable		2,377	2,372
Receivable against investments	29.1	17,723	17,770
Provision there against		(17,723)	(17,770)
		-	-
Receivable against rent from investment property		442	442
Claim receivable		-	1,863
Due from related parties	29.2	53	40
Retention money receivable		113,162	380,691
Sales tax refundable	29.3 & 29.4	239,394	348,872
Margin on letter of credit and guarantee		18,404	21,264
Receivable from staff retirement benefits funds	46.1.3	254,774	1,014,310
Others		2,042	4,510
		630,648	1,774,364

29.1 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.

29.2 This represents amount due from CSAP - Pension Fund amounting to Rs. 0.053 million (2017: Rs. 0.040 million). Maximum aggregate amount outstanding at any time during the year calculated by reference to month-end balances is Rs. 0.053 million (2017: Rs. 0.040 million) and amount is 180 days past due.

29.3 During the year, order original no. 10/2016-17 dated 18 August 2017 was issued whereby demand aggregating to Rs. 41.6 million was raised against the Holding Company under sections 33 and 34 of the Sales Tax Act, 1990. The case was contested at Commissioner Inland Revenue (Appeals), where the case has been decided mostly in favour of company thereby reducing demand to Rs. 8.759 million via order dated 8 January 2018, issued under section 45B of the Sales Tax Act, 1990. Currently the case is pending in Appellate Tribunal Inland Revenue. No provision has been made in these consolidated financial statements in respect of this case, since based on the tax consultant's opinion the management is confident of favourable outcome of this appeal.

29.4 This includes payment made by CS 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 (2017: 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.

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30. TAXATION - NET

	2018	2017
	-----------(Rupees in '000)------------	
Advance taxation	3,584,206	2,929,935
Provision for taxation	(2,418,897)	(2,181,409)
	1,165,309	748,526

30.1 The Income Tax assessments / return filed of the Group have been finalized up to and including tax year 2017, 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:

The Additional Commissioner Inland Revenue amended the deemed assessment of the Holding Company for Tax Year 2009 and Tax Year 2011 thereby raising demands of Rs. 4.937 million and Rs. 22.218 million respectively. The Company has filed appeals with the Commissioner Inland Revenue (Appeals) which are yet to be fixed for hearing.

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 Holding Company at the Commissioner (Appeals) level, whereas appeals have been preferred 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.

30.2 The Board of Directors of the Holding Company in their meeting held on 31 July 2018 has announced sufficient cash dividend for the year ended 30 June 2018 to comply with the requirements of section 5A of the Income Tax Ordinance, 2001. Accordingly, no provision for tax on undistributed reserves has been recognized in these consolidated financial statements.

31. CASH AND BANK BALANCES

	Note	2018	2017
		-----------(Rupees in '000)------------	
With banks			
- in saving account	31.1	17,245	54,022
- in current accounts		175,917	30,845
	31.2	193,162	84,867
Cash in hand		493	762
		175,917	30,845

31.1 Mark-up rate on saving account ranged between 3.17% to 5.71% (2017: 1.54% to 4.25%).

31.2 This includes balances amounting to Rs. 1.811 million (2017: Rs. 1.667 million) with Shariah complaint banks.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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32. SALES - NET

	Note	2018	2017
		-----------(Rupees in '000)------------	
Local sales			
Bare pipes		5,533,373	8,426,029
Steel Billets		3,382,588	1,911,780
Pipe coating		742,977	341,833
Pre coated pipes		475,612	1,339,963
Cotton yarn / raw cotton		884,203	1,216,867
Electricity sales		147,279	232,955
Steam sales		125,801	401,727
Others		141,120	182,503
Scrap / waste		16,857	35,540
Sales returns		-	(1,196)
		11,449,810	14,088,001
Export sales			
Fabric	32.1	13,120	57,169
		11,462,930	14,145,170
Sales tax		(1,533,174)	(1,859,622)
		9,929,756	12,285,548

32.1 Summary of export sales during the year:

Country	Geographical location	Credit terms	Note	2018	2017
				-----------(Rupees in '000)------------	
Ecuador	South America	Unsecured		13,120	33,552
Dominican republic	North America	Unsecured		-	10,441
Paraguay	South America	Unsecured		-	10,876
Peru	South America	Unsecured		-	2,300
				13,120	57,169

33. COST OF SALES

	Note	2018	2017
Steel segment	33.1	7,754,114	8,320,272
Cotton segment	33.1	888,295	1,295,114
Energy segment	33.1	747,645	982,635
		9,390,054	10,598,021

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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33.1 Cost of sales

		Steel segment		Cotton segment		Energy segment		Total	
		2018	2017	2018	2017	2018	2017	2018	2017
		---(Rupees in '000)---							
Raw materials consumed		6,385,661	7,354,964	611,491	853,563	618,233	879,803	7,615,385	9,088,330
Cost of raw cotton sold		-	-	27,736	-	-	-	27,736	-
Packing materials consumed		-	-	9,613	19,559	-	-	9,613	19,559
Stores and spares consumed		224,636	271,438	13,671	25,866	19,215	10,524	257,522	307,828
Fuel, power and electricity		55,616	79,542	111,143	169,478	-	-	166,759	249,020
Salaries, wages and other benefits	33.2	236,263	264,542	82,221	118,955	32,803	20,175	351,287	403,672
Insurance		5,577	5,063	2,394	2,657	1,374	1,278	9,345	8,998
Repairs and maintenance		23,868	21,358	1,834	2,227	8,167	5,192	33,869	28,777
Depreciation	17.1.2	105,881	86,457	29,201	35,228	58,923	54,873	194,005	176,558
Rental under Ijarah financing		91,599	91,349	-	-	-	-	91,599	91,349
Stock-in-trade written down to NRV		32,020	120,433	-	-	-	-	32,020	120,433
Other expenses		525,088	307,604	3,606	39,756	8,930	10,790	537,624	358,150
		7,686,209	8,602,750	892,910	1,267,289	747,645	982,635	9,326,764	10,852,674
Opening stock of work-in-process		85,524	76,672	-	10,250	-	-	85,524	86,922
Closing stock of work-in-process	24	(10,288)	(85,524)	(9,425)	-	-	-	(19,713)	(85,524)
		75,236	(8,852)	(9,425)	10,250	-	-	65,811	1,398
Cost of goods manufactured		7,761,445	8,593,898	883,485	1,277,539	747,645	982,635	9,392,575	10,854,072
Opening stock of finished goods		403,765	130,139	10,304	27,879	-	-	414,069	158,018
Closing stock of finished goods	24	(411,096)	(403,765)	(5,494)	(10,304)	-	-	(416,590)	(414,069)
		(7,331)	(273,626)	4,810	17,575	-	-	(2,521)	(256,051)
		7,754,114	8,320,272	888,295	1,295,114	747,645	982,635	9,390,054	10,598,021

33.2 Detail of salaries, wages and other benefits

		Steel 2018	Steel 2017	Cotton 2018	Cotton 2017	Energy 2018	Energy 2017	Total 2018	Total 2017
Salaries, wages and other benefits	33.2.1	227,313	263,055	80,865	117,362	32,803	20,175	340,981	400,592
Pension fund	33.2.2	3,358	1,019	363	121	-	-	3,721	1,140
Gratuity fund	33.2.2	1,329	(3,499)	34	(192)	-	-	1,363	(3,691)
Provident fund contributions		4,263	3,967	959	1,664	-	-	5,222	5,631
		236,263	264,542	82,221	118,955	32,803	20,175	351,287	403,672

33.2.1 This includes contribution amounting to Rs. 10 million (2017: Rs. 20 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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33.2.2 Staff retirement benefits

	2018		2017	
	Pension	Gratuity	Pension	Gratuity
	---(Rupees in '000)---			
Current service costs	(1,261)	(255)	9,675	3,116
Interest costs	(3,040)	(454)	22,104	4,049
Expected return on plan assets	8,022	2,072	(41,716)	(11,774)
Past service cost recognized	-	-	11,077	918
	3,721	1,363	1,140	(3,691)

34. INCOME FROM INVESTMENTS

	Note	2018	2017
		---(Rupees in '000)---	
Dividend income	34.1	57,846	51,091
(Loss) / gain on sale of investments - net	34.1	(17,832)	28,802
Gain on sale of investment in commodity		-	375
Unrealized (loss) / gain on held for trading investments	34.1	(86,110)	117,022
Rent from investment properties	34.2	5,039	7,558
		(41,057)	204,848

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FOR THE YEAR ENDED 30 JUNE 2018

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

Name of investee company	Dividend income	Realised gain / (loss)	Unrealised (loss) / gain
	---------------(Rupees in '000)-----------------		
Shariah compliant investee companies			
Attock Cement Pakistan Limited	85	-	(1,060)
Attock Petroleum Limited	510	-	(437)
Attock Refinery Limited	-	(400)	-
Avanceon Limited	169	-	1,800
Cherat Cement Company Limited	900	-	(16,310)
D.G. Khan Cement Company Limited	3,974	-	(52,295)
Engro Corporation Limited	678	(789)	(290)
Engro Fertilizer Limited	1,837	742	3,934
Fatima Fertilizer Company Limited	34	(41)	(19)
Fauji Cement Company Limited	237	-	(2,273)
Hi-Tech Lubricants Limited	106	-	39
International Industries Limited	507	(88)	(15,870)
International Steel Limited	763	571	(7,827)
Ittehad Chemical Limited	-	(24)	-
K-Electric Limited	-	-	(2,196)
Kohat Cement Company Limited	123	(696)	(5,892)
Kohinoor Energy Limited	3,856	-	(2,631)
Kot Addu Power Company Limited	4,068	-	(8,095)
Loads Limited	250	-	(2,218)
Maple Leaf Cement Factory Limited	37	(424)	-
Meezan Bank Limited	77	-	191
Nishat Mills Limited	1,425	-	(5,227)
Oil and Gas Development Company Limited	2,110	-	2,587
Pak Suzuki Motor Company Limited	191	-	(1,324)
Pakistan Oilfields Limited	5,525	125	27,542
Pakistan Petroleum Limited	5,443	-	35,929
Pakistan Telecommunication Company Limited	510	(1,146)	(521)
Roshan Packages Limited	34	-	(856)
Sui Northern Gas Pipelines Limited	2,903	(11,379)	(6,065)
Sui Southern Gas Company Limited	-	267	(1,786)
The Hub Power Company Limited	1,492	47	(5,134)
Treet Corporation Limited	-	(52)	-
	37,844	(13,287)	(66,304)
Non- Shariah compliant investee companies			
Engro Foods Limited	6	-	(486)
Fauji Fertilizer Bin Qasim Limited	378	-	(1,887)
Fauji Fertilizer Company Limited	1,052	-	2,357
First Equity Modaraba	1	-	-
Carry forward	1,437	-	(16)

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	Dividend income	Realised gain / (loss)	Unrealised (loss) / gain
	---------------(Rupees in'000)----------------		
Brought forward	1,437	-	(16)
First UDL Modaraba	5	-	-
Nishat (Chunian) Limited	96	(10)	-
Nishat Power Limited	581	-	(5,123)
Pakgen Power Limited	200	-	(94)
Pakistan International Bulk Terminals Limited	-	(5,584)	-
Pakistan State Oil Company Limited	4,496	662	(488)
Pakistan Stock Exchange Limited	495	-	(11,755)
PICIC Growth Fund	6,614	-	(1,178)
PICIC Investment Fund	1,032	-	(1,170)
Roshan Packages Limited	-	(73)	-
Systems Limited	-	396	-
Thal Limited	14	64	18
	14,970	(4,545)	(19,806)
Others			
Central Depository Company of Pakistan Limited	5,032	-	-
	57,846	(17,832)	(86,110)

34.1.1 Unrealised loss amounting to Rs. 78.177 million on this investment was recognized in consolidated other comprehensive income during the year.

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

34.2 Direct operating expenses incurred against rental income from investment properties amounted to Rs. 5.483 million (2017: Rs. 7.587 million). Further, Rs. 0.391 million (2017: Rs. 1.313 million) were incurred against the non rented out area.

35. DISTRIBUTION AND SELLING EXPENSES

	Note	Steel segment 2018	Steel segment 2017	Cotton segment 2018	Cotton segment 2017	Total 2018	Total 2017
		---------------------------(Rupees in '000)---------------------------					
Salaries, wages and other benefits	35.1	4,809	6,880	1,526	5,917	6,335	12,797
Commission		-	-	2,855	5,577	2,855	5,577
Travelling, conveyance and entertainment		865	686	92	832	957	1,518
Depreciation	17.1.2	1,175	1,388	-	-	1,175	1,388
Insurance		104	160	-	7	104	167
Postage, telephone and telegram		93	105	162	701	255	806
Advertisement		728	98	-	-	728	98
Bid bond expenses		2,499	1,213	-	-	2,499	1,213
Legal and professional charges		1,054	3,475	-	-	1,054	3,475
Others		882	962	2,561	4,280	3,443	5,242
		12,209	14,967	7,196	17,314	19,405	32,281

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35.1 Detail of salaries, wages and other benefits

	Note	Steel segment 2018	Steel segment 2017	Cotton segment 2018	Cotton segment 2017	Total 2018	Total 2017
		(Rupees in '000)					
Salaries, wages and other benefits		4,407	6,948	1,526	5,921	5,933	12,869
Pension fund	35.1.1	176	28	-	6	176	34
Gratuity fund	35.1.1	73	(96)	-	(10)	73	(106)
Provident fund contributions		153	-	-	-	153	-
		4,809	6,880	1,526	5,917	6,335	12,797

35.1.1 Staff retirement benefits

	2018 Pension	2018 Gratuity	2017 Pension	2017 Gratuity
	(Rupees in '000)			
Current service costs	(60)	(14)	289	89
Interest costs	(144)	(23)	659	117
Expected return on plan assets	380	110	(1,244)	(338)
Past service cost recognized	-	-	330	26
	176	73	34	(106)

36. ADMINISTRATIVE EXPENSES

	Note	Steel segment 2018	Steel segment 2017	Cotton segment 2018	Cotton segment 2017	IID segment 2018	IID segment 2017	Energy segment 2018	Energy segment 2017	Total 2018	Total 2017
		(Rupees in '000)									
Salaries, wages and other benefits	36.1	33,728	94,603	7,824	17,327	7,005	7,641	1,794	434	50,351	120,005
Rents, rates and taxes		3,167	1,743	439	330	884	745	595	585	5,085	3,403
Travelling, conveyance and entertainment		9,516	8,578	1,228	1,582	508	464	-	-	11,252	10,624
Fuel and power		7,904	7,265	761	836	421	888	-	-	9,086	8,989
Postage, telephone and telegram		2,068	2,232	356	494	109	115	-	-	2,533	2,841
Insurance		1,430	1,061	161	124	120	99	-	-	1,711	1,284
Repairs and maintenance		12,128	13,025	298	557	780	1,261	-	-	13,206	14,843
Auditors' remuneration	36.2	2,118	1,506	342	351	313	224	296	251	3,069	2,332
Legal, professional and corporate service charges		15,864	8,173	1,826	1,563	3,926	2,224	207	488	21,823	12,448
Advertisement		1,854	2,893	12	20	96	151	-	-	1,962	3,064
Donations	36.3	33,333	76,702	-	70	1,754	4,041	-	-	35,087	80,813
Depreciation	17.1.2 & 19.1	17,223	15,907	2,390	3,067	5,492	7,256	-	-	25,105	26,230
Amortization of intangible assets	18.1.1	2,808	4,127	88	405	33	101	629	629	3,558	5,262
Printing, stationery and office supplies		4,812	4,995	242	1,134	352	408	20	10	5,426	6,547
Newspapers, subscriptions and periodicals		277	1,328	455	657	19	72	-	-	751	2,057
Others		5,884	4,878	873	941	616	701	1,388	5	8,761	6,525
		154,114	249,016	17,295	29,458	22,428	26,391	4,929	2,402	198,766	307,267

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36.1 Detail of salaries, wages and other benefits

	Note	Steel segment 2018	Steel segment 2017	Cotton segment 2018	Cotton segment 2017	IID segment 2018	IID segment 2017	Energy segment 2018	Energy segment 2017	Total 2018	Total 2017
		(Rupees in '000)									
Salaries, wages and other benefits		102,102	92,442	13,309	16,686	7,502	7,406	1,794	434	124,707	116,968
Pension fund	36.1.1	(45,975)	414	(4,851)	18	(532)	18	-	-	(51,358)	450
Gratuity fund	36.1.1	(25,986)	(1,430)	(1,161)	(27)	(254)	(51)	-	-	(27,401)	(1,508)
Provident fund contributions		3,587	3,177	527	650	289	268	-	-	4,403	4,095
		33,728	94,603	7,824	17,327	7,005	7,641	1,794	434	50,351	120,005

36.1.1 Staff retirement benefits

	2018 Pension	2018 Gratuity	2017 Pension	2017 Gratuity
	(Rupees in '000)			
Current service costs	17,405	5,132	3,819	1,273
Interest costs	41,961	9,121	8,725	1,655
Expected return on plan assets	(110,724)	(41,654)	(16,467)	(4,811)
Past service cost recognized	-	-	4,373	375
	(51,358)	(27,401)	450	(1,508)

36.2 Auditors' remuneration

	Note	2018	2017
		(Rupees in '000)	
Audit fee	36.2.1	2,287	2,068
Fee for audit of funds' financial statements and other reports		360	47
Out of pocket expenses		260	89
Sales tax		162	128
		3,069	2,332

36.2.1 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, limited review of unconsolidated condensed interim financial information for the six months period of Holding Company, audit of annual consolidated financial statements for group taxation purpose, 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 of Pakistan Limited.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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36.3 Donations

36.3.1 Donations include the following in which a director is interested:

Name of director	Interest in donee	Name and address of the donee	Amount donated 2018	2017
			-----------(Rupees in '000)-------------	
Mr. Ahsan M. Saleem	Director	The Citizens Foundation Plot No. 20, Sector - 14, New Brookes Chowrangi, Korangi Industrial Area, Karachi	23,688	58,351
	Chairman	CSAP Foundation E-Floor, IT Tower, 73-E/'II' Hali Road, Gulberg 'III' Lahore	1,000	7,760
	Director	Pakistan Centre for Philanthropy 1-A St.14 F-8/3 Islamabad.	1,000	-
			25,688	66,111

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

36.3.2 Donations include the following in which directors are not interested:

Name of donee	Amount donated 2018	2017
	-----------(Rupees in '000)-------------	
Crescent Educational Trust	3,000	3,500
Citizens Police Liaison Committee	2,500	-
Rashid Memorial Welfare Organization	1,000	-
National University of Sciences and Technology	1,000	1,000
Business Hospital Trust	-	1,000
Hunar Foundation	-	1,000
Imkaan Welfare Organization	-	1,200
Shakarganj Foundation	-	1,500
The Cardiovascular Foundation	-	1,500
The Health Foundation	-	1,500
The Citizens Archive of Pakistan	-	1,500
Others	1,899	1,002
	9,399	14,702

37. OTHER OPERATING EXPENSES

	2018	2017
	-----------(Rupees in '000)-------------	
Exchange loss	21,187	10,054
Claim receivable written off	561	-
Provision for:	-	-
- Workers' profit participation fund	26,782	60,111
- Workers' welfare fund	11,071	21,002
- doubtful trade debts	2,090	7,369
- other receivables	-	17,385
- liquidated damages	-	19,141
- slow moving stores, spares and loose tools - net	19,727	3,765
Liquidated damages	25,882	290,454
	107,300	429,281

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	Note	2018	2017
		----------- (Rupees in '000) -------------	
38. OTHER INCOME			
Income from financial assets			
Mark-up on short term loan to subsidiary company		-	-
Return on deposits - from conventional banking		3,054	2,299
Exchange gain on derivative financial liability - net	13.4	1,504	-
Unwinding of discount on long term deposit		16,920	14,880
		21,478	17,179
Income from non-financial assets			
Gain on disposal of operating fixed assets		24,686	75,982
Deferred income amortized		4,677	4,968
Insurance commission		1,566	1,413
Liabilities written back		768	-
Recovery of liquidated damages		85,185	-
Reversal of provision for:			
- stock-in-trade		715	-
- doubtful trade debts		5,014	-
- other receivables		47	-
Rent income		2,959	1,630
Others		6,226	2,573
		131,843	86,566
		153,321	103,745

39. FINANCE COSTS

	2018	2017
Mark-up on short term loans - Shariah arrangement	33,405	14,838
Interest on - Non - Shariah arrangement		
- finance lease obligations	10,257	11,616
- long term loans	31,793	38,251
- running finances	62,365	18,131
- short term loans	111,389	107,621
Discounting on long term deposit	8,340	1,017
Bank charges	6,415	13,152
	263,964	204,626

40. SHARE OF PROFIT IN EQUITY ACCOUNTED INVESTEES - NET OF TAXATION

	2018	2017
Shariah compliant investee companies		
Altern Energy Limited	315,443	350,461
Shakarganj Limited	(230,481)	232,501
Others		
Crescent Socks (Private) Limited	-	(13,653)
	84,962	569,309

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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41. TAXATION

	Note	2018	2017
		(Rupees in '000)	
Current			
- for the year		194,746	327,235
- Super tax		33,995	36,637
- for prior years		7,100	21,954
		235,841	385,826
Deferred		(26,929)	19,027
		208,912	404,853

41.1 Relationship between taxation expense and accounting profit

	2018	2017
	(Rupees in '000)	
Profit before taxation	147,493	1,591,974
Tax at the applicable rate of 30% (2017: 31%)	44,248	493,512
Tax effect of inadmissible expenses / losses	235,303	(78,467)
Tax effect of exempt income and income under final tax regime	-	9,188
Tax effect of income taxed at a lower rate	(110,720)	(76,242)
Prior year tax effect	7,100	21,819
Super tax	33,995	36,637
Tax effect of change in effective tax rate	(1,014)	(1,594)
	208,912	404,853

41.2 Sufficient provision for tax has been made in these consolidated financial statements taking into account the profit or loss for the year and various admissible allowances and deduction under the Income Tax Ordinance, 2001. Position of provision and assessment including returns filed and deemed assessed for last three years are as follows:

		2017	2016	2015
		(Rupees in '000)		
Tax provision including effects of prior years	41.2.1	370,834	347,570	24,487
Tax assessed / return filed		336,365	327,250	24,774

41.2.1 This include refunds amounting to Rs. 0.069 million, Rs. 0.149 million and Rs. 0.287 million for tax years 2017, 2016 and 2015 respectively, pertaining to Solution de Energy (Private) Limited a Subsidiary Company which has filed tax returns based on exemption available, therefore tax refund has been determined (refer note 12.3).

42. BASIC AND DILUTED EARNINGS PER SHARE

	2018	2017
	(Rupees in '000)	
(Loss) / profit for the year	(61,419)	1,187,121
	(Number of shares)	
Weighted average number of ordinary shares in issue during the year	77,632,491	77,632,491
Basic and diluted (loss) / earnings per share	(0.79)	15.29

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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43. CASH GENERATED FROM OPERATION

	2018	2017
	(Rupees in '000)	
Profit before taxation	147,493	1,591,974
Adjustments for non cash charges and other items:		
Depreciation on operating fixed assets and investment properties	220,731	206,531
Amortization of intangible assets	3,559	5,262
(Reversal) for the period on staff retirement benefit funds	(73,426)	(3,116)
Dividend income	(57,846)	(51,091)
Unrealized loss / (gain) on held for trading investments - net	86,110	(117,022)
Loss / (gain) on sale of investments	17,832	(28,801)
Realized / unrealized gain on commodity - Silver	-	(375)
Provision for slow moving stores, spares and loose tools	19,727	3,765
(Reversal of provision) for stock-in-trade - Raw materials	(715)	-
(Reversal of provision) / provision for doubtful trade debts	(7,151)	7,369
Provision for doubtful other receivables	-	17,385
Provision for Workers' Welfare Fund	11,071	21,002
Provision for Workers' Profit Participation Fund	26,782	60,111
Provision for liquidated damages	-	19,141
Return on deposits and investments	(3,053)	(1,862)
Gain on disposal of operating fixed assets	(24,686)	(75,982)
Deferred income	(4,677)	(4,968)
Discounting of long term deposits	8,340	1,017
Unwinding of discount on long term deposit	(16,920)	(14,880)
Liabilities written back	(768)	-
Finance costs	255,624	204,626
Share of (profit) from equity accounted investees - net of taxation	(84,962)	(569,309)
	523,065	1,270,777
Changes in:		
Stores, spares and loose tools	(40,031)	(64,729)
Stock-in-trade	1,117,359	(805,814)
Trade debts	821,523	(461,412)
Advances	(7,562)	24,738
Trade deposits and short term prepayments	(13,999)	(21,371)
Other receivables	383,789	(434,979)
Trade and other payables	(362,559)	1,301,284
	2,421,585	808,494

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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43.1 Reconciliation of movements of liabilities to cash flows arising from financing activities

	Long term loans	Finance lease liabilities (Including mark-up accrued)	Short term borrowings	Unpaid and unclaimed dividend	Total
	9	10 & 14	15		
Opening balance as at 1 July 2017	462,981	105,454	2,505,540	138,077	3,212,052
Dividend declared	-	-	-	252,306	252,306
Lease obligation entered during the year	-	114,772	-	-	114,772
Interest accrued on lease obligation	-	10,257	-	-	10,257
Lease deposit matured	-	(4,969)	-	-	(4,969)
Mark-up on commercial papers	-	-	43,388	-	43,388
	-	120,060	43,388	252,306	415,754
Proceeds from long term loans	161,695	-	-	-	161,695
Repayment of long term loans	(301,386)	-	-	-	(301,386)
Proceed from short term borrowings	-	-	9,942,464	-	9,942,464
Repayment of short term borrowings	-	-	(10,989,244)	-	(10,989,244)
Dividend paid	-	-	-	(368,863)	(368,863)
Lease payments	-	(51,660)	-	-	(51,660)
	(139,691)	(51,660)	(1,046,780)	(368,863)	(1,606,994)
Closing balance as at 30 June 2018	323,290	173,854	1,502,148	21,520	2,020,812

44. CASH AND CASH EQUIVALENTS

	Note	2018	2017
		(Rupees in '000)	
Running finances under mark-up arrangements	15	(453,977)	(398,626)
Cash and bank balances	31	193,655	85,629
		(260,322)	(312,997)

45. SEGMENT REPORTING

45.1 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 1.3).
- 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 property (held for rentals as well as long term appreciation) (note 1.4).
- Energy segment - It comprises of operations of the Subsidiary Company (note 1.6).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

45.2 Segment revenues and results

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

For the year ended 30 June 2018	Steel segment	Cotton segment	IID segment	Energy segment	Inter-segments Elimination / adjustments	Total
	(Rupees in '000)					
Sales	9,027,292	907,596	-	651,880	(657,012)	9,929,756
Cost of sales	8,411,410	888,295	-	754,719	(664,370)	9,390,054
Gross profit / (loss)	615,882	19,301	-	(102,839)	7,358	539,702
Income from investments	-	-	514,448	-	(555,505)	(41,057)
	615,882	19,301	514,448	(102,839)	(548,147)	498,645
Distribution and selling expenses	12,209	7,196	-	-	-	19,405
Administrative expenses	154,114	17,295	22,428	4,929	-	198,766
Other operating expenses	103,879	1,304	27	2,090	-	107,300
	270,202	25,795	22,455	7,019	-	325,471
	345,680	(6,494)	491,993	(109,858)	(548,147)	173,174
Other income	156,051	20,253	47	3,197	(26,227)	153,321
Operating profit / (loss) before Finance costs	501,731	13,759	492,040	(106,661)	(574,374)	326,495
Finance costs	250,331	5,609	25,818	8,433	(26,227)	263,964
Share of profit in equity accounted investees - net of taxation	-	-	84,034	928	-	84,962
Profit / (loss) before taxation	251,400	8,150	550,256	(114,166)	(548,147)	147,493
Taxation						208,912
Loss for the year						(61,419)

For the year ended 30 June 2017	Steel segment	Cotton segment	IID segment	Energy segment	Inter-segments Elimination / adjustments	Total
Sales	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 for the year						1,187,121

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45.2.1 Revenue reported above represents revenue generated from external customers. There were no inter-segment sale during the year (2017: Rs. Nil).

45.2.2 Transfer prices between reportable segments are on an agreed basis in a manner similar to transactions between third parties.

45.2.3 The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 6 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.

45.3 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.

45.4 Information about major customers

Revenue from major customers of Steel segment represents an aggregate amount of Rs. 7,973.355 million (2017: Rs. 9,715.614 million) of total Steel segment revenue of Rs. 9,027.292 million (2017: Rs. 10,554.116 million). Revenue from major customers of Cotton segment represents an aggregate amount of Rs. 84.508 million (2017: Rs. 533.351 million) of total Cotton segment revenue of Rs. 907.596 million (2017: Rs. 1,288.528 million). Revenue from major customers of Energy segment represent an aggregate amount of Rs. 651.880 million (2017: Rs. 930.828 million) of total Energy segment revenue of Rs. 651.880 million (2017: Rs. 934.401 million).

45.5 Geographical information

45.5.1 The Group's revenue from external customers by geographical location is detailed below

	2018	2017
	-----------(Rupees in '000)-------------	
South and North America	13,120	57,169
Pakistan	9,916,636	12,228,379
	9,929,756	12,285,548

45.5.2 All non-current assets of the Group as at 30 June 2018 and 2017 were located and operating in Pakistan.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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45.6 Segment assets and liabilities

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

	Steel segment	Cotton segment	IID segment	Energy segment	Total
	---------------------------- (Rupees in '000)				----------------------------
As at 30 June 2018					
Segment assets for reportable segments	4,811,697	528,790	1,376,546	935,261	7,652,294
Investment in equity accounted investees	-	-	2,831,055	257,178	3,088,233
Unallocated corporate assets					1,318,496
Total assets as per consolidated balance sheet					12,059,023
Segment liabilities for reportable segments	2,043,914	101,745	154,619	111,465	2,411,743
Unallocated corporate liabilities and deferred income					2,033,591
Total liabilities as per consolidated balance sheet					4,445,334
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

45.6.1 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.

45.7 Other segment information

	Steel segment	Cotton segment	IID segment	Energy segment	Total
	---------------------------- (Rupees in '000)				----------------------------
For the year ended 30 June 2018					
Capital expenditure	117,169	54,961	-	36,036	208,166
Depreciation and amortization	127,088	31,679	5,525	59,998	224,290
Non-cash items other than depreciation and amortization	176,608	(17,300)	(12,927)	4,901	151,282
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)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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46. STAFF RETIREMENT BENEFITS

46.1 Defined benefit plans

46.1.1 The actuarial valuation of both pension and gratuity schemes has been conducted in accordance with IAS 19, 'Employee benefits' as at 30 June 2018. The projected unit credit method, using the following significant assumptions, has been used for the actuarial valuation:

	2018		2017	
	Pension	Gratuity	Pension	Gratuity
Financial assumptions				
- Discount rate used for interest cost in P&L charge	9.25%	9.25%	9.00%	7.25%
- Discount rate used for year end obligation	10%	10%	9.25%	9.25%
- Expected rate of increase in salaries	10%	10%	9.25%	9.25%
Demographic assumptions				
- Retirement Assumption	Age 58		Age 58	
- Expected mortality for active members	"SLIC (2001-05)"		"SLIC (2001-05)"	

46.1.2 The amounts recognized in consolidated balance sheet are as follows:

		2018			2017		
		Pension	Gratuity	Total	Pension	Gratuity	Total
	Note	(Rupees in '000)					
Present value of defined benefit obligations	46.1.4	457,906	101,625	559,531	423,509	94,572	518,081
Fair value of plan assets	46.1.5	(608,912)	(205,706)	(814,618)	(1,106,188)	(426,203)	(1,532,391)
Asset recognized in consolidated statement of financial position		(151,006)	(104,081)	(255,087)	(682,679)	(331,631)	(1,014,310)

46.1.3 Movement in the net defined benefit liability / (asset)

		2018			2017		
	Note	Pension	Gratuity	Total	Pension	Gratuity	Total
Opening balance		(682,679)	(331,631)	(1,014,310)	(306,233)	(150,043)	(456,276)
Net benefit (income) / cost charged to consolidated profit or loss	46.1.7	(47,460)	(25,965)	(73,425)	1,625	(5,305)	(3,680)
Remeasurements recognized in consolidated other comprehensive income		587,706	256,807	844,513	(369,286)	(172,986)	(542,272)
Contributions by the Holding Company	46.1.5	(8,573)	(3,292)	(11,865)	(8,785)	(3,297)	(12,082)
Closing balance		(151,006)	(104,081)	(255,087)	(682,679)	(331,631)	(1,014,310)

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46.1.4 Movement in the present value of defined benefit obligations

	2018			2017		
	Pension	Gratuity	Total	Pension	Gratuity	Total
	(Rupees in '000)					
Present value of defined benefit obligations - 1 July	423,509	94,572	518,081	354,115	82,485	436,600
Current service costs	16,084	4,863	20,947	13,791	4,479	18,270
Past service cost	-	-	-	15,790	1,319	17,109
Interest costs	38,776	8,642	47,418	31,508	5,820	37,328
Benefits paid during the year	(8,626)	(2,292)	(10,918)	(8,050)	(1,519)	(9,569)
Benefits due but not paid	-	-	-	-	(2,891)	(2,891)
Remeasurement:						
Actuarial losses from changes in financial assumptions	2,381	13	2,394	724	33	757
Experience adjustments	(14,218)	(4,173)	(18,391)	15,631	4,846	20,477
Present value of defined benefit obligations - 30 June	457,906	101,625	559,531	423,509	94,572	518,081

46.1.5 Movement in the fair value of plan assets are as follows:

Fair value of plan assets - 1 July	1,106,188	426,203	1,532,391	660,348	232,528	892,876
Contributions by the Holding Company	8,573	3,292	11,865	8,785	3,297	12,082
Interest income on plan assets	102,320	39,470	141,790	59,464	16,923	76,387
Benefits paid during the year	(8,626)	(2,292)	(10,918)	(8,050)	(1,519)	(9,569)
Benefits due but not paid	-	-	-	-	(2,891)	(2,891)
Return on plan assets, excluding interest income	(599,543)	(260,967)	(860,510)	385,641	177,865	563,506
Fair value of plan assets - 30 June	608,912	205,706	814,618	1,106,188	426,203	1,532,391

46.1.6 Actual return on plan assets	(497,223)	(221,497)	(718,720)	445,105	194,788	639,893

46.1.7 Following amounts have been charged in consolidated profit or loss in respect of these benefits

Current service costs	16,084	4,863	20,947	13,791	4,479	18,270
Past service cost	-	-	-	15,790	1,319	17,109
Interest costs	38,776	8,642	47,418	31,508	5,820	37,328
Expected return on plan assets	(102,320)	(39,470)	(141,790)	(59,464)	(16,923)	(76,387)
(Income) / charge recognized in consolidated profit or loss	(47,460)	(25,965)	(73,425)	1,625	(5,305)	(3,680)

46.1.8 Following amounts of remeasurements have been charged in consolidated other comprehensive income in respect of these benefits

Remeasurement:						
Actuarial losses from changes in financial assumptions	2,381	13	2,394	724	33	757
Experience adjustments	(14,218)	(4,173)	(18,391)	15,631	4,846	20,477
Return on plan assets, excluding interest income	599,543	260,967	860,510	(385,641)	(177,865)	(563,506)
Remeasurement loss / (gain) charged in consolidated other comprehensive income	587,706	256,807	844,513	(369,286)	(172,986)	(542,272)

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	2018			2017		
	Pension	Gratuity	Total	Pension	Gratuity	Total
	(Rupees in '000)					
46.1.9 Total defined benefit cost recognized in consolidated profit or loss and other comprehensive income	540,246	230,842	771,088	(367,661)	(178,291)	(545,952)
Expected contributions to funds in the following year	-	-	-	-	-	-
Weighted average duration of the defined benefit obligation (years)	11	3		11	3	
Analysis of present value of defined benefit obligation						
Type of Members:						
Pensioners	29	-		26	-	
Beneficiaries	98	98		92	91	
Vested / Non-Vested						
Vested benefits	422,010	81,066	503,076	388,077	77,228	465,305
Non - vested benefits	41,673	20,559	62,232	35,432	17,344	52,776
	463,683	101,625	565,308	423,509	94,572	518,081
Disaggregation of fair value of plan assets						
The fair value of the plan assets at reporting date for each category are as follows:						
Cash and cash equivalents (comprising bank balances and adjusted for current liabilities) - quoted	4,841	2,567	7,408	82,099	980	83,079
Debt instruments						
AA+	95,707	19,629	115,336	116,124	44,336	160,460
AA/AA-	61,791	-	61,791	237	-	237
	157,498	19,629	177,127	116,361	44,336	160,697
Equity instruments						
Automobile Assembling	115	-	115	809	-	809
Automobile Parts and Accessories	179	-	179	-	-	-
Cables and Electrical Goods	-	-	-	251	-	251
Cement	8,605	-	8,605	16,345	-	16,345
Chemicals	530	-	530	435	-	435
Commercial Banks	137	-	137	337	-	337
Engineering	352,135	159,760	511,895	771,003	350,992	1,121,995
Fertilizer	9,842	292	10,134	10,443	244	10,687
Insurance	97	-	97	166	-	166
Jute	-	-	-	148	-	148
Oil and Gas Exploration Companies	11,754	4,263	16,017	8,185	2,913	11,098
Oil and Gas Marketing Companies	1,042	-	1,042	860	-	860
Power Generation and Distribution	27,992	13,052	41,044	55,205	16,647	71,852
Sugar and Allied Industries	8,176	2,408	10,584	10,099	2,975	13,074
Textile Composite	3,959	-	3,959	4,529	-	4,529
	424,563	179,775	604,338	878,815	373,771	1,252,586
Mutual funds						
Income Fund	22,010	3,733	25,743	7,772	2,883	10,655
Equity Fund	-	-	-	21,141	4,233	25,374
	22,010	3,733	25,743	28,913	7,116	36,029
	608,912	205,704	814,616	1,106,188	426,203	1,532,391

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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%	411,403	98,920
Discount rate -1%	514,493	104,731
Long term pension / salary increase +1%	468,268	104,720
Long term pension / salary decrease -1%	448,756	98,881
Long term pension increase +1%	507,855	-
Long term pension decrease -1%	415,136	-

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.

46.2 Defined contribution plan

The Group has set up provident fund for its permanent employees . The total charge against provident fund for the year ended 30 June 2018 was Rs. 11.163 million (2017: Rs. 9.344 million). Reporting 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:

	31 December 2017 (Unaudited)	31 December 2016 (Unaudited)	30 June 2018 (Unaudited)	30 June 2017 (Audited)
	Steel and IID Division		Cotton Division	
	(Rupees in '000)			
Cost of investments made	155,216	196,959	27,776	25,451
Size of the Fund	300,244	306,677	32,094	40,941
Fair value of investments	298,274	303,140	32,094	40,941
Percentage of investments made	99%	99%	100%	100%
Amount wise breakup of Fair value of investments is as follows:				
Equity Securities	133,476	155,868	7,119	18,291
Government Securities	84,701	65,883	-	-
Mutual Funds	44,248	14,370	-	-
Others	35,849	67,019	24,975	22,650
	298,274	303,140	32,094	40,941
Percentage wise breakup of Fair value of investments out of Size of Fund is as follows:				
Equity Securities	45%	51%	22%	45%
Government Securities	28%	21%	-	-
Mutual Funds	15%	5%	-	-
Others	12%	22%	78%	55%

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Investments out of the provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

47. 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:

	30 June 2018							
	Carrying amount				Fair value			
	Investments	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	----------(Rupees in '000)----------							
On-balance sheet financial instruments								
Financial assets measured at fair value								
Investments								
- Listed equity securities	1,026,848	-	-	1,026,848	1,026,848	-	-	1,026,848
Financial assets not measured at fair value								
Investments								
- unlisted equity securities	262,933	-	-	262,933	-	-	-	-
- equity	3,088,233	-	-	3,088,233	-	-	-	-
- Term deposit receipt	28,000	-	-	28,000	-	-	-	-
Markup accrued	-	155	-	155	-	-	-	-
Deposit	-	279,162	-	279,162	-	-	-	-
Trade debts	-	82,320	-	82,320	-	-	-	-
Other receivables	-	136,480	-	136,480	-	-	-	-
Bank balances	-	193,162	-	193,162	-	-	-	-
	3,379,166	691,279	-	4,070,445	-	-	-	-

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	30 June 2018							
	Carrying amount				Fair value			
	Investments	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	----------(Rupees in '000)----------							
Financial liabilities not measured at fair value								
Long term loans	-	-	323,290	323,290	-	-	-	-
Liabilities against assets subject to finance lease	-	-	173,429	173,429	-	-	-	-
Trade and other payables	-	-	1,466,446	1,466,446	-	-	-	-
Unpaid dividend	-	-	-	-	-	-	-	-
Unclaimed dividend	-	-	21,520	21,520	-	-	-	-
Mark-up accrued	-	-	23,569	23,569	-	-	-	-
Short term borrowings	-	-	1,956,125	1,956,125	-	-	-	-
	-	-	3,964,379	3,964,379	-	-	-	-
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	-	-	-	-
Mark-up accrued	-	132	-	132	-	-	-	-
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	1,627,895	-	5,151,718	-	-	-	-
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	-	-	1,833,363	1,833,363	-	-	-	-
Unpaid dividend	-	-	116,449	116,449				
Unclaimed dividend	-	-	21,628	21,628				
Mark-up accrued	-	-	31,631	31,631	-	-	-	-
Short term borrowings	-	-	2,904,166	2,904,166	-	-	-	-
	-	-	5,475,524	5,475,524	-	-	-	-

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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 19.2. 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.

48. 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.

48.1 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:

	2018	2017
	-----------(Rupees in '000)-------------	
Deposits	279,162	240,920
Trade debts	82,320	890,794
Mark-up accrued	155	132
Other receivables	136,480	411,182
Bank balances	193,162	84,867
	691,279	1,627,895

Trade and other 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.

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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:

	2018	2017
	-----------(Rupees in '000)-------------	
Steel segment	66,706	715,463
Cotton segment	2,011	19,762
Energy segment	13,603	155,569
	82,320	890,794

The aging of trade debts at reporting date is

	2018	2017
Not past due	14,444	409,293
Past due 1 - 30 days	13,971	433,094
Past due 30 - 180 days	36,733	37,885
Past due 180 days	38,435	34,708
	103,583	914,980
Less: Impaired	21,263	24,186
	82,320	890,794

The movement in the allowances for impairment in respect of trade debts and loan and advances is given in note 25.2 and note 26 respectively.

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.

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 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 bank balances and deposits and units of mutual fund can be assessed with reference to external credit ratings as follows:

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	Rating Short term	Rating Long term	Rating Agency	2018	2017
				------(Rupees in '000)------	
Mutual Funds					
PICIC Investment Fund	MFR 3 star	MFR 3 star	JCR - VIS	10,300	11,470
PICIC Growth Fund	MFR 1 star	MFR 1 star	JCR - VIS	73,377	74,555
				83,677	86,025

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.

48.2 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.

The following are the contractual maturities of the financial liabilities, including estimated interest payments:

	2018						
	Carrying amount	On demand	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
	---------(Rupees in '000)---------						
Financial liabilities							
Long term loans	323,290	-	323,290	48,272	48,272	38,044	188,702
Liabilities against assets subject to finance lease	173,429	-	201,940	29,681	28,916	54,472	88,871
Trade and other payables	1,466,446	-	1,466,446	1,466,446	-	-	-
Unpaid dividend	-	-	-	-	-	-	-
Unclaimed dividend	21,520	21,520	-	-	-	-	-
Mark-up accrued	23,569	-	23,569	23,569	-	-	-
Short term borrowings	1,956,125	1,242,817	713,308	713,308	-	-	-
	3,964,379	1,264,337	2,728,553	2,281,276	77,188	92,516	277,573

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	2017						
	Carrying amount	On demand	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
	---------(Rupees in '000)---------						
Financial liabilities							
Long term loan	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	1,833,363	-	1,833,363	1,833,363	-	-	-
Unpaid dividend	116,449	116,449	-	-	-	-	-
Unclaimed dividend	21,628	21,628	-	-	-	-	-
Mark-up accrued	31,631	-	31,631	31,631	-	-	-
Short term borrowings	2,904,166	2,904,166	-	-	-	-	-
	5,475,524	3,042,243	2,446,941	1,959,846	99,359	190,758	196,978

48.3 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.

48.3.1 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, JPY and Chinese Yuan (CNY). The Company's exposure to foreign currency risk for these currencies is as follows:

	2018			
	USD	Euro	JPY	CNY
Foreign creditors	5,201,102	-	-	16,415,649
Outstanding letters of credit	2,659,047	210,804	-	17,577,402
Net exposure	7,860,149	210,804	-	33,993,051

	2017			
	USD	Euro	JPY	CNY
Foreign creditors	12,964,117	33,350	-	-
Outstanding letters of credit	6,574,931	469,266	12,200,000	-
Net exposure	19,539,048	502,616	12,200,000	-

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The following significant exchange rate has been applied

	Average rate		Reporting date rate	
	2018	2017	2018	2017
USD to PKR	110.63	104.76	121.60	105.00
Euro to PKR	132.04	114.43	141.57	120.10
CNY to PKR	17.43	-	18.76	-
JPY to PKR	-	0.96	-	0.94

Sensitivity analysis

At the reporting date, if the PKR had strengthened by 10% against the USD, Euro, CNY 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.

Effect on consolidated profit or loss	2018	2017
USD	786,015	1,953,905
Euro	21,080	50,262
CNY	3,399,305	-
JPY	-	1,220,000
	4,206,400	3,224,167

The weakening of the PKR against USD, Euro, CNY 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.

48.3.2 Interest rate risk

At the reporting date, the interest rate profile of the Group's significant interest bearing financial instruments was as follows:

	2018	2017	2018	2017
	Effective interest rate		Carrying amount	
	------(Percentage)------		-------(Rupees in '000)------	
Financial liabilities				
Variable rate instruments:				
Long term loan	7.64-8.92	7.53-8.85	323,290	462,981
Liabilities against assets subject to finance lease	10.47-12.06	10.61-15.41	173,429	105,306
Short term borrowings	7.64-8.84	6.96-8.62	1,956,125	2,904,166

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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 or loss. Therefore a change in interest rates at the reporting date would not affect consolidated profit or loss.

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 2017.

	Consolidated profit or loss 100 bp	
	Increase	Decrease
	-----------(Rupees in '000)--------------	
As at 30 June 2018		
Cash flow sensitivity - Variable rate financial liabilities	(24,528)	24,528
As at 30 June 2017		
Cash flow sensitivity - Variable rate financial liabilities	(34,725)	34,725

The sensitivity analysis prepared is not necessarily indicative of the effects on the consolidated profit for the year and assets / liabilities of the Group.

48.3.3 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:

	2018	2017
	-----------(Rupees in '000)--------------	
Effect on profit	86,603	95,077
Effect on equity	16,082	23,900
Effect on investments	102,685	118,977

The sensitivity analysis prepared is not necessarily indicative of the effects on the consolidated profit / equity and assets of the Group.

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49. REMUNERATION TO THE CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

	Chief Executive		Director		Executives		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	(Rupees in '000)							
Managerial remuneration	21,884	21,060	-	-	51,748	73,896	73,632	94,956
House rent	7,452	6,966	-	-	17,297	25,433	24,749	32,399
Utilities	1,656	1,548	-	-	3,470	5,302	5,126	6,850
Travelling expenses	5,803	68	-	-	-	-	5,803	68
Others	-	-	-	-	-	-	-	-
Medical	185	292	-	-	1,931	2,723	2,116	3,015
Contributions to								
- Gratuity fund	537	600	-	-	1,100	1,591	1,637	2,191
- Pension fund	1,290	1,440	-	-	2,855	4,447	4,145	5,887
- Provident fund	1,290	1,548	-	-	2,837	8,099	4,127	9,647
Club subscription and expenses	713	1,082	-	-	179	178	892	1,260
Entertainment	321	233	-	-	84	69	405	302
Conveyance	-	-	-	-	870	2,540	870	2,540
Telephone	-	-	-	-	6	6	6	6
	41,131	34,837	-	-	82,377	124,284	123,508	159,121
Number of persons	1	1	-	-	15	43	16	44

49.1 The aggregate amount charged in respect of directors' fees paid to six (2017: six) directors is Rs. 2.960 million (2017: Rs. 2.8 million). Also, during the year remuneration paid to the non-executive Chairman of the Board of Directors amounted to Rs. 1.275 million (2017: Rs. 1.2 million).

49.2 The chief executive and ten executives are provided with free use of company maintained cars, in accordance with their entitlements.

49.3 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.

50. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associated companies, directors of the Holding Company, companies in which 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. 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 :

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

Name	Nature of Relationship	Basis of Relationship	Nature of Transaction	2018	2017
				(Rupees in '000)	
Altern Energy Limited	Associated company	17.60% holding	Dividend received	511,740	149,045
Shakarganj Limited	Associated company	28.01% holding	Dividend paid	855	5,118
			Dividend received	43,763	-
			Sale of electricity and steam	233,401	538,890
			Sale of finished goods	618	70
			Services received	9,339	10,779
			Reimbursable expenses	1,732	1,442
			Right shares subscribed	273,091	-
			Purchase of raw material	228,579	689,119
			Sales of raw material	-	104,600
			Purchase of fixed assets	-	2,651
			Purchase of store items	237	781
			Rent expense	624	624
Central Depository Company of Pakistan Limited	Related party	Common directorship	Services received	1,378	696
			Dividend Received	5,032	550
Muhammad Amin Muhammad Bashir Limited	Related party	Common directorship	Dividend paid	4	4
Pakistan Centre for Philanthropy	Related party	Common directorship	Services received	250	-
			Donation given	1,000	-
Premier Insurance Limited	Related party	Common directorship	Insurance premium	9,610	16,449
			Dividend paid	691	720
Crescent Cotton Mills Limited	Related party	Common directorship	Dividend paid	-	63
The Citizens' Foundation	Related party	Common directorship	Donation given	23,688	58,351
CSAP Foundation	Related party	Common directorship	Donation given	1,000	7,760
Crescent Cotton Products - Staff Provident Fund	Retirement benefit fund	Employees benefit fund	Contribution made	2,513	1,820
			Dividend paid	355	374
Crescent Steel and Allied Products Limited - Gratuity Fund	Retirement benefit fund	Employees benefit fund	Contribution made	3,292	2,851
			Dividend paid	7,123	7,356

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

Name	Nature of Relationship	Basis of Relationship	Nature of Transaction	2018	2017
				(Rupees in '000)	
Crescent Steel and Allied Products Limited - Pension Fund	Retirement benefit fund	Employees benefit fund	Contribution made	8,573	7,545
			Dividend paid	15,525	16,151
Crescent Steel and Allied Products Limited - Staff Provident Fund	Retirement benefit fund	Employees benefit fund	Contribution made	8,822	8,251
			Dividend paid	3,785	4,166
Crescent Hadeed (Private) Limited - Staff Provident Fund	Retirement benefit fund	Employees benefit fund	Contribution made	626	-
CSAP - Staff Benevolent Fund	Staff welfare fund	Employees Welfare fund	Contribution made	10,000	20,000
			Dividend paid	172	77
Key management personnel	Related parties	Executives	Remuneration and benefits	104,433	93,133
			Dividend paid	2,856	3,166
Directors and their spouse	Related parties	Directors	Dividend paid	3,694	693

50.1 Sale of finished goods, raw materials, steam and electricity, rendering of services and rental income are based on commercial terms and at market prices which are approved by the Board of Directors.

50.2 Contributions to the employee retirement benefit funds are made in accordance with the terms of employee retirement benefit schemes and actuarial advice.

50.3 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.

50.4 Outstanding balances and other information with respect to related parties as at 30 June 2018 and 2017 are included in issued, subscribed and paid-up capital (note 7.1), trade and other payables (note 13.3), investment in equity accounted investees (note 20), other receivables (note 29.2), administrative expenses (note 36.3) and staff retirement benefits (note 46).

51. 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 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

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 as shown in the consolidated balance sheet plus net debt.

51.1 Gearing ratio

The gearing ratio at end of the year is calculated as follows:

	Note	2018	2017
		(Rupees in '000)	
Total debt	51.1.1	2,452,844	3,472,453
Less: Cash and bank balances		193,655	85,629
Net debt		2,259,189	3,386,824
Total equity	51.1.2	7,613,689	8,601,367
Total capital		9,872,878	11,988,191
Gearing ratio		23%	28%

51.1.1 Total debt is defined as long term and short term borrowings (excluding derivatives), as described in notes 9, 10 and 15 to these consolidated financial statements.

51.1.2 Total equity includes all capital and reserves of the Holding Company that are managed as capital.

52. PLANT CAPACITY AND PRODUCTION

52.1 Steel segment

Pipe plant

The plant's installed / rated capacity for production based on single shift is 66,667 tons (2017: 66,667 tons) annually on the basis of notional pipe size (Where as the notional pipe size is taken as 30" dia x ½" thickness for SP1600 and 40"dia x 5/8" thickness for SP 2003). The actual production achieved during the year was 50,215 tons (2017: 88,110 tons) line pipes of varied sizes and thickness. Actual production is equivalent to 56,145 tons (2017: 107,699 tons) when translated to the notional pipe size of 30" diameter. Reason for underutilization was delay in materialization of orders for different projects.

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

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 206,389 meters (2017: 272,587 meters) of different dia pipes (407,598 square meters surface area) was achieved during the year (2017: 397,103 square meters surface area). Reason for underutilization was Lack of coating work orders in hand.

Steel melting plant

The designed capacity of Plant is 85,000 mtons (42,500 mtons) of billets per annum, but the total production during FY17-18 was 49,900 mtons (2017: 31,962 mtons) of billets. The capacity utilisation rate decreased in the current year from 75% in the last year to 59%. This resulted from suspension of production for about two months due to annual maintenance at the Power supplying company including boiler etc. Additionally, the reasons for shortfall were inconsistent power supply particularly during sugar season, scrap quality issues, and scrap blending issues.

52.2 Cotton segment

Spinning unit 1

The plant capacity converted to 20s count polyester cotton yarn based on three shifts per day for 1,080 shifts is 9,197,007 kilogram (2017: 8,298,913 kilograms). Actual production converted into 20s count was 4,897,430 kilograms for 705 shifts (2017: 7,949,096 kilograms for 1,080 shifts). Reason for under utilization of production capacity is shutdown of plant for four months.

52.3 Energy segment

The plant's installed production capacity was 118,856 MWh (2017: 118,856 MWh) and the actual production achieved during the year was 50,559 MWh (2017: 40,873 MWh). Reason for underutilization was that no power was supplied to FESCO and power generation was restricted to actual demand of the two customers, Crescent Hadeed (Private) Limited and Shakarganj Limited.

53 COMPARATIVE INFORMATION

The fourth schedule to the Companies Act, 2017 has introduced certain presentation and classification requirements for the elements of financial statements. The preparation and presentation of these consolidated financial statements for the year ended 30 June 2018 is in accordance with requirements in Companies Act 2017. Accordingly, the corresponding figures have been rearranged and reclassified, wherever considered necessary, to comply with the requirements of Companies Act, 2017. Major reclassifications include unpaid dividend and unclaimed dividend of Rs. 116.449 million and Rs. 21.628 million respectively which have been reclassified from trade and other payables to face of consolidated statement of financial position separately.

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

54. GENERAL

54.1 Number of employees

The number of employees including contractual employees of the Group as at 30 June 2018 were 1,003 (2017: 583) and weighted average number of employees were 951 (2017: 1,021).

The number of factory employees including contractual employees of the Group as at 30 June 2018 were 873 (2017: 399) and weighted average number of employees were 821 (2017: 85).

54.2 Non adjusting event after reporting date

The Board of Directors of the Group in their meeting held on 31 July 2018 have proposed final cash dividend for the year ended 30 June 2018 of Re. 1 per share (i.e. 10%) (2017: Rs. 2.25 per share) amounting to Rs. 77.632 million (2017: Rs. 174.673 million). This is in addition to the first interim cash dividends of Re. 1 per share each (i.e. 10% each), this makes a total distribution of Rs. 2 per share (i.e. 20%) for the year ended 30 June 2018. The above proposed final cash dividend is subject to the approval of the members at the Annual General Meeting to be held on 29 October 2018. 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.

55. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue in the Board of Directors meeting held on 31 July 2018.

Chief Executive	Director	Chief Financial Officer

ANNEXURES

GLOSSARY / LIST OF ABBREVIATIONS

AFS	Available For Sale
API	American Petroleum Institute
APTMA	All Pakistan Textile Mills Association
BCI	Better Cotton Initiative
Board	Board of Directors
BOI	Board of Investment
BMR	Balancing, Modernization and Replacement
BU	Business Unit
CCP	Crescent Cotton Products
CDC	Central Depository Company of Pakistan
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIO	Chief Information Officer
CPEC	China Pakistan Economic Corridor
CSAPL	Crescent Steel and Allied Products Limited
CSCLCS	Capital (Private) Limited
CSEL	Crescent Energy (Private) Limited
CSR	Corporate Social Responsibility
GDP	Gross Domestic Product
Dia	Diameter
GIDC	Gross Infrastructure Development Cess
DRP	Disaster Recovery Plan
DSC	Differential Scanning Calorimeter
EBIT	Earnings before Interest and Taxation
EBITDA	Earnings before Interest, Taxation Depreciation and Amortization
EDB	Engineering Development Board of Pakistan
EOBI	Employees' Old Age Benefit Institute
EPS	Earning Per Share
E&P	Exploration and Production
ERP	Enterprise Resource Planning
ERS	Expeditious Refund System
FBR	Federal Board of Revenue
FDI	Foreign Direct Investment
GoP	Government of Pakistan
HFT	Held for Trading
HR & R	Human Resource and Remuneration
HR Coil	HR Coil Hot Rolled Coil
HR	Human Resource
HSE	Health, Safety and Environment
HTM	Held to Maturity
IAS	International Accounting Standards
ICAP	Institute of Chartered Accountants of Pakistan
ICMAP	Institute of Cost and Management Accountants of Pakistan
IFRIC	International Financial Reporting Interpretation Committee
IFRS	International Financial Reporting Standards
IID	Investment and Infrastructure Development
ISO	International Organization for Standards
IT	Information Technology
KG	Kilo Gram
KIBOR	Karachi Interbank Offer Rate
Lbs	Pounds
LC	Letter of Credit
LED	Light Emitting Diode
LNG	Liquefied Natural Gas
LRQA	Lloyd`s Register Quality Assurance
LSM	Large Scale Manufacturing
MFI	Melt Flow Index
MT	Management Trainee
NBV	Net Book Value
NRV	Net Realisable Value
OHSAS	Occupational Health and Safety Advisory Services
OPS	Ounce Per Spindle
OSH&E	Occupational Safety, Health and Environment
PEPCO	Pakistan Electric Power Company
PICG	Pakistan Institute of Corporate Governance
PNAC	Pakistan National Accreditation Council
PSDP	Public Sector Development Programme
PSX	Pakistan Stock Exchange
QMS	Quality Management System
SECP	Securities and Exchange Commission of Pakistan
SMEDA	Small and Medium Enterprise Development Authority
SP	Spiral Machine
TCF	The Citizens Foundation
TFC	Term Finance Certificate
THF	The Health Foundation
USDA	United States Department of Agrictulture
WPPF	Workers' Profit Participation Fund
WWF	Workers' Welfare Fund
YoY	Year on Year

FORM OF PROXY
34TH 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 Monday, 29 October 2018 at 12:00 noon, at Liberty Castle Banquet Hall, 79-D-1, Main Boulevard, Gulberg-III, Lahore and at any adjournment thereof.

At witness my/our hand this_______________day of __________________2018.

1. Name _______________________
   CNIC _______________________
   Address _____________________

2. Name _______________________
   CNIC _______________________
   Address _____________________

Please affix here Revenue Stamps of Rs. 5/-   _________________   Members' Signature :

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 (Pvt) 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 & 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.

پراکسی فارم
34 واں سالانہ اجلاس عام

میں/ہم ________ کریسنٹ اسٹیل اینڈ الائیڈ پراڈکٹس لمیٹڈ کا/کے ممبر (ممبرز) ہونے کی حیثیت سے اور فولیو نمبر ________ / سی ڈی سی پارٹیسپیشن آئی ڈی # ________ اور سب اکاؤنٹ # ________ / سی ڈی سی انویسٹر اکاؤنٹ آئی ڈی # ________ کے مطابق، بذریعہ ہذا ________ سے تعلق رکھنے والے ________ حامل فولیو نمبر ________ سی ڈی سی پارٹیسپیشن آئی ڈی # ________ اور سب اکاؤنٹ # ________ / سی ڈی سی انویسٹر اکاؤنٹ آئی ڈی # ________ کو کریسنٹ اسٹیل اینڈ الائیڈ پراڈکٹس لمیٹڈ کے پیر 29 اکتوبر، 2018 کو دوپہر 12:00 بجے لبرٹی کیسل، 1-D-79، گلبرگ - III، لاہور میں ہونے والے سالانہ اجلاس عام یا اس کے کسی التوا میں شرکت، اظہار خیال اور میری/ہماری طرف سے ووٹ دینے کے لیے اپنا پراکسی مقرر کرتا ہوں / کرتے ہیں۔

دن ________ مہینہ ________ 2018، درج ذیل گواہوں کی موجودگی میں دستخط کیے گئے۔

1. نام ________
سی این آئی سی ________
پتہ ________

2. نام ________
سی این آئی سی ________
پتہ ________

براہ کرم یہاں -/5 روپے کا ریونیو ٹکٹ چسپاں کیجیے
____
ممبر کے دستخط

نوٹس:

1. کمپنی کا 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 انسٹرومنٹ بمع پاور آف اٹارنی (اگر کوئی ہو) جس کے تحت اس پر دستخط کیے گئے ہوں یا اس کی نوٹریالی تصدیق شدہ کاپی، اجلاس شروع ہونے کے وقت سے 48 گھنٹے قبل کمپنی کے شیئر رجسٹرار آفس، کارپ ٹیک 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 سیکیورٹیز 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 سیکیورٹیز اور رجسٹریشن کی تفصیلات ضابطوں کے مطابق اپ لوڈ ہیں، مذکورہ بالا تقاضے کے مطابق پراکسی فارم پیش کریں گے۔

ii) پراکسی فارم کی گواہی دو افراد دیں گے جن کے نام، پتے اور سی این آئی سی نمبرز فارم پر درج ہوں گے۔

iii) بنیفیشل اونرز اور 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 بمعہ 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 Annual Audited 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: ________

Signature: ________
(In case of corporate shareholders, the authorized signatory must sign)

Date: ________

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@corptec.com.pk

عنوان: سالانہ رپورٹ اور اے جی ایم نوٹس کی الیکٹرانک ٹرانسمیشن کی اجازت کا فارم

جناب عالی،

میں/ہم، بذریعہ ہذا کریسنٹ اسٹیل اینڈ الائیڈ پراڈکٹس لمیٹڈ (''کمپنی'') کا/کے شیئر ہولڈر (ہولڈرز) ہونے کے ناطے کمپنی کے آڈٹ شدہ مالیاتی اسٹیٹمینٹس بمعہ سالانہ اجلاس عام کے نوٹس کی، ذیل میں دیئے گئے ای میل کے ذریعے الیکٹرانک ٹرانسمیشن کی اجازت اور اختیار دیتا ہوں/دیتی ہوں اور اپنے ای میل ایڈریس میں کسی تبدیلی کی کمپنی کو فوری طور پر اطلاع دینے کا وعدہ کرتا ہوں/کرتی ہوں۔

میں سمجھتا ہوں/سمجھتی ہوں کہ کمپنی کے آڈٹ شدہ مالیاتی اسٹیٹمینٹس بمعہ سالانہ اجلاس عام کے نوٹس کی ای میل کے ذریعے ٹرانسمیشن سے ان تقاضوں کی تکمیل ہوگی جن کا کمپنیز 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۔ پارٹیسپنٹ آئی ڈی/فولیو نمبر: ______________________

6۔ ای میل ایڈریس: ______________________

7۔ فون نمبر: ______________________

8۔ میلنگ ایڈریس: ______________________

تاریخ: ______________________

____

دستخط

(کارپوریٹ شیئر ہولڈرز کی صورت میں، مجاز دستخط کنندہ لازمی دستخط کرے)

STANDARD REQUEST FORM FOR HARD COPIES OF ANNUAL AUDITED ACCOUNTS

Name of member: ______________________

CNIC No/Passport No: ______________________

Folio/CDC Participant ID/Sub a/c/Investor a/c: ______________________

Registered Address: ______________________

I/We hereby request you to provide me/us a hard copy of the Annual Report of Crescent Steel & 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: company.secretary@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 پارٹیسپینٹ ____________________

آئی ڈی/ سب a/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۔

تاریخ: ____________________

____
ممبر کے دستخط

نوٹ: یہ معیاری درخواست فارم کمپنی سیکرٹری یا کمپنی کے انڈیپینڈنٹ شیئر رجسٹرار، کسی کے بھی درج ذیل پتے پر بھیجا جا سکتا ہے۔

کمپنی سیکرٹری

کریسنٹ اسٹیل اینڈ الائیڈ پراڈکٹس لمیٹڈ

9th فلور، سڈکو ایونیو سنٹر، 264 آر اے لائنز کراچی

ای میل: company.secretary@crescent.com.pk

چیف ایگزیکٹو،

میسرز کارپ ٹیک ایسوسی ایٹس (پرائیویٹ) لمیٹڈ

انڈیپینڈنٹ 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۔

E-DIVIDEND FORM (DIVIDEND PAYMENT THROUGH ELECTRONIC MODE)

The Company Secretary/Share Registrar,

I, ____________________, 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: company.secretary@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

کریسنٹ اسٹیل اینڈ الائیڈ پراڈکٹس لمیٹڈ
ای۔ ڈیویڈنڈ فارم (الیکٹرانک طریقے سے ڈیویڈنڈ کی ادائیگی)

دی کمپنی سیکرٹری/شیئر رجسٹرار

میں، ________________ حامل سی این آئی سی نمبر ________________ فولیو نمبر ________________

کے تحت کمپنی کا رجسٹرڈ شیئر ہولڈر ہونے کی حیثیت سے بیان کرتا ہوں کہ لسٹیڈ کمپنیوں کی طرف سے ڈیویڈنڈ کی ادائیگیوں سے متعلق کمپنیز ایکٹ، 2017 کے سیکشن 242 کی متعلقہ دفعات کی رو سے موجودہ اور مستقبل کے کیش ڈیوئڈنڈز کی الیکٹرانک طریقے سے براہ راست میرے بینک اکاؤنٹ میں وصولی کے لیے ذیل میں دی جانے والی معلومات صحیح اور درست ہیں، اگر اوپر بیان کردہ معلومات میں کوئی تبدیلی ہوئی، تو جیسے ہی یہ تبدیلی ہوگی میں نظر ثانی شدہ ای-ڈیویڈنڈ فارم کے ذریعے کمپنی اور متعلقہ شیئر رجسٹرار کو فوری طور پر اس کی اطلاع دوں گا۔

	ٹائٹل آف بینک اکاؤنٹ
	بینک اکاؤنٹ نمبر
	آئی بی اے این نمبر
	بینک کا نام
	برانچ کا نام اور ایڈریس
	شیئر ہولڈر کا سیل نمبر
	شیئر ہولڈر کا لینڈ لائن نمبر
	شیئر ہولڈر کا ای میل

سی ڈی سی شیئر ہولڈنگ کی صورت میں، میں بذریعہ ہذا یہ وعدہ بھی کرتا ہوں کہ متعلقہ پارٹیسپینٹ کے ذریعے سنٹرل ڈیپازٹری سسٹم میں اپنے بینک اکاؤنٹ کی مذکورہ بالا معلومات کو اپ ڈیٹ کروں گا۔

تاریخ: ________________

____
ممبر کے دستخط

نوٹ: یہ معیاری درخواست فارم کمپنی سیکرٹری یا کمپنی کے انڈیپینڈنٹ شیئر رجسٹرار، کسی کے بھی درج ذیل پتے پر بھیجا جاسکتا ہے۔

کمپنی سیکرٹری
کریسنٹ اسٹیل اینڈ الائیڈ پراڈکٹس لمیٹڈ
9th فلور، سڈکو ایونیو سنٹر، 264 آر اے لائنز کراچی
ای میل: company.secretary@crescent.com.pk

چیف ایگزیکٹو،
میسرز کارپ ٹیک ایسوسی ایٹس (پرائیویٹ) لمیٹڈ
انڈیپینڈنٹ شیئر رجسٹرار آف کریسنٹ اسٹیل اینڈ الائیڈ پراڈکٹس لمیٹڈ
503-E، جوہر ٹاؤن، لاہور
ای میل: info@corptec.com.pk

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 29 October, 2018.

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: company.secretary@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

کریسنٹ اسٹیل اینڈ الائیڈ پراڈکٹس لمیٹڈ
ای۔ فارم برائے ویڈیو کانفرنس سہولت

دی کمپنی سیکرٹری/شیئر رجسٹرار،

__________ سے تعلق رکھنے والے، میں/ہم __________ فولیونمبر (نمبرز) __________

/ سی ڈی سی پارٹیسپینٹ نمبر __________ انویسٹرا کاؤنٹ نمبر __________

اور ہولڈر آف __________ آرڈنری شیئرز، کے تحت، کمپنی کے رجسٹرڈ شیئر ہولڈر (ہولڈرز) کی حیثیت سے 29 اکتوبر 2018 کو منعقد ہونے والے کمپنی کے سالانہ اجلاس

عام کے لیے __________ میں ویڈیو کانفرنس سہولت کی درخواست کرتا ہوں/ کرتے ہیں۔

تاریخ: __________

نوٹ: یہ معیاری درخواست فارم کمپنی سیکرٹری یا کمپنی کے انڈیپینڈنٹ شیئر رجسٹرار، کسی کے بھی درج ذیل پتے پر بھیجا جاسکتا ہے:

کمپنی سیکرٹری

کریسنٹ اسٹیل اینڈ الائیڈ پراڈکٹس لمیٹڈ

9th فلور، سڈکو ایونیو سنٹر، 264 آر اے لائنز کراچی

ای میل: company.secretary@crescent.com.pk

چیف ایگزیکٹو،

میسرز کارپ ٹیک ایسوسی ایٹس (پرائیویٹ) لمیٹڈ

انڈیپینڈنٹ شیئر رجسٹرار آف کریسنٹ اسٹیل اینڈ الائیڈ پراڈکٹس لمیٹڈ

503-E، جوہر ٹاؤن، لاہور

ای میل: info@corptec.com.pk