Crescent Steel and
Allied Products Limited

2019 ANNUAL REPORT

BUILDING VALUES

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VISION, MISSION & CORE VALUES

Our mission and vision define the purpose and goals of Crescent Steel. Together with the building blocks of our Core Value, the following drives and informs our strategic direction:

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 out-performance

Delivering value through responsiveness to internal and external customers.

CONTINUOUS IMPROVEMENT

Contiuous improvement gives us competitive advantage

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

COMMUNITY CARE

Social responsibility is at the heart of our business

Facilitating social equity in communities where we operate.

KEY PERFORMANCE INDICATORS

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

Indicator	Value	Unit
Sales Revenue	4,066.5	(PKR in million)
Profit before Tax	24.9	(PKR in million)
Gross Profit ratio	5.4	Percentage
Net Profit margin	3.5	Percentage
EBITDA	384.6	(PKR in million)
Earnings per Share (Basic and diluted)	1.85	(PKR per share)
Total Assets	8,287	(PKR in million)
Shareholders' Equity	5,394.1	(PKR in million)
Capital Expenditure	131.3	(PKR in million)
Break-up Value	69.5	(PKR per share)
Cash Dividend (Including final proposed)	-	(PKR per share)
Return on average Capital Employed	3.3	Percentage
Gearing ratio	27.0	Percentage
Current ratio	1.2:1	Ratio
Price Earnings ratio	20.4	Times
Share Price	37.8	(PKR per share)

OUR GOVERNING PRINCIPLES

We conduct our business in a responsible manner; with honesty, transparency 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 underpins the functioning of our organization. We comply with the Pakistan Code of Corporate Governance and other applicable regulations of the Securities and Exchange Commission as well as the listing regulations of the Pakistan Stock Exchange.

INTEGRITY

Crescent Steel and Allied Products Limited ("CSAPL") does not use bribery 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 conflicting 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 skills development.

REMUNERATION OF BOARD OF DIRECTORS AND CHAIRMAN

All directors of the Company are Non-Executive except for the Chief Executive Officer (CEO). 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.

All these committees operate under a charter approved by the Board. 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 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 governing charter of the Risk Management Committee addresses the Company's strategic direction in the management of the Company's business risks. The committee is responsible for oversight on the establishment and implementation of a risk management framework, reviewing the effectiveness of the framework in identifying and managing risks and a review of all material controls (Financial, operational, compliance) to ensure adequacy of risk mitigation measures.

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 five distinct business units, a Steel Division, a Cotton Division, an Investment and Infrastructure Development Division, Crescent Hadeed Division and CS Energy 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. Five 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 has two directly owned subsidiaries:

- CS Capital (Private) Limited.
- Solution de Energy (Private) Limited.

Crescent Hadeed (Private) Limited and CS Energy (Private) Limited (Formerly directly owned subsidiaries) stand amalgamated with the company, effective June 30, 2019.

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 compliance with workplace health and safety standards are of critical importance across all our locations. We are committed to actively managing health and safety risks associated with our business and are 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 any recommendation is put forward by the CEO to the Board Chairman or to the respective committees of the Board.

FORMAL REPORTING LINE

The prevailing operational structure of the Company consists of a shared services or corporate division which consists of shared services units such as Finance, HR and IT and, various business divisions, each of which is headed by a Business Unit Head (BUH).

The BUHs act as CEOs for the respective units and are responsible for the day to day management and the performance of their respective division or department. 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 formal and informal avenues for our people through which they can share feedback and ideas regarding the business and the Company as a place of work. Physical suggestion boxes have been placed at all office and factory locations and a virtual suggestion box with direct access to the CEO is on our employee SharePoint portal. In addition to this we have an annual Open House with the CEO where employees may drop in to meet the CEO one on one and express their concerns and share feedback in person. These meetings are aimed at capturing free and first-hand suggestions that are useful in refining operations and in improving work environment.

The formal mechanisms in place provide our people the access and space to give suggestions, raise grievances and concerns or any matter relating to the Company. Suggestions are reviewed and monitored directly by the CEO or the Head of Administration. 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, anonymously, without fear of repercussions.

SHAREHOLDERS

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

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

www.crescent.com.pk/shareholders-information/

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 our planned annual business strategy reviews, we reviewed the corporate strategy FY19-FY21 to new business and environmental challenges. The strategic theme ACT - H3 was retained for the next three years.

ACT [Agility, Creativity, Tenacity] H3 [Head, Hands and Heart] represents the way we work at Crescent Steel. The changing business conditions however, required us to review certain elements of our corporate strategy, specifically with respect to the Company structure, overall, the conditions do not necessitate any radical change to our long-term targets or corporate strategy. The core business targets remain unchanged; however, we have initiated critical corporate restructuring with the view to enhance shareholder value.

In essence, we believe that the engineering sector will be the engine for economic growth in Pakistan and our strategic focus remains towards developing a robust, high impact engineering sector portfolio, to strengthen our position in Pakistan's engineering industry, maintain and grow our position 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.

We have formulated strategic perspectives/maps for different time-frames, to aid us in developing strategic actions and to monitor outcomes. The basis is our long-term vision: "To excel across all our operations and deliver 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.
- Corporate restructuring to enhance shareholder value.
- 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, agility, customer focus and community care.

To advance our objectives, 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.
- Develop strong social and relationship capital and provide meaningful inputs to regulators, legislators, policy makers, shareholders, customers, government bodies such as the EDB and, more.
- Support the national security objective of delivering a sustainable national water transmission/ management network.
- Work to develop innovative construction practices locally; create a market for piling solutions.
- Leverage technical expertise and know how to provide pipeline services, solutions and consultancy.
- Target opportunities for participating in regional pipeline projects.
- Reducing our energy dependence by investing in renewable energy systems.
- 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.
- Live by our Core Values.

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, real estate and food sectors.
- 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. 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 through allocating 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.

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 (HR) 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. We focus 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. Looking ahead we expect the KSE-100 to remain volatile, providing modest returns over the short-medium term. 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.

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.

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 except for Group structure review for remodeling / restructuring during the 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 long term wealth of each stakeholder. The said results are properly evaluated against the respective strategic objectives to confirm the achievement.

OBJECTIVES AND KEY PERFORMANCE INDICATORS FOR FY20-FY22

STRATEGIC OBJECTIVES	KEY PERFORMANCE INDICATORS
To enhance shareholders' value and offer consistent, competitive returns, by delivering responsible, long-term growth	• Maximize revenues and minimize cost. • Enhanced product offering: contribution to national energy landscape, construction solutions, investing in steel long product offerings and making strategic investments in the power, real estate 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. • 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. • Encouraging people to come forward with ideas for increasing efficiency Improve customer satisfaction, retention and business development by providing technical advice and education at design stage of projects regarding our product range. • Employee satisfaction and retention of black belts as future leaders. • 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.
To manage our impacts and to contribute towards an educated and skilled Pakistan	• 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 profit before tax 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 HISTORY 1983 - 2019

1983-2000

1983

- Incorporation of Crescent Steel and Allied Products Limited*

1987

- Commercial Production
- Listing on Stock exchange
- API Certification accreditation

1989-90

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

1991

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

1992

- First ever 3LPE coating project in Pakistan executed

1995-96

- Change of reporting period from December to June
- New logo of Company

1997

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

2000

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

2001-2010

2001-02

- BMR at Crescent Cotton Products

2003

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

2004

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

2005

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

2006

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

2007

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

2008

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

2009

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

2010

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

2011-2019

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
- 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

- 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
- Installation of 7,680 compact attachments to enhance efficiency*
- Received KSE - Top 25 Companies Award for the years 2010, 2011 and 2013
- 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
- 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.
- Assigned initial entity ratings of 'A+/A-2' (Single A Plus/A-Two) by JCR-VIS
- 1st in the Diversified Holdings Sector - South Asian Federation of Accountant's Best Presented Annual Report Awards 2015
- 3rd position in the Engineering Sector and 3rd position for Sustainability Report - Best Corporate and Sustainability Report Awards 2015 (ICAP and ICMAP)
- 1st position in the Engineering and Autos Sector and 3rd position for Sustainability Report - Best Corporate and Sustainability Report Awards 2016 (ICAP and ICMAP)

2018

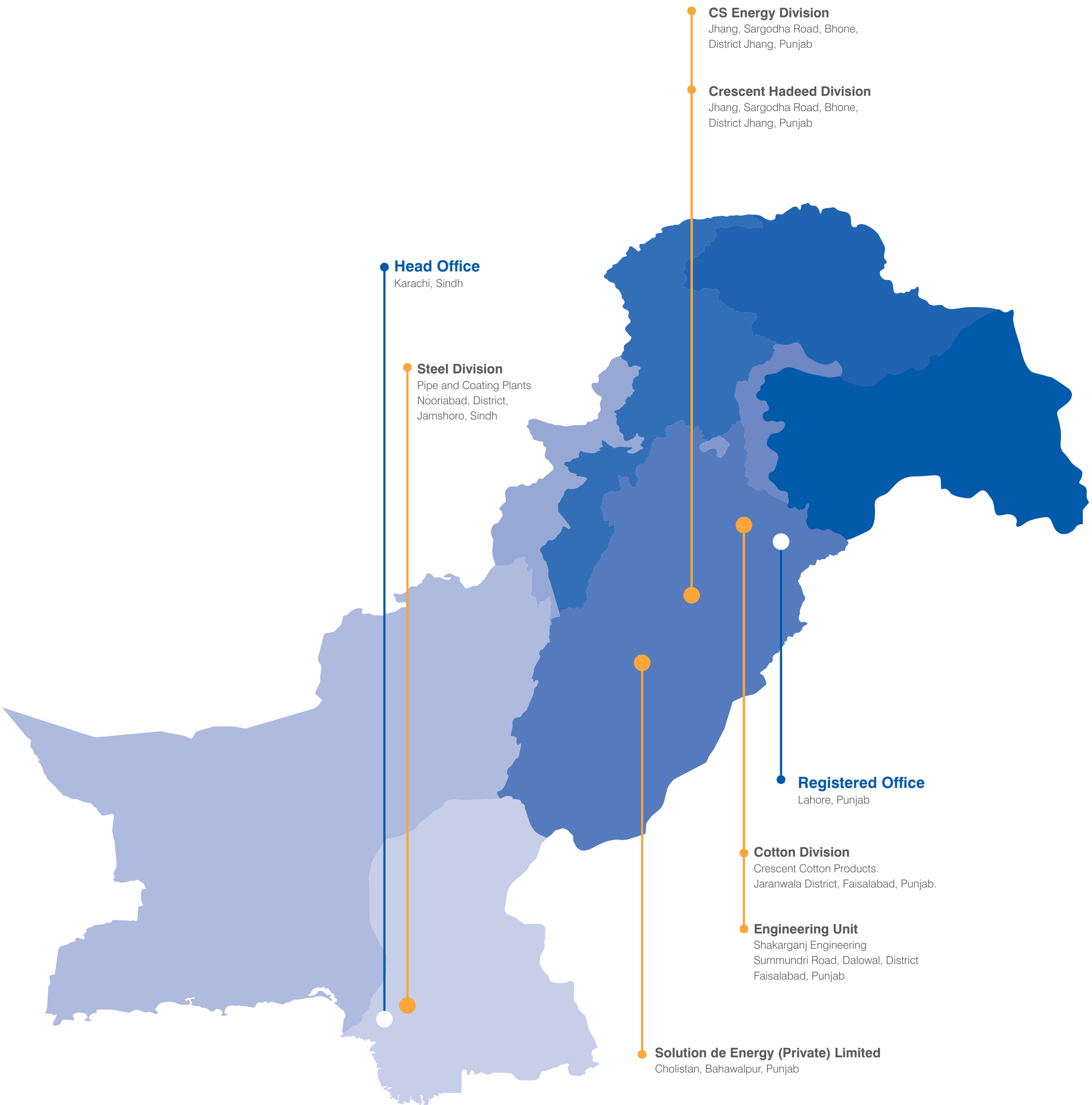
- JCR-VIS Credit Rating Company Limited (JCR-VIS) maintained the entity ratings at 'A+/A-2' (Single A Plus/A-Two)
- Listed as one of the top 25 Companies for 2016 by the Pakistan Stock Exchange
- 1st in the Diversified Holdings Sector - South Asian Federation of Accountant's Best Presented Annual Report 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

2019

- Awarded with a certificate of merit in the Engineering and Autos Sector by Best Corporate Report Award 2018 (ICAP and ICMAP)
- Amalgamation of Crescent Hadeed (Private) Limited and CS Energy (Private) Limited – wholly owned subsidiaries
- 1st in the Diversified Holdings Sector - South Asian Federation of Accountant's Best Presented Annual Report Awards 2017
- Enhanced hydro-tester machine capacity to meet new industry requirements

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

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 five divisions and two wholly owned subsidiaries.

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 44 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 Crescent Hadeed Division – billet manufacturing unit.

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 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.

CS ENERGY DIVISION

A Power generation unit (Formerly operating as a fully owned subsidiary of Crescent Steel and Allied Products Limited) has recently merged with and into CSAPL.

The primary function of this unit is to provide electricity internally to Crescent Hadeed Division - Billet manufacturing unit and generate, accumulate, distribute, sell and supply electricity to Distribution companies, as permitted.

Initially equipped with a 15 MW co-generation, thermal generation power plant at Bhone, Punjab, and 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 Division throughout the year. The Generation Plants use bagasse in the combustion process to produce power and processed steam.

CRESCENT HADEED DIVISION- BILLET MANUFACTURING UNIT

A billet manufacturing unit (Formerly operating as a wholly owned subsidiary of Crescent Steel and Allied Products Limited) has recently merged with and into CSAPL.

At present, the unit 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.

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).

SOLUTION DE ENERGY (PRIVATE) LIMITED

Solution de Energy which was previously operating as a fully owned subsidiary of CS Energy (Private) Limited, now operating as fully owned subsidiary of CSAPL, post amalgamation of CS Energy (Private) Limited and CSAPL.

The company was incorporated in October 2013, its principal activity being to build, own, operate and maintain a 100MW solar power project.


SIZE: 96” X 17.5 mm

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 (Resigned on: 30 September 2019)
Non-Executive Director

Zahid Bashir
Non-Executive Director

COMPANY SECRETARY

Iesha Fazal

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 (Resigned on: 30 September 2019)
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 (Resigned on: 30 September 2019)
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 Solution De Energy (Private) Limited

Abdul Rouf - 2000*
BU Head - Cotton Division

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

Iqbal Abdulla - 2014*
IT Advisor

Iqbal Zafar Siddiqui - 2008*
Advisor to CEO

Mushtaque Ahmed - 1985*
Head of Manufacturing - Steel Division

HEAD OF INTERNAL AUDIT

Azeem Sarwar - 2018*

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

Shariah Compliant

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

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

SUBSIDIARIES*

CS Capital (Private) Limited
Solution de Energy (Private) Limited

REGISTERED OFFICE

E-FLOOR, IT TOWER, 73-E/1, HALI ROAD,
GULBERG-III, LAHORE.
TEL: +92 42 3578 3801-03
FAX: +92 42 3578 3811

LIAISON OFFICE LAHORE

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

PRINCIPAL OFFICE

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

PRODUCTION SITES

STEEL DIVISION
PIPE AND COATING PLANTS

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

ENGINEERING UNIT

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

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

CS ENERGY DIVISION
POWER GENERATION UNIT

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

* Registered Office and Principal Office are same as holding company

CRESCENT HADEED DIVISION
BILLET MANUFACTURING UNIT

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

PUBLIC INFORMATION

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

Ms. Iesha Fazal
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/2019/10/CSAPL-Accounts-2019.pdf

CORPORATE RESPONSIBILTY REPORT

The Complete Report can be found on:
http://www.crescent.com.pk/wp-content/uploads/2019/10/CSAPL-CSR-Report-2019.pdf

AWARDS AND ACCOLADES

ICAP AND ICMAP BEST CORPORATE REPORT AWARD 2018

The Annual Report of the Company for the year 2018 secured a certificate of merit in the Engineering and Autos Sector

SAFA'S BEST PRESENTED ANNUAL REPORT AWARDS 2017

Our Company was ranked first in the Diversified Holdings Sector by SAFA under the Best Presented Annual Report Awards for 2017

GROUP STRUCTURE

Crescent Steel and
Allied Products Limited

SUBSIDIARIES

- CS Capital (Private) Limited
- Solution De Energy (Private) Limited

BUSINESS UNITS

- Steel Division
- Cotton Division
- Investment and Infrastructure Development Division
- Crescent Hadeed Division
- CS Energy Division

STRUCTURE OF THE COMPANY

BOARD OF DIRECTORS

Board Committees

CEO

Business Development Manager

CEO Secretariat

Head of Risk and Compliance

CEO of Subsidiaries
- CS Capital (Private) Limited
- Solution de Energy (Private) Limited

Head of Supply Chain
- Manger Supply Chain

Business Unit Head - IID
- Projects and Infrastructure Manager
- Back Office Manager
- Portfolio Manager

Business Unit Head - Steel
- Head of Manufacturing
- Head of Marketing and Sales
- Manager Quality Control
- Manager Quality Assurance and HSE
- GM - Engineering Unit
- Manager Accounts (Factory)

Business Unit Head - Cotton
- Mills Manager
- Electrical Engineer
- Power House Incharge
- Spinning Manager QA
- IT and MIS Officer
- Manager Accounts (Factory)

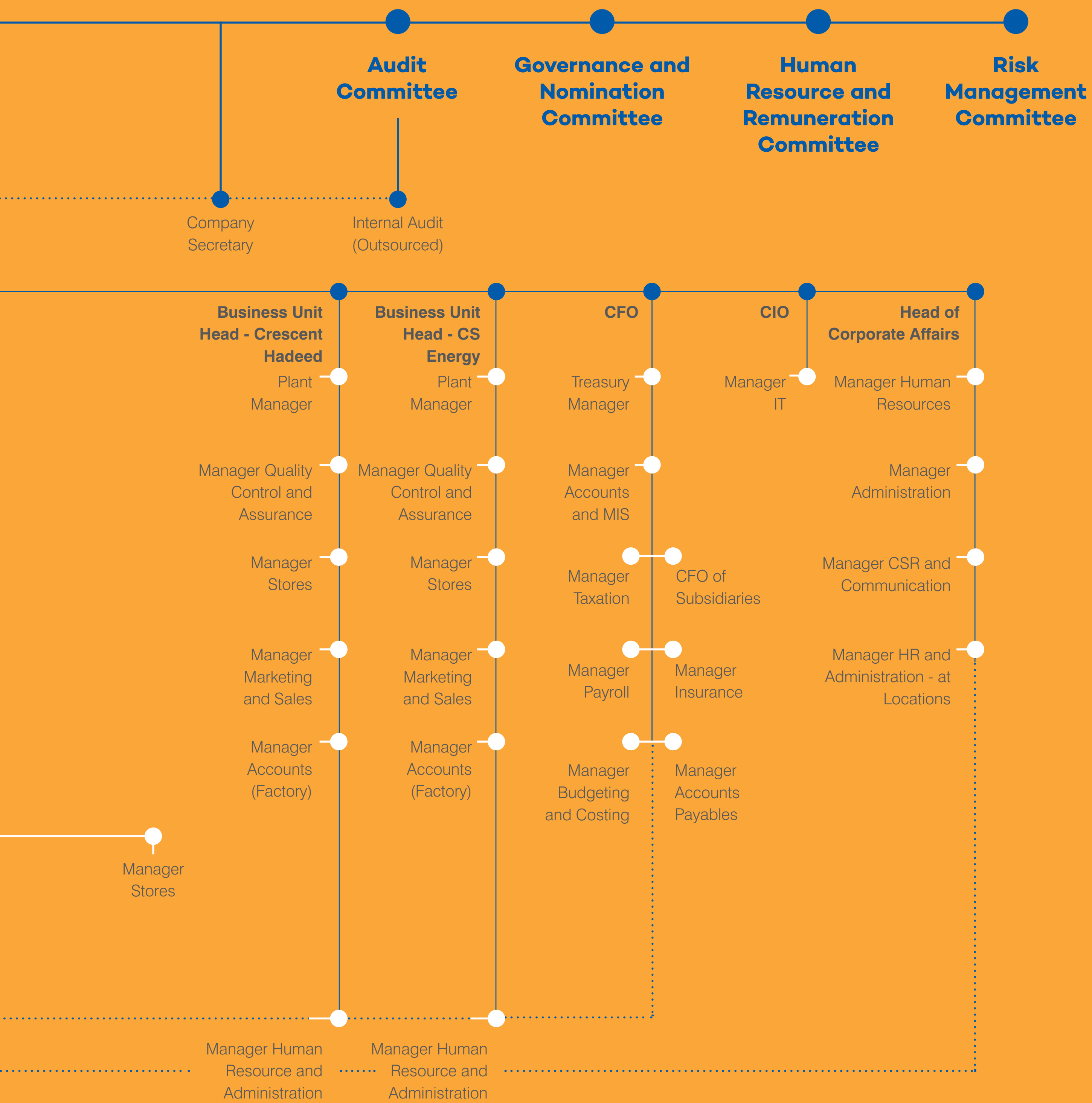
Manager Human Resource and Administration

Group Management Committees:

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

Board Committees:

- Governance and Nomination Committee
- Audit Committee
- Human Resource and Remuneration Committee
- Risk Management Committee


Audit Committee
Governance and Nomination Committee
Human Resource and Remuneration Committee
Risk Management Committee
Company Secretary
Internal Audit (Outsourced)
Business Unit Head - Crescent Hadeed
Plant Manager
Manager Quality Control and Assurance
Manager Stores
Manager Marketing and Sales
Manager Accounts (Factory)
Business Unit Head - CS Energy
Plant Manager
Manager Quality Control and Assurance
Manager Stores
Manager Marketing and Sales
Manager Accounts (Factory)
CFO
Treasury Manager
Manager Accounts and MIS
Manager Taxation
CFO of Subsidiaries
Manager Payroll
Manager Insurance
Manager Budgeting and Costing
Manager Accounts Payables
CIO
Manager IT
Head of Corporate Affairs
Manager Human Resources
Manager Administration
Manager CSR and Communication
Manager HR and Administration - at Locations
Manager Stores
Manager Human Resource and Administration
Manager Human Resource and Administration

BOARD OF DIRECTORS

AHMAD WAQAR, 70

Joined Board: 30 January 2012

Chairman (Non-Executive, Independent)

Masters in English Literature, MBA (Finance)

Other current engagements:
Member Policy Board, Department of Auditor General of Pakistan

Past engagements:
Secretary:
Revenue Division / Chairman FBR,
Investment Division / Board of Investment,
Finance Division,
Ministry of Petroleum and Natural Resources,
Privatization Commission / Additional Secretary In-charge Privatization Commission

Chairman:
Saindak Metals (Private) Limited,
Pakistan Mineral Development Corporation,
Pangea Growth (Private) Limited (PanGro),
Government Holdings (Private) Limited

Director/Member:
State Bank of Pakistan,
United Bank Limited,
Habib Bank Limited,
Pak-Kuwait Investment Company,
Pakistan Telecommunication Company Limited,
Pakistan International Airlines,
Hydrocarbon Development Institute of Pakistan,
Pakistan Electronic Media Regulatory Authority,
Private Power Infrastructure Board,
Overseas Pakistanis Foundation,
Reform Coordination Group,
Ufone

Deputy Auditor General:
Government of Pakistan

Member Finance:
Capital Development Authority, Islamabad

Chief Accounts Officer:
Pakistan Telecommunication Company Limited

Deputy Secretary:
Cabinet Division

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

Principal Advisor / Consultant
Petroleum Exploration (Private) Limited

AHSAN M. SALEEM, 66

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

Chairman:
Commecs Institute of Business and Emerging Sciences

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

FARRUKH V. JUNAIDY, 60

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 Limited,
Pak Qatar General Takaful Limited,
Pakistan Revenue Automation Limited

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
Institute of Chartered Accountant of Pakistan

NASIR SHAFI, 70

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, 80

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, 74

Joined Board: 01 September 2010

(Resigned on: 30 September 2019)

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 & Petrochemical Corporation (Private) Limited,
Oil & Gas Development Company Limited

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, 74

Joined Board: 01 August 1983

Director (Non-Executive)

MBA

Other Current engagements:
Director:
Mohammad Amin Mohammad Bashir Limited,
Mohammad Amin Mohammad Bashir International (Private) Limited,
Premier Insurance Company of Pakistan,
Premier Financial Services (Private) Limited,
Crescent Powertec Limited,
Ahsan Associates (Private) Limited,
Amin Bashir C.G.P.F and Oil Mills Limited,
Equity Textile Limited,
Crescent Cotton Mills Limited

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 three Non-Executive Directors and one Executive Director of the Board, including an Independent Director as Chairman. 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 Remunation		Governance and Nomination		Risk Managemnet	
	Required	Attended	Required	Attended	Required	Attended	Required	Attended	Required	Attended
Non- Executive Directors										
Mr. Ahmad Waqar	6	6	–	–	1	1	1	1	–	–
Mr. Farrukh V . Junaidy	6	6	6	6	–	–	–	–	1	1
Mr. Nasir Shafi	6	5	6	5	1	1	–	–	–	–
Mr. S.M. Ehtishamullah	6	6	6	6	–	–	–	–	1	1
Mr. Zahid HUssain (Resigned on: 30 September 2019)	6	6	6	6	1	1	–	–	–	–
Mr. Zahid Bashir	6	4	–	–	–	–	1	1	1	–
Executive Directors										
Mr. Ahsan M. Saleem	6	6	–	–	1	1	1	1	–	–

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.
- 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
Azeem Sarwar	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.
- 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
Osama Mansoor	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.
- 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.
- 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.
- 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**
- **Quality 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 2019, and reports that:

- Six 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 2019, 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 unconsolidated and consolidated 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.
- 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.
- 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 2019-20.

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 2019.
- 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 2019. Moreover, during the year Management letter for year ended 30 June 2018 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 2019-20 at the forthcoming Annual General Meeting.

By order of the Audit Committee

Farrukh V. Junaidy
Chairman, Audit Committee

2 September 2019

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

CRESCENT STEEL & ALLIED PRODUCTS LIMITED
FOR THE YEAR ENDED 30 JUNE 2019

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

1. The total number of directors are Seven, as per the following:

Male	7
Female	None

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

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

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

9. 5 out of 7 Directors of the Company have a minimum of 14 years of education and 15 years of experience as director of a listed company. Application has been made to the Commission for grant of exemption from director's training program certification for them. One Director is specifically exempted by SECP from the requirements of Director's Training Program because of his other experience. Remaining one director of the Company has completed certification under Directors' training program conducted by 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. CFO and CEO duly endorsed the financial statements before approval of the board.

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

A) AUDIT COMMITTEE:

Mr. Farrukh Viqaruddin Junaidy	Chairman
Mr. Nasir Shafi	
Mr. S.M. Ehtishamullah	
Mr. Zahid Hussain	

B) HR AND REMUNERATION COMMITTEE

Mr. Ahmed Waqar	Chairman
Mr. Ahsan M. Saleem	
Mr. Syed Zahid Hussain	
Mr. Nasir Shafi	

C) GOVERNANCE & 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:

The meetings of the Audit Committee were held six times during the year, once every quarter prior to approval of interim and final results of the Company as required by the Code and once each on the request of internal and external auditors.

B) HR AND REMUNERATION COMMITTEE

The meetings of the HR and Remuneration Committee was held once during the year as required by the Code.

C) NOMINATION COMMITTEE

The meeting of the Nomination Committee was held once during the year.

D) RISK MANAGEMENT COMMITTEE

The meeting of the Risk management Committee was held once during the year.

15. The Board has outsourced the 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. 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.

Our people have made continued contributions in their areas of work and our surrounding communities and make an effort to engage at all levels.

As on June 30, 2019, we employed 759 people, compared with 866 as on June 30, 2018, and 590 as on June 30, 2017. The reduction in 2019 was driven by a slowdown in business activities and adverse market conditions leading us to partially close selected manufacturing facilities towards the end of fiscal year 2019.

During the year, we employed an average of 761 people, shown by geographical region. A more detailed overview of employee demographics will be published in our Sustainability Report covering fiscal years 2018 and 2019.

COMMUNICATION AND ENGAGEMENT

We strive to maintain a healthy employee and industrial relations environment in which dialogue between management and our employees – both directly and, where appropriate, through employee representative bodies – is embedded in our work practices. On a regular basis, management engages with our employees through a range of formal and informal channels, including, team meetings, suggestion boxes, face-to-face gatherings, employee satisfaction and other feedback surveys, CEO Open House sessions, daily lunch where everyone eats together and eats the same meals, electronic publications through our internal communication channel and employee suggestion and helpdesk channels on our intranet.

2019

Number of Employees
248
Sindh

Number of Employees
511
Punjab

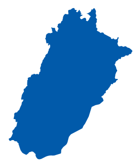
2018

Number of Employees
256
Sindh

Number of Employees
610
Punjab

2017

Number of Employees
390
Sindh



Number of Employees
200
Punjab

Strong employee engagement is especially important in maintaining strong business delivery in times of change. The annual Crescent Employee Satisfaction Survey is one of the principal tools used to measure employee engagement, motivation, affiliation and commitment to Crescent Steel. It provides insights into employees' views and has had a consistently high response rate.

We promote safe reporting of views about our processes and practices. In addition to local channels, the electronic suggestion box enables our people to report potential breaches of our Governing Principles and Code of Conduct, confidentially and anonymously. To make this more transparent we hope to move this to our Internal Audit function, which is outsourced to a third party.

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 plan to conduct focus groups around feedback received on the employee satisfaction survey.

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

Employees represent an important audience not only in terms of their contributions at the workplace, but also in terms of their ability to serve as ambassadors of the Company. We strive to develop an open and effective environment of communication for our employees where they are given an opportunity to express their ideas, feel listened to, valued and respected.

WHISTLE BLOWING

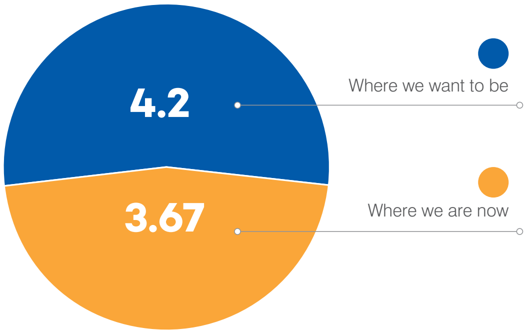
A policy is in place for employees and third parties to raise concerns and report breaches without reprisals or victimization for whistle blowing. The office of the Head of Internal Audit is functioning as intended and that all allegations of breaches are investigated and followed up on as appropriate. The whistle blowing framework covers the following:

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

VOICE OF EMPLOYEES: EMPLOYEE SATISFACTION SURVEY

Strong employee engagement is especially important in maintaining strong business delivery in times of change. It provides us with views of people and information which is essential to our strategy of building a better, happy, more productive workplace.

In 2019, the response rate was 88%, which was an increase of 3% compared with 2018, and the average employee satisfaction score was 3.67 points out of 5, which was marginally lower compared to the 2018 score of 3.73/5. Strong scores were registered for our brand, strategy, values, structure of the organization, work environment and culture, with particularly positive results on quality of management, communication, policies, processes, governance and ethics.



As with every survey in the past major area of concern included compensation – we have 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.

DIVERSITY AND INCLUSION

In this era of globalization, we recognize the benefits of a diverse workforce and see it as an organizational strength and recognize that diversity can enhance performance and drive innovation. We are committed to providing equality of opportunity and creating a rewarding workplace for all employees. Increasing female representation, especially in management level roles, is an ongoing priority.

As on June 30, 2019, 19% of our employees across our corporate offices were females. 20% of the Executive Management Team, 9% of management roles were filled by women and, 3% of our workforce consisted of minorities and for the Head Office minorities constitute 7%.

We have developed work practices to accommodate a diverse workforce such as flexible work schedules at our Head Office and we are pleased to see these are being adopted by our people. We go beyond abilities, age, ethnicity, gender and religion to create an environment that welcomes all forms of diversity including geographical diversity.

Over the last year 87% 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

A positive environment for learning is always critical for success. To us, training is not a cost, but an investment and presents a prime opportunity to expand the knowledge base of our employees.

We provide our employees extensive opportunities for learning on the job and focus on off the job 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 encourage and guide employees to acquire new skills and knowledge that contribute towards their development and towards the organization’s performance. 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

We strive to make an effort to recruit, manage, develop, and retain our talented employees. 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.

REWARDS AND BENEFITS

Crescent Steel fairly rewards employees for their personal contribution and for the overall success of the Company. 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 six 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 are the core element of our corporate culture. They support our vision, shape our culture, reflect what the Company values and are the essence of the Company's identity, principles and beliefs. They guide the perspective of the organization as well as its actions and are critical to the long term growth and value of our business. 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.

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 and secure 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 and up to date IT Infrastructure.

Our information systems are well integrated and captures near to real time real time data for process owner consistently providing business intelligence for structured decision making. Implemented in 2008, our Oracle ERP system consist of almost all Modules covering all layers of Financials, Order Management, Inventory, Manufacturing, 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. Well defined Policies and Procedures are in place to ensure consistency and measured IT Operations since Crescent Steel's operational agility is dependent on IT operations. Our IT department is a critical resource which continuously works toward affecting improvements in the Company's business processes.

BUSINESS CONTINUITY MANAGEMENT

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).

Our Primary Server is 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. We also have Next Generation Firewall to secure company network. Backing up of all data is a regimented practice with a copy of the backup stored safely at an offsite location.

DEVELOPMENTS IN MIS

IT has delivered a Mobile Application for use by the Top Management which provides real time production and sales figures to the top management around the clock.

A state of the art sustainability reporting application has been developed by IT which greatly reduces the manual efforts required in compiling and publishing the monthly sustainability reports.

REVIEW REPORT BY THE CHAIRMAN

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 governance of the company and setting its direction for achievement of its long term 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 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 believes necessary keeping in view the emerging corporate governance trends. The Audit Committee has continued to supervise the financial reporting processes ensuring timely and accurate communication of information to all stakeholders. 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 Risk Management Committee has focused, in particular, on the management and control of risks throughout the business, which is of particular significance in an expanding company.

The Board as a whole has reviewed the Annual Report and Financial Statements, and is pleased to confirm that they consider 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 29 October 2018 for the Fiscal year 2018 – Overall effectiveness of the Board was assessed as satisfactory (85.86%). Areas which required improvements were duly considered and action plans were framed. The next review is scheduled for year 2019.

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

1. VISION, MISSION AND VALUES

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

2. ENGAGEMENT IN STRATEGIC PLANNING

Board has a clear understanding of the stakeholders whom the organization is meant to serve (shareholders, customers, employees, vendors, Society), 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 activities 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 which ensures that organization behaves in an equitable and legal manner towards staff, contractors, vendors and any other individuals working on its behalf.

8. RELATIONSHIP BETWEEN BOARD AND MANAGEMENT STAFF

Roles and Responsibilities of Board and management staff are clearly defined and understood and climate of mutual trust and respect exist between Board and management.

9. ORGANIZATION'S PUBLIC IMAGE

Board members promote positive image of the organization in the community.

10. REVIEW OF CEO PERFORMANCE

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

11. BOARD STRUCTURE AND DYNAMICS

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

Despite tough macroeconomic situation, on an overall basis, I believe that the strategic direction of the Company for the next three years is on an appropriate path and the processes adopted in developing & reviewing the overall corporate strategy for achievement of company's objectives is appropriate in the current circumstances where it ensures readiness for upcoming business opportunities.

Ahmad Waqar
Chairman

2 September 2019

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

I take pleasure in presenting the Annual Report of your Company along with audited Financial Statements (Separate and Consolidated) for the year ended 30 June 2019.

DEAR INVESTORS, CUSTOMERS, PARTNERS, AND EMPLOYEES:

Despite an exceptionally challenging year, Crescent Steel closed the year with a marginally positive profit after tax of Rs. 143 million (FY18: Rs. 752 million) and a contribution to the exchequer and economy aggregating Rs. 1,416 million. On a consolidated basis however, the Group posted a loss of Rs. 419 million (FY 18: Rs. 61 million), owing to losses of Rs. 450 million taken on Crescent Hadeed and CS Energy during the year. Consequently, after nine years, Crescent Steel did not pay any dividends this financial year.

During the year, the primary pain points for business and growth were the slowdown in demand and the rising input costs. As a result of reduced activity and market dynamics most of our manufacturing facilities, with the exception of the spinning unit, remained idle for a significant portion of the year.

As a result, we posted sales of Rs. 4,067 million (FY18: Rs 7,044 million), down 42.2% YoY. On account of idling, higher input costs, gross profit margins fell to 5.4% (FY18: 11.5%), operating profit margin also fell, however was protected by investment income of Rs. 192 million (FY18: Rs. 496 million), constituting primarily of dividend income from strategic investments.

Our trading portfolio trailed KSE-100 returns of negative 19.11%, closing the year at negative 28.49% including a dividend yield of 8.4%. The variance between the trading portfolio and benchmark returns was primarily due to unrealized losses booked on account of working capital needs. Dividend income from strategic investments however, enabled an ROI of 4.6% on the entire portfolio.

EBIT decreased 77.6% to Rs. 269 million (FY18: Rs. 1,203 million), representing a margin on net sales of 6.6% (FY18: 17.1%) while underlying EBITDA totaled Rs 385 million (FY18: Rs. 1,308 million) at a margin of 9.5%. ROCE declined to 3.6% (FY18: 13.9%).

Consequently, the Company EPS for FY19 stood at Rs. 1.85 as against Rs. 9.68 in FY18 and loss per share of Rs. 5.40 and Rs. 0.79 on a consolidated basis in FY19 and FY18, respectively.

Our balance sheet is strong with a footing of Rs. 8,287 million and continues to support our business through a difficult operating environment. This has specially been helpful in the amalgamation of underperforming units Crescent Hadeed and CS Energy and in managing periods of famine in our core business line. Despite turbulent years, the Company book value has grown at a compounded annual growth rate of 7.4% since 1987 to Rs. 69.5 as on 30 June 2019.

The Group bottom line before consolidation adjustments stood at negative Rs. 225 million (FY18: Positive Rs. 487 million), profits from the investments and cotton division were entirely eroded by losses from subsidiary units CSEL and CHPL. Accounting standards require exclusion of dividend income and inclusion of share of profit from associates resulting in a group bottom line of Rs. (419) million after consolidation adjustments. On a group basis underlying EBIT decreased 235.9% to negative Rs. 444 million (FY18: Positive Rs. 326 million) representing a loss on net sales of 6.5%. EBITDA totaled Rs. 189 million representing a margin of 2.8%. This translated into a loss per share of Rs. 5.40 (FY18 LPS: Rs. 0.79). Segment wise performance is covered separately in this report for business units and subsidiaries.

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

The outgoing year witnessed rapidly deteriorating economic indicators and sentiments resulting in challenging business conditions in the face of increasing input costs making it difficult to compete. For us performance depends heavily on the progress of energy and water infrastructure development projects and on domestic growth. Reducing demand, the mismatch between revenues and deficits, Rupee depreciation and increased tariffs causing supply chain costs to go up are hurting business and all our operations were negatively affected by worsening economic conditions.

On 8 June 2019 the Board approved the Scheme of Amalgamation for Crescent Hadeed (Private) Limited (CHL) and CS Energy (Private) Limited (CSEL) with and into the Company. Consequently, as of the completion date of 30 June 2019 both operations stand amalgamated with Crescent Steel.

Energy infrastructure development projects that use pipes has been the single most important contributor to growth and hiring for us in the past. Periods of inactivity were usually buffered by strong capital markets performance; however, the past year has seen a slow down across all our business lines. We managed to produce and supply 12,068 tons of steel line pipe during the year as against 49,828 tons in FY18.

The Cotton Division too continued to face challenges, with respect to competing at this scale of operations, faced with rising input costs and tariff anomalies with regional competitors. The unit produced 9,087,295 Kgs (on basis of 20/1 count). The division posted sales of Rs. 1,685 at a net margin of 4.17 % and contributed Rs. 70 million to the Company's profit before tax. Furthermore, mills are now facing additional liquidity and operational challenges because of the new taxation regime.

Our capital markets segment provided working capital and cash flow support to our core business. The local bourse, however, remained under pressure due to foreign selling of USD 356 million, liquidity pressures, uncertain and weak macro-economic fundamentals, weaker corporate sector performance and increasing fixed income yields leading to a shift of liquidity from equities to fixed income. The division posted a PBT of Rs. 153 million which includes dividend income of Rs. 209 million, realized loss of Rs. 16 million, unrealized loss of Rs. 4 million. Of this, Rs. 191 million constitutes dividend from strategic investments.

Our steel long products business, previously CHL, posted a negative ROE of 46.6% and performance of the power plant also remained dull with the company posting a negative ROE of 7.7%. Sale of power is directly linked to the operations of the steel melt shop and billet manufacturing unit which operated at a capacity utilization of 34.3 % during the year on account of cash flow constraints as well as market dynamics where input costs were on the rise but selling prices of billets did not go up proportionally.

2019 has been another challenging year for us at Crescent Steel and it came with significant changes to business. We took measures to restructure the Company for greater financial efficiency. I feel this was an important step in ensuring that we are more agile and responsive to stakeholder needs. These measures are important in building an entrepreneurial way of working.

I am encouraged by stronger future growth prospects, continuity of reforms and improved governance bringing benefits for business as the effects of recent policy measures settle down. We expect market conditions to remain challenging and for demand to remain sluggish over the next fiscal year, before thigs begin to improve. We do not expect much progress on public sector development projects in the short term and so demand for line pipes is not expected to pick up.

We have made a clear prioritization of where we want to grow and have narrowed our focus on the engineering sector where we can also leverage our inherent strengths. We hope to remain actively invested in the cause of an educated Pakistan and strive to ensure that there is no negative impact of our operations on the communities where we operate.

For me it is important that Crescent Steel is a great Company to work for and to own. I am pleased we have been able to demonstrate that we can ride out difficult times and take on challenges. I know that Crescent Steel is a strong Company – one that can absorb shocks and deliver in difficult times, from a long-term viewpoint.

LOOKING AHEAD

NATIONAL ECONOMY

Pakistan is located at the crossroads of regional markets with a diverse and young population, huge resources and untapped potential for trade. Given its location, size and population, Pakistan has strategic geopolitical advantage and development potential. Pakistan is also the launchpad for China's One Belt One Road Project; an ambitious road and sea trade route spanning 65 countries. All these factors make Pakistan attractive for investment.

The country, however, faces significant economic, governance and security challenges to achieve durable development outcomes. The lack of reliable energy and water infrastructure, a largely uneducated and unskilled workforce, ongoing 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 inflationary pressures, devaluation of the rupee and capital flight, Pakistan's economic conditions further deteriorated during FY19. The pace of economic growth slowed down considerably during FY19 to 3.3% and is projected at 2.5% for FY20 [FY18: 5.8%]. This was mainly in response to policy induced demand containment measures. These contractionary measures: monetary tightening (rates up 500 bps since January 2018), currency depreciation (PKR devalued c.32% during FY19) and imposition of regulatory measures alongside a substantial cut in the PSDP outlay affected the performance of the industrial sector and dampened manufacturing activities in the country. Large Scale Manufacturing posted a broad-based 2.9% decline during the first nine months of FY19, compared to a 6.3% growth recorded during the same period last year; nearly all the leading sectors contracted during the review period.

Inflation, clocking in at 5.8% for FY18 and averaging at 6.8% in the first 9 months of FY19, rose sharply and stood at 10.3% for the fiscal year.

Towards the end of FY19, the challenges faced by the economy continued to persist.

Going forward, it is imperative that the government works to provide affordable infrastructure, competitive markets, skill development and business facilitation. The private sector, on the other hand, has to focus on adoption of innovation and technology to improve product and market diversification.

With stabilization policies in place and the economy moving along the reforms agenda, the country's macroeconomic indicators are expected to slowly revert to a stable trajectory. In this process, however, demand and growth is likely to remain contained. Related to this, the revenue measures announced in FY20 Federal Budget are likely to keep disposable incomes and domestic demand under check.

Amid such conditions, industrial growth is not expected to rebound notably next year. Corporate sector earnings and growth will take a hit as input costs rise exacerbated by regulations, devaluation results in lower capex and reinvestment restricting growth, and contained demand hurting turnover.

OUR BUSINESS

Crescent Steel's flagship operations are line pipe manufacturing and coatings. Large diameter line pipes are used in hydrocarbons transportation in the energy cycle. Pipes must transport oil and gas safely across rivers and mountains, through towns and villages, as communities and the environment rely on their long-term integrity to ensure their well-being. In addition to energy transmission, pipes are also used for transportation of water and as piles in the construction industry. As we narrowed focus on engineering as the engine for growth, for Crescent Steel and for Pakistan, we set out to add steel long products to our portfolio; these operations form our core business lines. However, we understand that we need to continue to innovate to remain relevant and ensure we can augment capacity in our growth areas.

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. We understand that our business is tightly linked with development; as with all development, it goes through cycles of feast and famine as development is deeply rooted to society and so demand in this segment fluctuates significantly. To buffer the periods of famine, we have built a strong corporate structure including ancillary revenue wallets and cash flow buffers.

Our business successes mean a durable and sustainable energy and water infrastructure for Pakistan and sustainable indigenous sources of steel raw material. This is highly dependent on the pace of infrastructure development (specifically in the energy and water transportation and construction segments) and easy access to capital at reasonable costs.

Our key customers in the line pipe segment are state owned utilities that are monopolies and where business is awarded through tenders. Delays in tenders or changes to government's strategic direction causes projects to be delayed or stalled altogether. On the operational front, at times, when the projects do come through tender conditions, specifically with respect to deliveries makes it difficult to compete with giant mills in China where there is both an FTA and a duty advantage to exporters. Additionally, uncertainty in duty structures restricts our ability to protect margins. Looking ahead there are many projects in pipeline that are important for sustained energy and water security; we have conviction that these projects will materialize in the medium term. In addition to energy infrastructure augmentation projects, water sector projects like the Karachi Bulk Water Supply (K4), Islamabad Water Supply Project and the Thar Coal Power Project are also in the pipeline. Additionally, we do expect some demand for piles to be generated as port and jetty related activities kick off on the back of increased trade flows.

For our steel long products business, we expect market dynamics and liquidity constraints to ease, allowing us to resume operations by mid Q2 FY20 as the sugar crushing season commences. We anticipate demand in the construction sector to remain lackluster during fiscal year 2020 but expect it to gradually pick up pace. A key driver for demand for billets will be generated by the government housing scheme, should that materialize during the year.

Constrained by its size, the cotton division is not expected to outperform, however, the unit will support our topline during this period of contained demand for other businesses. Our portfolio management business is also not expected to outperform in 2020 as the general state of the economy will dampen corporate sector earnings and payouts. This is likely to settle towards the end of fiscal year 2020.

Strategically we plan to shed some of the fat and harness gains on ancillary assets like real estate to finance any working capital or required capital investments – this will also enable us to avoid debt at prevailing high costs.

The federal budget for FY20 targets an aggregate outlay of Rs. 8,238 billion and has allocated Rs. 701 billion towards the Public Sector Development Program. We do not expect the government to move ahead with any planned projects that require additional pipelines in the immediate short term, however, the 1,100 km Karachi-Lahore pipeline is still on the cards and may trigger demand for line pipes and coating applications.

We have a clear strategy and our focus for the year ahead remains of strengthening our position in the engineering sector and on reviewing our existing asset base to get leaner and more agile as we continue to build pathways towards future sustainable and long term gains and growth.

In concluding we maintain a cautious outlook on country performance and given current indicators expect growth and demand to remain constrained in the short term. We also expect the government to remain conservative on spending and do not therefore expect development projects to be initiated over the next fiscal year.

This financial year has been challenging and we are geared for yet another year of challenges and shocks – I am pleased that we put in place the building blocks to ensure we emerged from these challenges a stronger and more focused business, able to respond to the changing dynamics of the markets we operate in.

Finally, I would like to recognize and thank our key stakeholders – our customers, our suppliers, the communities in which we operate, our business partners and particularly you, our shareholders for your ongoing support. I would also like to thank the Board and its committees for their proactive role in guiding us, and to all our employees and my management team for their strong commitment and their outstanding contribution in a very challenging time.

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

2 September 2019

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 2019.

OPERATING RESULTS

The financial results of the Company are summarized below:

		2019	2018
		(Rupees in '000)	
Profit for the year before taxation		24,895	971,403
Taxation charge		118,581	(219,653)
Profit after taxation		143,476	751,750
Total other comprehensive loss for the year		(258,262)	(589,853)
Transfer upon amalgamation		(1,249,039)	–
Unappropriated profit brought forward		1,277,160	1,367,569
Adjustment of initial application of IFRS 9		113,309	–
Profit available for appropriation		26,644	1,529,466
APPROPRIATIONS			
- Final dividend	2017 - @ 22.5%	–	(174,673)
- First interim dividend	2018 - @ 10%	–	(77,633)
- Final dividend	2018 - @ 10%	(77,632)	–
		(77,632)	(252,306)
Transfer to general reserve		–	–
Unappropriated (loss) / profit carried forward		(50,988)	1,277,160
Basic and diluted earnings per share		PKR 1.85	PKR 9.68

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 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 2019 were 755 (2018: 789).
- Value of Investment of following funds based on the audited accounts are as follows:

Provident Fund

Value of Investment	Period of latest audited accounts
Rs. 294.65 million	31 December 2016

Gratuity Fund

Value of Investment	Period of latest audited accounts
Rs. 299.97 million	31 December 2016

Pension Fund

Value of Investment	Period of latest audited accounts
Rs. 634.05 million	31 December 2015

CCP Provident Fund

Value of Investment	Period of latest audited accounts
Rs. 7.119 million	30 June 2018

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

AMALGAMATION

On 8 June 2019, the Board of Directors of the Company approved Scheme of Amalgamation under Section 284(1) of the Companies Act, 2017, to amalgamate its wholly owned subsidiaries, Crescent Hadeed (Private) Limited (CHL) and CS Energy (Private) Limited (CSEL) with and into the Company. Consequently, as of the completion date of 30 June 2019, the entire undertaking of both CHL and CSEL stand merged with and into the Company with the result as on 30 June 2019, the entire business of CHL and CSEL including its properties, assets, liabilities and rights and obligations stand vested into the Company.

Since CHL and CSEL were group companies under common control, the merger has been accounted for as a common control transaction and predecessor accounting has been applied. Under predecessor accounting, the acquired net assets of CHL and CSEL are included in the financial statements of the Company at the same carrying values as recorded in CHL's and CSEL's separate financial statements as at 30 June 2019. The net loss on amalgamation of net assets of CHL and CSEL at the date of transaction is included in unappropriated profit. The statement of financial position of CHL and CSEL are consolidated prospectively from the date of amalgamation.

PATTERN OF SHAREHOLDING AND SHARES TRADED

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

During the year, Ms. Hajerah Ahsan Saleem (Executive) had acquired 1,000 shares of the company. This information was also disclosed to Pakistan Stock Exchange and Securities and Exchange Commission of Pakistan in accordance with the requirements of PSX Rule Book and the Securities Act, 2015.

Other than that no trading in the shares of the Company was carried out by any other Director, the Chief Executive Officer, the Chief Financial Officer, the Company Secretary, Executives and their spouses and minor children.

DIRECTORS

No casual vacancy occurred on the Board during the current year. The present Board including the Chief Executive Officer will hold office till 29 January 2021.

Further, for the purposes of various clauses 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 based on the established mechanism of self-assessment by the individual Board 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 2019, the Board of Directors has maintained the remuneration of Mr. Ahsan M. Saleem, Chief Executive Officer at Rs. 1,380,000 per month. Further, in accordance with company policy, performance incentive of Rs. 6,417,000 was also paid to him. There was no change in other terms and conditions of his appointment.

Mr. Ahsan M. Saleem is a director of the Company in addition to being a Chief Executive, and is 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, operations and perpetuation of the enterprise.

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 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

The new fiscal year is expected to be challenging, as the country faces a number of political and socioeconomic challenges.

Price spiral due to higher inflation, high interest rates and devaluation of local currency is putting strain on the manufacturing segment, in general. Coupled with these issues, a steep cut in PSDP is a threat to industries like us who are directly affected by lower spending on infrastructure projects.

As we stride toward the new fiscal year 2020, the company anticipates Gas pipeline capacity augmentation projects to be starting in forthcoming period, we also expect some serious initiative for K4 project for Karachi as well.

The weak macro-economic fundamentals, weaker corporate sector performance, and higher returns in alternate investments is shifting liquidity from equities to fixed income and commodities, which has a direct impact on capital markets which are expected to remain range bound in coming fiscal year.

We remain focused on utilizing all opportunities to keep our capacity utilization at optimal levels.

I would like to thank all stakeholders for their patronage and look for their continued support.

For and behalf of Board of Directors.

Ahsan M. Saleem
Chief Executive Officer

Zahid Bashir
Director

2 September 2019

مستقبل پر نظر

نیا مالی سال مشکل معلوم ہوتا ہے کیونکہ ملک کو کئی سیاسی، معاشی اور معاشرتی مسائل کا سامنا ہے۔

افراط زر، شرح سود میں اضافے اور روپے کی قدر میں کمی کی وجہ سے مہنگائی بڑھ رہی ہے جس کے اثرات بالعموم مینوفیکچرنگ سیکٹر پر پڑ رہے ہیں۔ اس کے علاوہ ترقیاتی فنڈز میں کٹوتی کی وجہ سے صنعت کے شعبوں بشمول ہمارے شعبے کو مسائل کا سامنا ہے کیونکہ بنیادی ڈھانچے میں ترقی کے سلسلے میں سست روی کے اثرات براہ راست ہم پر پڑتے ہیں۔

جیسے کہ ہم نئے مالی سال 2020 کی جانب بڑھ رہے ہیں، کمپنی کو اس بات کی توقع ہے کہ آنے والے عرصے میں گیس کی سپلائی کو بڑھانے کیلئے گیس پائپ لائن منصوبوں پر کام کیا جائے گا۔ اس کے علاوہ ہم اس بات کی بھی توقع کرتے ہیں کہ کراچی کیلئے K4 پروجیکٹ پر بھی سنجیدگی کے ساتھ کام کیا جائے گا۔

کلی معاشیات کے کمزور اشاریے، کارپوریٹ سیکٹر کی کمزور کارکردگی اور دیگر سرمایہ کاری میں منافع کے زیادہ مواقع کی وجہ سے سرمائے کو منتقل کیا جا رہا ہے جس کے اثرات براہ راست کیپٹل مارکیٹ پر مرتب ہونگے جس کی وجہ سے آئندہ مالی سال مارکیٹ مقید رہنے کی توقع ہے۔

ہم اپنی توجہ اس جانب مبذول کئے ہوئے ہیں کہ پیداواری صلاحیت کے بھرپور استعمال کیلئے تمام مواقع سے فائدہ اٹھایا جائے۔

میں تمام شراکت داروں کا تہہ دل سے مشکور ہوں کہ ان کی حمایت ہمیں حاصل رہی اور امید کرتا ہوں کہ مستقبل میں بھی ان کی حمایت ہمارے شامل حال رہے گی۔

برائے و منجانب بورڈ آف ڈائریکٹرز

احسان ایم سلیم
چیف ایگزیکیٹو آفیسر
2 ستمبر 2019

زاہد بشیر
ڈائریکٹر

بورڈ آف ڈائریکٹرز اور اس کی کمیٹیوں کی کارکردگی کی جانچ

گورننس اینڈ نومینیشن کمیٹی کی جانب سے خود احتسابی کے مربوط نظام کے تحت فرداً فرداً ممبران کی رائے کے لحاظ سے بورڈ آف ڈائریکٹرز کی کارکردگی کا جائزہ لیا گیا ہے۔ گورننس اینڈ نومینیشن کمیٹی کی جانب سے سفارش کئے جانے کے بعد بورڈ کی جانب سے اس کی منظوری دی جا چکی ہے۔

چیف ایگزیکیٹیو آفیسر کی کارکردگی کا جائزہ

دوران سال بورڈ کی انسانی وسائل اور ادائیگیوں کی کمیٹی کی جانب سے چیف ایگزیکیٹیو آفیسر کی کارکردگی کا جائزہ لیا گیا جس کی بورڈ کی جانب سے باقاعدہ منظوری حاصل کی جا چکی ہے۔

کارکردگی کی جانچ درج ذیل پیمانوں کے تحت کی گئی:

- رہنمائی
- پالیسی وحکمت عملی
- انتظامی امور برائے انسانی وسائل
- کاروباری امور/مہارتیں
- گورننس اور اصولوں کی پاسداری
- مالیاتی کارکردگی
- معاشرے پر اثرات

بیان زیر تحت سیکشن (1)213 بابت کمپنیز ایکٹ 2017

دوران سال اختتامیہ 30 جون 2019 میں بورڈ کی جانب سے جناب احسان ایم سلیم، کمپنی چیف ایگزیکیٹیو آفیسر، کی تنخواہ 1,380,000 روپے ماہانہ برقرار رکھی گئی۔ مزید برآں، کمپنی کی پالیسی کے تحت کارکردگی کی بنیاد پر انھیں اضافی 6,417,000 روپے بھی ادا کئے گئے۔ ان کی تقرری کے سلسلے میں دیگر شرائط میں کوئی تبدیلی نہیں کی گئی۔

جناب احسان ایم سلیم چیف ایگزیکیٹیو آفیسر کی ذمہ داریاں ادا کرنے کے ساتھ ساتھ کمپنی کے ڈائریکٹر بھی ہیں اور مزکورہ بالا شرائط کے معاملے میں جانبدار سمجھے جا سکتے ہیں۔

چیئرمین اور چیف ایگزیکیٹیو آفیسر کا کردار

چیئرمین اور چیف ایگزیکیٹیو آفیسر کے اپنے علیحدہ علیحدہ کردار ہیں۔ کوڈ آف کارپوریٹ گورننس کے تحت چیئرمین کو تمام اختیارات حاصل ہیں اور وہ بورڈ کے اجلاسوں کی صدارت بھی کرتے ہیں۔ چیئرمین کا سب سے اہم کردار یہ ہے کہ وہ کمپنی کے بورڈ آف دائریکٹرز کی رہنمائی کریں۔ چیئرمین بورڈ کے سامنے جوابدہ ہیں اور چیف ایگزیکیٹیو آفیسر کے ذریعے بورڈ اور کمپنی انتظامیہ کے مابین براہ راست رابطے کی ذمہ داری بھی سرانجام دیتے ہیں۔ چیئرمین انتظامیہ سے آزاد ہیں اور وہ کسی مفاد، کاروباری امور اور ایسے کسی بھی تعلق سے آزاد ہیں جس کی وجہ سے ان کی آزاد رائے پر حرف آتا ہو۔

کمپنی کے چیف ایگزیکیٹیو آفیسر قانون کے تحت اور بورڈ کی مقرر کردہ ذمہ داریاں نبھاتے ہیں اور کاروباری منصوبوں کی سفارش کرنے کے ساتھ ساتھ انہیں نافذ بھی کرتے ہیں۔ کمپنی کے مجموعی انتظام، افعال اور کمپنی کو ہمیشگی کی بنیاد پر چلانے کی ذمہ داری بھی انہی پر عائد ہوتی ہے۔

غیر مربوط مالیاتی دستاویزات

پاکستان اسٹاک ایکسچینج کی رول بک کی شق (5.6.4(a کے تحت چیف ایگزیکیٹیو آفیسر اور چیف فنانشل آفیسر کی جانب سے غیر مربوط مالیاتی دستاویزات پیش کی گئی ہیں، جن پر ان کے دستخطوں سے توثیق بھی کی گئی ہے تا کہ بورڈ کی جانب سے اس کی منظوری حاصل کی جا سکے، غور کئے جانے کے بعد بورڈ کی جانب سے غیر مربوط مالیاتی دستاویزات کی منظوری دی گئی اور ان کے اجراء اور تقسیم کی بھی منظوری دی گئی۔

زیر نظر مالی سال کے اختتام سے ڈائریکٹر رپورٹ کے اجراء کی تاریخ تک کمپنی کے معاملات میں ایسی کوئی قابل ذکر تبدیلی واقع نہیں ہوئی جس کی بنیاد پر کمپنی کی مالیاتی پوزیشن پر کوئی فرق پڑتا ہو۔

آڈیٹرز

آڈیٹرز کے پی ایم جی تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کمپنی کے اگلے عام سالانہ اجلاس میں ریٹائر ہو رہے ہیں اور ان کی جانب سے ایک مرتبہ پھر اپنی خدمات پیش کی گئی ہیں۔ کمپنی کے بورڈ آف ڈائریکٹرز اور بورڈ کی آڈٹ کمیٹی کی جانب سے ان کی تعیناتی کی سفارش کی گئی ہے تا کہ اگلے عام سالانہ اجلاس میں حصص داران سے اس کی منظوری حاصل کی جا سکے۔

- گزشتہ مالی سال کے مقابلے میں رواں مالی سال کے دوران کمپنی کی ترقی اور منفعت کیلئے آپریشنز میں اہم تبدیلیوں اور مستقبل میں اہم فیصلوں اور قابل ذکر منصوبوں سے متعلق تفصیلات کو چیف ایگزیکیٹو کے جائزے میں شامل کیا گیا ہے اور اس کی بورڈ آف ڈائریکٹرز سے باقاعدہ منظوری حاصل کی جا چکی ہے۔
- کمپنی کے کاروباری افعال اور مالیاتی نتائج کے بارے میں گزشتہ چھ سالوں سے متعلق اہم ترین جھلکیوں کو رپورٹ ہذا کے منسلک کیا گیا ہے۔
- ٹیکسوں اور لیویز سے متعلق معلومات کو بھی مالیاتی دستاویزات کے نوٹس میں شامل کیا گیا ہے۔
- بتاریخ 30 جون 2019 ملازمین کی تعداد 755 تھی (2018 میں یہ تعداد 789 تھی)۔
- آڈٹ شدہ اکاؤنٹس کی بنیاد پر درج ذیل فنڈز کی سرمایہ کاری کی مالیت اس طرح ہے:

فنڈ کا نام	سرمایہ کاری کی قدر	آڈٹ شدہ اکاؤنٹس کا تازہ ترین عرصہ
پروویڈنٹ فنڈ	Rs. 294.65 million	31 دسمبر 2016
گریجویٹی فنڈ	Rs. 299.97 million	31 دسمبر 2016
پینشن فنڈ	Rs. 634.05 million	31 دسمبر 2015
سی سی پی پروویڈنٹ فنڈ	Rs. 7.119 million	30 جون 2018

- دوران سال بورڈ آف ڈائریکٹرز اور آڈٹ کمیٹی کے چھ اجلاس منعقد کئے گئے، جبکہ گورننس اینڈ نومینیشن کمیٹی (سابقہ گورننس اینڈ ایویلیویشن کمیٹی)، انسانی وسائل اور ادائیگیوں کی کمیٹی، اور رسک مینجمنٹ کمیٹی کا ایک ایک اجلاس منعقد کیا گیا۔ تمام ڈائریکٹروں کی حاضری فرداً فرداً منسلک کر دی گئی ہے۔

ادغام

کمپنی کے بورڈ آف ڈائریکٹر کی جانب سے 8 جون 2019 کو کمپنیز ایکٹ 2017 کے سیکشن (1)284 کے تحت ادغام کی اسکیم کی منظوری دی گئی جس کے تحت مکمل طور پر کمپنی کی ملکیت میں آنے والی ذیلی کمپنیاں کریسنٹ حدید (پرائیویٹ) لمیٹڈ (CHL) اور سی ایس انرجی (پرائیویٹ) لمیٹڈ (CSEL) کو کمپنی کے ساتھ مدغم کیا جانا مقصود ہے۔ نتیجتاً تاریخ تکمیل 30 جون 2019 سے CHL اور CSEL کی تمام املاک کو کمپنی کے ساتھ مدغم سمجھا جائے جس میں ان کمپنیوں کا تمام کاروبار، تمام اثاثے، واجبات، حقوق اور فرائض شامل ہیں۔

کیونکہ CHL اور CSEL گروپ کے تحت ایک ہی کنٹرول میں تھیں، ادغام کا حساب ایک ہی کنٹرول کے تحت کیا گیا اور کمپنی کی محاسبی پالیسیوں کا اطلاق ان پر کیا گیا ہے۔ کمپنی کی محاسبی کی پالیسیوں کے تحت CHL اور CSEL کے حاصل شدہ تمام اثاثوں کو کمپنی کی مالیاتی دستاویزات میں شامل کیا گیا ہے اور ان کے اثاثوں کی وہی قدر ظاہر کی گئی جو CHL اور CSEL کی علیحدہ مالیاتی دستاویزات میں 30 جون 2019 کو ظاہر کی گئی تھیں۔ ادغام کے نتیجے میں اثاثوں کی قدر میں آنے والی کمی کو غیر منقسم شدہ منافع میں شامل کیا گیا ہے۔ CHL اور CSEL کی مالیاتی پوزیشن کی دستاویزات کو بالترتیب ادغام کی تاریخ سے مربوط کیا گیا ہے۔

ترتیب حصص داری اور حصص کی خرید و فروخت

ترتیب حصص داری اور ترتیب حصص داری سے متعلق اضافی معلومات کو علیحدہ سے منسلک کیا گیا ہے۔

دوران سال محترمہ حاجرہ احسان سلیم (ایگزیکیٹو) نے کمپنی کے 1000 حصص حاصل کئے۔ پاکستان اسٹاک ایکسچینج رول بک اور سیکیوریٹیز ایکٹ 2015 کے تحت یہ معلومات پاکستان اسٹاک ایکسچینج اور سیکیوریٹیز اینڈ ایکسچینج کمیشن آف پاکستان کو بھی فراہم کی جا چکی ہیں۔

اس کے علاوہ کسی بھی ڈائریکٹر، چیف ایگزیکیٹو آفیسر، چیف فنانشل آفیسر، کمپنی سیکرٹری، ایگزیکیٹوز اور ان کے ازواج یا نابالغ بچوں کی جانب سے اس عرصے کے دوران کمپنی حصص کی کوئی خرید و فروخت نہیں کی گئی۔

ڈائریکٹرز

زیر نظر مالی سال کے دوران بورڈ میں کوئی اتفاقی اسامی خالی نہیں ہوئی۔ موجودہ بورڈ بشمول چیف ایگزیکیٹو آفیسر 29 جنوری 2021 تک اپنی ذمہ داریاں نبھاتے رہیں گے۔

مزید برآں، پاکستان اسٹاک ایکسچینج کی رول بک کی مختلف شقوں کی رو سے، بورڈ کی جانب سے یہ معیار مقرر کر دیا گیا ہے کہ تمام شعبوں کے انتظامی سربراہان کو "ایگزیکیٹو" گردانا جائے گا۔ بورڈ کی جانب سے اس معیار پر نظر ثانی کر لی گئی ہے اور کمپنی کے انتظامی ڈھانچے کو مدنظر رکھتے ہوئے اس پر اطمینان کا اظہار کیا گیا ہے۔

ڈائریکٹرز رپورٹ

انتہائی مسرت کے ساتھ ڈائریکٹروں کی جانب سے مالی سال اختتامیہ 30 جون 2019 سے متعلق رپورٹ بمعہ آڈٹ شدہ مالیاتی رپورٹس پیش کی جارہی ہے۔

کاروباری نتائج

کمپنی کے مالیاتی نتائج کا خلاصہ ذیل میں پیش کیا جارہا ہے:

(روپے "000" میں)		2019	2018
زیرنظر سال کا منافع قبل از ٹیکس		24,895	971,403
ٹیکس		118,581	(219,653)
منافع بعد از ٹیکس		143,476	751,750
دوران سال دیگر جامع آمدن		(258,262)	(589,853)
ادغام کے بعد منتقلیاں		(1,249,039)	-
ابتدائی غیر منقسم شدہ منافع		1,277,160	1,367,569
IFRS 9 کے اطلاق کے بعد ایڈجسٹمنٹ		113,309	-
منافع دستیاب برائے تقسیم		26,644	1,529,466
منافع کی تقسیم:			
حتمی ڈیویڈنڈ	2017 - @ 22.5%	-	(174,673)
پہلا عبوری ڈیویڈنڈ	2018 - @ 10%	-	(77,633)
حتمی ڈیویڈنڈ	2018 - @ 10%	(77,632)	-
		(77,632)	(252,306)
عمومی ذخائر میں منتقلی		-	-
اختتامی غیر منقسم شدہ منافع		(50,988)	1,277,160
بنیادی و تحلیلی آمدن فی حصص		1.85 روپے	9.68 روپے

کارپوریٹ اور فنانشل رپورٹنگ کا دائرہ کار

- کمپنی کی انتظامیہ کی جانب سے تیارشدہ غیرمربوط مالیاتی گوشوارے کمپنی کے تمام امور، آپریشنز کے نتائج، ترسیل نقد رقوم اور حصص میں ردوبدل سے متعلق معاملات کی صحیح ترجمانی کرتی ہیں۔
- کمپنی کی جانب سے متعلقہ ریکارڈ کو باقاعدہ قواعد کے مطابق کھاتوں میں درج کیا گیا ہے۔
- تمام تر مالیاتی گوشواروں کی تیاری کے سلسلے میں مناسب محاسبی پالیسیوں پر مسلسل بنیادوں پر عمل کیا گیا ہے، نیز تمام تر مالیاتی تخمینے معقول اور قرین قیاس ہیں۔

غیرمربوط مالیاتی دستاویزات کی تیاری کے سلسلے میں پاکستان میں مروجہ انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز (IFRS) کو زیراستعمال لایا گیا اور اس ضمن میں اگر کوئی روگردانی کی گئی ہے تو اس کی باقاعدہ وضاحت بھی کی گئی ہے۔

- اندرونی طور پر کنٹرول کا نظام انتہائی منظّم اور جامع ہے اور اسے مؤثر انداز سے نافذ کیا گیا ہے اور انٹرنل آڈٹ اس پر مکمل نظر رکھتا ہے۔ اندرونی کنٹرول کی کڑی نگرانی کا عمل ہمیشگی کی بنیاد پر جاری رہے گا جس کا بنیادی مقصد یہی ہے کہ کمپنی کے اندر کنٹرول کے نظام میں بہتری لاتے ہوئے اسے مزید مؤثر بنایا جائے۔
- ایسی کوئی وجہ نظر نہیں آتی کہ کمپنی اپنا وجود برقرار نا رکھ پائے۔
- کارپوریٹ گورننس کی بہترین روایات پر عمل پیرا ہونے سے کسی بھی قسم کی کوئی قابل ذکر روگردانی نہیں کی گئی جیسا کہ اس سلسلے میں لسٹنگ ضوابط درج ہیں۔

FINANCIAL AND OPERATIONAL PERFORMANCE

BUSINESS SEGMENTS

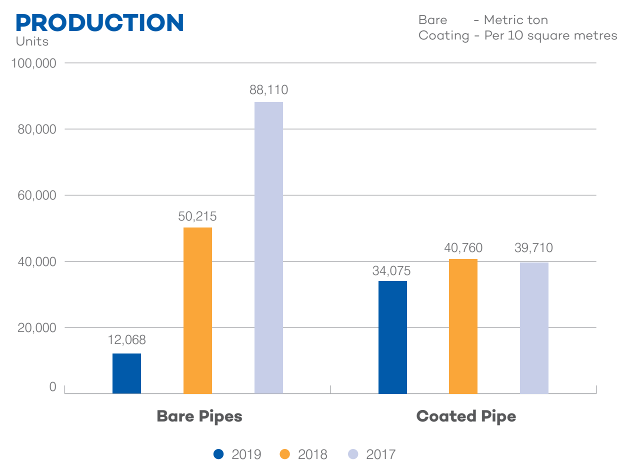
STEEL DIVISION

Revenue from Steel division was down 61% YoY at Rs. 2,381.4 million (FY18: Rs. 6,136.2 million) as pace of projects slowed down due to change in Government. Revenue for the latter half of the year was consequently Rs. 332.6 million. HRC prices showed volatility and an upward movement of 12.5% in price was seen during the year. Current year sales includes order for supply of 24" coated pipe amounting Rs. 1,700 million, while remaining sales mainly related to pipe coating. Pipe plant remained mostly idle throughout the year due to delays in approval and execution of line pipe projects by the Government.

Consequently, Gross Profit margins were substantially lower this financial year at 4.8% (FY18: 12.9%).

Distribution and selling expenses for the year amounted to Rs.11.9 million. As a percentage of sales these were at 0.5% (FY18: 0.17%).

Bare pipe production, in different diameters, was 75.97% lower at 12,068 tons (FY18: 50,215 tons). On a notional basis this works out to 21,311 tons (FY18: 56,145 tons). Line-pipe coating of 340,745square meters was recorded during FY19 as compared to 407,598 square meters during the FY18.



IID DIVISION

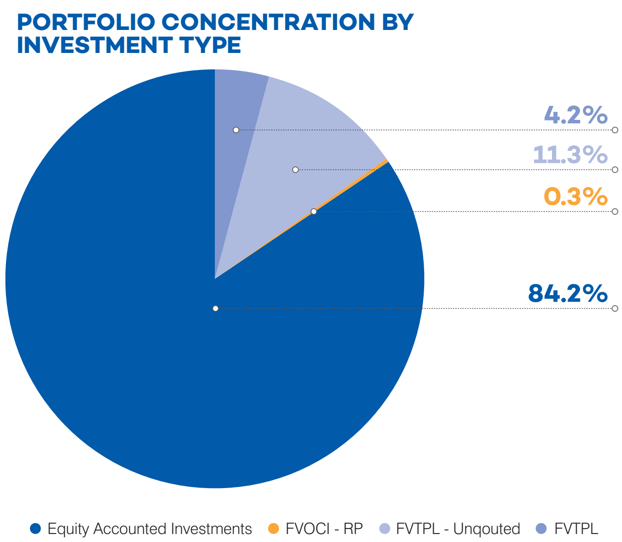
During the year under review, the division recorded investment income of Rs. 191.6 million (FY18: Rs. 495.5 million), constituting primarily of dividends received from associated undertakings, aggregating Rs. 190.5 million.

The trading portfolio yielded a loss on investments of Rs. 95.4 million, at an ROI of -28.5% on weighted average investments of Rs. 376.6 million, on account of unrealized losses of Rs. 3.9 million. The trading portfolio dividend yield for the period stood at 10.3% at Rs. 14.07 million compared to KSE-100 yields of 5.8%.

On an overall basis, the equity portfolio, excluding unquoted strategic investments, posted an ROI of -18.1% on weighted average investments of Rs. 4,615.4 million. The segment also owns rental properties, the property has been rented out and yielded returns of 8.2% on cost.

Consequently, the Division posted a PBT of Rs. 153.1 million contributing Rs. 1.97 or 107% to Company's 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.



THE EQUITIES MARKET – KSE 100 INDEX

Continuing its gradual decline in 2018 through to fiscal year 2019, the KSE-100 index opened, 10% down YoY at 41,910 points in July 2019 and lost 8,008 points to close at 33,902 points on June 28th 2019, shedding 19.1% during the year under review.

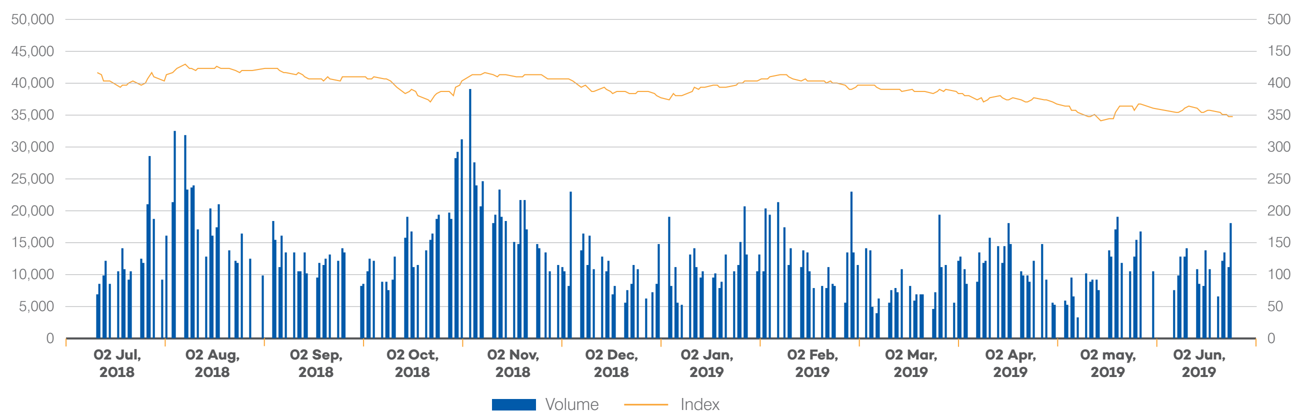
During the period daily average volumes traded stood at 154.3 million shares as against 174.5 million shares last year and daily average values traded stood at PKR 6,363.0 million as against PKR 8,141.0 million last year. If this is compared to FY17 where index returns stood at 29.7%, average volumes stood at 350.0 million shares per day. Fall in average volumes is indicative of the lackluster activity on the bourse.

During the fiscal year, the foreigners remained net sellers with net sales clocking in at USD 355.9 million equivalent to PKR 43,614.0 million, constituting 0.63% of total market capitalization (PKR 6,887,301 million) as on June 28th 2019.

Local investors remained net buyers with individual investors leading with net buying of USD 165.67 million and insurance companies trailing close behind with net buying of USD 149.8 million, absorbing most of the foreign selling.

On an aggregate basis, the index lost 36.0% from its high of 53,000 points in May 2017. Today, weak macro-economic fundamentals, weaker corporate sector performance and higher returns with a lower risk profile in money market investments is shifting liquidity from equities to fixed income.

THE MARKET PERFORMANCE FOR FY19



COTTON SEGMENT PERFORMANCE

The division recorded revenues of Rs. 1,685.1 million (FY18: Rs. 907.6 million) and posted a Gross Profit of Rs. 105.7 million (FY18: Gross Profit Rs. 19.3 million).

Operating and Administrative expenses were recorded at Rs. 31.3 million (FY18: Rs. 24.5 million). As a percentage of sales these were lower at 1.9% (FY18: 2.7%).

The year ended with a PBT of Rs. 70.2 million (FY18: Profit before tax Rs. 8.2 million) due to increase in other income of Rs. 9.4 million (FY18: Rs. 20.3 million) which mainly constitutes gain on sale of machinery. The operations from Cotton Division constituted a cash profit of Rs. 108.1 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.

CS CAPITAL (PRIVATE) LIMITED

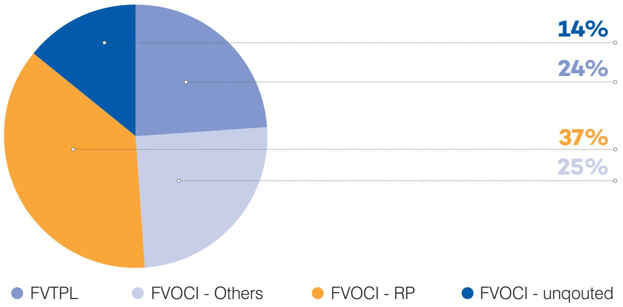
During the year under review, the division recorded investment loss of Rs. 58.7 million (FY18: investment income Rs. 17.4million), portfolio underperformed primarily due to unrealised losses of Rs. 79.3 million on Fair value through profit or loss investments (FVTPL).

The trading portfolio yielded a loss on investments of Rs. 104.8 million, at an ROI of -26.5% on weighted average investments of Rs. 395.3 million, on account of unrealized losses of Rs. 106.2 million. The trading portfolio dividend yield for the period stood at 9.2% at Rs. 19.1 million compared to KSE-100 yields of 6.7%.

On an overall basis, the equity portfolio, excluding unquoted strategic investments, posted an ROI of -8.7% on weighted average investments of Rs. 1,206 million. Total unrealized loss stood at Rs. 313.8 million (FY18: Rs. 334.2 million) and total dividends at Rs. 29.5 million. The segment also owns property, for long term appreciation, the property has been rented out and yielded returns of 8.6% on cost, consequently the Company posted a LBT of Rs. 76.4 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



CS ENERGY DIVISION

During FY19, CS Energy reported a loss of Rs. 97.9 million (FY18: Rs. 113.9 million). During the first half of FY19, the loss amounted to Rs. 94.8 million as compared to the corresponding period last year [FY18: Rs. 129.44 million]

Loss was incurred mainly due to shutdown of operations of Crescent Hadeed Division for more than four months and high cost outside purchases of bagasse in off season. During FY19, 31,017 MW of electricity was generated, out of which 28,613 MW were sold. Revenue for the Year stood at Rs. 398.6 million (FY18: Rs. 651.9 million).

CRESCENT HADEED DIVISION

Due to temporary shutdown of operations of Crescent Hadeed for more than four months production was decreased to 29,162 tons of billets (FY18: 49,900 tons), on planned capacity of 85,000 tons with a capacity utilization of 34% (FY18: 59%). Consequently revenues were lower by 8.6% at Rs. 2,642.2 million (FY18: Rs. 2,891.1 million).

The Company posted a net loss of Rs. 416.1 million (FY18: Rs. 246.9 million) – profitability was affected, as mentioned above, by erosion of margins primarily due to an upward movement in scrap prices that did not translate into an upward movement in billet prices and lower billet demand.

QUALITY

At Crescent Steel, we strive to apply cutting edge technology and remain client centric to drive profitability and efficiency, ensuring the highest standards of quality in product delivery. The effectiveness of our Quality Management System is ensured through an independent quality function which works in close coordination with other relevant functions.

The quality control function ensures that the product manufactured is in complete compliance with client requirement by utilizing highly skilled inspection and testing team and state of the art equipment. Crescent Steel strictly adheres to its quality policy to ensure that quality is embedded from the start to the end of the value chain. The management ensures measurable and verifiable quality objectives are set throughout the organization, from the initial inspection of raw materials to the transportation of the finished product to the customer.

The company retains its authorization to the use the API monogram of the American Petroleum Institute, since its inception in 1987. API signifies the highest international standard accredited for quality of steel line pipes. With its high class team and management support, Crescent Steel continues to maintain quality management certification under API Q1 and ISO 9001.

CHALLENGES AND INITIATIVES

CHALLENGES

DEMAND AND GROWTH

As anticipated, demand triggers for steel line pipes and coating applications remained absent throughout FY19 of steel line pipes fell drastically as the need to augment energy transportation capacity took a backseat; we foresee that this trend is likely to persist over FY20 as the demand containment policies of the government take hold. The PSDP budgeted outlay for FY20 aggregates Rs. 701 billion; this was reduced from Rs. 800 billion to Rs. 500 in FY19. Considering the initial budget, this is down 12.4% YoY and although there will certainly be a need for capacity augmentation for imported fuels, there is little indication of when this may materialize. Sluggish demand and a slowdown in growth is are adversely affecting all our business lines. Deteriorating macroeconomic indicators and weak corporate performance coupled with rate hikes sucked liquidity from markets and the bourse is down 19.1% YoY as a result. It is an imperative that the government provides requisite infrastructure, business facilitation and development for the private sector to innovate and outperform.

TARIFF ANOMALIES AND TARRIFF STRUCTURE CERTAINTY

The prevailing tariff structure in Pakistan does not reflect the fundamental cascading principle, for certain product lines. Our line pipe unit has been continuously facing this challenge. Tariff rates typically increase with the degree of processing of a product and is meant to incentivize import substituting manufacturing and discourage commercial imports that are draining foreign exchange.

Anomalies in the duty structure of Hot Rolled Coils (HRC) and large diameter pipes, although reduced over time, still exists, in favor of pipe imports. Predatory pricing, export rebates and artificially depressed cost levels prices local line pipe manufacturers out of market. Countervailing duties and regulatory duties must be reviewed and imposed only on products that are manufactured in sufficient quantity locally; additionally, policy on import substitution should have a clear objective to support local value addition.

Tariff and duties on the import of steel scrap too need to be reconsidered as almost all scrap used in the secondary steel industry is imported and Pakistan does not produce enough good quality scrap for use in steel re-melting.

Additionally, the uncertainty around tariff structures and the absence of an import substitution policy or effective cascading tariff structures, makes it difficult for business owners to bring in new investment and innovation.

We remain connected with relevant stakeholders, including the Engineering Development Board (EDB), the Ministry of Petroleum and the Tariff anomaly committee to share our thoughts about tariff and duty structures, the certainty of these levies as well as the need to introduce effective cascading duties and import substitution policies.

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 and depressed input costs. Consequently, local manufacturers face difficulties in beating foreign prices without significant erosion to margins.

CAPITAL MANAGEMENT AND LIQUIDITY

Lower margins in FY18 and a significant decline in demand over FY19 resulted in increasing liquidity pressures during the year, exacerbated by a steep fall in the stock market which directly affected working capital buffers. Our balance sheet strength enabled us to address the short term liquidity challenges by adding new funded lines from Islamic banking partners and restructured trade working capital lines.

SUPPLY CHAIN

We have a robust and layered supply chain to accommodate the needs of all our operations. In the current landscape with significant restrictions placed on remittances, we are faced with inordinate delays in procuring small value, yet critical items. The devaluation of the Pak Rupee has caused a dramatic increase in costs of procurement and logistics. This is further compounded by the nature of our businesses, which are mostly project based, with supplies of products manufactured against specific quality standards and customer specific requirements. Sufficient transport infrastructure through railways, and inland waterways, is unavailable – in-bound and out-bound logistics are managed entirely through trucking; this is expensive and increases our carbon footprint. In the absence of quality suppliers available domestically there is a heavy reliance on imported supplies; this adds an element of risk to our supply chain in terms of material availability and lead times. Customs Procedures and Policies work against us, especially in the current environment, where Customs officials are concerned with increasing revenue, frivolous claims and assessments remain a time consuming challenge.

In our core business (Bare and Coated Pipes), the issue of lead times is pronounced as a majority of our business is project based, with customized raw material and consumables; therefore, managing lead times for inbound logistics against stringent delivery deadlines remains a significant challenge.

For our Steel melting Division (Crescent Hadeed), Customs Valuations on our Raw Material results in higher duties and taxes and intense scrutiny of incoming Steel Scrap by customs officials results in clearance delays, increasing costs. The local supply chain associated with the melting industry is highly disorganized, this results in higher costs of procurement from local suppliers.

Through dynamic sourcing and logistics strategies we strive to ensure quality and mitigate costs wherever possible; we have a high reliance on Chinese supplies to take advantage of favorable Free Trade Agreement Tariffs and to manage foreign exchange exposure. We use our long-standing relationships with our key suppliers to gather credible data and leverage the best possible deals. We are proud of our relationship capital with our foreign and local suppliers; this enables us to buy the right time, from the right place, at the right price.

SPINNING OPERATIONS

Higher input costs, especially raw material and energy have made it difficult to remain competitive. This is compounded by the additional advantage available to regional counterparts in the form of export rebates and other incentives. The recently mandated sales tax registration is resulting in a massive decline in demand as most people in the segment are not sales tax registered. While this is a necessary step, the immediate blanket implementation is causing a slowdown in business. Additionally, as sales tax refunds are not issued in cash and need to be adjusted, this is an additional working capital constraint for business.

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 was particularly felt during the year as the order pipeline for line pipes dried up completely on the back of cuts in government spending and a review of the national energy infrastructure strategy.

CURRENCY DEVALUATION AND FX VOLATILITY

During the year, the Rupee depreciated by 32%. Fiscal indicators have continued to deteriorate during FY19 despite a steep cut in development expenditures by 34% – fiscal deficit for the year is projected at 7.1% as against 6.6% for FY18. In order to protect ourselves from this volatility we are working with our suppliers, 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 latest technology and giving extra emphasis on employee training, to meet the product quality requirements as defined by the customer and American Petroleum Institute. During the year, we upgraded the hydrotester machine to cater to pipe lengths of up to 13.5 m; this upgrade enables us to reduce wastages and rejection rates.

At the manufacturing facility, we have also renovated and upgraded the messing hall and engineers and plan to upgrade staff residences and other facilities at the plant.

INFORMATION SYSTEMS

The function continues to provide up to 99% uptime for all critical systems and at the same time keep focused on business continuity and disaster management. A number of new applications like Sustainability Reporting, Time Office Management and IT Asset Management have been implemented to facilitate business processes and bring about efficiency across the enterprise. Retention of skilled IT resources continues to be a challenge and we expect this to persist. Mitigation of this threat is being managed through induction of new resources and continuous training programs.

OPPORTUNITY AND RISK REPORT

Opportunities and risks are inherent to entrepreneurial activity. We have put systems and processes in place to identify risks at an early stage and to counteract them by taking appropriate action.

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.

OPPORTUNITY AND RISK MANAGEMENT

Opportunity and 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.

In our internal risk reporting, risks are defined as potential future events or developments that could lead to a negative deviation from our (financial) targets. In parallel, opportunities are defined as potential events or developments that imply a positive deviation from our planned (financial) targets.

OPPORTUNITY AND RISK MANAGEMENT PROCESS

We identify opportunities as part of the annual business strategic planning cycle, during which the segments analyze internal and external factors that may positively / negatively affect the development of our business. These may be factors of a social, economic or environmental nature. The core phase of our strategic planning process normally takes place before the start of the year.

Our risk management system supports recognition of developments likely to jeopardize the future performance of the Company and helps take pre-emptive action against unnecessary risks. Risk management at Crescent Steel is about safeguarding our ability to create value for all of our stakeholders and is carried out within the governance structures of the group.

Operational risk identification, management and reporting are achieved via a bottom-up approach. Risks are then managed strategically in a top-down approach emanating from the board. Risk Management Committee comprising of Board members is tasked to govern the risk framework of the Company. Internal audit assists the management in identifying risks along with their mitigating control.

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

This framework will help create greater accountability, identify opportunities and help manage risks at all levels.

BOARD OF DIRECTORS

CHIEF EXECUTIVE OFFICER

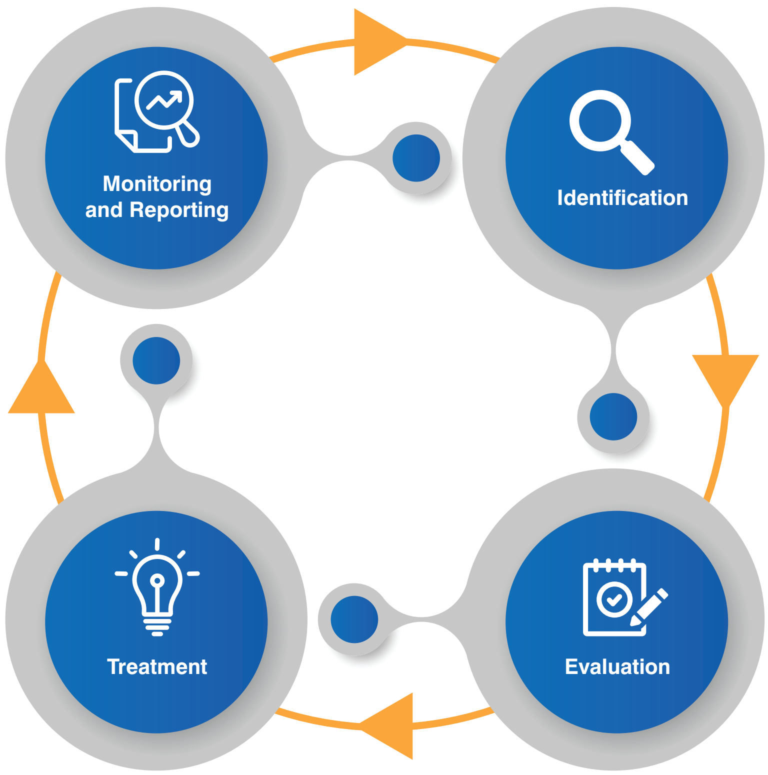
BUSINESS UNIT HEADS

LINE MANAGERS

RISK MANAGEMENT

Risk Management Policy & Methodology/ Support

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

MAJOR BUSINESS RISKS	MITIGATING FACTORS / ACTIONS IN PLACE	SOURCE OF RISK	SENSITIVITY
MACRO-ECONOMIC SITUATION AND POLITICAL INSTABILITY			
Our major sales over the last few 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

MAJOR BUSINESS RISKS	MITIGATING FACTORS / ACTIONS IN PLACE	SOURCE OF RISK	SENSITIVITY
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
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.	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.	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.	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

MAJOR 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.	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
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.	Internal	Medium

MAJOR BUSINESS RISKS	MITIGATING FACTORS / ACTIONS IN PLACE	SOURCE OF RISK	SENSITIVITY
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
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.	Internal	Low

HEALTH, SAFETY AND ENVIRONMENT

The safety of our people, the environment and the communities in which we work is incorporated into everything we do. We impose the highest standards of safety and protection on our staff and the space in which we operate, calling on our people to put health, and safety and environment at the heart of what they do and to take a common sense approach to health, safety and environment.

We remain committed to continuous improvements in the workplace environment. Outside of internal health and safety practices one of our prime goals is to protect the environment by conserving resources and reducing our impact on the environment.

Crescent Steel retains ISO 14001:2015 and OHSAS 18001:2007 standards certification and is in the process of migrating from OHSAS 18001:2007 to ISO 45001:2018. Maintaining these HSE certifications has been possible through consistent dedication and hard work of all our people and reinforces our commitment to the highest standards of HSE.

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 rise. Different mechanisms are devised for raising awareness and engaging people including safety talks, suggestion portal and reporting of un-safe acts and conditions.

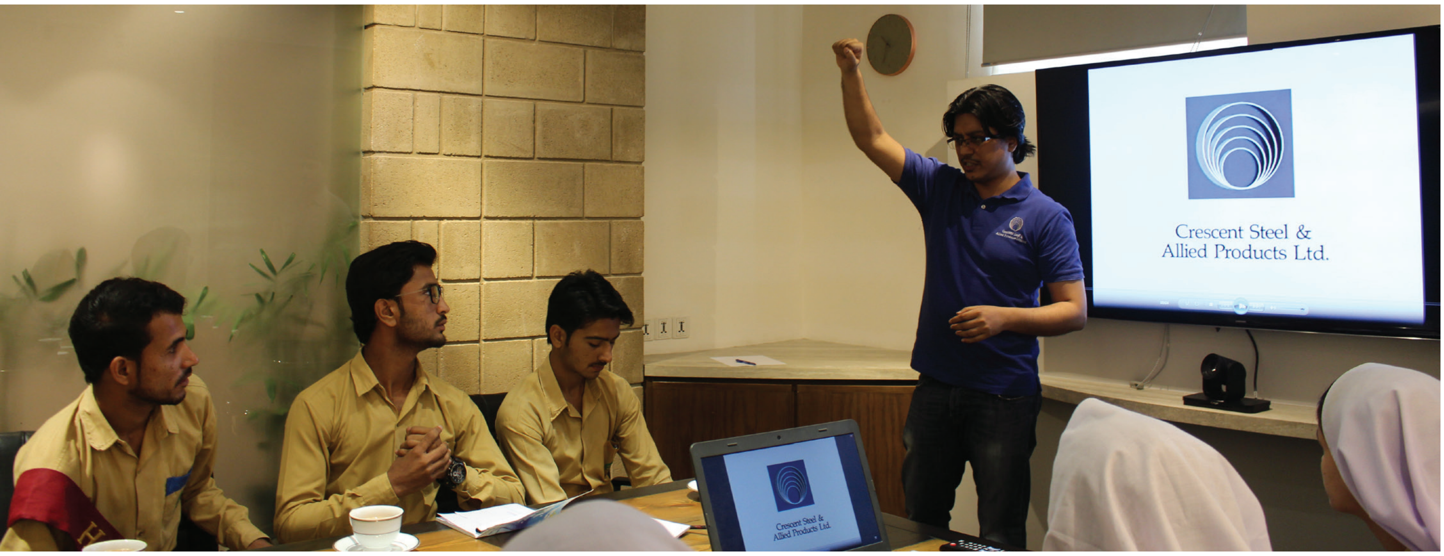
ENHANCING WELLBEING

A key priority of our agenda is the prevention of work-related illnesses. 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 regular medical checkups for employees in certain roles and healthcare benefits for staff.

CORPORATE SOCIAL RESPONSIBILTY

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.

Discretionary giving for us is a function of the Company's profitability – as Company profits decline so does discretionary giving. To sustain giving in periods of low business, we have developed two funds, CSAP Foundation and Benevolent Fund to ensure that we are able to serve the community during challenging times.

As a result of challenging business conditions Crescent Steel posted a Profit before Tax of Rs. 25 million and working with select community partners the Company made social investments of Rs. 2.5 million (FY18: Rs. 45.9 million) this year, translating into 1.75% of PBT, down 2.96% YoY. We have established two funds, CSAP Foundation and Benevolent Fund that act as vehicles that can sustain giving in periods of low business.

In addition to cash contributions, our people have volunteered 1,484 hours (FY18: 2,159 hours) to structured community programs throughout the year.

Detailed information and analysis on our 2019 environmental and social performance is published in the Crescent Steel Corporate Social Responsibility Report 2018-2019 while select partnerships are also captured below.

COMMITMENT TO EDUCATION

Pakistan is currently facing a serious challenge to ensure all children attend, stay and learn in school. While enrollment and retention rates are constantly improving, progress has been slow to improve education indicators in the country.

In 2018-19, Pakistan's public expenditure on education as percentage to GDP was 2.4%, which is the lowest in the region.

According to UNICEF, Pakistan has the world's second-highest number of out-of-school children with an estimated 22.8 million children aged 5-16 who are not attending school. This represents 44% of the total population in this age group. In the 5-9 age group, 5 million children are not enrolled in schools and after primary-school age, the number of out of school children doubles, with 11.4 million adolescents between the ages of 10-14 not receiving formal education. Disparities based on gender, socio-economic status, and geography are significant; in Sindh, 52% of the poorest children (58% girls) are out of school, and in Baluchistan, 78% of girls are out of school. This demonstrates that this area is not being given enough focus.

We target our investments towards primary and secondary education and skills learning programs and 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 9 students in universities in Pakistan, US and Germany 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 PARTNER

THE CITIZENS FOUNDATION

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

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 3,476 children have graduated from primary schools supported by us, combined enrolment in these schools today is 3,683 students, the majority of whom reside in some of the most impoverished communities of the country; 46% of these students are female.

COMMITMENT TO HEALTH

Pakistan is attributed to the lack of access to basic health care services, poverty and lack of health infrastructure and personnel. 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 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. 43 employees from our Head Office and Nooriabad facility donated 21,500 ml of blood through the Indus Hospital Blood Drive held during the year.

COMMITMENT TO COMMUNITY AND THE ENVIRONMENT

In the 20 year average, 'The Long-Term Climate Risk Index (CRI): the 10 countries most affected from 1998 to 2017 (annual averages)', Pakistan is ranked on the eight position, with 10,248 lives lost and $3.8 billion equivalent to 0.5 per cent of the GDP losses.

Pakistan is facing numerous climatic and environmental issues, including water pollution, soil erosion, land pollution, shortage of water, global warming, air pollution and is constantly affected by natural disasters. Due to climatic changes and global warming, millions of lives are at risk across the country. The major reasons of these environmental issues are carbon emissions, increasing population, and deforestation.

EARTH HOUR 2019

Individuals, businesses and cities in 188 countries and territories worldwide joined Earth Hour 2019 to speak up for nature and inspire urgent action for the environment. We, at Crescent Steel celebrated Earth Hour with 188 countries and territories around the globe on March 30th by switching off all unnecessary lights at all our campuses.

ENVIRONMENT NON-PROFIT PARTNER WWF - PAKISTAN

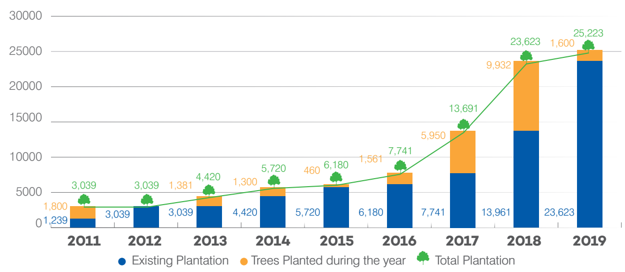
MARINE CONSERVATION MANGROVE PLANTATION

During the year, we planted 1,000 mangrove saplings at WWF's Wetland Centre. We also continue to maintain the 700 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 1,700, reducing our carbon footprint by 10 tons annually.

TREE PLANTATION ACTIVITIES AT OUR CAMPUSES

During the year, we planted 1,700 trees. Over the years our plantation size has increased to over 25,223 trees. These trees will help reduce our carbon footprint by 149 tons annually.

TREE PLANTATIONS



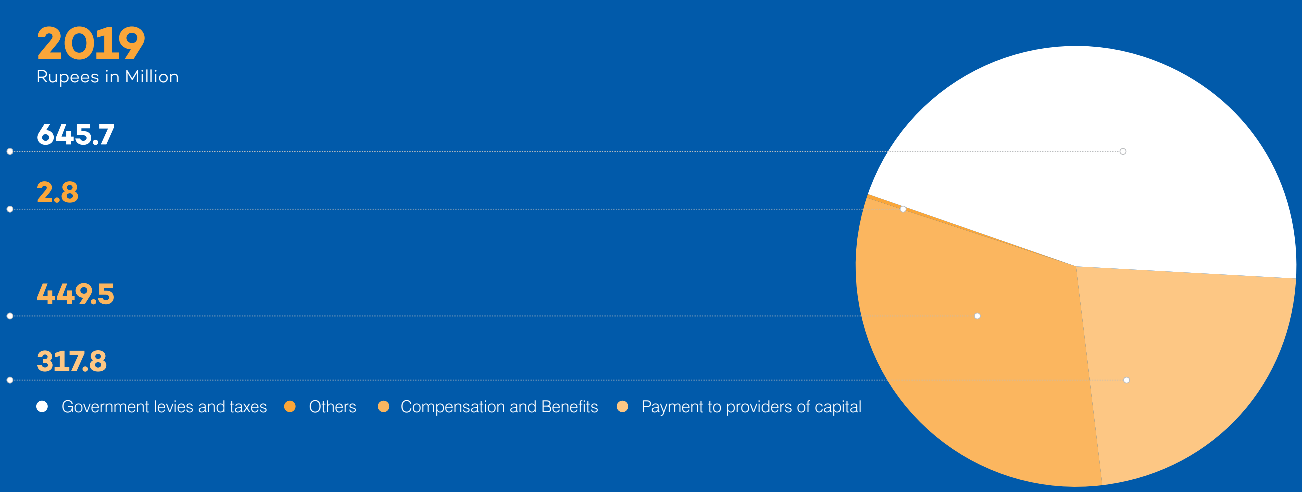
COMMITMENT TO SOCIETY

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.

CONTRIBUTION TO NATIONAL EXCHEQUER AND ECONOMY

Contribution to the National Exchequer and the Economy aggregates to Rs. 1,415.8 million (FY18: Rs. 3,472.9 million).

The Group contributed Rs. 645.7 million (FY18: Rs. 2,610.7 million) towards the national exchequer on account of government levies and taxes. Contribution to the Economy included Rs. 317.8 million (FY18: Rs. 264.0 million) on account of payments to providers of capital and Rs. Nil (FY18: Rs. 155.3 million) in the shape of shareholders' returns through cash dividends. On a Group level the Company provided employment to 759 (FY18: 1,003) full and part-time employees with compensation and benefits of Rs. 449.5 million (FY18: Rs. 407.9 million).

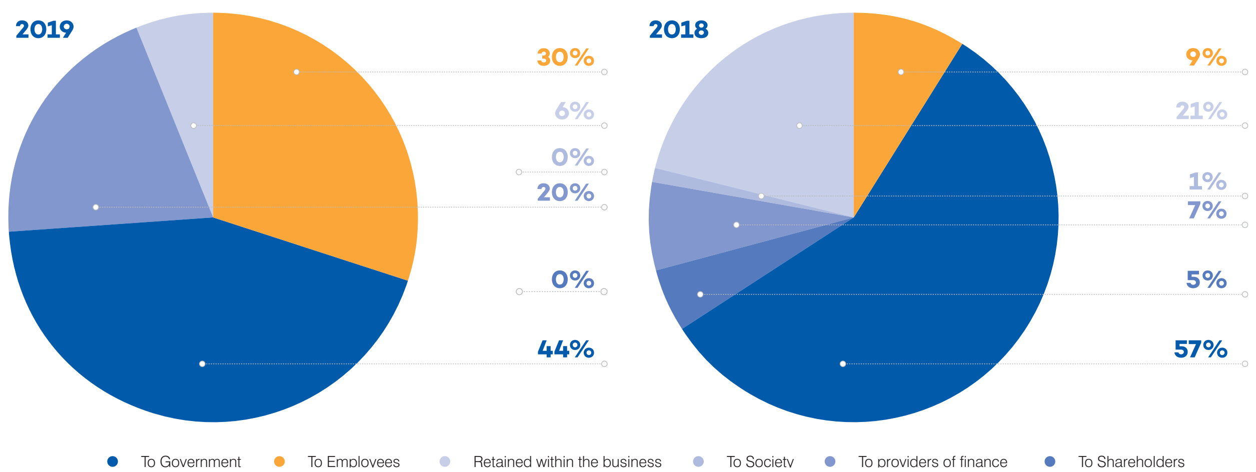


STATEMENT OF VALUE ADDITION

	2019 Rupees in '000	%	2018 Rupees in '000	%
Wealth Generated				
Total revenue	4,754,162	100%	8,753,525	100%
Bought-in-material and services	(3,544,760)	75%	(5,469,503)	62%
	1,209,402	25%	3,284,022	38%
Wealth Distributed				
To Employees				
Salaries, wages and other benefits	362,817	30%	299,499	9%
To Government				
Income tax, sales tax, custom duties, WWF and WPPF	527,185	44%	1,868,920	57%
To Shareholders				
Dividend*	–	0%	155,265	5%
To providers of finance				
Finance costs	244,282	20%	231,319	7%
To Society				
Donation towards education, health and environment	2,836	0%	35,087	1%
Retained within the business for future growth				
Depreciation, amortization and retained earnings	72,282	6%	693,932	21%
	1,209,402	100%	3,284,022	100%

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

Distribution of Wealth



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.

	2019	2018
	--------(Rs. in 000)--------	
Profit before interest and tax	269,177	1,202,722
Taxes	(118,581)	219,653
Net operating profit after tax (NOPAT)	387,758	983,069
Total capital employed	7,413,101	8,678,681
Cost of capital (%)	4.31%	10%
Cost of capital (COC)(Rs)	319,505	867,831
	68,253	115,238

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.

	2019	2018
	--------(Rs. in 000)--------	
Cash flow from operating activities	(228,364)	1,599,485
Capital expenditure	130,698	204,216
Free cash flow	(359,062)	1,395,269

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

SUMMARY DATA AND PERFORMANCE INDICATORS

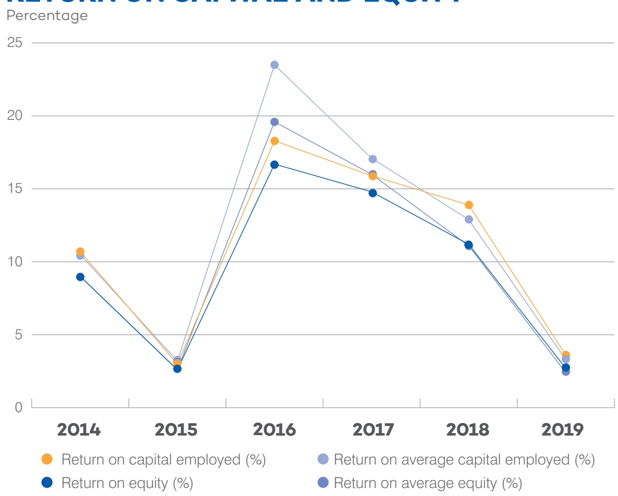
For The Current And Past Six Financial Years

Performance Indicators	2019	2018	2017	2016	2015	2014	2013
A - Profitability Ratios							
Earnings before interest, taxation, depreciation and amortization (EBITDA) (Rs. in millions)	384.6	1,308.4	1,682.0	1,675.5	254.9	562.9	1,245.0
Profit before taxation and depreciation (Rs. in millions)	140.1	1,076.3	1,492.2	1,424.8	167.2	473.5	1,179.7
Gross profit ratio (%)	5.4	11.5	18.2	28.9	1.5	5.7	13.0
Operating profit margin to sales (net) (%)	6.6	17.1	15.5	21.0	6.8	11.5	23.0
Net profit margin to sales (net) (%)	3.5	10.7	9.9	13.0	5.1	8.9	16.3
EBITDA margin to sales (net) (%)	9.5	18.6	16.5	22.6	12.1	14.0	24.9
Operating leverage ratio	1.84	0.77	0.03	3.9	1.4	3.1	6.2
Return on equity (%)	2.7	11.2	14.8	16.7	2.6	9.0	20.5
Return on average equity (%)	2.4	11.1	16.0	19.6	2.6	9.0	23.0
Return on capital employed (RoCE) (%)	3.6	13.9	15.9	18.3	3.0	10.7	25.8
Return on average capital employed (%)	3.3	12.9	17.1	23.5	3.2	10.5	29.0
Return on average assets (%)	1.6	6.8	9.3	13.0	2.1	7.5	18.0
B - Liquidity Ratios							
Current ratio	1.2 : 1	1.4 : 1	1.4 : 1	1.4 : 1	1.4 : 1	2.3 : 1	2.4:1
Quick / Acid-test ratio	0.9 : 1	0.9 : 1	0.9 : 1	0.7 : 1	1 : 1	1.6 : 1	1.7:1
Cash to current liabilities (%)	(32.7)	(5.8)	(4.7)	(3.7)	(24.6)	(18.6)	(25.3)
Cash flows from operations to sales (%)	(5.6)	22.7	1.7	(24.6)	7.7	14.0	(1.6)
Working capital (Net current assets)	475.7	1,248.1	2,096.1	1,399.5	423.3	830.6	1,233.5
Working capital turnover (times)	4.7	4.2	5.8	8.1	3.4	3.9	4.8
C - Activity / Turnover Ratios							
Debtors turnover ratio (times)	40.0	18.3	20.7	36.1	23.7	28.2	17.7
No. of days in receivables / Average collection period (days)	9	20	18	10	15	13	21
Inventory turnover ratio (times)	3.3	2.9	3.4	3.9	4.8	7.1	7.0
No. of days in inventory (days)	112	124	108	94	76	51	52
Creditors turnover ratio (times)	7.8	5.7	11.5	23.2	9.0	38.1	19.9
No. of days in creditors / Average payment period (days)	47	64	32	16	40	10	18
Property, plant and equipment turnover (times)	1.6	6.8	10.9	9.0	2.7	5.1	6.4
Total assets turnover (times)	0.5	0.7	0.8	0.8	0.4	0.9	1.0
Operating cycle (days)	74	80	94	89	51	55	55
D - Investment / Market Ratios							
Basic and diluted earnings per share (Rs.)	1.85	9.68	13.05	12.97	1.53	5.16	11.70
Price earnings ratio (times)	20.4	9.4	18.3	8.8	34.0	8.4	3.8
Price to book ratio	0.5	1.1	2.7	1.5	0.8	0.7	0.7
Dividend yield (%) *	-	2.2	2.2	4.4	1.3	5.7	7.8
Dividend payout ratio (%) *	-	20.7	40.3	40.1	40.8	43.1	31.1
Dividend cover ratio (times) *	-	4.8	2.4	2.6	2.2	2.1	3.3
Cash dividend (Rs. in millions) *	-	155.3	407.6	388.2	43.5	155.3	197.6
Cash dividend per share (Rs.) *	-	2.0	5.3	5.0	0.7	2.5	3.5
Stock dividend / Bonus shares (Rs. in millions) *	-	-	-	-	-	-	56
Stock dividend / Bonus shares (%) *	-	-	-	-	-	-	10
Market value per share (at the end of the year) (Rs.)	37.8	91.2	238.6	114.6	51.9	43.5	45.0
- Lowest during the year (Rs.)	27.4	89.8	116.0	54.6	34.9	43.5	21.6
- Highest during the year (Rs.)	101.9	229.4	283.1	134.8	62.4	74.8	54.5
Break-up value per share (Rs.)	69.5	86.6	87.8	74.8	65.2	64.5	64.0
Break-up value per share including RP investment at MV	95.5	124.5	143.6	94.4	84.7	75.9	73.6
E - Capital Structure Ratios							
Financial leverage ratio (%)	37.4	29.1	45.2	46.9	17.0	8.3	12.2
Long term debt to equity ratio (%)-Book value	5.2	5.3	5.7	8.1	7.0	1.5	0.9
Long term debt to equity ratio (%)-Market value	9.6	5.0	2.1	5.3	8.8	2.3	1.4
Cost of debt	12.3	8.0	8.4	8.4	10.9	13.7	14.4
Long term debt : Equity ratio	5 : 95	6 : 95	6 : 95	8 : 92	7 : 93	2 : 98	1 : 99
Total liabilities to total assets (%)	34.8	33.2	43.9	38.7	24.9	15.3	18.7
Gearing ratio (%)	27.0	21.3	31.0	31.4	13.8	5.3	9.6
Interest coverage (times)	1.1	5.2	8.4	6.4	1.8	5.5	18.3

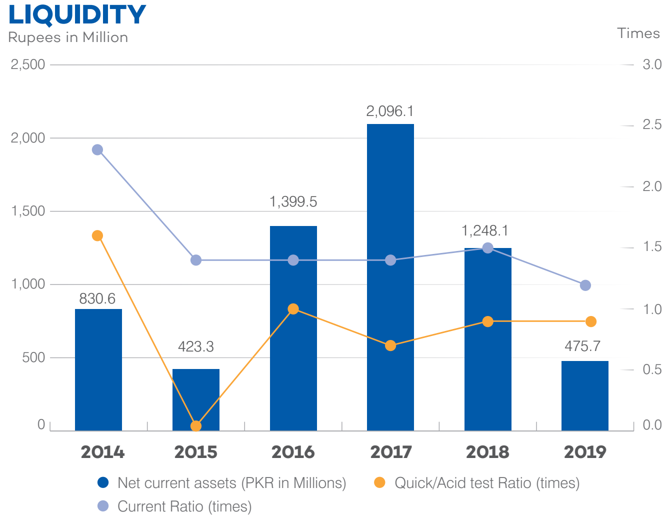
Notes:

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

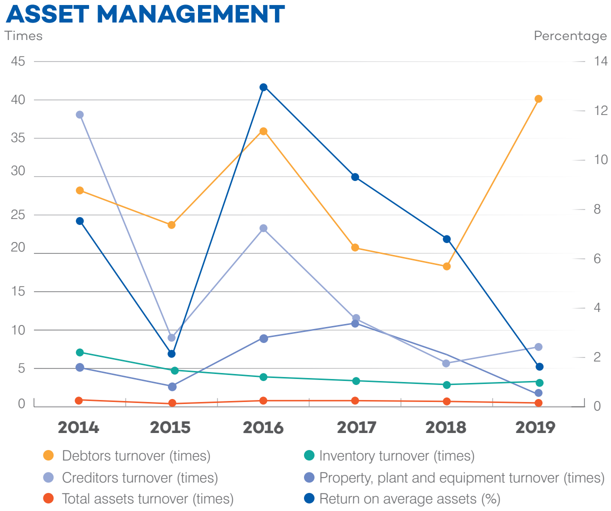
RETURN ON CAPITAL AND EQUITY



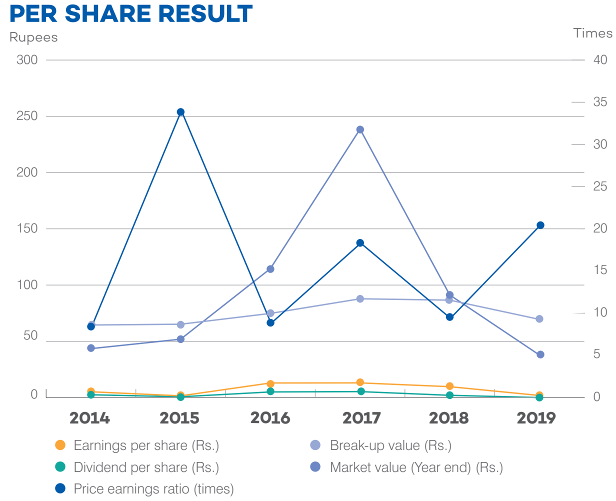
LIQUIDITY



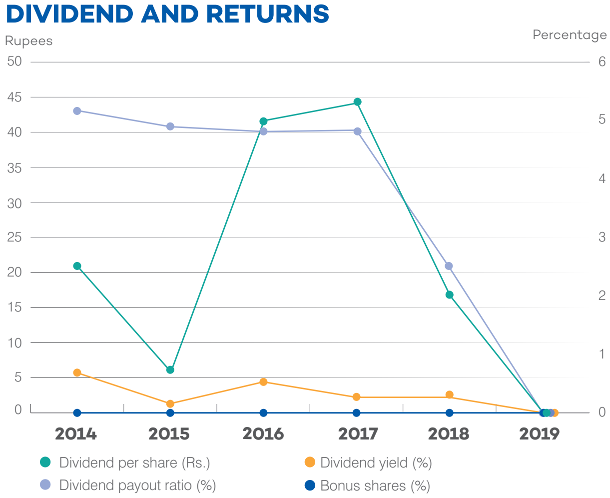
ASSET MANAGEMENT



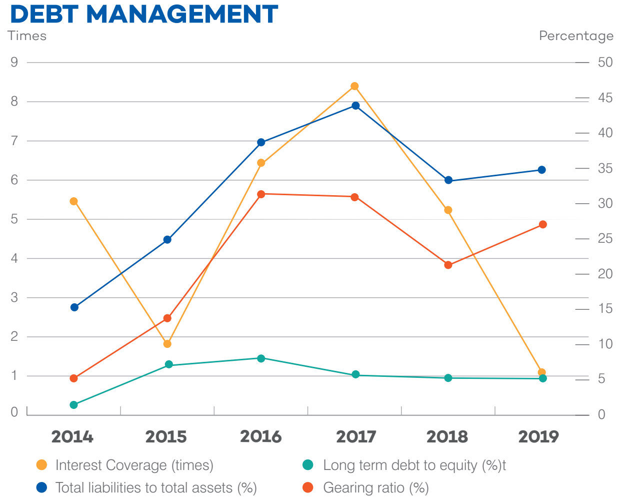
PER SHARE RESULT



DIVIDEND AND RETURNS



DEBT MANAGEMENT



VERTICAL ANALYSIS

For The Last Six Financial Years

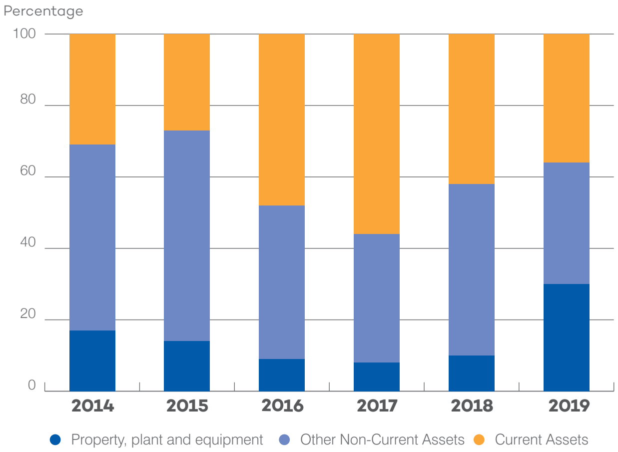
Rupees in million	2019	%	2018	%	2017	%	2016	%	2015	%	2014	%
Statement of Financial Position												
Property, plant and equipment	2,494	30.1	1,039	10.3	941	7.7	823	8.7	781	14.5	795	16.8
Intangible assets	1	-	-	-	1	-	3	-	10	0.2	14	0.3
Investment property	21	0.3	13	0.1	15	0.1	19	0.2	23	0.4	27	0.6
Long term investments	2,265	27.3	4,538	45.0	4,204	34.5	3,935	41.5	3,038	56.5	2,388	50.5
Long term deposits	233	2.8	217	2.2	189	1.6	177	1.9	24	0.4	26	0.5
Deferred taxation	292	3.5	30	0.3	-	-	-	-	38	0.7	-	-
Stores, spares and loose tools	186	2.2	169	1.7	163	1.3	112	1.2	67	1.2	72	1.5
Stock-in-trade	821	9.9	1,543	15.3	2,687	22.1	2,267	23.9	453	8.4	407	8.6
Trade debts	96	1.2	107	1.1	664	5.5	323	3.4	88	1.6	89	1.9
Loan and advances	123	1.5	275	2.7	378	3.1	40	0.4	18	0.3	49	1.0
Trade deposits and short term prepayments	50	0.6	26	0.3	15	0.1	16	0.2	11	0.2	7	0.1
Investments	167	2.0	448	4.4	515	4.2	392	4.1	388	7.2	456	9.6
Mark-up accrued	-	-	27	0.3	1	-	-	-	-	-	-	-
Other receivables	249	3.0	553	5.5	1,745	14.3	785	8.3	200	3.7	136	2.9
Taxation - net	1,261	15.2	961	9.5	633	5.3	529	5.5	211	3.9	159	3.4
Cash and bank balances	28	0.4	133	1.3	28	0.2	63	0.7	43	0.8	107	2.3
TOTAL ASSETS	8,287	100	10,079	100	12,179	100	9,484	100	5,393	100	4,732	100
Issued, subscribed and paid-up capital	776	9.4	776	7.7	776	6.4	776	8.2	621	11.5	621	13.1
Capital reserves	1,021	12.3	1,029	10.2	1,034	8.5	1,026	10.8	299	5.5	299	6.3
Revenue reserves	3,597	43.4	4,919	48.8	5,010	41.1	4,006	42.2	3,131	58.1	3,087	65.2
SHAREHOLDERS' EQUITY	5,394	65.1	6,724	66.7	6,820	56.0	5,808	61.2	4,051	75.1	4,007	84.6
Long term loan	177	2.1	227	2.3	322	2.6	394	4.2	239	4.4	-	-
Liabilities against assets subject to finance lease	103	1.2	127	1.3	64	0.5	77	0.8	46	0.9	62	1.3
Deferred income	7	0.1	8	0.1	7	0.1	9	0.1	1	-	2	-
Deferred taxation	-	-	-	-	233	1.9	68	0.7	-	-	10	0.2
Deferred liability	101	1.2	-	-	-	-	-	-	-	-	-	-
Trade and other payables	692	8.4	1,349	13.4	1,864	15.3	711	7.5	626	11.7	315	6.7
Unpaid dividend	-	-	-	-	116	1.0	116	1.2	-	-	-	-
Unclaimed dividend	27	0.3	22	0.2	21	0.2	23	0.2	12	0.2	57	1.2
Mark-up accrued	42	0.5	16	0.2	28	0.2	21	0.2	12	0.2	8	0.2
Short term borrowings	1,577	19.1	1,458	14.3	2,517	20.7	2,084	22.1	302	5.6	228	4.9
Current portion of long term loan	110	1.3	97	1.0	141	1.2	109	1.1	55	1.0	-	-
Current portion of liabilities against assets Subject to finance lease	51	0.6	46	0.5	42	0.3	59	0.6	47	0.9	41	0.9
Current portion of deferred income	6	0.1	5	-	4	-	5	0.1	2	-	2	-
TOTAL EQUITY AND LIABILITIES	8,287	100	10,079	100	12,179	100	9,484	100	5,393	100	4,732	100
Profit or loss												
Sales - net	4,066	100.0	7,043	100.0	10,209	100.0	7,412	100.0	2,101	100.0	4,032	100.0
Cost of sales	3,846	94.6	6,232	88.5	8,350	81.8	5,269	71.1	2,069	98.5	3,801	94.3
GROSS PROFIT	220	5.4	811	11.5	1,859	18.2	2,143	28.9	32	1.5	231	5.7
Income from investments - net	192	4.7	496	7.0	247	2.4	42	0.6	309	14.7	440	10.9
Distribution and selling expenses	15	0.4	18	0.3	31	0.3	16	0.2	27	1.3	52	1.3
Administrative expenses	188	4.6	173	2.5	287	2.8	283	3.8	167	7.9	165	4.1
Other operating expenses	29	0.7	85	1.2	411	4.0	421	5.7	29	1.4	69	1.7
Other income	89	2.2	172	2.4	202	2.0	94	1.3	25	1.2	79	2.0
OPERATING PROFIT BEFORE FINANCE COSTS	269	6.6	1,203	16.9	1,579	15.5	1,559	21.1	143	6.8	464	11.5
Finance costs	244	6.0	231	3.3	187	1.8	244	3.3	81	3.9	84	2.1
PROFIT BEFORE TAXATION	25	0.6	972	13.6	1,392	13.7	1,315	17.8	62	2.9	380	9.4
Taxation	(118)	(2.9)	220	3.1	379	3.7	348	4.7	(44)	(2.1)	19	0.5
PROFIT AFTER TAXATION	143	3.5	752	10.5	1,013	10.0	967	13.1	106	5.0	361	8.9

HORIZONTAL ANALYSIS

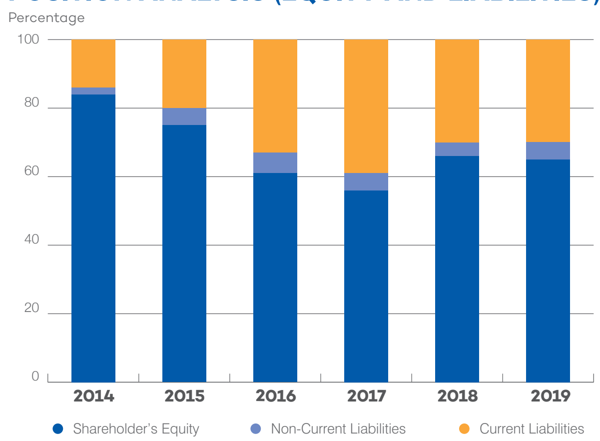
For The Last Six Financial Years

Rupees in million	2019	%	2018	%	2017	%	2016	%	2015	%	2014	%
Statement of Financial Position												
Property, plant and equipment	2,494	140.0	1,039	10.4	941	14.3	823	5.4	781	(1.8)	795	2.2
Intangible assets	1	100.0	-	(100.0)	1	(66.7)	3	(70.0)	10	(28.6)	14	-
Investment property	21	61.5	13	(13.3)	15	(21.1)	19	(17.4)	23	(14.8)	27	(12.9)
Long term investments	2,265	(50.1)	4,538	7.9	4,204	6.8	3,935	29.5	3,038	27.2	2,388	50.1
Long term loans and deposits	233	7.4	217	14.8	189	6.8	177	637.5	24	(7.7)	26	(93.0)
Deferred taxation	292	873.3	30	100.0	-	-	-	(100.0)	38	100.0	-	-
Stores, spares and loose tools	186	10.1	169	3.7	163	45.5	112	67.2	67	(6.9)	72	(8.9)
Stock-in-trade	821	(46.8)	1,543	(42.6)	2,687	18.5	2,267	400.4	453	11.3	407	(38.5)
Trade debts	96	(10.3)	107	(83.9)	664	105.6	323	267.0	88	(1.1)	89	(54.8)
Loan and advances	123	(55.3)	275	(27.2)	378	845.0	40	122.2	18	(63.3)	49	53.1
Trade deposits and short term prepayments	50	92.3	26	73.3	15	(6.3)	16	45.5	11	57.1	7	(22.2)
Investments	167	(62.7)	448	(13.0)	515	31.4	392	1.0	388	(14.9)	456	(42.9)
Mark-up accrued	-	(100.0)	27	2,600.0	1	100.0	-	-	-	-	-	(100.0)
Other receivables	249	(55.0)	553	(68.3)	1,745	122.3	785	292.5	200	47.1	136	1.5
Taxation - net	1,261	31.2	961	51.8	633	19.7	529	150.7	211	32.7	159	112.0
Cash and bank balances	28	(78.9)	133	375.0	28	(55.6)	63	46.5	43	(59.8)	107	64.6
TOTAL ASSETS	8,287	(17.8)	10,079	(17.2)	12,179	28.4	9,484	75.9	5,393	14.0	4,732	(3.2)
	-											
Issued, subscribed and paid-up capital	776	-	776	-	776	-	776	25.0	621	-	621	9.9
Capital reserves	1,021	(0.8)	1,029	(0.5)	1,034	0.8	1,026	243.1	299	-	299	(43.6)
Revenue reserves	3,597	(26.9)	4,919	(1.8)	5,010	25.1	4,006	27.9	3,131	1.4	3,087	7.2
SHAREHOLDERS' EQUITY	5,394	(19.8)	6,724	(1.4)	6,820	17.4	5,808	43.4	4,051	1.1	4,007	0.8
Long term loan	177	(22.0)	227	(29.5)	322	(18.3)	394	64.9	239	100.0	-	-
Redeemable capital	-	-	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	103	(18.9)	127	98.4	64	(16.9)	77	67.4	46	(25.8)	62	82.4
Deferred income	7	(12.5)	8	14.3	7	(22.2)	9	800.0	1	(50.0)	2	100.0
Deferred taxation	-	-	-	(100.0)	233	242.6	68	100.0	-	(100.0)	10	66.7
Deferred liability	101	100.0	-	-	-	-	-	-	-	-	-	-
Trade and other payables	692	(48.7)	1,349	(27.6)	1,864	162.2	711	13.6	626	98.7	315	(8.4)
Unpaid dividend	-	-	-	(100.0)	116	-	116	100.0	-	-	-	-
Unclaimed dividend	27	22.7	22	4.8	21	(8.7)	23	91.7	12	(78.9)	57	(16.2)
Mark-up accrued	42	162.5	16	(42.9)	28	33.3	21	75.0	12	50.0	8	(11.1)
Short term borrowings	1,577	8.2	1,458	(42.1)	2,517	20.8	2,084	590.1	302	32.5	228	(45.5)
Current portion of long term loan	110	13.4	97	(31.2)	141	29.4	109	98.2	55	100.0	-	-
Current portion of liabilities against assets subject to finance lease	51	10.9	46	9.5	42	(28.8)	59	25.5	47	14.6	41	28.1
Current portion of deferred income	6	20.0	5	25.0	4	(20.0)	5	150.0	2	-	2	100.0
TOTAL EQUITY AND LIABILITIES	8,287	(17.8)	10,079	(17.2)	12,179	28.4	9,484	75.9	5,393	14.0	4,732	(3.2)
Profit or loss												
Sales - net	4,066	(42.3)	7,043	(31.0)	10,209	37.7	7,412	252.8	2,101	(47.9)	4,032	(19.4)
Cost of sales	3,846	(38.3)	6,232	(25.4)	8,350	58.5	5,269	154.7	2,069	(45.6)	3,801	(12.6)
GROSS PROFIT	220	(72.9)	811	(56.4)	1,859	(13.3)	2,143	6,596.9	32	(86.1)	231	(64.5)
Income from investments - net	192	(61.3)	496	100.8	247	488.1	42	(86.4)	309	(29.8)	440	47.7
Distribution and selling expenses	15	(16.7)	18	(41.9)	31	93.8	16	(40.7)	27	(48.1)	52	(23.5)
Administrative expenses	188	8.7	173	(39.7)	287	1.4	283	69.5	167	1.2	165	(4.6)
Other operating expenses	29	(65.9)	85	(79.3)	411	(2.4)	421	1,351.7	29	(58.0)	69	(48.5)
Other income	89	(48.3)	172	(14.9)	202	114.9	94	276.0	25	(68.4)	79	(86.3)
OPERATING PROFIT BEFORE FINANCE COSTS	269	(77.6)	1,203	(23.8)	1,579	1.3	1,559	990.2	143	(69.2)	464	(59.7)
Finance costs	244	5.6	231	23.5	187	(23.4)	244	201.2	81	(3.6)	84	35.5
PROFIT BEFORE TAXATION	25	(97.4)	972	(30.2)	1,392	5.9	1,315	2,021.0	62	(83.7)	380	(65.1)
Taxation	(118)	(153.6)	220	(42.0)	379	8.9	348	890.9	(44)	(331.6)	19	(93.0)
PROFIT AFTER TAXATION	143	(81.0)	752	(25.8)	1,013	4.8	967	812.3	106	(70.6)	361	(55.8)

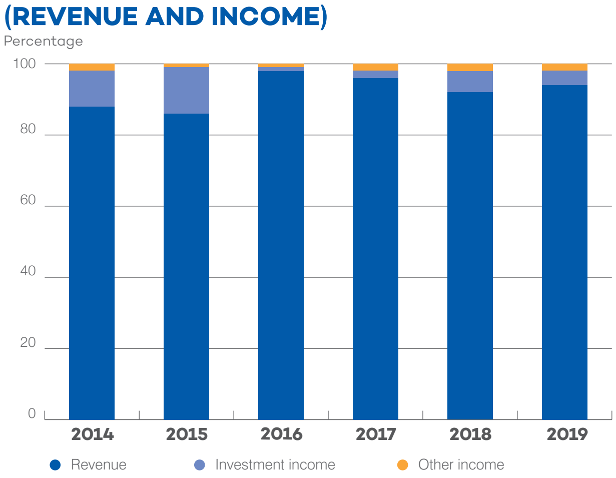
STATEMENT OF FINANCIAL POSITION ANALYSIS (ASSETS)



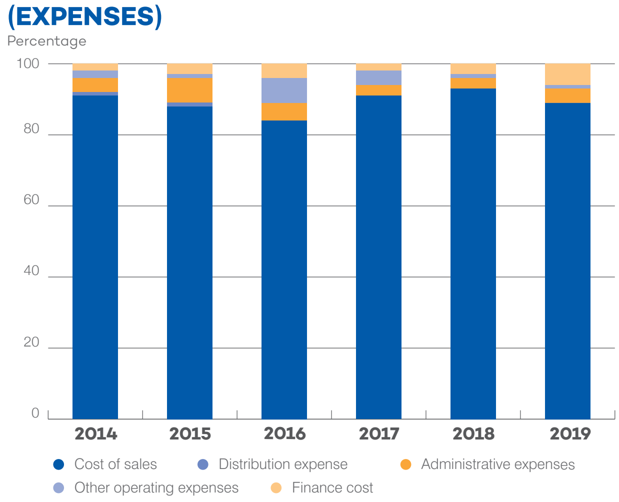
STATEMENT OF FINANCIAL POSITION ANALYSIS (EQUITY AND LIABILITIES)



PROFIT OR LOSS ANALYSIS (REVENUE AND INCOME)



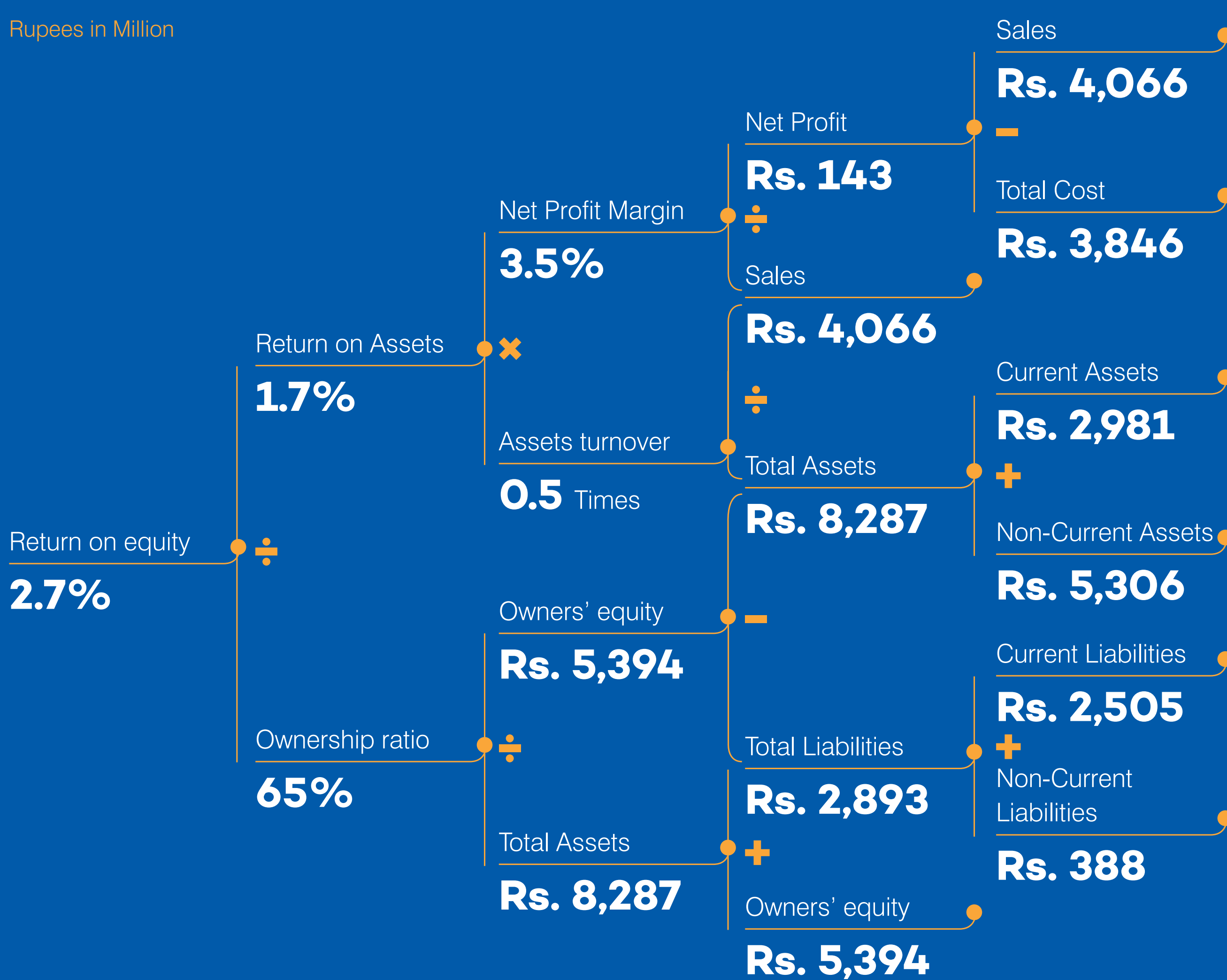
PROFIT OR LOSS ANALYSIS (EXPENSES)



DUPONT ANALYSIS

FOR THE YEAR 2019

Rupees in Million



DuPont Analysis	2019	2018
Tax burden	(476.3)%	22.6%
Interest burden	981.2%	23.8%
EBIT margin	6.6%	17.1%
Asset Turnover (times)	0.5	0.7
Leverage	37.4%	29.1%
Return on equity	2.7%	11.2%

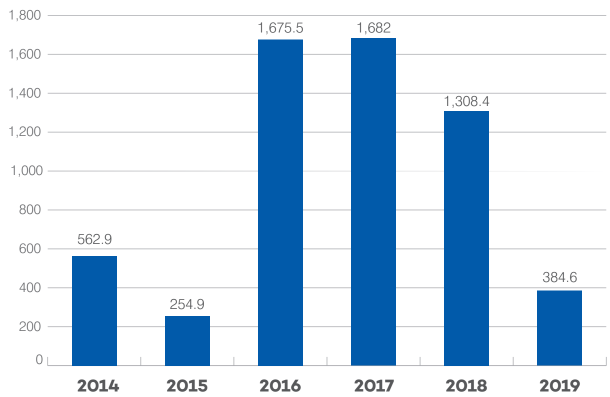
KEY OPERATING AND FINANCIAL DATA

For The Current And Past Six Financial Years

Rupees in millions	2019	2018	2017	2016	2015	2014	2013
A Summary of Profit or Loss							
Sales - net	4,066.5	7,043.8	10,208.6	7,412.0	2,101.6	4,031.6	5,001.7
Cost of sales	3,846.1	6,232.5	8,349.8	5,269.1	2,069.1	3,801.3	4,350.8
Gross profit	220.4	811.3	1,858.8	2,142.9	32.5	230.3	650.9
Income from investments - net	191.5	495.5	246.9	42.6	308.7	440.1	298.4
Distribution, selling and administrative expenses	203.1	190.9	317.8	298.6	194.0	217.2	241.1
Other operating expenses	28.6	84.9	410.8	421.3	29.3	68.7	134.0
Other income	89.0	171.7	201.8	93.7	25.6	78.6	575.7
Operating profit before finance costs	269.2	1,202.7	1,578.9	1,559.3	144	463.1	1,149.9
Finance costs	244.3	231.3	187.3	243.8	80.7	84.1	62.9
Profit before taxation	24.9	971.4	1,391.6	1,315.5	62.8	379.0	1,087.0
Taxation	(118.6)	219.7	379.3	348	(44)	18.8	271
Net income	143.5	751.7	1,012.3	967.1	106.5	360.2	816.0
B Summary of Statement of Financial Position							
Current assets	2,981.1	4,241.1	6,829.6	4,527.1	1,478.7	1,482.4	2,106.1
Stock-in-trade	821.4	1,542.7	2,686.7	2,266.8	453.1	407.2	662.4
Trade debts	96.4	106.9	663.7	322.9	87.9	89.5	196.9
Current liabilities	2,505.4	2,993.0	4,733.5	3,127.6	1,055.4	651.8	872.6
Trade and other payables	691.9	1,349.1	1,863.8	711.0	626.0	315.0	344.0
Property, plant and equipment	2,493.7	1,039.0	940.6	822.6	780.7	795.1	777.8
Total assets	8,287.0	10,079.0	12,179.6	9,484.2	5,392.7	4,733.0	4,888.7
Long term financing (excluding current maturity)	280.2	354.2	386.1	471.4	285.2	62.0	34.5
Deferred income (including current maturity)	13.4	13.5	11.6	13.8	3.2	4.1	2.2
Deferred liabilities	100.5	-	232.8	68.3	-	9.7	6.2
Short term financing (including current maturity of long-term financing)	1,738.8	1,600.7	2,699.5	2,251.9	404.2	269.4	450.5
Reserves	4,617.7	5,947.4	6,043.4	5,031.4	3,429.7	3,386.1	3,409.5
Shareholders' equity	5,394	6,723.8	6,819.7	5,807.7	4,050.7	4,007.2	3,974.1
C Summary of Statement of Cash Flows							
Cash and cash equivalents at the beginning of the year	(172.1)	(219.4)	(117.0)	(259.3)	(121.1)	(220.7)	(253.1)
Net cash (used in) / generated from operating activities	(228.4)	1,599.5	172.0	(1,820.1)	162.2	565.2	(81.4)
Net cash inflows from / (used in) investing activities	1,421.6	168.3	(144.6)	(816.3)	(399.2)	(132.5)	192.3
Net cash (used in) / inflow from financing activities	(590.7)	(1,720.5)	(129.8)	2,778.7	98.8	(333.1)	(78.5)
Net increase / (decrease) in cash and cash equivalents	602.5	47.3	(102.4)	142.3	(138.2)	99.6	32.4
Transfer upon amalgamation	(1,249.0)	-	-	-	-	-	-
Cash and cash equivalents at the end of the year	(818.6)	(172.1)	(219.4)	(117.0)	(259.3)	(121.1)	(220.7)
D Other							
Depreciation and amortization	115.4	105.7	103.0	116.1	111.4	99.8	95.1
Capital expenditure	130.7	204.2	215.2	141.5	95.7	131.8	220.5
No. of ordinary shares (no. of shares in millions)	77.6	77.6	77.6	77.6	62.1	62.1	56.5
Payments to National Exchequer	527.2	1,868.9	2,574.3	2,250.0	157.2	358.0	730.2

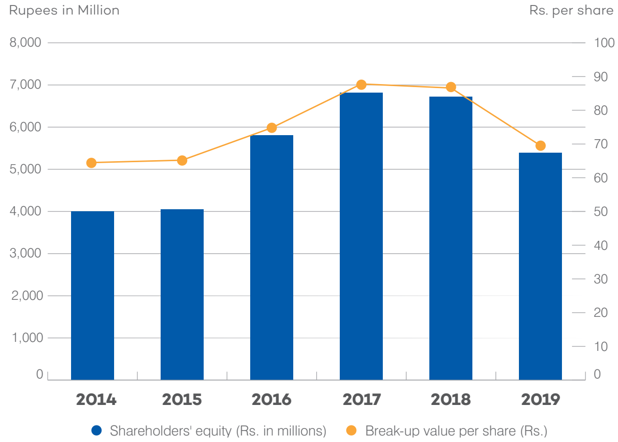
EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION AND AMORTIZATION (EBITDA)

Rupees in Million



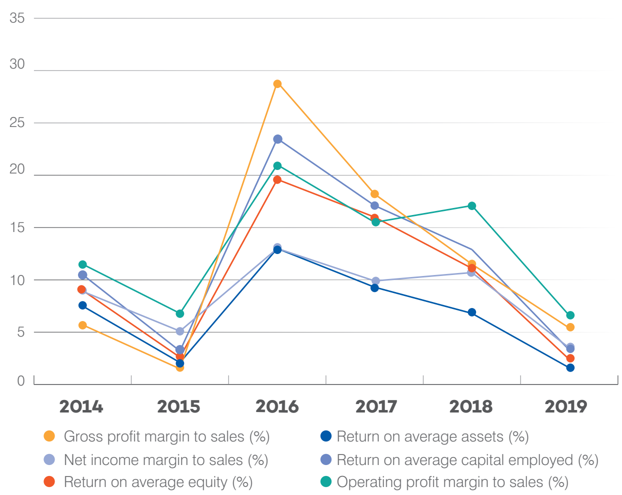
SHAREHOLDERS' EQUITY AND BREAK-UP VALUE PER SHARE

Rupees in Million

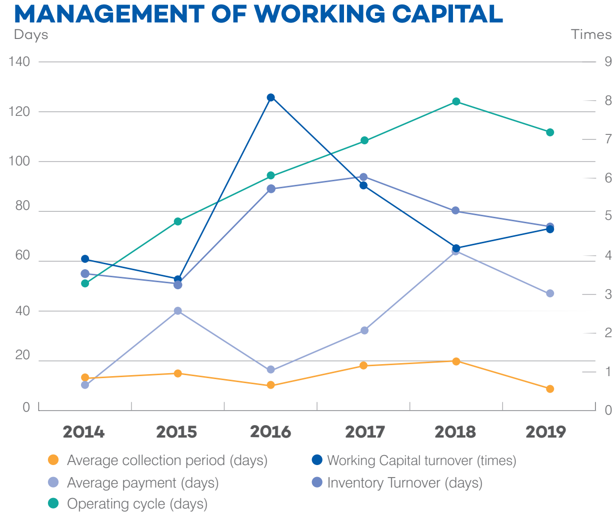


PROFITABILITY AND RETURN

Percentage

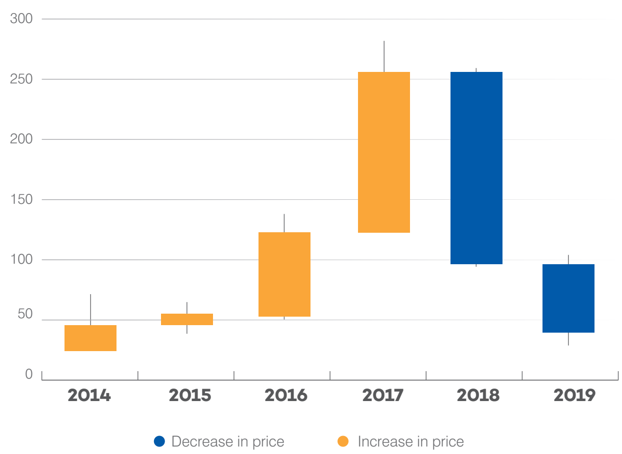


MANAGEMENT OF WORKING CAPITAL



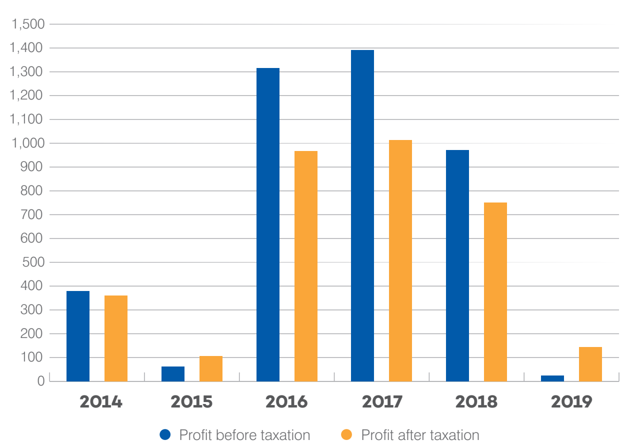
MOVEMENT IN STOCK PRICES

Price



PROFIT BEFORE AND AFTER TAXATION

Rupees in Million



QUARTERLY ANALYSIS

SALES

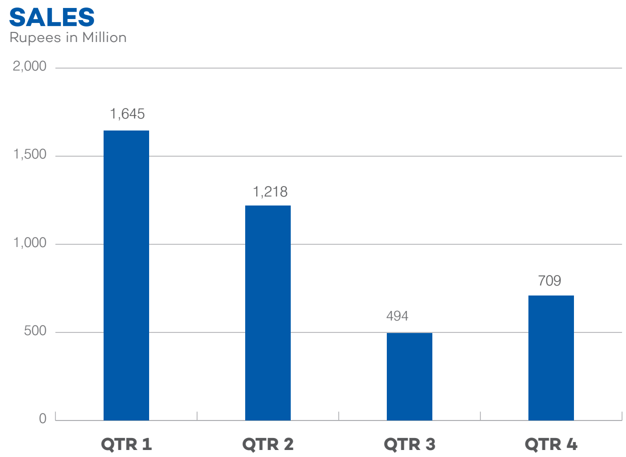
After a healthy turnover in first half, sales dropped in second half, posting Rs. 1,202.9 million as against Rs. 2,863.6 million in H1FY19. As explained in detail in the operating performance reviews, the Steel line pipe segment remained the main contributor to sales on the back of transmission capacity augmentation projects initiated by the gas utilities.

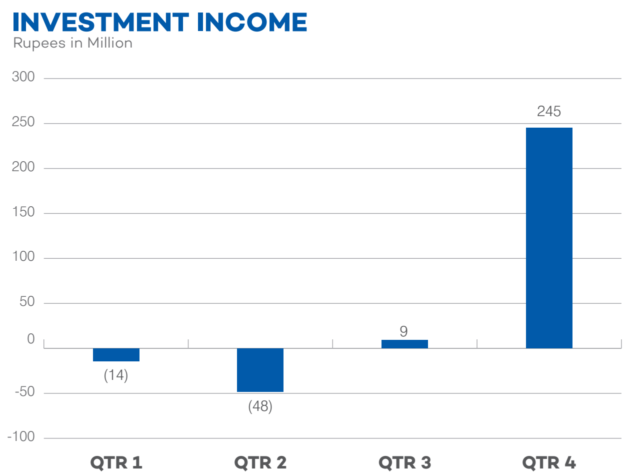
INCOME FROM INVESTMENTS

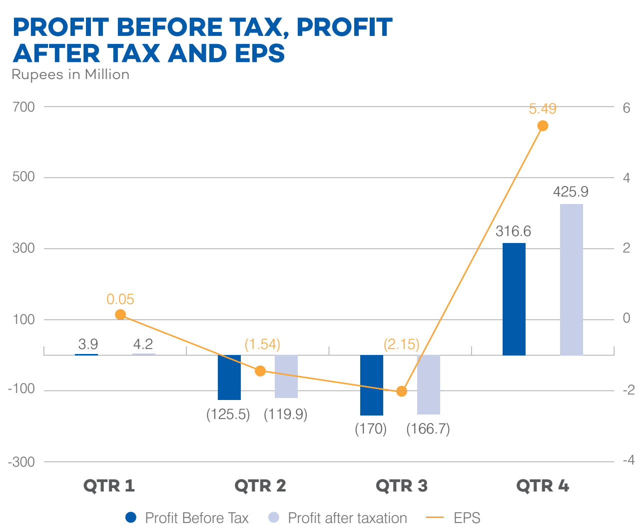
During the first quarter, the IID Division recorded a net loss of Rs. 22.2 million. The second and third quarter showed negative results and the IID division contributed Rs. 60.5 million to losses during the fiscal year. The year closed with the fourth quarter contributing profit Rs. 235.8 million mainly due to unrealized gain on fair value through profit or loss investments of Rs 56.6 million and dividend income of Rs. 191.9 million. The overall income from investments, inclusive of dividend income of Rs. 208.9 million and unrealized loss of Rs. 3.9 million, stood at Rs. 191.6 million on the back of volatile market conditions during the FY19.

PROFIT AFTER TAXATION

Profit after taxation for the first quarter stood at Rs. 4.2 million primarily constituting profits from the Cotton Division. Second and third quarters added loss of Rs. 286.6 million to the bottom line from the Steel and IID Division. After dip in third quarter, the fourth quarter posted profit after tax of Rs. 425.9 million.



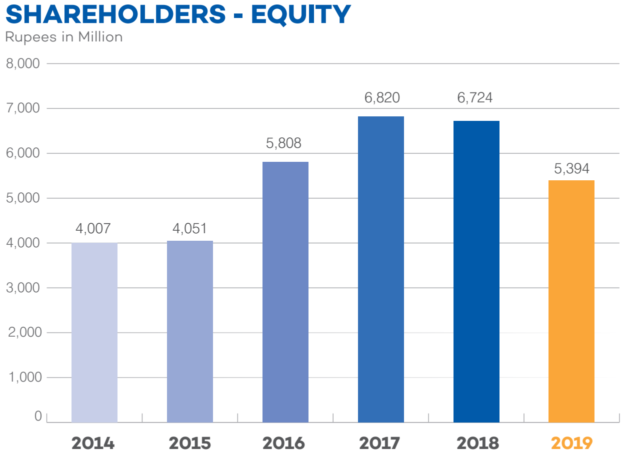




COMMENTS ON SIX - YEAR STATEMENT OF FINANCIAL POSITION

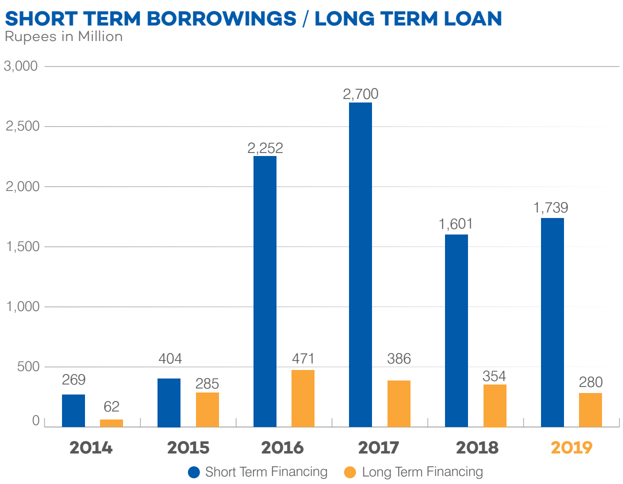
EQUITY

Over the last six years equity has increased 1.3 times. Increase in equity is 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 (including premiums)



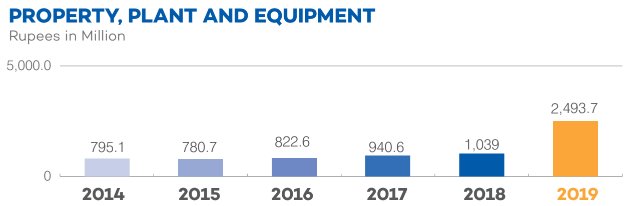
SHORT TERM BORROWINGS / LONG TERM LOAN

Short term borrowings increased from Rs. 269 million in 2014 to Rs. 1,739 million in 2019. Upward movement is in line due to increase in working capital requirement to meet operating requirement during the year. During the financial year 2019, long term loan decreased on account of repayments made during the year.



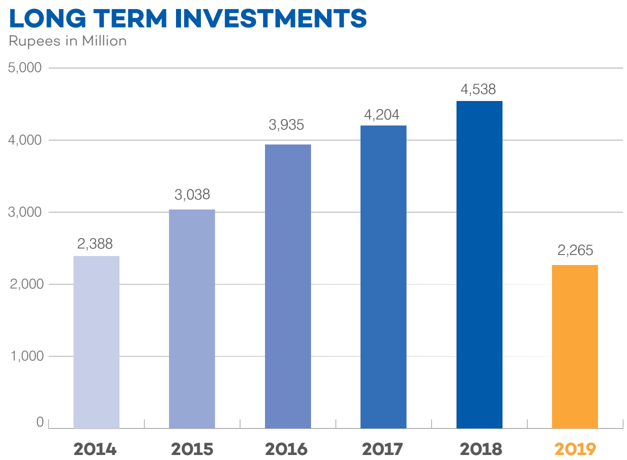
PROPERTY, PLANT AND EQUIPMENT

Increase in net book value of property, plant and equipment is mainly due to amalgamation of wholly owned subsidiaries during the year.



LONG TERM INVESTMENTS

Long term investments were in line if compared from 2014 but they significantly decreased from 2018 due to amalgamation of subsidiaries.



COMMENTS ON SIX - YEAR PROFIT OR LOSS

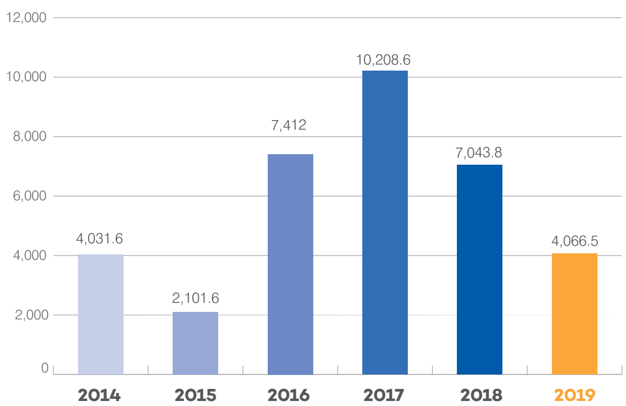
The Company has two core businesses i.e. Steel line pipe (Steel segment) and Cotton spinning (Cotton segment). Infrastructure and development projects of oil and gas industry directly impact the top and bottom lines of Steel segment. Execution of such projects is largely dependent on infrastructure projects executed by utility companies in Pakistan. Order intake during 2016 to 2018 was at an all-time high, due to RLNG and augmentation projects executed by Gas Companies resulting in demand for pipes.

SALES

The sales stood at Rs. 4,066.5 million in FY19. This was due to lack of order intake and plant idling. 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.

SALES

Rupees in Million

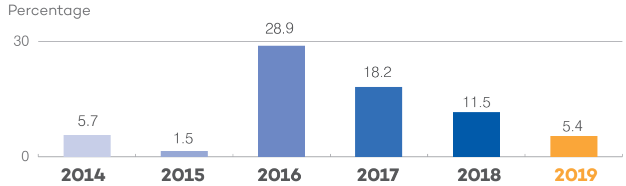


GROSS PROFIT

In FY19 gross profit margin decreased to 5.4% as compared to 11.5% in the previous year. The decrease in margin is due to upward movement in HR Coil prices and idling of the Plant. Gross profit margin of 1.5% in 2015 was the lowest during the six-year period.

GROSS PROFIT MARGIN

Percentage



OPERATING EXPENSE

In FY19 Distribution and selling expenses showed downward movement, achieving lowest level in comparative period in past six years. This decrease corresponds with drop in sales from second half of 2019.

In FY18 and FY17 major component of other operating expenses was liquidated damages. Other component comprise of provision for Workers' Welfare Fund and Workers' Profit Participation Fund, directly related to profits of the Company.

FINANCE COST

During FY19 finance costs were higher, due to inventory build-up and mark-up incurred on availing short term loans and running finance facilities to finance increased working capital requirements of the Company/Subsidiaries. Increasing trend was observed in finance cost during 2017 (Rs. 187 million) to 2019 (Rs. 244 million), mainly due to increasing trend of policy discount rate which has increased by 5.75 percent during the year ended 30 June 2019.

Finance cost decreased significantly in FY17 despite increase in business activities during the year due to favorable mark up rates and timely recoveries from debtors.

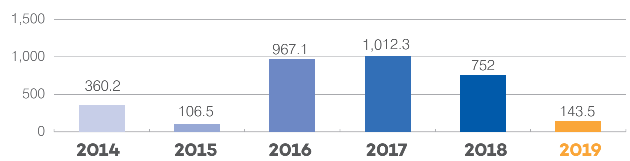
PROFIT AFTER TAXATION

Variations in profit after taxation during the six year period was on account of varying market conditions across business segments. Profit in 2019 was driven through operations from Cotton Division and 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.

NET INCOME

Rupees in Million



CASH FLOWS

Cash generated from operations was recorded at Rs. 399.5 million. Favourable movement was observed in working capital changes with net increase of Rs. 269 million in year 2019. This was mainly due to stock in trade and advances which showed an increase of Rs. 873.3 million. However, the positive movement was countered by decrease in trade and other payables by Rs. 624.2 million.

Net cash flow used in operating activities stood at Rs. 228 million, which was mainly due to payments of taxes and finance cost. Investment in property, plant and equipment is the only major cash outflow from investing activities while net investments, dividend and interest income received were the main cash inflows 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 2019 were recorded at negative Rs. 818.6 million in comparison with negative Rs. 172.1 million for 2018.

RATIO ANALYSIS

PROFITABILITY / LIQUIDITY RATIOS

For the year FY19 gross profit margins stood at 5.4% which was lower as compare to last year. While, net profit margin decreased to 3.5%. Due to lack of order and plant idling forced the gross margins for FY19 downwards. Consequently, return on equity and capital employed moved from 11.2% and 13.9% to 2.7% and 3.6% 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. The Current ratio decreased to 1.4 time during previous 4 year. 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 112 days, while debtor turnover days decreased in comparison with last year from 20 days to 9 days. Number of days in payables decreased to 47 days. In FY19 total asset decreased to 0.5 times as compared to 0.7 times last year, this in 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. 1.85 per share. Price to earnings ratio doubled to 20.4 times as compared to 9.4 times in 2018 as the market price of Company's share declined from Rs. 91.2 at the close of 2018 to Rs. 37.8 as close of FY19. Dividend payout ratio for 2019 was recorded at Nil against an average of 36.0% for the last 6 years.

CAPITAL STRUCTURE RATIOS

Financial leverage ratio increased to 37.4% in 2019 from 29.1% in 2018 due to increase in long term and short term financing availed for capital expenditure and working capital requirements. Long term Debt to equity ratio slightly decreased to 5.2% as compared to last year. Company's interest cover ratio marginally decreased to 1.1 times in comparison with 5.2 times in 2018 as a result of decrease in profitability.

STAKEHOLDER ENGAGEMENT APPROACH

Our objective is to run our business efficiently and profitably to enhance shareholders' value but we do it with responsibility to all stakeholders. Profitability is essential in creating and enhancing shareholders' value 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 maximum 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 2019, there were 3,191 shareholders on record of the Company's ordinary shares.

ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) will be held on Monday, 28 October 2019 at 12:15 p.m. at Liberty Castle Banquet Hall, 79-D-1, Main Boulevard, Gulberg-III, Lahore. Shareholders as of 21 October 2019 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.

BOOK CLOSURE

The Share Transfer Books of the Company will remain closed from 22 October 2019 to 28 October 2019 (both days inclusive). Transfers received in order at Share Registrar's Office, CorpTec Associates (Private) Limited, by the close of business on 21 October 2019, will be treated in time for the entitlement 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 2019 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 34th Annual General Meeting of the Company held on 29 October 2018, the members raised some queries on the Directors Report and Financial Statements which were duly responded by the Chairman to the entire satisfaction of the members and no significant issues were raised.

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.

FINANCIAL CALENDAR

RESULTS AND DIVIDEND ANNOUNCED FY 2020

RESULTS

1st Quarter ending 30 September 2019	Approved and announced on	29 October 2019
2nd Quarter ending 31 December 2019	Approved and announced on	30 January 2020
3rd Quarter ending 31 March 2020	Approved and announced on	29 April 2020
Year ended 30 June 2020	Approved and announced on	31 July 2020

EXPECTED MEETING CALENDAR FY 2020

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	28 October 2019
1st Quarter ending 30 September 2019	29 October 2019*
2nd Quarter ending 31 December 2019	30 January 2020*
3rd Quarter ending 31 March 2020	29 April 2020*
Year ended 30 June 2020	31 July 2020*

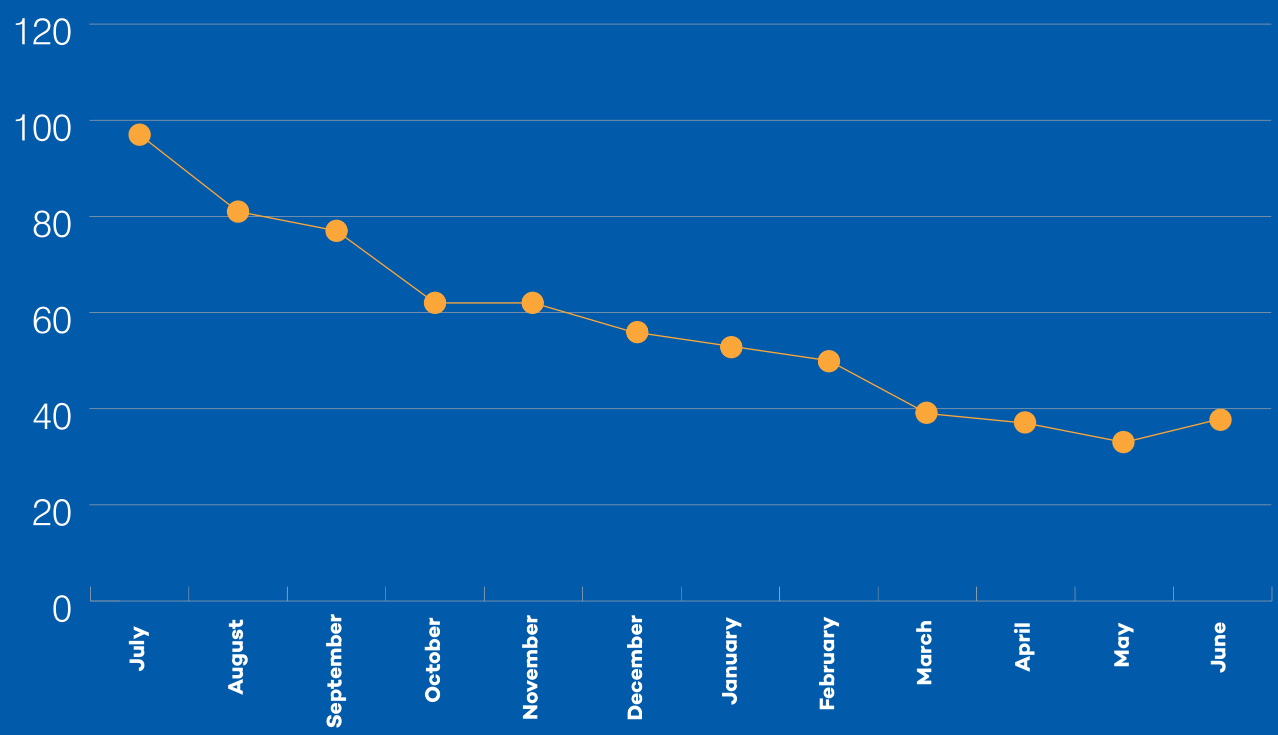
* Dates are tentative and the Company reserves the right to change.

SHARE PRICE SENSITIVITY ANALYSIS

CSAP opened FY19 at Rs. 90.53, dropping to a low of Rs. 37.78 (58.7%) 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. 37.78. The scrip traded between Rs. 101.85 and Rs. 54.15 during the first half of fiscal year 2019. The increasing unfavorable economic conditions and lack of investor confidence lead the market to fluctuate and eventually fall during the second half of the fiscal year resulting in shares being traded between Rs. 58.22 and Rs. 27.4.

COMPANY SHARE PRICE

Rupees per Share



PATTERN OF HOLDING OF THE SHARES HELD BY THE SHAREHOLDERS

as at :June 30, 2019

No. of Shareholders	Shareholding		Total Shares held
	From	To	
613	1	100	26,789
862	101	500	286,882
476	501	1,000	400,116
709	1,001	5,000	1,782,558
181	5,001	10,000	1,395,096
70	10,001	15,000	883,342
45	15,001	20,000	805,533
40	20,001	25,000	920,601
25	25,001	30,000	694,683
9	30,001	35,000	287,287
16	35,001	40,000	611,598
10	40,001	45,000	427,492
10	45,001	50,000	484,163
8	50,001	55,000	419,746
6	55,001	60,000	340,331
7	60,001	65,000	437,644
4	65,001	70,000	266,105
6	70,001	75,000	448,500
2	75,001	80,000	158,000
2	80,001	85,000	161,750
1	85,001	90,000	87,500
9	95,001	100,000	895,300
3	105,001	110,000	319,312
2	110,001	115,000	224,500
2	120,001	125,000	247,615
3	125,001	130,000	381,000
2	135,001	140,000	275,365
3	140,001	145,000	427,800
3	145,001	150,000	442,600
1	150,001	155,000	153,215
2	155,001	160,000	318,050
1	160,001	165,000	165,000
2	165,001	170,000	335,000
1	175,001	180,000	180,000
2	180,001	185,000	367,540
2	185,001	190,000	377,500
1	195,001	200,000	200,000
2	205,001	210,000	420,000
2	210,001	215,000	430,000
1	215,001	220,000	218,894

No. of Shareholders	Shareholding From	To	Total Shares held
1	220,001	225,000	223,400
2	245,001	250,000	496,000
1	265,001	270,000	268,750
1	270,001	275,000	275,000
2	295,001	300,000	600,000
1	325,001	330,000	327,000
1	335,001	340,000	337,500
1	345,001	350,000	346,000
1	390,001	395,000	390,646
2	405,001	410,000	816,142
1	415,001	420,000	415,460
1	420,001	425,000	423,000
1	435,001	440,000	439,500
2	445,001	450,000	894,000
4	495,001	500,000	1,997,083
1	595,001	600,000	600,000
1	620,001	625,000	625,000
1	650,001	655,000	650,600
1	885,001	890,000	890,000
1	960,001	965,000	964,800
1	990,001	995,000	994,300
1	1,020,001	1,025,000	1,025,000
1	1,050,001	1,055,000	1,050,100
1	1,220,001	1,225,000	1,222,000
1	1,270,001	1,275,000	1,275,000
1	1,690,001	1,695,000	1,691,200
1	1,700,001	1,705,000	1,700,200
1	1,910,001	1,915,000	1,912,236
1	1,915,001	1,920,000	1,917,700
1	1,920,001	1,925,000	1,921,333
1	2,560,001	2,565,000	2,560,200
1	2,630,001	2,635,000	2,630,695
1	2,940,001	2,945,000	2,943,400
1	3,545,001	3,550,000	3,545,600
1	4,020,001	4,025,000	4,024,980
1	4,250,001	4,255,000	4,252,000
1	4,740,001	4,745,000	4,743,956
1	8,535,001	8,540,000	8,538,303
3,191			77,632,491

CATEGORIES OF SHAREHOLDING

As at 30 June 2019

Categories of Shareholder		Total	% age	
1	**Directors, Chief Executive Officer, Their Spouses and Minor Childern**			
1.1	**Chief Executive**			
	MR. AHSAN MUHAMMAD SALEEM	497,083	0.64	0.64%
1.2	**Directors**			
	MR. ZAHID BASHIR	107,610	0.14	0.14%
	SYED MAHMOOD EHTISHAMULLAH	19,495	0.03	0.03%
	MR. NASIR SHAFI	101	0.00	0.00%
	MR. SYED ZAHID HUSSAIN	2	0.00	0.00%
	MR. AHMAD WAQAR	27	0.00	0.00%
	MR. FARRUKH VIQARUDDIN JUNAIDY	1	0.00	0.00%
1.3	**Director's Spouses**			
	MRS. SHAHNAZ A.SALEEM	650,600	0.84	0.84%
		1,274,919	1.64	
2	**Executives**			
	MR. MUSHTAQ AHMED	8,402	0.01	0.01%
	MR. HASAN ALTAF SALEEM	23,778	0.03	0.03%
	MS. HAJERAH AHSAN SALEEM	41,052	0.05	0.05%
	MR. MUHAMMAD SAAD THANIANA	4,000	0.01	0.01%
		77,232	0.10	
3	**Associated Companies, Undertakings & Related Parties**			
	SHAKARGANJ LIMITED	180,000	0.23	0.23%
	PREMIER INSURANCE LIMITED	141,500	0.18	0.18%
	THE CRESCENT TEXTILE MILLS LTD	8,538,303	11.00	11.00%
	CSAP STAFF BENEVOLENT FUND	36,178	0.05	0.05%
	TRUSTEES CRESCENT STEEL&ALLIED PROD G.F.	1,921,333	2.47	2.47%
	TRUSTEES CRESCENT STEEL&ALLIED PROD PN.F	4,024,980	5.18	5.18%
	TRUSTEES CRESCENT STEEL&ALLIED PROD SPF	124,200	0.16	0.16%
	TRUSTEES CRESCENT COTTON PRODUCTS STAFF PROVIDENT FUND	74,800	0.10	0.10%
	MUHAMMAD AMIN MUHAMMAD BASHIR LIMITED	848	0.00	0.00%
		15,042,142	19.38	
4	**NIT & ICP (Name Wise Detail)**			
	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1,912,236	2.46	2.46%
		1,912,236	2.46	

Categories of Shareholder		Total	% age	
5	**Mutual Funds (Name Wise Detail)**			
	MCBFSL - TRUSTEE AKD ISLAMIC STOCK FUND	20,000	0.03	0.03%
	CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND	125,800	0.16	0.16%
	MCBFSL - TRUSTEE JS VALUE FUND	346,000	0.45	0.45%
	CDC-TRUSTEE NITPF EQUITY SUB-FUND	13,000	0.02	0.02%
	MC FSL - TRUSTEE JS GROWTH FUND	12,500	0.02	0.02%
	CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	408,452	0.53	0.53%
	CDC - TRUSTEE NIT ISLAMIC EQUITY FUND	23,300	0.03	0.03%
	CDC-TRUSTEE NITIPF EQUITY SUB-FUND	21,000	0.03	0.03%
		970,052	1.25	
6	**Banks, NBFCs, DFIs, Takaful, Pension Funds**	10,632,197	13.70	13.70%
7	**Insurance Companies**	2,879,195	3.71	3.71%
8	**Modarabas**	59,390	0.08	0.08%
9	**Other Companies, Corporate Bodies, Trust etc.**	14,118,814	18.19	18.19%
10	**General Public**			
	LOCAL	30,656,714	39.49	39.49%
	FOREIGN	9,600	0.01	0.01%
		30,666,314	39.50	
		77,632,491	100.00	100.00%
	Shareholders More Than 10.00%			
	THE CRESCENT TEXTILE MILLS LTD	8,538,303	11.00	
	Shareholders More Than 5.00%			
	THE CRESCENT TEXTILE MILLS LTD	8,538,303	11.00	
	ISLAMIC DEVELOPMENT BANK	4,743,956	6.11	
	BALQIES SALEEM	4,252,000	5.48	
	TRUSTEES CRESCENT STEEL&ALLIED PROD PN.F	4,024,980	5.18	

NOTICE OF 35th ANNUAL GENERAL MEETING

Notice is hereby given that the 35th Annual General Meeting ("AGM") of shareholders of Crescent Steel and Allied Products Limited (the "Company") will be held on Monday, 28 October 2019 at 12:15 p.m., 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 2019.
2. 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: 07 October 2019

BY ORDER OF THE BOARD

Iesha Fazal
Company Secretary

Notes:

1. Book Closure:

The Share Transfer Books of the Company will remain closed from 22 October 2019 to 28 October 2019 (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 21 October 2019, 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 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 intend 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. 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.

9. 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.

10. 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 2019 along with Auditors and Directors Reports thereon and Chairman's Review on the website of the Company:

www.crescent.com.pk

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

کمپنیز ایکٹ، 2017 کے سیکشن 242 کی دفعات کے تحت لسٹیڈ 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۔

لہٰذا، فزیکل شیئرز رکھنے والے شیئر ہولڈرز سے گزارش ہے کہ وہ کمپنی کے شیئر رجسٹرار کو مندرجہ 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 غرض سے سی ڈی ایس پارٹیسپینٹس کو فراہم کی جائیں۔ پیش نہ کرنے کی صورت میں مستقبل میں ڈیویڈنڈ کی تمام ادائیگیاں روکی جاسکتی ہیں۔

6. زکوٰۃ کا بیان 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. 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۔

9. 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 مذکورہ بالا پتے پر شیئر رجسٹرار کو مل جانا چاہیئے۔

10. فنانشل اسٹیٹمینٹس کی پلیسمنٹ

کمپنی نے اے جی ایم کے نوٹس کی کاپی، 30 جون 2019 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 چیئرمین کا جائزہ کمپنی کی ویب سائیٹ www.crescent.com.pk پر آویزاں کر دیا ہے۔

اطلاع برائے 35واں سالانہ اجلاس عام

بذریعہ ہذا ممبران کو اطلاع دی جاتی ہے کہ کریسنٹ اسٹیل اینڈ الائیڈ پراڈکٹس لمیٹڈ ("کمپنی") کا 35واں سالانہ اجلاس عام ("اے جی ایم")
پیر، 28 اکتوبر 2019 کو دوپہر 12:15 بجے لبرٹی کیسل بینکوئیٹ ہال، 79-D-I، مین بلیورڈ، گلبرگ-III، لاہور میں منعقد ہوگا جس میں درج ذیل عمومی امور نمٹایا جائیں گئے:

1. چیئرمین کی ریویو رپورٹ، ڈائریکٹرز اور آڈیٹرز کی رپورٹس، بمع 30 جون، 2019 کو ختم ہونے والے مالی سال کے لیے آڈٹ شدہ علیحدہ اور مربوط فنانشل اسٹیٹمینٹس کی وصولی، غور اور ان کی منظوری۔
2. 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

عیشاء فضل
کمپنی سیکرٹری
لاہور: مورخہ 07 اکتوبر، 2019

نوٹس:

1. کھاتوں کی بندش

کمپنی کی شیئر ٹرانسفر بکس 22 اکتوبر، 2019 سے 28 اکتوبر، 2019 تک (دونوں دن شامل ہیں) بند رہیں گی۔ 21 اکتوبر، 2019 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 چاہئے۔

3. پراکسی مقرر کرنے کا انسٹرومنٹ اور پاور آف اٹارنی یا کوئی دوسری ایسی اتھارٹی جس کے تحت اس پر دستخط کیے گئے ہیں یا پاور آف اٹارنی کی نوٹریائی 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 کرار کھے 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 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 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۔

Crescent Steel and Allied Products Limited

UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

INDEPENDENT AUDITOR'S REVIEW REPORT

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 2019 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 2019.

KPMG Taseer Hadi & Co

Date: 02 September 2019
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

INDEPENDENT **AUDITOR'S 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 statement of financial position as at 30 June 2019, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2019 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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 6.17 and 31 to the financial statements. Revenue from sale of goods is recognized when the Company satisfies the performance obligation as specified in the contract with customers (which includes liquidated damages in case of delay in supply) and when it transfers control over the goods to the customer.	Our audit procedures to assess the recognition of revenue, 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 contract 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 applicable accounting standards;

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 conditions. Therefore, there could be potential risk that revenue transactions are not recognized in the appropriate periods and risk of misapplication of the new accounting standard IFRS 15 Revenue from Contracts with Customers.	• 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; and • reviewed management's IFRS 15 assessment to verify the reasonableness, accuracy and completeness of the impact on the financial statements of the Company, including adequacy of disclosures.
2.	**Valuation of Stock-in-Trade**	
	Refer to note 6.10 and 23 to the financial statements. As at 30 June 2019, the Company's stock-in-trade amounted to Rs. 821.37 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 involves 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-process and costs necessary to make the sales, the basis of calculation and justification for the amount of the write-downs and provisions; • 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-process 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 and Valuation of Investments**	
	Refer to note 6.1.1, 6.5, 19 and 27 to the financial statements. The Company's investments as at 30 June 2019 amounted to Rs. 2,431.57 million. These comprised investments in listed and unlisted equity securities as well as investments in subsidiaries and associates. The Company classifies investments in listed and unlisted equity securities as at fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVOCI). Investments in subsidiaries and associates are stated at cost. Management's judgment is involved in classification of investments as at FVTPL and FVOCI. Further, the fair value of financial instruments which are not measured by quoted prices in an active market are determined through the application of valuation techniques which often involve the exercise of judgment by management and the use of assumptions and estimates. In assessing whether there was any impairment of the carrying value of 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 and valuation of investments as a key audit matter because of its significance, management's judgment, estimation uncertainty and risk of misapplication of the new accounting standard IFRS 9 Financial Instruments.	Our audit procedures to assess the classification and valuation of financial instruments, amongst others, included the following: • obtaining an understanding of and testing the design and operating effectiveness of controls designed by management for classification and valuation of investments and determination of provision for impairment against respective investments; • 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; • comparing, on a sample basis, the fair valuation of quoted investments with external quoted market prices; • involving our internal valuation specialists to assist in evaluating the valuation techniques, assumptions and methodologies used by management for valuation of unquoted investments, in particular, relating to cash flow projections, growth rates, terminal values and discount rates including marketability discount and sensitivity of the valuation; • evaluating management's assessment of the indicators and impairment testing and comparing the recoverable amount of underlying investments with their cost to ensure Company's policy for impairment is consistently applied and appropriately recognized; and • reviewed management's IFRS 9 assessment to verify the reasonableness, accuracy and completeness of the impact on the financial statements of the Company including adequacy of disclosures.

Information Other than the Financial Statements and Auditor's Report Thereon

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 financial statements.

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

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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 and returns;

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.

The engagement partner on the audit resulting in this independent auditor's report is Moneeza Usman Butt.

KPMG Taseer Hadi & Co.

Date: 02 September 2019
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

UNCONSOLIDATED STATEMENT **OF FINANCIAL POSITION**

As at 30 June 2019

Rupees in '000	Note	2019	2018
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	1,020,908	1,028,282
Revenue reserves		3,596,830	4,919,160
		5,394,063	6,723,767
Non-current liabilities			
Long term loans	9	177,152	226,746
Liabilities against assets subject to finance lease	10	103,042	127,419
Deferred income	11	6,866	8,107
Deferred liability	44	100,546	–
		387,606	362,272
Current liabilities			
Trade and other payables	12	691,923	1,349,139
Unclaimed dividend		26,525	21,520
Mark-up accrued	13	41,617	16,144
Short term borrowings	14	1,577,196	1,458,195
Current portion of long term loans	9	110,394	96,544
Current portion of liabilities against assets subject to finance lease	10	51,254	46,010
Current portion of deferred income	11	6,454	5,424
		2,505,363	2,992,976
Contingencies and commitments	15		
Total equity and liabilities		8,287,032	10,079,015

Rupees in '000	Note	2019	2018
ASSETS			
Non-current assets			
Property, plant and equipment	16	2,493,745	1,039,047
Intangible assets	17	484	151
Investment properties	18	21,482	13,076
Long term investments	19	2,264,834	4,538,346
Long term deposits	20	233,267	217,233
Deferred taxation	21	292,131	30,081
		5,305,943	5,837,934
Current assets			
Stores, spares and loose tools	22	185,784	168,973
Stock-in-trade	23	821,369	1,542,650
Trade debts	24	96,432	106,886
Loans and advances	25	122,685	274,713
Trade deposits and short term prepayments	26	50,292	25,579
Investments	27	166,735	448,371
Mark-up accrued		29	26,506
Other receivables	28	249,427	553,446
Taxation - net	29	1,260,531	960,505
Cash and bank balances	30	27,805	133,452
		2,981,089	4,241,081
Total assets		8,287,032	10,079,015

The annexed notes from 1 to 52 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 2019

Rupees in '000	Note	2019	2018
Sales	31	4,473,618	8,086,346
Less: sales tax		407,103	1,042,559
		4,066,515	7,043,787
Cost of sales	32	3,846,126	6,232,466
Gross profit		220,389	811,321
Income from investments - net	33	191,563	495,508
		411,952	1,306,829
Distribution and selling expenses	34	14,785	17,852
Administrative expenses	35	188,325	173,036
Other operating expenses	36	28,646	84,890
		231,756	275,778
		180,196	1,031,051
Other income	37	88,981	171,671
Operating profit before finance costs		269,177	1,202,722
Finance costs	38	244,282	231,319
Profit before taxation		24,895	971,403
Taxation	39	(118,581)	219,653
Profit for the year		143,476	751,750
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Unrealized diminution on remeasurement of equity investments classified as 'available for sale'		–	(5,541)
Items that will not be reclassified subsequently to profit or loss			
Changes in the fair value of equity investments at fair value through other comprehensive income (FVOCI)		(1,556)	–
Loss on remeasurement of staff retirement benefit plans - net of tax		(258,262)	(589,853)
Other comprehensive loss for the year		(259,818)	(595,394)
Total comprehensive (loss) / income for the year		(116,342)	156,356
		(Rupees)	
Basic and diluted earnings per share	40	1.85	9.68

The annexed notes from 1 to 52 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 2019

Rupees in '000	Note	2019	2018
Cash flows from operating activities			
Cash generated from operations	41	399,464	2,388,838
Taxes paid		(376,703)	(576,328)
Finance costs paid		(201,853)	(181,359)
Contribution to gratuity and pension funds		(23,765)	(11,552)
Contribution to Workers' Profit Participation Fund		(27,191)	(111)
Long term deposits - net		1,684	(20,003)
Net cash (used in) / generated from operating activities		(228,364)	1,599,485
Cash flows from investing activities			
Capital expenditure		(130,698)	(204,216)
Transfer of capital expenditure upon amalgamation		(1,445,935)	–
Acquisition of intangible assets		(580)	–
Proceeds from disposal of operating fixed assets		16,735	59,332
Proceeds from disposal of operating fixed assets under sale and leaseback arrangement		26,292	89,839
Investments - net		158,934	(328,270)
Amalgamation of wholly owned subsidiaries		2,518,142	–
Dividend income received		210,005	549,528
Interest income received		68,681	2,026
Net cash generated from investing activities		1,421,576	168,239
Cash flows from financing activities			
Repayment of long term loans		(35,744)	(139,691)
Payments against finance lease obligations		(60,453)	(51,660)
Repayment of short term loans obtained - net		(421,896)	(1,160,295)
Dividends paid		(72,627)	(368,863)
Net cash used in financing activities	41.1	(590,720)	(1,720,509)
Net increase in cash and cash equivalents		602,492	47,215
Cash and cash equivalents at beginning of the year		(172,096)	(219,311)
Transfer upon amalgamation		(1,249,036)	–
Cash and cash equivalents at end of the year	42	(818,640)	(172,096)

The annexed notes from 1 to 52 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 2019

Rupees in '000	Capital reserves			Revenue reserves			
	Issued, subscribed and paid-up capital	Share premium	Unrealised gain / (loss) on remeasurement of fair value through other comprehensive income	Fair value reserve	General reserve	Unappropriated profit	Total
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 2018							
Profit for the year	–	–	–	–	–	751,750	751,750
Other comprehensive income							
Total other comprehensive loss for the year	–	–	(5,541)	–	–	(589,853)	(595,394)
Total comprehensive income for the year	–	–	(5,541)	–	–	161,897	156,356
Transaction with owners of the Company - distributions							
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	7,374	–	3,642,000	1,277,160	6,723,767
Adjustment on initial application of IFRS 9 - net of tax (refer note 6.1.1.1)	–	–	(7,374)	7,374	–	113,309	113,309
Balance as at 30 June 2018 - as restated	776,325	1,020,908	–	7,374	3,642,000	1,390,469	6,837,076
Total comprehensive income for the year ended 30 June 2019							
Profit for the year	–	–	–	–	–	143,476	143,476
Transfer upon amalgamation	–	–	–	–	–	(1,249,039)	(1,249,039)
Other comprehensive income							
Total other comprehensive loss for the year	–	–	–	(1,556)	–	(258,262)	(259,818)
Total comprehensive loss for the year	–	–	–	(1,556)	–	(1,363,825)	(1,365,381)
Transaction with owners of the Company - distributions							
Dividend:							
- Final @ 10% (i.e. Re. 1 per share) for the year ended 30 June 2018	–	–	–	–	–	(77,632)	(77,632)
Balance as at 30 June 2019	776,325	1,020,908	–	5,818	3,642,000	(50,988)	5,394,063

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

Chief Executive

Director

Chief Financial Officer

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.

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 Dalowal, District Faisalabad, Punjab.

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 In consequent to the scheme of amalgamation as disclosed in note 2 to these unconsolidated financial statements, Hadeed (Billet), is now being reported as a new segment. The Company's Hadeed (Billet) Segment is to cater to the growing demand of steel products and 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.

1.6 In consequent to the scheme of amalgamation as disclosed in note 2 to these unconsolidated financial statements, Energy, is now being reported as a new segment. The Company's energy segment's activity 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 located at Bhone, district Jhang, Punjab.

2 AMALGAMATION OF SUBSIDIARIES

On 8 June 2019, the Board of Directors of the Company passed a resolution approving a Scheme of Amalgamation under Section 284(1) of the Companies Act, 2017, to amalgamate its wholly owned subsidiaries, Crescent Hadeed (Private) Limited (CHL) and CS Energy (Private) Limited (CSEL) with and into the Company. The same Scheme of Amalgamation was also approved by the Board of Directors of CHL and CSEL in their respective board meetings held on 3 June 2019. Consequently, as of the completion date of 30 June 2019, the entire undertaking of both CHL and CSEL stand merged with and into the Company with the result as on 30 June 2019, the entire business of CHL and CSEL including its properties, assets, liabilities and rights and obligations vested into the Company. Since CHL and CSEL were group companies under common control, the merger has been accounted for as a common control transaction and predecessor accounting has been applied. Under predecessor accounting, the acquired net assets of CHL and CSEL are included in the financial statements of the Company at the same carrying values as recorded in CHL's and CSEL's separate financial statements as at 30 June 2019. The net loss on amalgamation of net assets of CHL and CSEL at the date of transaction is included in unappropriated profit. The statement of financial position of CHL and CSEL are consolidated prospectively from the date of amalgamation.

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.

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 Standards) 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 Standards 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 investments which are classified as fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVOCI), 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 recognised prospectively in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Information about judgements made in applying accounting policies that have the most significant effects on the amount recognised in the financial statements to the carrying amount of assets, liabilities, 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)
- Stores, spares and loose tools and stock–in–trade (refer notes 6.9 and 6.10)
- Employee benefits (refer note 6.12)
- Leases (refer note 6.14)
- Taxation (refer note 6.16)
- Impairment (refer notes 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 2018 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.

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 01 July 2019:

– 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 Company's financial statements.

– 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 the impact would not be significant.

– Amendment to IFRS 9 'Financial Instruments' – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019). For a debt instrument to be eligible for measurement at amortised cost or FVOCI, IFRS 9 requires its contractual cash flows to meet the SPPI criterion – i.e. the cash flows are 'solely payments of principal and interest'. Some prepayment options could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. The application of amendment is not likely to have an impact on Company's financial statements.

– 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 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 Company's financial statements.

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

- 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 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 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:

- new or amendments / interpretations to existing standards and interpretation as stated in note no. 5.1
- change in accounting policies as stated in note 6.1

6.1 Changes in accounting policies

Explained below is the impact of the adoption of IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers' on the Company's financial statements. The new accounting policies that have been applied from 1 July 2018 are stated in note 6.1.1 and note 6.1.2 below.

6.1.1 IFRS 9 'Financial Instruments'

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 July 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The adoption of IFRS 9 Financial Instruments from 1 July 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The Company has opted for an exemption not to restate comparative information for prior periods with respect to IFRS 9; classification and measurement (including impairment) requirements. Therefore reclassifications and the adjustments arising from IFRS 9 have been processed at the date of initial application (i.e. 1 July 2018) and presented in opening retained earnings and reserves as at 1 July 2018. Accordingly, the comparative information presented in these financial statements does not generally reflect the requirements of IFRS 9 but rather those of IAS 39.

6.1.1.1 Impact on the financial statements

As a result of the changes in the Company's accounting policies, prior year financial statements had to be restated. As explained above, IFRS 9 was adopted without restating comparative information.

The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 July 2018 relates to measurement of unquoted equity investments. Under IAS 39, equity investments are generally classified as available for sale (AFS) financial assets and measured at fair value. However, an exception was available for AFS financial assets that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured, could be measured at cost. This cost exception is not included in IFRS 9 and fair value through profit or loss (FVTPL) accounting applies unless the fair value through other comprehensive income (FVOCI) election is made. Since IFRS 9 eliminates this exception, the Company is required to measure such instruments at fair value at the date of initial application of the Standard. Any difference between the previous carrying amount of the instrument and its fair value is recognized in opening retained earnings and for purposes of reporting in the comparative period, these remain reported at cost.

The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included.

Rs. in '000	30 June 2018 - As originally presented	Adjustments	1 July 2018 Restated
Non-current assets			
Equity securities - Other long term investments			
- Investment in Central Depository Company of Pakistan Limited	58,946	56,476	115,422
- Investment in Shakarganj Food Products Limited	151,662	86,952	238,614
Non-current assets / (liabilities)			
Deferred taxation	–	30,119	30,119
Equity			
Revenue reserves (retained earnings)	1,277,160	113,309	1,390,469

The total impact on the Company's retained earnings and other reserves, net of tax as at 1 July 2018 is as follows:

Rupees in '000	2018
Closing retained earnings 30 June - IAS 39	1,277,160
Fair value of unquoted equity investments classified at fair value through profit or loss - net of tax*	113,309
Opening retained earnings 1 July - IFRS 9	1,390,469

*This represents adjustment to retained earnings and reserves from adoption of IFRS 9 on 1 July 2018 arising on valuation of unquoted equity securities which were carried at cost and classified as available for sale in prior year under IAS 39.

There is no impact on the statement of profit or loss and other comprehensive income, statement of cash flows and the basic and diluted EPS on adoption of IFRS 9. For disclosure regarding valuation methodology and other information refer note 45.1 and 45.2 to these financial statements.

Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities. The impact of IFRS 9 on the classification and measurement of financial assets is set out below:

The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 July 2018 relates to fair valuation of unquoted equity investments as stated above. Under IAS 39 these were classified as AFS financial assets and carried at cost.

The following table explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets as at 1 July 2018:

Financial assets Rupees in '000	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount IFRS 9
Equity securities - Other long term investments				
- Investment in Crescent Bahuman Limited **	Available for sale	Fair value through profit or loss	–	–
- Investment in Central Depository Company of Pakistan Limited **	Available for sale	Fair value through profit or loss	58,946	115,422
- Investment in Crescent Industrial Chemicals Limited **	Available for sale	Fair value through profit or loss	–	–

Rupees in '000 / Financial assets	Original classification under IFRS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount IFRS 9
- Investment in Shakarganj Food Products Limited **	Available for sale	Fair value through profit or loss	151,662	238,614
- Investment in Crescent Textile Mills Limited *	Available for sale	Fair value through other comprehensive income	11,400	11,400
Equity securities - short term investments				
- Investment in Jubilee Spinning and Weaving Mills Limited **	Available for sale	Fair value through profit or loss	–	–
- Investment in Innovative Investment Bank Limited **	Available for sale	Fair value through profit or loss	–	–
Other equity securities - short term	Held for trading	Fair value through profit or loss	436,971	436,971
Trade and other receivables	Loans and receivables	Amortised cost	575,864	575,864
Bank balances	Loans and receivables	Amortised cost	133,367	133,452

Trade and other receivables that were classified as loans and receivables under IAS 39 are now classified at amortised cost.

*This equity security represents investment that the Company intends to hold for the long term strategic purposes. As permitted by IFRS 9, the Company has designated the investment at the date of initial application as measured at FVOCI. Unlike IAS 39, the accumulated fair value reserve related to this investment will never be reclassified to profit or loss.

**These equity securities on initial application of IFRS 9 were reclassified from AFS to FVTPL since management has not elected to classify it at FVOCI.

The impact of these changes on the Company's equity as of 1 July 2018 is as follows:

Rupees in '000	Effect on AFS Reserves	Effect on FVOCI Reserves	Effect on Retained Earnings
Opening balance – IAS 39	7,374	–	1,277,160
Reclassify non-trading equities from available-for-sale to FVOCI	(7,374)	7,374	–
Impact of fair value of unquoted investment classified at FVTPL on adoption of IFRS 9	–	–	113,309
Opening balance - IFRS 9	–	7,374	1,390,469

IFRS 9 replaces the incurred loss model in IAS 39 with an expected credit loss model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at fair value through other comprehensive income (FVOCI) but not to investment in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

For assets in the scope of IFRS 9 impairment model, impairment loss are generally expected to increase and become more volatile. The Company has determined that the application of IFRS 9's impairment requirements at 01 July 2018, does not result in an additional allowance for impairment. Therefore, the transition to IFRS 9 did not result in an adjustment as at 1 July 2018.

There is no significant impact from the new expected credit loss (ECL) impairment model under IFRS 9 on allowances and provisions for trade receivables and other short and long term receivables (i.e. loans) as at 30 June 2019. Therefore, due to materiality consideration, the Company has not presented separately impairment loss on trade debts in the unconsolidated statement of profit or loss and other comprehensive income.

6.1.2 IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. The Company has applied the modified retrospective method upon adoption of IFRS 15 as allowed under the Standard. This method requires the recognition of the cumulative effect (without practical expedients) of initially applying IFRS 15 to retained earnings. Accordingly, the information presented for 2018 has not been restated i.e. it is presented, as previously reported under IAS 18 and related interpretations.

The adoption of IFRS 15 did not have an impact on the timing and amounts of revenue recognition of the Company as it is generally consistent with the timing and amounts of revenue the Company recognised in accordance with the previous standard, IAS 18.

Apart from providing more extensive disclosures, the application of IFRS 15 has not had a significant impact on the financial position and / or financial performance of the Company for the reasons described above. Accordingly, there was no adjustment to retained earnings on application of IFRS 15 at 1 July 2018.

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 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 statement as incurred.

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.

6.3 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 profit or loss on a straight line basis at the rates specified in note 17 to these financial statements, over the estimated useful lives of intangible assets unless such lives are indefinite. Amortization on additions to intangible assets is charged from the month in which an item is acquired or capitalized while no amortization is charged for the month in which the item is disposed off.

Impairment

All intangible assets with an indefinite useful life are systematically tested for impairment at each reporting date. Where the carrying amount of an asset exceeds its estimated recoverable amount it is written down immediately to its recoverable amount. The carrying amount of other intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication 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.

6.4 Investment property

Investment property, principally comprising of land and buildings, is held for long term rental yields / capital appreciation. The investment property of the 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 statement on the 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 statement. 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.

6.5 Financial instruments

6.5.1 Initial recognition and measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Company applies the classification and measurement requirements for financial instruments under IFRS 9 'Financial Instruments' for the year ended 30 June 2019.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

6.5.2 Financial asset

Classification

On initial recognition, a financial asset is classified as measured at:

– amortized cost;
– FVOCI - Debt investment;
– FVOCI - Equity investment; or
– FVTPL

The classification depends on the Company's business model for managing financial assets and the contractual terms of the financial assets cash flows.

Amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

FVOCI - Debt investment

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

FVOCI - Equity investment

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in investment's fair value in OCI. This election is made on an investment-by-investment basis.

FVTPL

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL.

Subsequent measurement and derecognition

Financial assets are not reclassified subsequently to the initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The financial assets classified at amortized cost are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments classified as FVOCI are subsequently measured at fair value. Interest income calculated using effective method, foreign exchange gain and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments classified as FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment, when the Company's right to receive payments is established. This category only includes equity instruments, which the Company intends to hold for the foreseeable future. On de-recognition, there is no reclassification of fair value gains and losses to profit or loss. Equity instruments at FVOCI are not subject to an impairment assessment under IFRS 9.

The financial assets classified at FVTPL are subsequently measured at fair value and net gains and losses, including any interest or dividend income, are recognised in profit or loss. Net gains and losses (unrealised and realised), including any interest or dividend income, are recognised in profit or loss.

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The Company recognised a loss for ECL for financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate. The financial assets at amortized cost consist of trade receivables, cash and cash equivalents, and other receivables including loans to related party.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Management uses actual historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment to determine lifetime expected loss allowance. For other debt financial assets (i.e., loans etc.), the ECL is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due and a financial asset in default when contractual payment are 90 days past due.

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.

6.5.3 Financial liabilities

Classification and subsequent measurement

The Company classifies its financial liabilities as those to be measured subsequently at amortized cost using the effective interest method, if they are not:

– contingent consideration of an acquirer in a business combination
– held-for-trading
– designated as at FVTPL

The Company does not classify any of its financial liabilities under FVTPL.

Derecognition

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in unconsolidated statement of profit or loss and other comprehensive income.

Offsetting

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when the Company has a legal right to offset the amounts and intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

6.6 Investments in subsidiaries

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

6.7 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.

6.8 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.

6.9 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.

6.10 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.

6.11 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 Company's cash management are included as a component of cash and cash equivalents for the purpose of statement of cash flows.

6.12 Employee benefits

6.12.1 Compensated absences

The Company 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 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.

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%.

6.12.2.2 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.

6.13 Mark-up bearing borrowings

Mark-up bearing borrowings are recognized initially at fair value, less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the 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 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 6.18 below.

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.

6.15 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 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.

6.16 Taxation

Group taxation

The Parent company has opted for Group taxation under section 59AA of the Income Tax Ordinance, 2001 along with its subsidiary CS Capital (Private) Limited. These 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 arising solely due to Group taxation in respect of result of subsidiary is 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.

6.17 Revenue recognition

Revenue comprises of sales to third parties and is measured based on the consideration specified in contracts with customers and excludes rebates and amounts, if any, collected on behalf of third parties. Revenue is recognized either at a point in time or over time, when (or as) the Company satisfies the performance obligations as specified in the contract with the customer, and when it transfers control over the promised good or service to the customer. The Company manufactures and contracts with customers for the sale of bare pipes, coated pipes and cotton products which generally include single performance obligation. Management has concluded that revenue from sale of goods be recognised at the point in time when control of the product has transferred, being when the products are delivered to the customer. Invoices are generated and revenue is recognised at that point in time. Delivery occurs when the products have been shipped or delivered to the customer's destination / specific location, the risks of loss have been transferred to the customer and the customer has accepted the product. The customer has accepted the product as per the sales contract or lapse of acceptance provision specified in the contract or the Company has objective evidence that all criteria for acceptance have been satisfied. Contract for the sale of bare and coated pipes contains penalty clause on account of delay supply (liquidity damage). Under IFRS 15, these amounts are referred to as 'variable consideration'. The consideration which the Company receives in exchange for its goods or services may be fixed or variable. Variable consideration is only recognized when it is highly probable that a significant reversal will not occur. Revenue is measured based on the consideration specified in a contract with a customer, net of liquidity damages (penalties) and excludes amounts collected on behalf of third parties. A receivable is recognised when the goods are delivered.

6.18 Investment and other income

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.

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.

6.20 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.

6.21 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.

6.22 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 the profit or loss.

6.23 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.

6.24 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.

6.25 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

2019	2018		2019	2018
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 Company held by related parties as at year end are as follows:

	2019		2018	
	Percentage of holding	Number of shares	Percentage of holding	Number of shares
Crescent Steel and Allied Products Limited - Gratuity Fund	2.47%	1,921,333	2.26%	1,752,333
Crescent Steel and Allied Products Limited - Pension Fund	5.18%	4,024,980	4.97%	3,856,980
Crescent Steel and Allied Products Limited - Staff Provident Fund	0.16%	124,200	0.16%	124,200
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	0.18%	141,500
The Crescent Textile Mills Limited	11.00%	8,538,303	11.00%	8,538,303
Shakarganj Limited	0.23%	180,000	0.23%	180,000

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 of 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.

Rupees in '000	Note	2019	2018
9 LONG TERM LOANS			
Secured - Under non-shariah arrangement			
Allied Bank Limited	9.1	287,546	323,290
Less: Current portion shown under current liabilities		110,394	96,544
		177,152	226,746

9.1 The Company has a long term loan arrangement with Allied Bank Limited for an amount of Rs. 312 million (2018: 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 (2018: 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. 18.544 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. 217.050 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 7.91% to 14.42% (2018: 7.64% to 8.35%). The facility is secured against first joint pari passu hypothecation / equitable mortgage on plant, machinery 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	
Rupees in '000	**2019**	2018	**2019**	2018	**2019**	2018
Not later than one year	65,432	58,647	14,178	12,637	51,254	46,010
Later than one year and not later than five years	116,939	143,293	13,897	15,874	103,042	127,419
	182,371	201,940	28,075	28,511	154,296	173,429
Less: Current portion shown under current liabilities					51,254	46,010
					103,042	127,419

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 arrangements is from three to five years (2018: three to five years) and the liability is payable by the month ranging from six to sixty months (2018: one to sixty months). The periodic lease payments include built-in rates of mark-up ranging between 10.61% to 17.60% (2018: 10.47% to 12.06%) per annum. Included in the gross present value of minimum lease payments, is a sum aggregating Rs. 133.019 million (2018: Rs. 150.175 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. 6.454 million (2018: Rs. 5.424 million) is classified in current liabilities; being current portion of deferred income of Rs. 13.320 million (2018: Rs. 13.531 million). The deferred income will be amortized to the profit or loss over the lease term. During the year, Rs. 5.834 million (2018: Rs. 4.677 million) is amortized in profit or loss.

Rupees in '000	Note	**2019**	2018
12 TRADE AND OTHER PAYABLES			
Trade creditors		104,155	42,426
Bills payable		–	767,979
Commission payable		1,466	1,253
Accrued liabilities	12.1	275,722	259,375
Advances from customers	12.2	24,110	24,632
Provisions	12.3	220,317	184,858
Due to related parties	12.4	–	41
Payable to provident fund		2,134	2,017
Payable to staff retirement benefit funds		1,979	1,899
Retention money		10,764	2,949
Sales Tax payable		1,295	207
Withholding tax payable		2,959	2,272
Derivative financial liability		–	306
Workers' Profit Participation Fund	12.5	5,885	29,443
Workers' Welfare Fund		4,114	12,215
Others		37,023	17,267
		691,923	1,349,139

Rupees in '000	Note	2019	2018
12.1 Accrued liabilities			
Salaries, wages and other benefits		15,897	34,239
Accrual for 10-C bonus		2,639	2,609
Compensated absences		15,032	12,928
Liquidated damages		153,695	153,695
Others	12.1.1	88,459	55,904
		275,722	259,375

12.1.1 This includes liability against Gas Infrastructure Development Cess of Rs. 17.004 million (2018: Rs. 17.004 million).

12.2 The Company receives short term advances from its customers (contract liability) and classified it within trade and other payables. The opening balance of advances from customers amounting to Rs. 24.632 million has been recognised as revenue for the year.

12.3 Movement in provisions

Rupees in '000	Infrastructure fee (Note 12.3.1)	Sales Tax (Note 12.3.2)	Liquidated damages (Note 12.3.3)	Total
Opening balance as at 1 July 2018	136,195	3,242	45,421	184,858
Provision for the year	9,966	–	–	9,966
Transfer upon amalgamation	25,493	–	–	25,493
Closing balance as at 30 June 2019	171,654	3,242	45,421	220,317

12.3.1 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 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 succeeds 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. 105.539 million (2018: Rs. 101.539 million) in favour of Excise and Taxation Department. Based on the legal advice, the management believes that the chances of success in the petition are 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.

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

12.3.3 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.

12.4 This represents balances due to Premier Insurance Company - a related party, amounting to Rs. Nil (2018: Rs. 0.041 million).

Rupees in '000	Note	**2019**	2018
12.5 Workers' Profit Participation Fund			
Opening balance as at 1 July		29,443	2,772
Allocation for the year	36	3,633	26,782
		33,076	29,554
Amount paid to the trustees of the fund		(27,191)	(111)
Closing balance as at 30 June		5,885	29,443

13 MARK-UP ACCRUED

Mark-up accrued on :			
- Finance lease obligations		503	425
- Long term loans		6,812	3,732
- Running finance and short term loans	13.1	34,302	11,987
		41,617	16,144

13.1 This includes mark-up accrued amounting to Rs. 13.588 million (2018: Rs. 0.03 million) on shariah arrangement.

Rupees in '000	Note	**2019**	2018
14 SHORT TERM BORROWINGS			
Secured from banking companies			
Running finances under mark-up arrangements	14.1	846,445	305,548
Short term loans	14.2	730,751	439,339
Unsecured from non-banking companies			
Short term finance under mark-up arrangement		–	713,308
		1,577,196	1,458,195

14.1 Short term running finance / money market available from conventional side of various commercial banks under mark-up arrangements amounted to Rs. 1,350 million (2018: Rs. 1,200 million) out of which Rs. 400 million (2018: Rs. 250 million), Rs. 150 million (2018: Rs. 100 million) and Rs. 450 million (2018: Rs. Nil) are interchangeable with letter of credit, letter of guarantee facility and short term loan respectively. During the year, mark-up on such arrangements ranged between 7.68% to 14.81% (2018: 7.64% to 8.84%) per annum.

14.2 This includes an amount of Rs. 617.059 million (2018: Rs. 46.8 million) outstanding against Islamic mode of financing. Short term loans available from various commercial banks under mark-up arrangements amounted to Rs. 4,800 million (2018: Rs. 4,707 million) out of which Rs. 3,800 million (2018: Rs. 3,925 million), Rs. 50 million (2018: Rs. 210 million) and Rs. 335 million (2018: Rs. 210 million) is interchangeable with letters of credit, letter of guarantee and short term running finance facility respectively. During the year, mark-up on such arrangements ranged between 8.78% to 14.86% (2018: 7.83% to 8.67%) per annum.

14.3 The facilities for opening letters of credit amounted to Rs. 6,510 million (2018: Rs. 5,525 million) out of which Rs. 375 million (2018: Rs. 250 million), Rs. 5,450 million (2018: Rs. 2,925 million) and Rs. 260 million (2018: Rs. 210 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 guarantee as at 30 June 2019 amounted to Rs. 2,096 million (2018: Rs. 1,922 million). Amounts unutilized for letters of credit and guarantees as at 30 June 2019 were Rs. 6,355 million and Rs. 846 million (2018: Rs. 4,249 million and Rs. 106 million) respectively.

14.4 The Company 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, 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 27.1.2). 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.

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. 35.773 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, a show cause notice was received from Sindh Revenue Board in respect of registration as a service provider and a demand aggregating to Rs. 60 million in respect of sales tax on services was raised thereby. The Company filed a constitutional writ in the Sindh High Court against the Sindh Revenue Board and Government of Sindh in which Honorable Sindh High Court granted interim relief to the Company.

Afterwards, the writ was decided in light of Supreme Court's orders in similar writs where Supreme Court had decreed for a 50% payment of tax demand in order to keep the writs maintainable.

Following closure of petition, the Company received show cause notices and demands for Sindh Sales Tax payments amounting to Rs. 79 million, which were challenged in Sindh High Court in a civil suit as well as at the Appellate forums of the tax authority. Currently, the appeal is pending with the Commissioner (Appeals) for adjudication.

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 2019, amount of lease rental outstanding under the agreement are Rs. 183.184 million (2018: Rs. 274.776 million), which is payable in quarterly instalments of Rs. 22.898 million (2018: Rs. 22.898 million) each.

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

Rupees in '000	**2019**	2018
Not later than one year	91,592	91,592
Later than one year and not later than five years	331,592	423,184
	423,184	514,776
Security deposit under arrangement	(240,000)	(240,000)
	183,184	274,776

15.2.2 Aggregate amount of guarantees issued on behalf of the Company against various contracts aggregated Rs. 1,251 million (2018: Rs. 1,834 million). This includes guarantee issued by Islamic banks amounting to Rs. 153.591 million (2018: Rs. 166.8 million).

15.2.3 Commitments in respect of capital expenditure contracted for as at 30 June 2019 amounted to Rs. 42.038 million (2018: Rs. 25.492 million).

15.2.4 Commitments under letters of credit (L/C) as at 30 June 2019 amounted to Rs. Nil (2018: Rs. 508.333 million).

Rupees in '000	Note	**2019**	2018
16 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	16.1	2,404,168	927,045
Capital work-in-progress	16.4	89,577	112,002
		2,493,745	1,039,047

NOTES TO THE UNCONSOLIDATED **FINANCIAL STATEMENTS**

For the year ended 30 June 2019

16.1 Operating fixed assets

Description		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 2018														
Opening net book value (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
Additions / transfers		–	–	34,619	13,677	–	75,017	–	1,897	3,096	596	14,420	26,444	169,766
Disposals (at NBV)	16.5	–	–	–	–	–	(1,897)	–	(35)	–	(85)	(21,945)	(770)	(24,732)
Transfer upon amalgamation		41,823	27,695	271,614	10,861	–	1,085,428	–	5,332	2,117	217	848	–	1,445,935
Depreciation charge	16.1.2	–	(118)	(9,110)	(516)	(900)	(49,165)	(22,348)	(6,512)	(1,260)	(3,106)	(13,229)	(7,582)	(113,846)
Balance as at 30 June 2019 (NBV)		307,723	37,626	437,587	24,871	6,225	1,316,595	168,850	20,503	12,336	2,630	33,916	35,306	2,404,168
Gross carrying value as at 30 June 2019														
Cost	16.2	265,900	11,714	342,705	83,704	27,481	1,391,184	218,546	63,819	29,110	58,547	68,424	60,007	2,621,141
Transfer upon amalgamation		41,823	31,352	320,584	12,841	–	1,415,003	–	9,486	2,990	2,058	2,961	–	1,839,098
		307,723	43,066	663,289	96,545	27,481	2,806,187	218,546	73,305	32,100	60,605	71,385	60,007	4,460,239
Accumulated depreciation		–	(1,783)	(176,732)	(69,694)	(21,256)	(1,160,017)	(49,696)	(48,648)	(18,891)	(56,134)	(35,356)	(24,701)	(1,662,908)
Transfer upon amalgamation		–	(3,657)	(48,970)	(1,980)	–	(329,575)	–	(4,154)	(873)	(1,841)	(2,113)	–	(393,163)
		–	(5,440)	(225,702)	(71,674)	(21,256)	(1,489,592)	(49,696)	(52,802)	(19,764)	(57,975)	(37,469)	(24,701)	(2,056,071)
Net book value		307,723	37,626	437,587	24,871	6,225	1,316,595	168,850	20,503	12,336	2,630	33,916	35,306	2,404,168
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)		–	–	–	–	–	(83,250)	(31,078)	–	–	–	(3,453)	–	(117,781)
Depreciation charge		–	(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		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
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. 1.704 million (2018: Rs. 1.049 million) representing net book value of capitalized spares.

16.1.1 During the year, an asset having net book value Rs. Nil (2018: Rs. 31.078 million) transferred from lease assets to own assets due to maturity of lease term.

Rupees in '000	Note	2019	2018
16.1.2 The depreciation charge for the year has been allocated as follows :			
Cost of sales	32.1	90,348	83,095
Distribution and selling expenses	34	963	976
Administrative expenses	35	22,535	18,580
		113,846	102,651

16.2 Property, plant and equipment as at 30 June 2019 include items having an aggregate cost of Rs. 1,258.367 million (2018: Rs. 1,257.172 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
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

16.3.1 The fair value of property, plant and equipment as at 30 June 2019 approximated to Rs. 4,430.2 million.

Rupees in '000	Note	2019	2018
16.4 Capital work-in-progress			
Advance to supplier		40,000	56,806
Civil work	16.4.1 & 16.4.2	49,577	54,470
Plant and machinery		–	726
		89,577	112,002

16.4.1 This includes an amount of Rs. 26.4 million (2018: 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 ground in the case and expects a favorable outcome.

16.4.2 The Company has recognized a provision in previous year for an amount of Rs. 20.619 million (2018: Rs. 20.619 million) against construction work at a site which has been halted.

16.5 The following operating fixed assets were disposed off during the year:

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain	Mode of disposal	Particular of buyers
Rupees in '000							
Plant and machinery	5,566	4,731	835	2,184	1,349	Sold as scrap	Mr. Aurangzaib Tanoli
Motor vehicle	25,105	5,351	19,754	19,754	–	Sale and lease back	Pak-Gulf Leasing Company Limited
Others	43,041	38,898	4,143	15,468	11,325	Various	Various
2019	73,712	48,980	24,732	37,406	12,674		
2018	142,146	55,443	86,703	117,978	31,275		

Rupees in '000	Note	2019	2018
17 INTANGIBLE ASSETS			
Net book value as at 1 July		151	977
Additions		580	–
Amortization	17.1	(247)	(826)
Net book value as at 30 June	17.2	484	151
Gross carrying value as at 30 June			
Cost		69,803	69,222
Transfer upon amalgamation		8,196	–
		77,999	69,222
Accumulated amortization		(66,679)	(66,431)
Transfer upon amalgamation		(8,196)	–
		(74,875)	(66,431)
Accumulated impairment		(2,640)	(2,640)
Net book value		484	151
Amortization rate (% per annum)		33.33	33.33

17.1 The amortization charge for the year has been allocated to administrative expenses (Note 35).

17.2 Intangible assets as at 30 June 2019 include items having an aggregate cost of Rs. 74.778 million (2018: Rs. 65.751 million) that have been fully amortized and are still in use of the Company.

18 INVESTMENT PROPERTIES

Rupees in '000 Description	Note	Freehold land	Leasehold land and improvements	Buildings on leasehold land	Office premises	Total
Net carrying value as at 1 July 2018						
Opening net book value (NBV)		1,740	843	10,452	41	13,076
Additions		–	–	9,801	–	9,801
Depreciation charge	18.1	–	(238)	(1,121)	(36)	(1,395)
Balance as at 30 June 2019 (NBV)		1,740	605	19,132	5	21,482
Gross carrying value as at 30 June 2019						
Cost	18.2	1,740	2,869	31,409	29,830	65,848
Accumulated depreciation		–	(2,264)	(12,277)	(29,825)	(44,366)
Net book value		1,740	605	19,132	5	21,482
Net carrying value as at 1 July 2017						
Opening net book value (NBV)		1,740	1,081	11,532	961	13,574
Depreciation charge		–	(238)	(1,080)	(920)	(2,238)
Balance as at 30 June 2018 (NBV)		1,740	843	10,452	41	11,336
Gross carrying value as at 30 June 2018						
Cost		1,740	2,869	21,608	29,830	54,307
Accumulated depreciation		–	(2,026)	(11,156)	(29,789)	(42,971)
Net book value		1,740	843	10,452	41	11,336
Depreciation rate (% per annum)		–	1 & 10	5	10 - 20	

18.1 Depreciation charged for the year has been allocated to administrative expenses (Note 35).

18.2 Fair value of the investment properties based on recent valuation as at 30 June 2019 is Rs. 145 million (2018: Rs. 138 million), which is determined by independent valuer on the basis of market value.

Particulars of Company's immovable operating fixed assets 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

Rupees in '000	Note	2019	2018
19 LONG TERM INVESTMENTS			
Subsidiary companies			
- at cost	19.1	525,001	2,882,000
- share deposit money			
Crescent Hadeed (Private) Limited		–	108,142
CS Capital (Private) Limited		–	53,000
Associated companies - at cost	19.2	1,286,401	1,284,596
Other long term investments - available for sale		–	210,608
Other long term investments	19.3	453,432	–
		2,264,834	4,538,346

19.1 Subsidiary companies - at cost

2019	2018		Note	2019	2018
Number of shares				Rupees in '000	
		Unquoted			
–	126,000,000	CS Energy (Private) Limited (Chief Executive Officer - Mr. Muhammad Saad Thaniana)	19.1.1	–	1,260,000
52,500,000	47,200,000	CS Capital (Private) Limited (Chief Executive Officer - Ms. Hajerah Ahsan Saleem)	19.1.2	525,000	472,000
–	115,000,000	Crescent Hadeed (Private) Limited (Chief Executive Officer - Mr. Iqbal Zafar Siddiqui)	19.1.1	–	1,150,000
2	2	Crescent Continental Gas Pipelines Limited (US $ 1 each)	19.1.3	–	–
100	–	Solution de Energy (Private) Limited	19.1.4	1	–
				525,001	2,882,000

19.1.1 CS Energy (Private) Limited and Crescent Hadeed (Private) Limited were amalgamated with the Company on 30 June 2019 (refer note 2).

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

19.1.4 This represents the Company's investment in 100% ordinary shares of Solution de Energy (Private) Limited that was acquired through amalgamation on 30 June 2019.

19.2 Associated companies - at cost

2019	2018		Note	2019	2018
Number of shares				Rupees in '000	
		Quoted			
60,663,775	60,475,416	Altern Energy Limited	19.2.1	595,293	593,488
		(Chief Executive Officer -			
		Mr. Fazal Hussain Asim)			
27,409,075	27,409,075	Shakarganj Limited	19.2.2	691,108	691,108
		(Chief Executive Officer -			
		Mr. Anjum M. Saleem)			
				1,286,401	1,284,596

19.2.1 The Company holds 16.69% (2018: 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. During the year, the Company acquired further holding in 188,359 shares of Altern Energy Limited amounting to Rs. 8.06 million through the amalgamation scheme (Refer note 2).

19.2.2 The Company holds 21.93% (2018: 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.

Rupees in '000	2019	2018
19.2.3 Market value of investments in associates is as follows:		
Altern Energy Limited	2,022,530	2,295,042
Shakarganj Limited	1,284,115	1,932,340
	3,306,645	4,227,382

Percentage of holding	2019	2018
19.2.4 Percentage of holding of equity in associates is as follows:		
Altern Energy Limited	16.69	16.64
Shakarganj Limited	21.93	21.93

19.2.5 The latest financial statements / condensed interim financial information of associated companies as at 30 June 2019 are not presently available. The following is summarized financial information of associated companies as at 31 March 2019 and for the twelve months period ended 31 March 2019 based on their respective unaudited condensed interim financial information prepared in accordance with the accounting and reporting standards as applicable in Pakistan:

Rupees in '000		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)			
2019									
Altern Energy Limited	19.2.5.1	18,113,134	17,482,746	972,157	7,624,671	21,324,849	2,859,051	(104)	2,858,947
Shakaganj Limited		12,615,881	1,975,261	1,410,654	4,591,010	7,200,975	(121,741)	2,754,574	2,632,833

Rupees in '000	Non current assets	Current assets	Non current liabilities	Current liabilities	Revenues	Profit/ (loss) after tax	Other comprehen-sive income/ (loss)	Total comprehen-sive income/ (loss)
2018								
Altern Energy Limited	19,414,491	17,068,451	2,732,866	7,637,322	29,231,699	3,012,659	(2,453)	3,010,206
Shakaganj Limited	9,605,917	2,163,289	1,094,046	4,673,841	7,268,191	(822,881)	(36,604)	(859,485)

19.2.5.1 These figures are based on the latest available unaudited condensed interim consolidated financial information as at 31 March 2019 including its subsidiary company Rousch (Pakistan) Power Limited being managed by Power Management Company holding 59.98% shares.

Rupees in '000	Note	2019	2018
19.3 Other long term investments			
Fair value through other comprehensive income (FVOCI)	19.3.1	9,844	–
Fair Value through profit or loss (FVTPL)	19.3.2	443,588	–
		453,432	–

19.3.1 Fair value through other comprehensive income (FVOCI)

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

2019	2018		Note	2019	2018
Number of shares		Name of investee company		Rupees in '000	
		Quoted			
452,379	–	The Crescent Textile Mills Limited	19.3.1.1	9,844	–

19.3.1.1 The Company has irrevocably designated at initial application of IFRS 9 to recognise in this category. This is strategic investment and management considers this classification to be more relevant. Uptil 30 June 2018, these investments were classified as available for sale under IAS 39. Unlike IAS 39, the accumulated fair value reserve related to this investment will never be reclassified to profit or loss.

19.3.2 Fair Value through Profit or loss (FVTPL)

2019	2018		Note	2019	2018
Number of shares				Rupees in '000	
		Unquoted			
14,110,817	–	Shakarganj Food Products Limited	19.3.2.1	319,187	–
4,189,999	–	Central Depository Company of Pakistan Limited (CDC)	19.3.2.1	124,401	–
2,403,725	–	Crescent Bahuman Limited - Related party	19.3.2.2	24,037	–
1,047,000	–	Crescent Industrial Chemicals Limited	19.3.2.3	10,470	–
				478,095	–
		Less: Provision for impairment		(34,507)	–
				443,588	–

19.3.2.1 On initial application of IFRS 9, these have been classified as FVTPL and measured at fair value. Uptil 30 June 2018, these investments were carried at cost as per IAS 39 and classified as available for sale.

19.3.2.2 The chief executive of Crescent Bahuman Limited is Mr. Nasir Shafi. The break-up value of shares of the investee company is Rs. 9.79 per share (2018: Rs. 15.50 per share), calculated on the basis of audited annual financial statements for the year ended 30 June 2018. This investment had been fully charged to profit or loss in earlier periods. Uptil 30 June 2018, these investments were classified as available for sale under IAS 39.

19.3.2.3 This investment had been fully charged to profit or loss in earlier periods. Uptil 30 June 2018, this investment was classified as available for sale under IAS 39.

Rupees in '000	2019	2018
20 LONG TERM DEPOSITS		
Security deposits		
- leasing companies	22,711	24,670
- Ijarah financing arrangement	199,694	181,788
- others	10,862	10,775
	233,267	217,233
21 DEFERRED TAXATION - NET		
Deferred tax credits / (debits) arising in respect of:		
Taxable temporary differences		
Accelerated tax depreciation / amortization	206,978	35,926
Finance lease obligations	14,470	10,145
Fair value adjustment in unquoted investment through reserves	30,119	–
Employee benefits - Defined benefit plan	–	37,895
Unrealized gain on fair value through profit or loss investments	14,775	–
Unrealized gain on held for trading investments	–	1,447
	266,342	85,413
Deductible temporary differences		
Employee benefits - Defined benefit plan	(67,592)	–
Provision for slow moving stores, spares and loose tools	(25,763)	(17,538)
Provisions for doubtful trade debts, doubtful advances and others	(70,950)	(57,667)
Discounting on long term deposit	(14,265)	(19,404)
Deferred income	(3,863)	(3,923)
Provisions for impairment of fixed assets	(5,980)	(5,980)
Provision of Gas Infrastructure Development Cess	(3,477)	(3,477)
Excess of minimum tax over normal tax	(50,831)	–
Tax losses	(308,247)	–
Provision for diminution in the value of investments	(7,505)	(7,505)
	(558,473)	(115,494)
	(292,131)	(30,081)
21.1 Break up of deferred tax (reversal) / charge is as following:		
Profit or loss	(186,682)	(8,268)
Other comprehensive income	(105,487)	(254,660)
Opening retained earnings	30,119	–
	(262,050)	(262,928)

Rupees in '000	Note	2019	2018
22 STORES, SPARES AND LOOSE TOOLS			
Stores		51,045	44,600
Spare parts		219,329	181,797
Loose tools		4,248	3,053
		274,622	229,450
Less: Provision for slow moving items	22.1	88,838	60,477
		185,784	168,973
22.1 Movement in provision for slow moving items			
Opening balance		60,477	45,924
Provision made during the year		17,502	14,553
Transfer upon amalgamation		10,859	–
Closing balance		88,838	60,477
23 STOCK-IN-TRADE			
Raw materials			
Hot rolled steel coils (HR Coils)		323,884	190,673
Coating materials		84,462	74,068
Steel scrap		4,320	–
Others		112,930	90,527
Raw cotton		130,230	205,217
Stock-in-transit		–	776,402
		655,826	1,336,887
Work-in-process	23.1 & 32.1	24,996	19,713
Finished goods - net	23.1 & 32.1	131,598	180,239
Scrap / cotton waste		8,949	5,811
		165,543	205,763
		821,369	1,542,650

23.1 Stock-in-trade as at 30 June 2019 includes items valued at net realisable value (NRV). Reversal in respect of stock written back to NRV was amounting to Rs. 26.083 million (2018: Charge of Rs. 27.052 million) has been recognized in cost of goods sold.

Rupees in '000	Cost	NRV
Raw material	656,832	655,826
Work-in-process	24,996	24,996
Finished goods	188,777	131,598
	870,605	812,420

Rupees in '000	Note	2019	2018

24 TRADE DEBTS

Secured			
Considered good		76,918	–
Unsecured			
Considered good		19,514	106,886
Considered doubtful		30,706	16,626
		50,220	123,512
Impairment loss on trade debts	24.1	(30,706)	(16,626)
		96,432	106,886

24.1 Movement in impairment loss on trade debts

Opening balance		16,626	21,640
Impairment loss made during the year		956	–
Reversal of impairment loss made during the year		(1,500)	(5,014)
Transfer upon amalgamation		14,624	–
Closing balance		30,706	16,626

25 LOANS AND ADVANCES

Unsecured			
Loan to related parties - considered good			
Loan to subsidiary	25.1	88,208	249,900
Advances - considered good			
Staff		908	1,095
Suppliers for goods and services		33,504	23,718
Advances to others		65	–
Advances - considered doubtful			
Suppliers for goods and services		47	47
Provision for doubtful advances		(47)	(47)
		–	–
		122,685	274,713

25.1 The Company has provided short term interest free loan to the subsidiary company in order to meet its requirements for the purposes of feasibility, legal approvals and other related activities in respect of its project of 100 MW Solar Power Plant in Solar Power Park being established by the Government of Punjab in the Cholistan desert. Maximum aggregate amount outstanding at any time during the year calculated by reference to month-end balance are Rs. 88.208 million (2018: Rs. Nil).

Rupees in '000	Note	2019	2018
26 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposits - leasing companies		9,367	2,891
Security deposits - others	26.1	30,207	13,899
Prepayments		10,718	8,789
		50,292	25,579

26.1 This includes Rs. 28.625 million (2018: Rs. Nil) in respect of cost of interconnectivity of 11 KV 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.

Rupees in '000	Note	2019	2018
27 INVESTMENTS			
Fair value through profit or loss (FVTPL)	27.1	166,735	–
Held for trading (HFT)	27.1	–	436,971
Available for sale (AFS)	27.2	–	11,400
		166,735	448,371

27.1 Fair value through profit or loss (FVTPL) / Held for trading (HFT)

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

2019	2018		Note	2019	2018
Number of shares				Rupees in '000	
5,501,543	8,102,212	Quoted - Investments	27.1.1	166,735	436,971
		Unquoted			
1,996	1,996	Innovative Investment Bank Limited		2,777	2,777
		Less: Provision for impairment		(2,777)	(2,777)
				–	–
			27.1.3	166,735	436,971

27.1.1 Quoted - Investments

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.

2019	2018	Name of investee company	FVTPL **2019**	HFT 2018
(Number of share / certificates)			Rupees in '000	
6,300	6,300	Attock Cement Pakistan Limited	450	847
5,750	100,000	Cherat Cement Company Limited	464	9,723
315,000	315,000	D.G. Khan Cement Company Limited	17,810	36,064
295,000	200,000	Engro Fertilizer Limited	18,871	14,982
–	15,000	Fatima Fertilizer Company Limited	–	486
–	182,500	Fauji Fertilizer Bin Qasim Limited	–	7,045
55,000	55,000	Fauji Fertilizer Company Limited	4,796	5,439
1,705,000	1,705,000	HBL Growth Fund - Class A		
		(Formerly: PICIC Growth Fund)	17,613	52,020
500,673	500,673	HBL Investment Fund - Class A		
		(Formerly: PICIC Investment Fund)	2,028	6,744
68,500	68,500	Hi-Tech Lubricants Limited	1,895	6,940
127,000	117,000	International Industries Limited	9,788	27,178
63,000	63,000	International Steel Limited	2,502	6,407
1,500,000	1,500,000	K-Electric Limited*	6,585	8,520
41,080	31,600	Kohat Cement Limited	2,158	3,889
1,650	–	Mari Petroleum Company Limited	1,665	–
5,500	–	Meezan Bank Limited	479	–
2,000	–	Millat Tractors Limited	1,725	–
–	100,000	Kohinoor Energy Limited	–	4,000
–	140,000	Kot Addu Power Company Limited	–	7,547
–	20,000	Loads Limited	–	624
65,400	65,400	Nishat Mills Limited	6,104	9,216
186,000	186,000	Nishat Power Limited	5,122	5,513
72,700	72,700	Oil and Gas Development Company Limited	9,559	11,314
–	100,000	Pakgen Power Limited	–	1,928
500	50,000	Pakistan Oilfields Limited	203	33,590
200,000	393,800	Pakistan Petroleum Limited	28,886	84,628
84,000	84,000	Pakistan State Oil Company Limited	14,250	26,738
–	1,486,749	Pakistan Stock Exchange Limited	–	29,363
–	125,000	Pakistan Telecommunication Company Limited	–	1,430
–	37,400	Roshan Packages Limited	–	1,054
–	140,000	Sui Northern Gas Pipelines Limited	–	14,031
–	35,000	Sui Southern Gas Company Limited	–	1,149
–	5,100	Thal Limited	–	2,435
175,000	175,000	The Hub Power Company Limited	13,782	16,127
26,490	26,490	Jubilee Spinning and Weaving Mills Limited	90	90
			166,825	437,061
		Less: Provision for impairment	(90)	(90)
5,501,543	8,102,212		166,735	436,971

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

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

Rupees in '000	2019	2018
Name of investee company		
Altern Energy Limited (Long term investment)	1,828,532	2,034,120
Attock Cement Pakistan Limited	450	847
Cherat Cement Company Limited	464	9,723
D.G. Khan Cement Company Limited	17,810	36,064
Engro Fertilizer Limited	18,871	14,982
Fatima Fertilizer Company Limited	–	486
Fauji Fertilizer Bin Qasim Limited	–	7,045
Fauji Fertilizer Company Limited	4,796	5,439
HBL Investment Fund - Class A (Formerly: PICIC Investment Fund)	2,025	6,735
Hi-Tech Lubricants Limited	1,895	6,940
International Industries Limited	9,788	24,390
International Steel Limited	2,502	6,407
K-Electric Limited*	6,585	8,520
Kohat Cement Limited	2,158	–
Mari Petroleum Company	1,665	–
Meezan Bank Limited	436	–
Millat Tractors Limited	1,725	–
Kohinoor Energy Limited	–	4,000
Kot Addu Power Company Limited	–	7,547
Nishat Mills Limited	6,104	7,046
Nishat Power Limited	5,122	5,513
Oil and Gas Development Company Limited	9,559	10,893
Pakgen Power Limited	–	1,928
Pakistan Oilfields Limited	–	33,590
Pakistan Petroleum Limited	28,886	83,811
Pakistan State Oil Company Limited	14,249	22,282
Pakistan Stock Exchange Limited	–	29,363
Roshan Packages Limited	–	958
Sui Northern Gas Pipelines Limited	–	14,031
Sui Southern Gas Company Limited	–	1,149
The Crescent Textile Mills Limited	9,844	11,400
The Hub Power Company Limited	13,781	16,128
	1,987,247	2,411,337

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

27.1.3 This represents investment in ordinary shares of listed companies and certificates of mutual funds. Under IAS 39, these were classified as held for trading whereas under IFRS 9 these have been classified and held as FVTPL. This also includes investment in Jubilee Spinning and Weaving Mills Limited and Innovative Investment Bank Limited, which had been fully provided for as the break-up value of their shares was Rs. Nil per share (30 June 2018: Rs. Nil). Under IAS 39, these were classified as available for sale and reclassified to FVTPL on initial application of IFRS 9 as management has not designated it as FVOCI.

27.2 Available for sale

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

2019	2018	Name of investee company	Note	2019	2018
Number of shares				Rupees in '000	
		Quoted			
–	452,379	The Crescent Textile Mills Limited	27.2.1	–	11,400

27.2.1 The Company has recognized impairment loss in previous years amounting to Rs. 4.537 million (2018: Rs. 4.537 million) against the investment.

Rupees in '000	Note	2019	2018
28 OTHER RECEIVABLES			
Dividend receivable		885	1,946
Provision there against		(885)	(885)
		–	1,061
Receivable against rent from investment property		305	442
Due from related parties	28.1	19,559	60,506
Retention money receivable		–	113,162
Sales tax refundable	28.2	187,870	106,100
Margin on guarantees		15,359	15,359
Receivable from staff retirement benefits funds	44	20,329	254,774
Others		6,005	2,042
		249,427	553,446

28.1 Due from related parties	2019	2018
Shakarganj Limited	5,627	1,645
CS Capital (Private) Limited	2,216	998
CS Energy (Private) Limited	–	28,451
Crescent Hadeed (Private) Limited	–	17,855
Solution de Energy (Private) Limited	11,663	11,504
Crescent Steel and Allied Products Limited - Pension Fund	53	53
	19,559	60,506

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

Rupees in '000	2019	2018
Shakarganj Limited	5,627	1,648
CS Capital (Private) Limited	2,216	1,376
CS Energy (Private) Limited	–	28,451
Crescent Hadeed (Private) Limited	–	34,145
Solution de Energy (Private) Limited	11,663	11,504
Crescent Steel and Allied Products Limited - Pension Fund	53	53
	19,559	77,177

Rupees in '000	2019	2018
28.1.2 The aging of amount due from related parties:		
Not yet due	1,295	5,326
Past due 1 - 30 days	128	4,535
Past due 30 - 180 days	2,087	18,452
Past due 180 days	16,049	32,193
	19,559	60,506

28.2 In previous years, order in original no. 10/2016-17 dated 18 August 2017 was issued whereby a 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 the 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. The Company filed an appeal with the Appellate Tribunal Inland Revenue where the entire proceeding has been set aside on legal grounds.

This includes payment made to Punjab Revenue Authority against order received for non withholding of Punjab sales tax on services and its deposit with Punjab Revenue Authority. Currently, the appeal is pending adjudication at the Appellate Tribunal Inland Revenue - PRA. After consultation with legal advisor, the management considers that the appeal would be decided in Company's favour.

In the current year, the Company has adopted fixed regime of sales tax whereby sales tax liability is discharged on the basis of units of electricity consumed at Rs. 13 per unit instead of ad valorem basis. FBR did not agree to the Company's stance owing to which Company filed writ petition no. 243530/2018 in Lahore High Court. The writ was allowed but later on, the department filed ICA No. 23517/2019 before High Court which is sub judice. No proceedings have been held since but management is confident of favourable outcome in light of the tax opinion which advices that the Company has a good case.

Rupees in '000	2019	2018
29 TAXATION - NET		
Advance taxation	3,719,262	3,347,778
Provision for taxation	(2,458,731)	(2,387,273)
	1,260,531	960,505

29.1 The Income Tax assessments of the Company have been finalized up to and including tax year 2018, 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:

Income tax assessments of the company for the tax years 2013 and 2016 have been amended by the Commissioner Inland Revenue whereby, tax demands of Rs. 95.94 million and Rs. 143.8 million have been raised respectively. Appeal has been preferred with the Commissioner Appeals which is pending adjudication for tax year 2013, whereas appeal is pending hearing before the Appellate Tribunal Inland Revenue for 2016.

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 filed appeals with the Commissioner Inland Revenue (appeals) in which majority of the issues were decided in company's favour in 2009 and case was remanded back to the assessing officer for 2011.

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.

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. 4.253 million (inclusive of default surcharge) has been raised in respect of tax year 2017. Appeal has been preferred with the Commissioner Appeals which is pending adjudication.

Income tax assessment for the year 2006 was proposed to be amended where case was decided in the Company's favour by the Appellate Tribunal Inland Revenue. Department has now filed case in the Lahore High Court challenging the tribunal's decision, which is pending to be heard.

As per order under section 161/205 of the Income Tax Ordinance 2001 issued by the Assistant Commissioner Inland Revenue, whereby demand aggregating to Rs. 46.78 million has been raised in respect of tax year 2017 in relation to Crescent Hadeed (Private) Limited, which stands amalgamated with the company by virtue of Scheme of Amalgamation. Appeal has been preferred to the Commissioner (Appeals) which is pending for decision.

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 CASH AND BANK BALANCES

Rupees in '000	Note	2019	2018
With banks			
- in saving account	30.1	6,322	3,097
- in current accounts		20,881	130,270
	30.2	27,203	133,367
Cash in hand		602	85
		27,805	133,452

30.1 Mark-up rate on saving account is 2.40% to 6.26% (2018: 3.75%).

30.2 This includes balances amounting to Rs. 3.287 million (2018: Rs. 1.811 million) with Shariah complaint banks.

31 SALES - NET

Rupees in '000	Note	2019	2018
Local sales			
Bare pipes		319,247	5,533,373
Pipe coating		233,976	742,977
Pre coated pipes		1,996,516	475,612
Cotton yarn / raw cotton		1,667,951	884,203
Others		91,865	173,011
Scrap / waste		167,325	264,050
Sales returns		(3,262)	–
		4,473,618	8,073,226
Export sales			
Fabric	31.1	–	13,120
		4,473,618	8,086,346
Sales tax		(407,103)	(1,042,559)
		4,066,515	7,043,787

31.1 Summary of export sales during the year:

Rupees in '000			2019	2018
Country	Geographical location	Credit terms		
Ecuador	South America	Unsecured	–	13,120

31.2 Revenue is disaggregated by major products and also by geographical market. Additionally revenue by major customer is disclosed in note 43 to these unconsolidated financial statements.

Rupees in '000		2019	2018
32 COST OF SALES			
Steel segment	32.1	2,266,675	5,344,171
Cotton segment	32.1	1,579,451	888,295
		3,846,126	6,232,466

		Steel segment		Cotton Segment		Total	
Rupees in '000	Note	2019	2018	2019	2018	2019	2018
32.1 Cost of sales							
Raw materials consumed		1,659,667	4,125,720	1,173,444	611,491	2,833,111	4,737,211
Cost of raw cotton sold		–	–	–	27,736	–	27,736
Packing materials consumed		–	–	16,835	9,613	16,835	9,613
Store and spares consumed		60,063	115,322	18,600	13,671	78,663	128,993
Fuel, power and electricity		48,013	55,616	204,407	111,143	252,420	166,759
Salaries, wages and other benefits	32.2	139,238	171,121	125,505	82,221	264,743	253,342
Insurance		4,705	4,687	2,583	2,394	7,288	7,081
Commission		–	–	4,713	–	4,713	–
Repairs and maintenance		6,051	17,835	2,474	1,834	8,525	19,669
Depreciation	16.1.2	61,098	53,894	29,250	29,201	90,348	83,095
Rental under Ijarah financing		91,592	91,599	–	–	91,592	91,599
Other expenses		147,593	424,083	6,937	3,606	154,530	427,689
		2,218,020	5,059,877	1,584,748	892,910	3,802,768	5,952,787
Opening stock of work-in-process		10,288	85,524	9,425	–	19,713	85,524
Closing stock of work-in-process	23	(15,854)	(10,288)	(9,142)	(9,425)	(24,996)	(19,713)
		(5,566)	75,236	283	(9,425)	(5,283)	65,811
Cost of goods manufactured		2,212,454	5,135,113	1,585,031	883,485	3,797,485	6,018,598
Opening stock of finished goods		174,745	383,803	5,494	10,304	180,239	394,107
Closing stock of finished goods - net	23	(120,524)	(174,745)	(11,074)	(5,494)	(131,598)	(180,239)
		54,221	209,058	(5,580)	4,810	48,641	213,868
		2,266,675	5,344,171	1,579,451	888,295	3,846,126	6,232,466
32.2 Detail of salaries, wages andother benefits							
Salaries, wages and other benefits	32.2.1	137,150	162,171	123,939	80,865	261,089	243,036
Pension fund	32.2.2	205	3,358	–	363	205	3,721
Gratuity fund	32.2.2	(1,632)	1,329	–	34	(1,632)	1,363
Provident fund contributions		3,515	4,263	1,566	959	5,081	5,222
		139,238	171,121	125,505	82,221	264,743	253,342

32.2.1 This includes contribution amounting to Rs. 0.06 million (2018: Rs. 10 million) to Staff Benevolent Fund ("the Fund"). The Fund has been established as separate legal entity under the Trust Act, 1882 and registered under Income Tax Ordinance, 2001. The objective of the Fund is to provide at the discretion of the trustees, post retirement medical cover / facilities for retired employees and other hardship cases of extraordinary nature of existing employees of the Company. The Company does not have any right in the residual interest of the Fund.

	2019		2018	
Rupees in '000	Pension	Gratuity	Pension	Gratuity
32.2.2 Staff retirement benefits				
Current service costs	4,283	1,564	(1,261)	(255)
Interest costs	11,564	2,964	(3,040)	(454)
Return on plan assets, excluding interest income	(15,642)	(6,160)	8,022	2,072
	205	(1,632)	3,721	1,363

Rupees in '000	Note	2019	2018
33 INCOME FROM INVESTMENTS			
Dividend income	33.1	208,944	549,311
Loss on sale of held for trading investments - net		–	(6,600)
Loss on sale of FVTPL investments - net	33.1	(16,077)	–
Unrealized loss on held for trading investments - net		–	(48,842)
Unrealized loss on FVTPL investments - net	33.1	(3,867)	–
Rent from investment properties	33.2	2,563	1,639
		191,563	495,508

33.1 Break up of dividend income, realised loss and unrealised (loss) / gain is as follows:

Rupees in '000 Name of investee company	Dividend income	Realised loss	Unrealised gain / (loss)
Shariah compliant investee companies	202,992	(12,895)	(79,186)
Non- Shariah compliant investee companies	5,952	(3,182)	75,319
	208,944	(16,077)	(3,867)

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

33.2 Direct operating expenses incurred against rental income from investment properties amounted to Rs. 0.518 million (2018: Rs. 2.749 million). Further Rs. 2.179 million (2018: Rs. 0.391 million) were incurred against the non rented out area.

34 DISTRIBUTION AND SELLING EXPENSES

		Steel segment		Cotton Segment		Total	
Rupees in '000	Note	**2019**	2018	**2019**	2018	**2019**	2018
Salaries, wages and other benefits	34.1	3,640	3,860	1,599	1,526	5,239	5,386
Commission		–	–	–	2,855	–	2,855
Travelling, conveyance and entertainment		450	489	69	92	519	581
Depreciation	16.1.2	963	976	–	–	963	976
Insurance		118	104	–	–	118	104
Postage, telephone and telegram		43	64	51	162	94	226
Advertisement		1,644	728	–	–	1,644	728
Bid bond expenses		747	2,499	–	–	747	2,499
Legal and professional charges		3,518	1,054	–	–	3,518	1,054
Others		743	882	1,200	2,561	1,943	3,443
		11,866	10,656	2,919	7,196	14,785	17,852

34.1 Detail of salaries, wages and other benefits

Salaries, wages and other benefits		3,449	3,458	1,599	1,526	5,048	4,984
Pension fund	34.1.1	52	176	–	–	52	176
Gratuity fund	34.1.1	(388)	73	–	–	(388)	73
Provident fund contributions		527	153	–	–	527	153
		3,640	3,860	1,599	1,526	5,239	5,386

	2019		2018	
Rupees in '000	Pension	Gratuity	Pension	Gratuity
34.1.1 Staff retirement benefits				
Current service costs	1,095	372	(60)	(14)
Interest costs	2,956	704	(144)	(23)
Return on plan assets, excluding interest income	(3,999)	(1,464)	380	110
	52	(388)	176	73

35 ADMINISTRATIVE EXPENSES

Rupees in '000	Note	Steel segment 2019	Steel segment 2018	Cotton segment 2019	Cotton segment 2018	IID segment 2019	IID segment 2018	Total 2019	Total 2018
Salaries, wages and other benefits	35.1	70,994	27,245	15,861	7,824	5,980	5,736	92,835	40,805
Rents, rates and taxes		1,380	2,543	323	439	582	628	2,285	3,610
Travelling, conveyance and entertainment		4,963	8,809	953	1,228	289	508	6,205	10,545
Fuel and power		8,396	7,904	1,222	761	468	421	10,086	9,086
Postage, telephone and telegram		1,873	1,973	403	356	106	109	2,382	2,438
Insurance		1,316	1,412	280	161	117	117	1,713	1,690
Repairs and maintenance		9,947	10,181	463	298	1,256	780	11,666	11,259
Auditors' remuneration	35.2	2,318	1,947	618	342	247	199	3,183	2,488
Legal, professional and corporate service charges		13,124	14,527	2,696	1,826	2,214	2,539	18,034	18,892
Advertisement		1,735	1,854	13	12	91	96	1,839	1,962
Donations	35.3	2,694	33,333	–	–	142	1,754	2,836	35,087
Depreciation	16.1.2 & 18.1	18,208	15,411	3,368	2,390	2,354	3,017	23,930	20,818
Amortization of intangible assets	17.1	198	705	39	88	10	33	247	826
Printing, stationery and office supplies		2,137	4,812	512	242	211	352	2,860	5,406
Newspapers, subscriptions and periodicals		330	277	494	455	25	19	849	751
Others		5,941	5,884	1,137	873	297	616	7,375	7,373
		145,554	138,817	28,382	17,295	14,389	16,924	188,325	173,036

35.1 Detail of salaries, wages and other benefits

Rupees in '000	Note	Steel segment 2019	Steel segment 2018	Cotton segment 2019	Cotton segment 2018	IID segment 2019	IID segment 2018	Total 2019	Total 2018
Salaries, wages and other benefits		69,019	95,619	15,382	13,309	5,980	6,233	90,381	115,161
Pension fund	35.1.1	546	(45,975)	–	(4,851)	–	(532)	546	(51,358)
Gratuity fund	35.1.1	(3,463)	(25,986)	–	(1,161)	–	(254)	(3,463)	(27,401)
Provident fund contributions		4,892	3,587	479	527	–	289	5,371	4,403
		70,994	27,245	15,861	7,824	5,980	5,736	92,835	40,805

Rupees in '000	2019 Pension	2019 Gratuity	2018 Pension	2018 Gratuity
35.1.1 Staff retirement benefits				
Current service costs	11,384	3,319	17,405	5,132
Interest costs	30,733	6,289	41,961	9,121
Return on plan assets, excluding interest income	(41,571)	(13,071)	(110,724)	(41,654)
	546	(3,463)	(51,358)	(27,401)

Rupees in '000	2019	2018
35.2 Auditors' remuneration		
Audit fee	2,013	1,817
Certifications and other assurance services	727	360
Out of pocket expenses	205	183
Sales tax	238	128
	3,183	2,488

35.2.1 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.

35.3 Donations

Donations include the following in which a director is interested:

Name of director	Interest in donee	Name and address of the donee	2019	2018
Rupees in '000			Amount donated	
Mr.. Ahsan M. Saleem	Director	The Citizens Foundation Plot No. 20, Sector - 14, New Brookes Chowrangi, Korangi Industrial Area, Karachi.	1,076	23,688
	Chairman	CSAP Foundation 10th Floor, BOP Tower, 10-B, Block E-2, Main Boulevard, Gulberg - III, Lahore.	–	1,000
	Director	Pakistan Centre for Philanthropy 1-A St.14 F-8/3 Islamabad.	–	1,000
			1,076	25,688

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

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

Rupees in '000	2019	2018
Name of the done	Amount donated	
Crescent Model Higher Secondary School	1,500	–
Crescent Educational Trust	–	3,000
Citizens Police Liaison Committee	–	2,500
Rashid Memorial Welfare Organization	–	1,000
National University of Sciences and Technology	–	1,000
Others	260	1,899
	1,760	9,399

Rupees in '000	2019	2018
36 OTHER OPERATING EXPENSES		
Exchange loss	2,288	6,041
Claim receivable written off	–	561
Impairment loss on trade debts	956	–
Provision for :		
- Workers' Profit Participation Fund	3,633	26,782
- Workers' Welfare Fund	474	11,071
- slow moving stores, spares and loose tools - net	17,502	14,553
Liquidated damages	3,727	25,882
Others	66	–
	28,646	84,890
37 OTHER INCOME		
Income from financial assets		
Mark-up on short term loan to subsidiary companies	41,727	26,228
Return on deposits - from conventional banking	477	824
Exchange gain on derivative financial liability - net	–	1,504
Unwinding of discount on long term deposit	19,798	16,920
	62,002	45,476
Income from non-financial assets		
Exchange gain	395	–
Gain on disposal of operating fixed assets	12,674	24,686
Deferred income amortized	5,834	4,677
Insurance commission	306	1,566
Liabilities written-back	1,285	768
Reversal of impairment of trade debts	1,500	5,014
Recovery of liquidated damages	–	85,185
Reversal of provision for stock-in-trade	–	715
Rent income	4,279	2,959
Others	706	625
	26,979	126,195
	88,981	171,671
38 FINANCE COSTS		
Mark - up on short term loans - Shariah arrangement	52,859	21,643
Interest on - Non - Shariah arrangement		
- finance lease obligations	14,954	10,257
- long term loans	35,953	31,793
- running finances	90,155	50,180
- short term loans	42,071	103,151
Discounting of long term deposit	2,080	8,340
Bank charges	6,210	5,955
	244,282	231,319

Rupees in '000	2019	2018
39 TAXATION		
Current		
- for the year	66,067	186,820
- Super tax	–	33,995
- for prior years	2,034	7,106
	68,101	227,921
Deferred	(186,682)	(8,268)
	(118,581)	219,653

39.1 Relationship between taxation expense and accounting profit

Rupees in '000	2019	2018
Profit before taxation	24,895	971,403
Tax at the applicable rate of 29% (2018: 30%)	7,220	291,421
Tax effect of inadmissible expenses / losses	151,952	(12,055)
Tax effect of income taxed at a lower rate	(12,142)	(99,800)
Prior year tax effect	2,034	7,106
Super tax	–	33,995
Tax losses of subsidiaries	(267,645)	–
Tax effect of change in effective tax rate	–	(1,014)
	(118,581)	219,653

40 BASIC AND DILUTED EARNINGS PER SHARE

	2019	2018
Profit for the year	143,476	751,750
	(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	1.85	9.68

Rupees in '000	**2019**	2018
41 CASH GENERATED FROM OPERATIONS		
Profit before taxation	24,895	971,403
Adjustments for non cash charges and other items:		
Depreciation on operating fixed assets and investment properties	115,241	104,889
Amortization of intangible assets	247	826
Reversal for the year on staff retirement benefit funds	(4,680)	(73,426)
Dividend income	(208,944)	(549,311)
Unrealized loss on held for trading investments - net	–	48,842
Unrealized loss on FVTPL investments - net	3,867	–
Loss on sale of held for trading investments - net	–	6,600
Loss on sale of FVTPL investments - net	16,077	–
Provision for slow moving stores, spares and loose tools	17,502	14,553
Reversal of provision for stock-in-trade - Raw materials	–	(715)
Reversal of impairment loss on trade debts - net	(544)	(5,014)
Provision for Workers' Welfare Fund	474	11,071
Provision for Workers' Profit Participation Fund	3,633	26,782
Return on loan to subsidiary company	(41,727)	(26,228)
Return on deposits	(477)	(824)
Gain on disposal of operating fixed assets	(12,674)	(24,686)
Deferred income amortized	(5,834)	(4,677)
Discounting of long term deposit	2,080	8,340
Unwinding of discount on long term deposit	(19,798)	(16,920)
Liabilities written off	(1,285)	(768)
Finance costs	242,202	222,979
	130,255	713,716
Changes in:		
- Stores, spares and loose tools	(34,313)	(20,341)
- Stock-in-trade	721,281	1,144,747
- Trade debts	10,998	561,799
- Advances	152,028	103,310
- Trade deposits and short term prepayments	(24,713)	(15,873)
- Other receivables	68,200	433,423
- Trade and other payables	(624,272)	(531,943)
	399,464	2,388,838

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

Rupees in '000	Note	Long term loans	Finance lease liabilities (including mark-up accrued)	Short term borrowings	Dividend payable	Total
	Note	9	10 & 13	14		
Opening balance as at 1 July 2018		323,290	173,854	1,152,647	21,520	1,671,311
Proceeds from long term loans		60,800	–	–	–	60,800
Repayment of long term loans		(96,544)	–	–	–	(96,544)
Proceeds short term borrowings		–	–	4,317,621	–	4,317,621
Repayment of short term borrowings		–	–	(4,739,517)	–	(4,739,517)
Dividend paid		–	–	–	(72,627)	(72,627)
Lease payments		-	(60,453)	–	–	(60,453)
		(35,744)	(60,453)	(421,896)	(72,627)	(590,720)
Dividend declared		–	–	–	77,632	77,632
Lease obligation entered during the year		–	26,444	–	–	26,444
Interest accrued on lease obligation		–	14,954	–	–	14,954
		–	41,398	–	77,632	119,030
Closing balance as at 30 June 2019		287,546	154,799	730,751	26,525	1,199,621

Rupees in '000	Note	2019	2018
42 CASH AND CASH EQUIVALENTS			
Running finances under mark-up arrangements	14.1	(846,445)	(305,548)
Cash and bank balances	30	27,805	133,452
		(818,640)	(172,096)

43 SEGMENT REPORTING

43.1 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).
- Hadeed (Billet) segment - It comprises of manufacturing billets (note 1.5).
- Energy segment - It comprises of generating and supplying electricity / power (note 1.6).

The Company's all segments are engaged in shariah complaint businesses except mentioned in note 33. Information regarding the Company's reportable segments is presented below:

43.2 Segment revenues and results

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

Rupees in '000	Steel segment	Cotton segment	IID segment	Total
For the year ended 30 June 2019				
Sales	2,381,405	1,685,110	–	4,066,515
Cost of sales	2,266,675	1,579,451	–	3,846,126
Gross profit	114,730	105,659	–	220,389
Income from investments - net	–	–	191,563	191,563
	114,730	105,659	191,563	411,952
Distribution and selling expenses	11,866	2,919	–	14,785
Administrative expenses	145,554	28,382	14,389	188,325
Other operating expenses	24,947	3,699	–	28,646
	182,367	35,000	14,389	231,756
	(67,637)	70,659	177,174	180,196
Other income	79,616	9,365	–	88,981
Operating profit before finance costs	11,979	80,024	177,174	269,177
Finance costs	210,363	9,797	24,122	244,282
(Loss) / profit before taxation	(198,384)	70,227	153,052	24,895
Taxation				(118,581)
Profit for the year				143,476

Rupees in '000	Steel segment	Cotton segment	IID segment	Total
For the year ended 30 June 2018				
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 - net	–	–	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

43.2.1 Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the year (2018: Nil).

43.2.2 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.

43.3 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 31 to these unconsolidated financial statements.

43.4 Information about major customers

Revenue from major customers of Steel segment represents an aggregate amount of Rs. 2,611.986 million (2018: Rs. 5,693.456 million) of total Steel segment revenue of Rs. 2,381.405 million (2018: Rs. 6,136.191 million). Revenue from major customers of Cotton segment represents an aggregate amount of Rs. 610.493 million (2018: Rs. 84.508 million) of total Cotton segment revenue of Rs. 1,685.110 million (2018: Rs. 907.596 million).

43.5 Geographical information

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

Rupees in '000	**2019**	2018
South and North America	–	13,120
Pakistan	4,066,515	7,030,667
	4,066,515	7,043,787

43.5.2 All non-current assets of the Company as at 30 June 2019 and 2018 were located and operating in Pakistan.

43.6 Segment assets and liabilities

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

Rupees in '000	Steel segment	Cotton segment	IID segment	Hadeed (Billet) segment	Energy segment	Total
As at 30 June 2019						
Segment assets for reportable segments	1,826,902	430,823	2,475,238	1,218,378	817,646	6,768,987
Unallocated corporate assets						1,518,045
Total assets as per unconsolidated statement of financial position						8,287,032
Segment liabilities for reportable segments	570,025	106,822	2,627	144,006	69,316	892,796
Unallocated corporate liabilities and deferred income						2,000,173
Total liabilities as per unconsolidated statement of financial position						2,892,969

Rupees in '000	Steel segment	Cotton segment	IID segment	Hadeed (Billet) segment	Energy segment	Total
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 statement of financial position						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 statement of financial position						3,355,248

43.6.1 For the purposes of monitoring segment performance and allocating resources between segments :

- all assets are allocated to reportable segments other than those directly relating to corporate and taxation assets; and
- all liabilities are allocated to reportable segments other than those directly relating to corporate and taxation.

Cash and bank balances, borrowings and related mark-up receivable therefrom and payable thereon, respectively are not allocated to reporting segments as these are managed by the Company's central treasury function.

43.7 Other segment information

Rupees in '000	Steel segment	Cotton segment	IID segment	Hadeed (Billet)	Energy segment	Total
For the year ended 30 June 2019						
Capital expenditure	144,382	5,761	10,760	–	–	160,903
Depreciation and amortization	80,467	32,657	2,364	–	–	115,488
Non-cash items other than depreciation and amortization - net	152,691	5,172	(161,245)	–	–	(3,382)
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)

44 STAFF RETIREMENT BENEFITS

44.1 Defined benefit plans

44.1.1 The actuarial valuation of both pension and gratuity schemes has been conducted in accordance with IAS 19, 'Employee benefits' as at 30 June 2019. The projected unit credit method, using the following significant assumptions, has been used for the actuarial valuation:

	2019		2018	
	Pension	Gratuity	Pension	Gratuity
Financial assumptions				
- Discount rate used for Interest Cost in profit or loss charge	10.00%	10.00%	9.25%	9.25%
- Discount rate used for year end obligation	14.50%	14.50%	10%	10%
- Expected rate of increase in salaries	14.50%	14.50%	10%	10%
Demographic assumptions				
- Retirement Assumption	Age 58		Age 58	
- Expected mortality for active members	SLIC (2001-05)		SLIC (2001-05)	

44.1.2 The amounts recognized in unconsolidated statement of financial position are as follows:

		2019			2018		
Rupees in '000	Note	Pension	Gratuity	Total	Pension	Gratuity	Total
Present value of defined benefit obligations	44.1.4	494,294	104,884	599,178	457,906	101,625	559,531
Fair value of plan assets	44.1.5	(393,748)	(125,213)	(518,961)	(608,912)	(205,706)	(814,618)
Liability / asset recognized in unconsolidated statement of financial position		100,546	(20,329)	80,217	(151,006)	(104,081)	(255,087)
44.1.3 Movement in the net defined benefit liability / (asset)							
Opening balance		(151,006)	(104,081)	(255,087)	(682,679)	(331,631)	(1,014,310)
Net benefit (income) / cost charged to profit or loss	44.1.7	804	(5,484)	(4,680)	(47,460)	(25,965)	(73,425)
Remeasurements recognized in other comprehensive income	44.1.8	267,915	95,834	363,749	587,706	256,807	844,513
Contributions by the Company	44.1.5	(17,167)	(6,598)	(23,765)	(8,573)	(3,292)	(11,865)
Closing balance		100,546	(20,329)	80,217	(151,006)	(104,081)	(255,087)
44.1.4 Movement in the present value of defined benefit obligations							
Present value of defined benefit obligations - 1 July		457,906	101,625	559,531	423,509	94,572	518,081
Current service cost		16,763	5,254	22,017	16,084	4,863	20,947
Interest cost		45,252	9,957	55,209	38,776	8,642	47,418
Benefits paid during the year		(10,760)	(4,116)	(14,876)	(8,626)	(2,292)	(10,918)
Remeasurement:							
Actuarial losses from change in financial assumption		14,640	74	14,714	2,381	13	2,394
Experience adjustments		(29,507)	(7,910)	(37,417)	(14,218)	(4,173)	(18,391)
Present value of defined benefit obligations - 30 June		494,294	104,884	599,178	457,906	101,625	559,531

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

Rupees in '000	2019 Pension	2019 Gratuity	2019 Total	2018 Pension	2018 Gratuity	2018 Total
Fair value of plan assets - 1 July	608,912	205,706	814,618	1,106,188	426,203	1,532,391
Contributions by the Company	17,167	6,598	23,765	8,573	3,292	11,865
Interest income on plan assets	61,211	20,695	81,906	102,320	39,470	141,790
Benefits paid during the year	(10,760)	(4,116)	(14,876)	(8,626)	(2,292)	(10,918)
Return on plan assets, excluding interest income	(282,782)	(103,670)	(386,452)	(599,543)	(260,967)	(860,510)
Fair value of plan assets - 30 June	393,748	125,213	518,961	608,912	205,706	814,618
44.1.6 Actual return on plan assets	(221,571)	(82,975)	(304,546)	(497,223)	(221,497)	(718,720)

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

Rupees in '000	2019 Pension	2019 Gratuity	2019 Total	2018 Pension	2018 Gratuity	2018 Total
Current service cost	16,763	5,254	22,017	16,084	4,863	20,947
Interest cost	45,252	9,957	55,209	38,776	8,642	47,418
Interest income on plan assets	(61,211)	(20,695)	(81,906)	(102,320)	(39,470)	(141,790)
Charge / (income) recognized in profit or loss	804	(5,484)	(4,680)	(47,460)	(25,965)	(73,425)

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

Rupees in '000	2019 Pension	2019 Gratuity	2019 Total	2018 Pension	2018 Gratuity	2018 Total
Remeasurement:						
Actuarial losses from change in financial assumption	14,640	74	14,714	2,381	13	2,394
Experience adjustments	(29,507)	(7,910)	(37,417)	(14,218)	(4,173)	(18,391)
Return on plan assets, excluding interest income	282,782	103,670	386,452	599,543	260,967	860,510
Remeasurement loss recognised in the other comprehensive income	267,915	95,834	363,749	587,706	256,807	844,513
44.1.9 Total defined benefit cost recognized in profit or loss and other comprehensive income	268,719	90,350	359,069	540,246	230,842	771,088
Expected contributions to funds in the following year	–	–	–	–	–	–
Weighted average duration of the defined benefit obligation (years)	11	3		11	3	

	2019			2018		
Rupees in '000	Pension	Gratuity	Total	Pension	Gratuity	Total
Analysis of present value of defined benefit obligation						
Type of Members:						
Pensioners	30	–		29	–	
Beneficiaries	86	85		98	98	
Vested / Non-Vested						
Vested benefits	468,640	84,014	552,654	422,010	81,066	503,076
Non - vested benefits	25,654	20,870	46,524	41,673	20,559	62,232
	494,294	104,884	599,178	463,683	101,625	565,308
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	90,870	3,726	94,596	4,841	2,569	7,410
Debt instruments						
AA+	83,142	33,209	116,351	95,707	19,629	115,336
AA	230	–	230	61,791	–	61,791
	83,372	33,209	116,581	157,498	19,629	177,127
Equity instruments						
Automobile Assembling	–	–	–	115	–	115
Automobile Parts and Accessories	149	–	149	179	–	179
Cement	4,560	–	4,560	8,605	–	8,605
Chemicals	449	–	449	530	–	530
Commercial Banks	–	–	–	137	–	137
Engineering	152,320	72,588	224,908	352,135	159,760	511,895
Fertilizer	6,203	258	6,461	9,842	292	10,134
Insurance	76	–	76	97	–	97
Oil and Gas Exploration Companies	10,501	3,125	13,626	11,754	4,263	16,017
Oil and Gas Marketing Companies	636	–	636	1,042	–	1,042
Paper and Board	177	–	177	–	–	–
Power Generation and Distribution	19,936	7,875	27,811	27,992	13,052	41,044
Sugar and Allied Industries	5,433	1,600	7,033	8,176	2,408	10,584
Textile Composite	2,673	–	2,673	3,959	–	3,959
	203,113	85,446	288,559	424,563	179,775	604,338
Mutual funds						
Income Fund	16,393	2,832	19,225	22,010	3,733	25,743
	393,748	125,213	518,961	608,912	205,706	814,618

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%	446,126	102,306
Discount rate -1%	552,480	107,847
Long term pension / salary increase +1%	504,249	107,837
Long term pension / salary decrease -1%	485,512	102,270
Long term pension increase +1%	546,467	–
Long term pension decrease -1%	449,399	–

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.

44.2 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 2019 was Rs. 10.979 million (2018: Rs. 9.778 million). Reporting year end of Provident Fund Financial Statements is 31 December and 30 June for Steel & IID Division and Cotton Division respectively.

45 FINANCIAL RISK MANAGEMENT

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1 : Fair value measurements using quoted (unadjusted) in active markets for identical asset or liability.

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

Level 3 : Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

Rupees in '000	30 June 2019								
	Carrying amount					Fair Value			
	Fair value through profit or loss	Fair value through other compre-hensive income	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments									
Financial assets measured at fair value									
Investments									
- Listed equity securities	166,735	9,844	–	–	176,579	176,579	–	–	176,579
- Unlisted equity securities	443,588	–	–	–	443,588	–	–	443,588	443,588
	610,323	9,844	–	–	620,167	176,579	–	443,588	620,167
Financial assets not measured at fair value									
Deposits	–	–	272,841	–	272,841	–	–	–	–
Trade debts	–	–	96,432	–	96,432	–	–	–	–
Loan to subsidiary	–	–	88,208	–	88,208	–	–	–	–
Markup accrued	–	–	29	–	29	–	–	–	–
Other receivables	–	–	41,228	–	41,228	–	–	–	–
Bank balances	–	–	27,203	–	27,203	–	–	–	–
	–	–	525,941	–	525,941	–	–	–	–
Financial liabilities not measured at fair value									
Long term loans	–	–	–	287,546	287,546	–	–	–	–
Liabilities against assets subject to finance lease	–	–	–	154,296	154,296	–	–	–	–
Trade and other payables	–	–	–	433,243	433,243	–	–	–	–
Mark-up accrued	–	–	–	41,617	41,617	–	–	–	–
Short term borrowings	–	–	–	1,577,196	1,577,196	–	–	–	–
Unclaimed dividend	–	–	–	26,525	26,525	–	–	–	–
	–	–	–	2,520,423	2,520,423	–	–	–	–

Rupees in '000	30 June 2018							
	Carrying amount				Fair value			
	Investments	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments								
Financial assets measured at fair value								
Investments								
- Listed equity securities	11,400	–	–	11,400	11,400	–	–	11,400
Financial assets not measured at fair value								
Investments								
- unlisted equity securities	210,608	–	–	210,608	–	–	–	–
- associates	1,284,596	–	–	1,284,596	–	–	–	–
Deposit	–	234,023	–	234,023	–	–	–	–
Trade debts	–	106,886	–	106,886	–	–	–	–
Loan to subsidiaries	–	249,900	–	249,900	–	–	–	–
Markup accrued	–	26,506	–	26,506	–	–	–	–
Other receivables	–	192,572	–	192,572	–	–	–	–
Bank balances	–	133,367	–	133,367	–	–	–	–
	1,495,204	943,254	–	2,438,458	–	–	–	–
Financial liabilities not measured at fair value								
Long term loan	–	–	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	–	–	–	–

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.

45.1 Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 3 fair values at 30 June 2019 for unquoted equity investment measured at fair value in the statement of financial position, as well as the significant unobservable inputs used.

Name of investee company	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
- Shakarganj Food Products Limited	- Discounted cash flows with terminal growth: The valuation model considers the present value of expected free cash flows, discounted using Weighted Average Cost of Capital.	- Expected cash flows - Terminal growth rate - Weighted Average Cost of Capital	The estimated fair value would increase / (decrease) if: - The expected free cash flows were higher / (lower) - The terminal growth rate were higher / (lower) - The Weighted Average Cost of Capital were lower / (higher)
- Central Depository Company of Pakistan Limited	- Net Asset Method: This valuation Method considers Net Asset value divided by ordinary number of shares	- Net assets of The investee Company	The estimated fair value would increase / (decrease) if: - The net assets of the investee company were higher / (lower).

45.2 Level 3 fair values

Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values

Rupees in '000	
Balance at 30 June 2018*	
- Shakarganj Food Products Limited	151,662
- Central Depository Company of Pakistan Limited	58,946
	210,608
Fair value included in opening unappropriated profits (retained earnings)	
- Shakarganj Food Products Limited	86,952
- Central Depository Company of Pakistan Limited	56,476
	143,428
Balance at 01 July 2018	
- Shakarganj Food Products Limited	238,614
- Central Depository Company of Pakistan Limited	115,422
	354,036
Fair value recognized during the year	
- Shakarganj Food Products Limited	80,573
- Central Depository Company of Pakistan Limited	8,979
	89,552
Balance at 30 June 2019	
- Shakarganj Food Products Limited	319,187
- Central Depository Company of Pakistan Limited	124,401
	443,588

* Before 30 June 2018, these equity securities were stated at cost in accordance with IAS 39 and were classified as available for sale. From 1 July 2018, these are classified at FVTPL in accordance with IFRS 9 and measured at fair value.

Sensitivity Analysis

For the fair value of unquoted equity investment, reasonably possible changes at 30 June 2019 to one of the significant unobservable inputs, holding other inputs constant, would have the following effects.

	Profit or loss	
Rupees in '000	Increase	Decrease
Shakarganj Food Products Limited		
- Expected cash flows (10% movement)	35,700	(35,700)
- Terminal growth rate (1% movement)	21,448	(17,921)
- Weighted Average Cost of Capital (1% movement)	(28,222)	33,725
Central Depository Company of Pakistan Limited		
- Net assets (10% movement)	12,440	(12,440)

46 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.

46.1 Credit risk

Credit risk represents the financial loss that would be recognized at the reporting date if counterparties fail completely to perform as contracted / fail to discharge an obligation / commitment that it has entered into with the Company. It arises principally from trade receivables, bank balances, security deposits, mark-up accrued and investment in debt securities.

The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting date is as follows:

Rupees in '000	2019	2018
Deposits	272,841	234,023
Trade debts	96,432	106,886
Loan to subsidiary	88,208	249,900
Mark-up accrued	29	26,506
Other receivables	41,228	192,572
Bank balances	27,203	133,367
	525,941	943,254

Trade and receivables

To manage exposure to credit risk in respect of trade and other receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Sales tenders and credit terms are approved by the tender approval committee. Where considered necessary, advance payments are obtained from certain parties. Sales of steel segment made to major customers are secured through letters of credit. The management has set a maximum credit period of 15 days in respect of Cotton segment's sales to reduce the credit risk.

All the trade debtors at the reporting date represent domestic parties.

The maximum exposure to credit risk before any credit enhancements for trade debts at the reporting date by type of customer was as follows:

Rupees in '000	**2019**	2018
Steel segment	64,149	104,875
Cotton segment	4,949	2,011
Hadeed (Billet) segment	10,841	–
Energy segment	16,493	–
	96,432	106,886
The aging of trade debts at the balance sheet date is		
Not past due	9,400	–
Past due 1 - 30 days	55,578	5,054
Past due 30 - 180 days	18,936	89,297
Past due 180 days	43,224	29,161
	127,138	123,512
Less: Impaired	30,706	16,626
	96,432	106,886

The movement in the allowance for impairment in respect of trade debts and advances is given in note 24.1 and note 25 respectively.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Management uses actual historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment to determine lifetime expected loss allowance.

Loss rates are based on actual credit loss experience over the past five years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and Company's view of economic conditions over the expected lives of the trade debts.

Based on past experience the management believes that no impairment allowance is necessary, except mentioned above, in respect of trade debts past due as some receivables have been recovered subsequent to the year end and for other receivables there are reasonable grounds to believe that the amounts will be recovered in short course of time.

Settlement risk

All investing transactions are settled / paid for upon delivery as per the advice of investment committee. The Company's policy is to enter into financial instrument contract by following internal guidelines such as approving counterparties and approving credits.

Bank balances

The Company kept its surplus funds with banks having good credit rating. Currently, the surplus funds are kept with banks having rating from AAA to AA-.

The credit quality of the Company's investment in units of mutual fund can be assessed with reference to external credit ratings as follows:

	Rating		Rating	**2019**	2018
	Short term	Long term	Agency	Rupee in '000	
Mutual Funds					
HBL Growth Fund (A)					
(Previously PICIC Growth Fund)	–	AM3+	PACRA	17,613	52,020
HBL Investment Fund (A) (Previously					
PICIC Investment Fund)	–	AM3+	PACRA	2,028	6,744
				19,641	58,764

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.

46.2 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.

The following are the contractual maturities of the financial liabilities, including estimated interest payments:

Rupees in '000	2019						
	Carrying amount	On demand	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
Financial liabilities							
Long term loans	287,546	–	333,274	79,052	56,562	105,909	91,751
Liabilities against assets subject to finance lease	154,296	–	182,371	32,087	33,305	48,987	67,992
Trade and other payables	433,243	–	433,243	433,243	–	–	–
Unclaimed dividend	26,525	26,525	–	–	–	–	–
Mark-up accrued	41,617	–	41,617	41,617	–	–	–
Short term borrowings	1,577,196	1,577,196	–	–	–	–	–
	2,520,423	1,603,721	990,505	585,999	89,867	154,896	159,743

Rupees in '000	2018						
	Carrying amount	On demand	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
Financial liabilities							
Long term loan	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	–	–	–
Unpaid dividend	–	–	–	–	–	–	–
Unclaimed dividend	21,520	21,520	–	–	–	–	–
Mark-up accrued	16,144	–	16,144	16,144	–	–	–
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

46.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will affect the 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.

46.3.1 Currency risk

The Company is exposed to currency risk on import of raw materials, stores and spares and export of goods denominated in US Dollars (USD), Euros and Chinese Yuan (CNY). The Company's exposure to foreign currency risk for these currencies is as follows:

	2019		
	USD	Euro	CNY
Foreign creditors	–	–	–
Outstanding letters of credit	–	–	–
Net exposure	–	–	–

	2018		
	USD	Euro	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)

The following significant exchange rate has been applied :

	Average rate		Reporting date rate	
Rupees in '000	**2019**	2018	**2019**	2018
USD to PKR	136.27	110.63	160.05	121.60
Euro to PKR	155.34	132.04	182.32	141.57
CNY to PKR	19.97	17.43	23.31	18.76

Sensitivity analysis

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

Rupees in '000	**2019**	2018
USD	–	(433,428)
Euro	–	(21,080)
CNY	–	(3,399,305)
	–	(3,853,813)

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

46.3.2 Interest rate risk

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

	2019	2018	**2019**	2018
	Effective interest rate (Percentage)		Carrying amount (Rupees in '000)	
Financial liabilities				
Variable rate instruments:				
Long term loans	7.91 - 14.42	7.64 - 8.35	287,546	323,290
Liabilities against assets subject to finance lease	10.61 - 17.6	10.47 - 12.06	154,296	173,429
Short term borrowings	7.68 - 14.86	7.64 - 8.84	1,577,196	1,458,195

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 2018.

	Profit and loss 100 bp	
Rupees in '000	Increase	Decrease
As at 30 June 2019		
Cash flow sensitivity - Variable rate financial liabilities	(20,190)	20,190
As at 30 June 2018		
Cash flow sensitivity - Variable rate financial liabilities	(19,549)	19,549

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

46.3.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). Other price risk arises from the 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 Fair value through profit or loss (held for trading investments) and increase / decrease surplus on re-measurement of investments in case of Fair Value through other comprehensive income (available for sale) investments as follows :

Rupees in '000	**2019**	2018
Effect on profit	16,674	43,697
Effect on equity	984	1,140
Effect on investments	17,658	44,837

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

47 REMUNERATION TO THE CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

	Chief Executive		Director		Executives		Total	
Rupees in '000	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
Managerial remuneration	22,977	21,884	–	–	44,799	51,748	67,776	73,632
House rent	7,452	7,452	–	–	17,884	17,297	25,336	24,749
Utilities	1,656	1,656	–	–	3,577	3,470	5,233	5,126
Travelling expenses	2,581	5,803	–	–	–	–	2,581	5,803
Medical	1,736	185	–	–	2,088	1,931	3,824	2,116
Contributions to								
- Gratuity fund	1,379	537	–	–	2,367	1,100	3,746	1,637
- Pension fund	3,312	1,290	–	–	6,115	2,855	9,427	4,145
- Provident fund	1,656	1,290	–	–	2,899	2,837	4,555	4,127
Club subscription								
and expenses	1,131	713	–	–	217	179	1,348	892
Entertainment	390	321	–	–	90	84	480	405
Conveyance	–	–	–	–	970	870	970	870
Telephone	268	–	–	–	–	6	268	6
	44,538	41,131	–	–	81,006	82,377	125,544	123,508
Number of persons	1	1	–	–	15	15	16	16

47.1 The aggregate amount charged in respect of directors' fees paid to six (2018: six) directors is Rs. 2.380 million (2018: Rs. 2.960 million). Also, during the year remuneration paid to the non-executive Chairman of the Board of Directors amounted to Rs. 1.820 million (2018: Rs. 1.275 million).

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

47.3 The chief executive, executives and their families are also covered under group life and hospitalization insurance. A director is also covered under group hospitalization scheme.

48 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of 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 :

Rupees in '000				**2019**	2018
Name	Nature of relationship	Basis of relationship	Nature of transaction		
Crescent Hadeed (Private) Limited	Subsidiary company	100% Holding	Reimbursable expenses	42,037	42,390
			Reimbursable expenses Payment received	23,384	–
			Sale of finished goods	17,563	238,532
			Share deposit money	–	35,446
			Short term loan provided	305,615	807,400
			Short term loan repayment	328,500	809,500
			Mark-up income	29,271	17,853

NOTES TO THE UNCONSOLIDATED **FINANCIAL STATEMENTS**

For the year ended 30 June 2019

Rupees in '000				2019	2018
Name	Nature of relationship	Basis of relationship	Nature of transaction		
CS Capital (Private) Limited	Subsidiary company	100% Holding	Reimbursable expenses	1,371	1,282
CS Energy (Private) Limited	Subsidiary company	100% Holding	Reimbursable expenses	5,453	7,044
			Mark-up income	12,456	8,374
			Sales of finished goods	–	22
			Short term loan provided	123,000	124,600
			Short term loan repayment	500	237,600
			Transfer of Pressure reducing desuper heating system	–	3,249
The Crescent Textile Mills Limited	Related party	Major shareholder	Dividend paid	8,538	–
Solution de Energy (Private) Limited	Subsidiary company	100% Holding	Reimbursable expenses	158	94
Altern Energy Limited	Associated company	16.69% Holding	Dividend received	190,498	483,803
Shakarganj Limited	Associated company	21.93% Holding	Dividend paid	180	855
			Dividend received	–	34,260
			Sales of finished goods	1,537	618
			Services received	–	1,402
			Reimbursable expenses	2,967	1,723
			Right shares subscribed	–	213,793
Muhammad Amin Muhammad Bashir Limited	Related party	Common directorship	Dividend paid	1	4
Premier Insurance Company	Related party	Common directorship	Insurance premium	10,948	9,610
			Dividend paid	142	691
The Citizens' Foundation	Related party	Common directorship	Donation given	1,076	23,688
Crescent Cotton Products - Staff Provident Fund	Retirement benefit fund	Employees benefit fund	Contribution made	4,274	2,513
			Dividend paid	75	355
Crescent Steel and Allied Products Limited - Gratuity Fund	Retirement benefit fund	Employees benefit fund	Contribution made	6,598	3,292
			Dividend paid	1,821	7,123
Crescent Steel and Allied Products Limited - Pension Fund	Retirement benefit fund	Employees benefit fund	Contribution made	17,167	8,573
			Dividend paid	3,925	15,525
Crescent Steel and Allied Products Limited - Staff Provident Fund	Retirement benefit fund	Employees benefit fund	Contribution made	17,905	8,822
			Dividend paid	124	3,785
CSAP - Staff Benevolent Fund	Staff welfare fund	Employees welfare fund	Contribution made	–	10,000
			Dividend paid	36	172

Rupees in '000					**2019**	2018
	Name	Nature of relationship	Basis of relationship	Nature of transaction		
	Key management personnel	Related parties	Executives	Remuneration and benefits	61,501	104,433
				Dividend paid	108	2,856
	Directors and their spouse	Related parties	Directors	Dividend paid	624	3,694

48.1 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.

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

48.3 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the 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.

48.4 Outstanding balances and other information with respect to related parties as at 30 June 2019 and 2018 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 19.3.2), other receivables (note 28), administrative expenses (note 35) and staff retirement benefits (note 44).

49 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 2018.

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.

49.1 Gearing ratio

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

Rupees in '000		2019	2018
Total debt	49.1.1	2,019,038	1,954,914
Less: Cash and bank balances		27,805	133,452
Net debt		1,991,233	1,821,462
Total equity	49.1.2	5,394,063	6,723,767
Total capital		7,385,296	8,545,229
Gearing ratio		27.0%	21.3%

49.1.1 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.

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

50 PLANT CAPACITY AND PRODUCTION

50.1 Steel segment

Pipe plant

The plant's installed / rated capacity for production based on single shift is 66,667 tons (2018: 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 12,287.5 tons (2018: 50,215 tons) line pipes of varied sizes and thickness. Actual production is equivalent to 21,310.9 tons (2018: 56,145 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 density polyethylene coating at a rate of 250 square meters of surface area per hour on pipe sizes ranging from 114 mm to 1,524 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 434,494 meters (2018: 206,389 meters) of different dia pipes (340,745 square meters surface area) was achieved during the year (2018: 407,598 square meters surface area). Reason for underutilization was lack of coating work orders in hand.

50.2 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 (2018: 9,197,007 kilograms). Actual production converted into 20s count was 9,087,295 kilograms for 1,092 shifts (2018: 4,897,430 kilograms for 705 shifts).

51 GENERAL

51.1 Number of employees

The total number of employees including contractual employees of the Company as at 30 June 2019 were 755 (2018: 789) and weighted average number of employees were 762 (2018: 737).

52 DATE OF AUTHORIZATION FOR ISSUE

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

Chief Executive Director Chief Financial Officer

Crescent Steel and Allied Products Limited

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

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 2019. The Group comprises of CSAPL and it's wholly owned subsidiary companies namely; CS Capital (Private) Limited, Solution de Energy (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.

Effective 30 June 2019, two of the previously wholly owned subsidiary companies, namely, Crescent Hadeed (Private) Limited and CS Energy (Private) Limited, have been amalgamated with and into CSAPL, whereby the entire undertaking of the subsidiary companies stands vested into CSAPL.

The Directors' Report giving commentary on the performance of CSAPL for the year ended 30 June 2019 has been presented separately.

Rupees in '000		2019	2018
GROUP RESULTS			
The consolidated financial results of the Group are summarized below:			
(Loss) / profit for the year before taxation		(364,677)	147,493
Taxation charge		(54,699)	(208,912)
Loss after taxation		(419,376)	(61,419)
Total other comprehensive loss for the year		(258,262)	(589,853)
Transfer upon amalgamation		–	–
Unappropriated profit brought forward		2,036,701	2,940,279
Adjustment of initial applicaiton of IFRS 9		136,206	–
Profit available for appropriation		1,495,269	2,289,007
Appropriations:			
- Final dividend	2017 - @ 22.5%	–	(174,673)
- First interim dividend	2018 - @ 10%	–	(77,633)
- Final dividend	2018 - @ 10%	(77,632)	–
		(77,632)	(252,306)
Transfer to general reserve		–	–
Unappropriated profit carried forward		1,417,637	2,036,701
Basic and diluted loss per share		Rs. (5.40)	Rs. (0.79)

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 Chief Executive's Review for the year ended 30 June 2019, 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 Code of Corporate Governance under the Pakistan Stock Exchange (PSX) Rule Book.

By order of the Board

Ahsan M. Saleem
Chief Executive Officer
2 September 2019

Zahid Bashir
Director

ڈائریکٹرز کی مربوط رپورٹ

کرینسنٹ اسٹیل اینڈ الائیڈ پروڈکٹس لمیٹڈ (CSAPL) کے ڈائریکٹرانتہائی مسرت کے ساتھ 30 جون 2019 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 کیپٹل (پرائیویٹ) لمیٹڈ، سولوشن ڈی انرجی (پرائیویٹ) لمیٹڈ اور کریسنٹ کانٹینیٹل 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۔

مورخہ 30 جون 2019 سے سابقہ ذیلی ملکیتی کمپنیاں یعنی کریسنٹ حدید (پرائیویٹ) لمیٹڈ اور سی ایس انرجی (پرائیویٹ) لمیٹڈ کو سی ایس اے پی ایل کے ساتھ مدغم کیا جا چکا ہے جس کے نتیجے میں ذیلی کمپنیوں کے اثاثے اب سی ایس اے پی ایل کے اثاثے تصور ہونگے۔

مالی سال اختتامیہ 30 جون 2019 کے دوران سی ایس اے پی ایل کی کارکردگی کے بارے میں ڈائریکٹرز رپورٹ علیحدہ سے پیش کی گئی ہے۔

گروپ کے نتائج

گروپ کے یکجا مالی نتائج کا خلاصہ درج ذیل ہے:

(روپے "000" میں)		2019	2018
زیرنظر سال کا منافع قبل از ٹیکس		(364,677)	147,493
ٹیکس		(54,699)	(208,912)
منافع بعد از ٹیکس		(419,376)	(61,419)
دوران سال دیگر جامع آمدن		(258,262)	(589,853)
ادغام کے بعد منتقلیاں		-	-
گزشتہ غیر منقسم شدہ منافع		2,036,701	2,940,279
IFRS 9 کے اطلاق کے بعد ایڈجسٹمنٹ		136,206	-
تقسیم کیلئے دستیاب، منافع		1,495,269	2,289,007
منافع کی تقسیم:			
حتمی ڈیویڈنڈ	22.5% @ 2017	-	(174,673)
پہلا عبوری ڈیویڈنڈ	10% @ 2018	-	(77,633)
حتمی ڈیویڈنڈ	10% @ 2018	(77,632)	-
		(77,632)	(252,306)
عمومی ذخائر میں منتقلی			
اختتامی غیر منقسم شدہ منافع		1,417,637	2,036,701
بنیادی و تحلیلی آمدن فی حصص		(5.40)روپے	(0.79)روپے

ترتیب حصص داری

ترتیب حصص داری اور اس سے متعلق اضافی معلومات رپورٹ ہذا کے ساتھ علیحدہ سے منسلک ہیں۔

اہم تغیرات و وعدے

زیرنظر مالی سال کے دوران بنائی جانے والی بیلنس شیٹ کی تاریخ اور ڈائریکٹرز رپورٹ کے شائع ہونے کے درمیان کی تاریخ تک نا تو کوئی اہم تغیرات واقع ہوے ہیں اور نا ہی ایسے کوئی وعدے کئے گئے ہیں جن کا اثر گروپ کے مالیاتی نتائج پر پڑتا ہو۔

چیف ایگزیکیٹو کا جائزہ

ڈائریکٹروں کی جانب سے مالی سال 30 جون 2019 کی رپورٹ میں شامل مواد کی توثیق کی جاتی ہے جس سے کمپنی کے معاملات، سی ایس اے پی ایل اور اس کی ذیلی کمپنیوں کی کاروباری کارکردگی، منافع سے متعلق پیش گوئی اور دیگر اہم معلومات کا اظہار ہوتا ہے۔مزکور جائزے کو رپورٹ ہذا کے ساتھ ملاکر پڑھا جائے جو کہ کمپنیز ایکٹ 2017 کے دفعہ 227، لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2017 اور پاکستان اسٹاک ایکسچینج (پی ایس ایکس) کی رول بک کے تحت ڈائریکٹرز رپورٹ کا لازمی حصہ ہے۔

بحکم بورڈ

احسان ایم سلیم
چیف ایگزیکیٹو آفیسر

زاہد بشیر
ڈائریکٹر
2 ستمبر 2019

KEY PERFORMANCE INDICATORS

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

Sales Revenue
6,853.6
(PKR in million)

Loss before Tax
419.4
(PKR in million)

Gross Loss ratio
1.8
Percentage

Net Loss margin
6.1
Percentage

EBITDA
189.0
(PKR in million)

Loss per Share
(Basic and diluted)
5.4
(PKR per share)

Total Assets
10,000.9
(PKR in million)

Shareholders' Equity
6,956.1
(PKR in million)

Capital Expenditure
136.2
(PKR in million)

Break-up Value
89.6
(PKR per share)

Cash Dividend
(Including final proposed)
–
(PKR per share)

Return on average Capital Employed
(0.5)
Percentage

Gearing ratio
22.8
Percentage

Current ratio
1.2:1
Ratio

Price Earnings ratio
–
Times

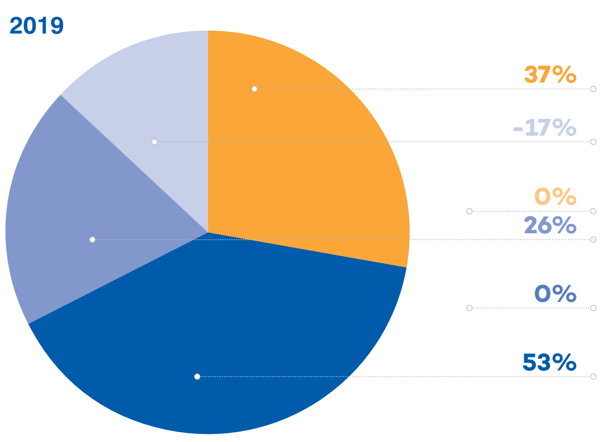
Share Price
37.8
(PKR per share)

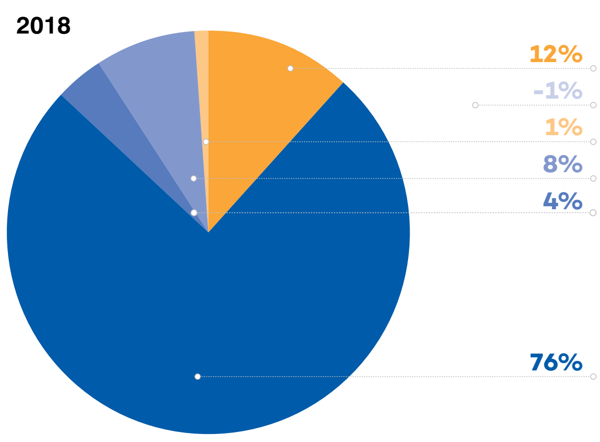
STATEMENT OF VALUE ADDITION

	2019 Rupees in '000	2019 %	2018 Rupees in '000	2018 %
Wealth Generated				
Total revenue	7,662,017	100%	11,660,156	100%
Bought-in-material and services	(6,448,043)	84%	(8,206,962)	70%
	1,213,974	16%	3,453,194	30%
Wealth Distributed				
To Employees				
Salaries, wages and other benefits	449,486	37%	407,939	12%
To Government				
Income tax, sales tax, custom duties, WWF and WPPF	645,695	53%	2,610,709	76%
To Shareholders				
Dividend*	–	0%	155,265	4%
To providers of finance				
Finance costs	317,819	26%	263,964	8%
To Society				
Donation towards education, health and environment	2,836	0%	35,087	1%
Retained within the business for future growth				
Depreciation, amortization and retained earnings	(201,862)	-17%	(19,770)	-1%
	1,213,974	100%	3,453,194	100%

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

Distribution of Wealth





To Government · To Employees · Retained within the business · To Society · To providers of finance · To Shareholders

SUMMARY DATA AND PERFORMANCE INDICATORS

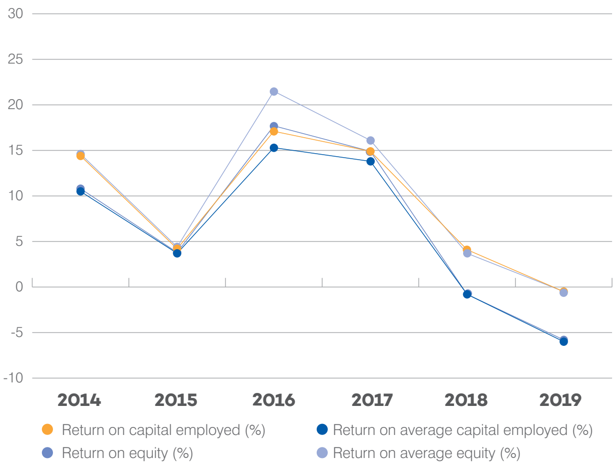
For The Current And Past Six Financial Years

Performance Indicators	2019	2018	2017	2016	2015	2014	2013
A - Profitability Ratios							
Earnings before interest, taxation, depreciation and amortization (EBITDA) (Rs. in millions)	189.0	635.7	2,008.4	1,914.4	389.4	902.5	1,316.6
(Loss) / profit before taxation and deprecation (Rs. in millions)	(131.5)	368.1	1,798.5	1,653.4	295.1	802.3	1,251.3
Gross (loss) / profit ratio (%)	(1.8)	5.4	13.7	26.6	0.9	5.7	13.0
Operating (loss) / profit margin to sales (net) (%)	(6.5)	3.3	10.0	18.6	2.2	11.5	19.1
Net (loss) / profit margin to sales (net) (%)	(6.1)	(0.6)	9.7	14.8	8.7	13.7	17.8
EBITDA margin to sales (net) (%)	2.8	6.4	16.3	25.3	16.9	22.4	26.3
Operating leverage ratio	3.6	4.0	0.0	2.6	1.6	1.8	4.4
Return on equity (%)	(6.0)	(0.8)	13.8	15.3	3.7	10.5	18.0
Return on average equity (%)	(5.8)	(0.8)	14.9	17.7	3.8	10.8	19.9
Return on capital employed (RoCE) (%)	(0.5)	4.1	14.9	17.1	4.2	14.4	22.5
Return on average capital employed (%)	(0.5)	3.7	16.1	21.5	4.4	14.6	25.0
Return on average assets (%)	(3.8)	(0.5)	9.0	12.3	3.1	9.8	16.3
B - Liquidity Ratios							
Current ratio	1.2 : 1	1.4 : 1	1.5 : 1	1.6 : 1	1.9 : 1	2.6 : 1	2.5 : 1
Quick / Acid-test ratio	0.9 : 1	0.9 : 1	0.9 : 1	0.9 : 1	1.4 : 1	2 : 1	1.8 : 1
Cash to current liabilities (%)	(33.6)	(6.6)	(5.8)	(6.8)	(18.9)	(11.8)	(23.6)
Cash flows from operations to sales (%)	(1.2)	15.2	(0.4)	(31.0)	4.1	4.3	(1.7)
Working capital (Net current assets)	499.4	1,753.8	2,949.6	2,095.1	929.3	1,123.6	1,340.9
Working capital turnover (times)	6.1	4.2	4.9	5.0	2.2	3.3	4.6
C - Activity / Turnover Ratios							
Debtors turnover ratio (times)	76.7	20.4	18.0	28.4	30.7	28.1	17.7
No. of days in receivables / Average collection period (days)	5.0	18.0	20.0	13.0	12.0	13.0	21.0
Inventory turnover ratio (times)	4.5	3.3	3.6	3.7	5.3	7.1	7.0
No. of days in inventory (days)	81.0	110.0	102.0	98.0	69.0	51.0	52.0
Creditors turnover ratio (times)	10.1	6.7	11.2	16.6	8.5	29.3	19.9
No. of days in creditors / Average payment period (days)	36.0	54.0	33.0	22.0	43.0	12.0	18.0
Property, plant and equipment turnover (times)	2.7	3.8	4.8	3.1	1.1	2.9	3.9
Total assets turnover (times)	0.7	0.8	0.8	0.7	0.3	0.7	0.9
Operating cycle (days)	50.0	74.0	89.0	89.0	38.0	52.0	55.0
D - Investment / Market Ratios							
Basic and diluted earnings per share (Rs.)	(5.40)	(0.79)	15.29	15.05	2.87	7.93	12.77
Price earnings ratio (times)	–	–	15.6	7.6	18.1	5.5	3.5
Price to book ratio	0.4	0.9	2.2	1.2	0.6	0.5	0.6
Dividend yield (%) *	–	2.2	2.2	4.4	1.3	5.7	7.8
Dividend payout ratio (%) *	–	(252.5)	34.3	34.6	21.7	28.1	28.5
Dividend cover ratio (times) *	–	(0.4)	2.9	3.0	4.1	3.2	3.6
Cash dividend (Rs. in millions) *	–	155.3	407.6	388.2	43.5	155.3	197.6
Cash dividend per share (Rs.) *	–	2.0	5.3	5.0	0.7	2.5	3.5
Stock dividend / Bonus shares (Rs. in millions) *	–	–	–	–	–	–	56.4
Stock dividend / Bonus shares (%) *	–	–	–	–	–	–	10.0
Market value per share (at the end of the year) (Rs.)	37.8	91.2	238.6	114.6	51.9	43.5	45.0
- Lowest during the year (Rs.)	27.4	89.8	116.0	54.6	34.9	43.5	21.6
- Highest during the year (Rs.)	101.9	229.4	283.1	134.8	62.4	74.8	54.5
Break-up value per share (Rs.)	89.6	98.1	110.8	94.3	86.8	84.5	79.8
Break-up value per share including RP investment at MV	96.2	121.4	148.7	93.6	86.3	73.9	72.6
E - Capital Structure Ratios							
Financial leverage ratio (%)	29.9	32.2	40.4	39.9	12.8	6.3	9.8
Long term debt to equity ratio (%) - Book value	4.0	4.6	4.5	6.4	5.3	1.2	0.7
Long term debt to equity ratio (%) - Market value	9.6	5.0	2.1	5.3	8.8	2.3	1.4
Cost of debts	12.3	8.0	8.4	8.4	10.9	13.7	14.4
Long term debt : Equity ratio	4 : 96	4 : 96	4 : 96	6 : 94	5 : 95	1 : 99	1 : 99
Total liabilities to total assets (%)	29.4	36.8	41.9	36.0	21.1	14.9	15.6
Gearing ratio (%)	22.8	22.8	28.3	28.0	9.8	3.4	7.6
Interest coverage (times)	(0.1)	1.6	8.8	6.9	2.9	8.5	19.5

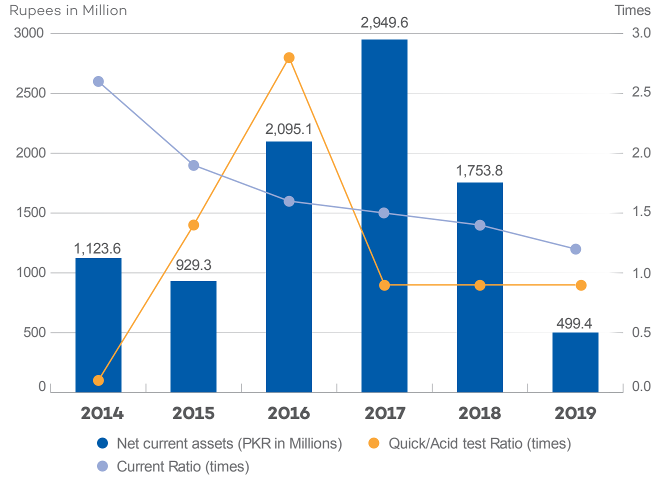
Notes:

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

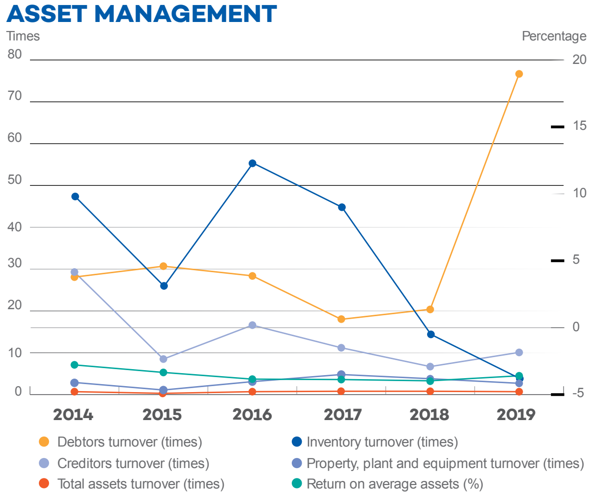
RETURN ON CAPITAL AND EQUITY



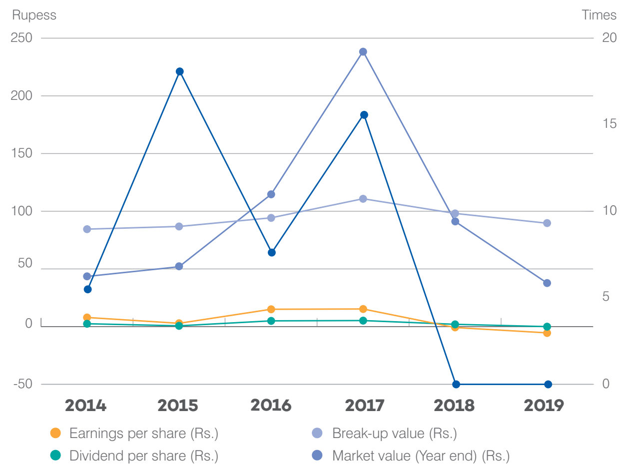
LIQUIDITY



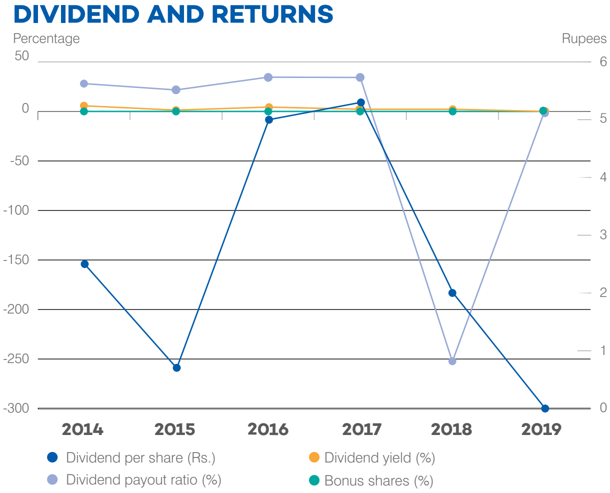
ASSET MANAGEMENT



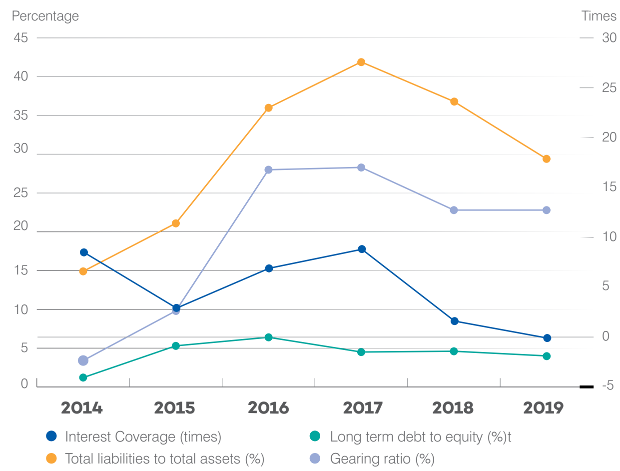
PER SHARE RESULT



DIVIDEND AND RETURNS



DEBT MANAGEMENT



VERTICAL ANALYSIS

For The Last Six Financial Years

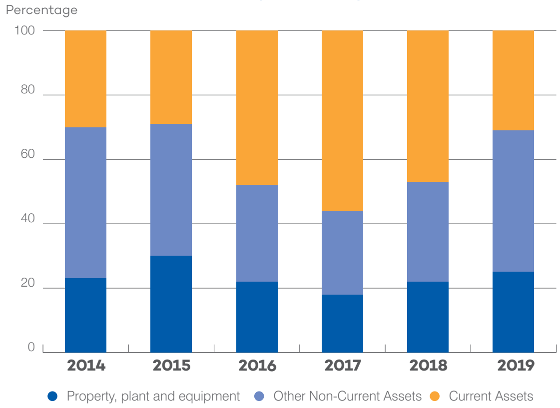
Rupees in million	2019	%	2018	%	2017	%	2016	%	2015	%	2014	%
Consolidated Statement of Financial Position												
Property, plant and equipment	2,495	24.9	2,596	21.5	2,565	17.3	2,468	21.5	2,019	29.5	1,404	22.8
Intangible assets	144	1.4	137	1.1	129	0.9	113	1.0	68	1.0	39	0.6
Investment property	55	0.5	49	0.4	54	0.4	60	0.5	67	1.0	73	1.2
Investment in equity accounted investees	3,267	32.7	3,088	25.6	3,292	22.2	2,882	25.2	2,423	35.4	2,540	41.2
Other long term investments	689	6.9	263	2.2	221	1.5	221	1.9	221	3.2	221	3.7
Long term loans and deposits	236	2.4	217	1.8	194	1.3	189	1.6	48	0.7	51	0.8
Stores, spares and loose tools	186	1.9	212	1.8	191	1.3	130	1.1	67	1.0	72	1.2
Stock-in-trade	821	8.2	2,268	18.8	3,385	22.9	2,531	22.1	453	6.6	407	6.6
Trade debts	96	1.0	82	0.7	891	6.0	472	4.1	61	0.9	89	1.4
Advances	34	0.3	30	0.2	21	0.1	45	0.4	58	0.8	58	0.9
Trade deposits and short term prepayments	50	0.5	72	0.6	57	0.4	38	0.3	15	0.2	7	0.1
Investments	405	4.0	1,055	8.7	1,201	8.1	879	7.7	824	12.1	758	12.3
Other receivables	233	2.4	631	5.3	1,774	11.9	800	7.2	187	2.8	143	2.3
Taxation - net	1,260	12.6	1,165	9.7	749	5.1	555	4.8	225	3.3	159	2.6
Cash and bank balances	30	0.3	194	1.6	86	0.6	74	0.6	101	1.5	144	2.3
TOTAL ASSETS	10,001	100.0	12,059	100.0	14,810	100.0	11,457	100.0	6,837	100.0	6,165	100.0
Issued, subscribed and paid-up capital	776	7.8	776	6.4	776	5.2	776	6.8	621	9.1	621	10.1
Capital reserves	1,083	10.8	1,159	9.6	1,243	8.4	1,139	9.9	396	5.8	388	6.3
Revenue reserves	5,097	51.0	5,678	47.1	6,582	44.4	5,404	47.2	4,374	64.0	4,237	68.7
Shareholders' equity	6,956	69.6	7,613	63.1	8,601	58.0	7,319	63.9	5,391	78.9	5,246	85.1
Long term loans	177	1.8	227	1.9	322	2.2	394	3.4	239.0	3.5	-	-
Liabilities against assets subject to finance lease	103	1.0	127	1.1	64	0.4	77	0.7	46	0.7	62	1.0
Deferred income	7	0.1	8	0.1	7	-	9	0.1	1	-	2	-
Deferred taxation	42	0.4	129	1.1	410	2.8	229	2.0	98	1.4	142	2.3
Deferred liability	101	1.0	-	-	-	-	-	-	-	-	-	-
Trade and other payables	739	7.3	1,805	14.9	2,145	14.6	815	7.1	631	9.2	376	6.2
Unpaid dividend	-	-	-	-	116	0.8	116	1.0	-	-	-	-
Unclaimed dividend	27	0.3	22	0.2	22	0.1	23	0.2	12	0.2	57	0.9
Mark-up accrued	44	0.4	24	0.2	32	0.2	23	0.2	13	0.2	9	0.1
Short term borrowings	1,638	16.4	1,956	16.2	2,904	19.6	2,279	19.9	302	4.4	228	3.7
Current portion of long term loan	110	1.1	97	0.8	141	1.0	109	1.0	55	0.8	-	-
Current portion of liabilities against assets subject to finance lease	51	0.5	46	0.4	42	0.3	59	0.5	47	0.7	41	0.7
Current portion of deferred income	6	0.1	5	-	4	-	5	-	2	-	2	-
TOTAL EQUITY AND LIABILITIES	10,001	100.0	12,059	100.0	14,810	100.0	11,457	100.0	6,837	100.0	6,165	100.0
Consolidated Profit or Loss Account												
Sales - net	6,854	100.0	9,930	100	12,285	100	7,575	100	2,303	100	4,030	100
Cost of sales	6,978	101.8	9,390	94.6	10,598	86.3	5,559	73.4	2,282	99.1	3,800	94.3
GROSS (LOSS) / PROFIT	(124)	(1.8)	540	5.4	1,687	13.7	2,016	26.6	21	0.9	230	5.7
(Loss) / income from investments - net	(68)	(1.0)	(41)	(0.4)	205	1.7	102	1.3	219	9.5	441	10.9
Distribution and selling expenses	16	0.2	19	0.2	32	0.3	16	0.2	27	1.2	52	1.3
Administrative expenses	212	3.1	199	2.0	307	2.5	299	3.9	181	7.9	172	4.3
Other operating expenses	71	1.0	107	1.1	429	3.5	427	5.6	11	0.5	33	0.8
Other income	48	0.7	153	1.5	104	0.8	30	0.4	32	1.4	47	1.2
OPERATING (LOSS) / PROFIT BEFORE FINANCE COSTS	(443)	(6.4)	327	3.2	1,228	9.9	1,406	18.6	52	2.2	461	11.4
Finance costs	318	4.6	264	2.7	205	1.7	254	3.4	87	3.8	95	2.4
Share of profit in equity accounted investees - net of taxation	397	5.8	85	0.9	569	4.6	347	4.6	203	8.8	341	8.5
(LOSS) / PROFIT BEFORE TAXATION	(364)	(5.2)	148	1.4	1,592	12.8	1,499	19.8	168	7.3	707	17.5
Taxation	55	0.8	209	2.1	405	3.3	377	5.0	(32)	(1.4)	154	3.8
(LOSS) / PROFIT AFTER TAXATION	(419)	(6.0)	(61)	(0.7)	1,187	9.5	1,122	14.8	200	8.7	553	13.7

HORIZONTAL ANALYSIS

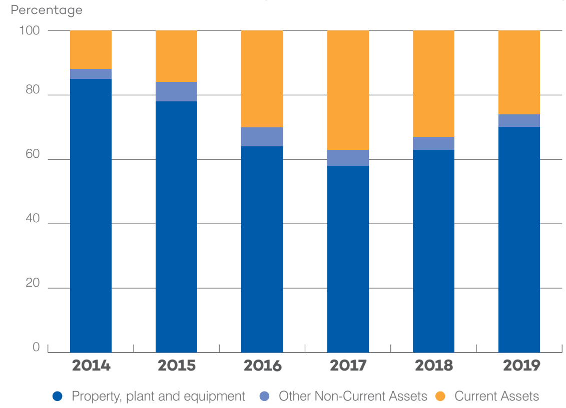
For The Last Six Financial Years

Rupees in million	2019	%	2018	%	2017	%	2016	%	2015	%	2014	%
Consolidated Statement of Financial Position												
Property, plant and equipment	2,495	(3.9)	2,596	1.2	2,565	3.9	2,468	22.2	2,019	43.8	1,404	9.6
Intangible assets	144	5.1	137	6.2	129	14.2	113	66.2	68	74.4	39	178.6
Investment property	55	12.2	49	(9.3)	54	(10.0)	60	(10.4)	67	(8.2)	73	17.7
Investment in equity accounted investees	3,267	5.8	3,088	(6.2)	3,292	14.2	2,882	18.9	2,423	(4.6)	2,540	24.5
Other long term investments	689	162.0	263	19.0	221	-	221	-	221	-	221	-
Long term loans and deposits	236	8.8	217	11.9	194	2.6	189	293.8	48	(5.9)	51	155.0
Stores, spares and loose tools	186	(12.3)	212	11.0	191	46.9	130	94.0	67	(6.9)	72	(8.9)
Stock-in-trade	821	(63.8)	2,268	(33.0)	3,385	33.7	2,531	458.7	453	11.3	407	(38.5)
Trade debts	96	17.1	82	(90.8)	891	88.8	472	673.8	61	(31.5)	89	(54.8)
Advances	34	13.3	30	42.9	21	(53.3)	45	(22.4)	58	-	58	81.3
Trade deposits and short term prepayments	50	(30.6)	72	26.3	57	50.0	38	153.3	15	114.3	7	(22.2)
Investments	405	(61.6)	1,055	(12.2)	1,201	36.6	879	6.7	824	8.7	758	(19.9)
Other receivables	233	(63.1)	631	(64.4)	1,774	121.8	800	327.8	187	30.8	143	5.9
Taxation - net	1,260	8.2	1,165	55.5	749	35.0	555	146.7	225	41.5	159	109.2
Cash and bank balances	30	(84.5)	194	125.6	86	16.2	74	(26.7)	101	(29.9)	144	80.0
Non-current asset held for sale	-	-	-	-	-	-	-	-	-	-	-	(100.0)
TOTAL ASSETS	10,001	(17.1)	12,059	(18.6)	14,810	29.3	11,457	67.6	6,837	10.9	6,165	5.0
Issued, subscribed and paid-up capital	776	-	776	-	776	-	776	25.0	621	-	621	9.9
Capital reserves	1,083	(6.6)	1,159	(6.8)	1,243	9.1	1,139	187.6	396	2.1	388	(30.1)
Revenue reserves	5,097	(10.2)	5,678	(13.7)	6,582	21.8	5,404	23.5	4,374	3.2	4,237	10.5
Shareholders' equity	6,956	(8.6)	7,613	(11.5)	8,601	17.5	7,319	35.8	5,391	2.8	5,246	5.9
Long term loans	177	(22.0)	227	(29.5)	322	(18.3)	394	64.9	239	100.0	-	-
Liabilities against assets subject to finance lease	103	(18.9)	127	98.4	64	(16.9)	77	67.4	46	(25.8)	62	80.0
Deferred income	7	(12.5)	8	14.3	7	(22.2)	9	800.0	1	(50.0)	2	41.5
Deferred taxation	42	(67.4)	129	(68.5)	410	79.0	229	133.7	98	(31.0)	142	2,201.1
Deferred liability	101	100.0	-	-	-	-	-	-	-	-	-	-
Trade and other payables	739	(59.1)	1,805	(15.9)	2,145	163.2	815	29.2	631	67.8	376	8.4
Unpaid dividend	-	-	-	(100.0)	116	-	116	100.0	-	-	-	-
Unclaimed dividend	27	22.7	22	-	22	(4.3)	23	91.7	12	(78.9)	57	(16.2)
Mark-up accrued	44	83.3	24	(25.0)	32	39.1	23	76.9	13	44.4	9	-
Short term borrowings	1,638	(16.3)	1,956	(32.6)	2,904	27.4	2,279	654.6	302	32.5	228	(45.5)
Current portion of long term loan	110	13.4	97	(31.2)	141	29.4	109	98.2	55	100.0	-	-
Current portion of liabilities against assets subject to finance lease	51	10.9	46	9.5	42	(28.8)	59	25.5	47	14.6	41	28.1
Current portion of deferred income	6	20.0	5	25.0	4	(20.0)	5	150.0	2	-	2	100.0
TOTAL EQUITY AND LIABILITIES	10,001	(17.1)	12,059	(18.6)	14,810	29.3	11,457	67.6	6,837	10.9	6,165	5.0
Consolidated Profit or Loss Account												
Sales - net	6,854	(31.0)	9,930	(19.2)	12,285	62.2	7,575	228.9	2,303	(42.9)	4,030	(19.4)
Cost of sales	6,978	(25.7)	9,390	(11.4)	10,598	90.6	5,559	143.6	2,282	(39.9)	3,800	(12.7)
GROSS PROFIT	(124)	(123.0)	540	(68.0)	1,687	(16.3)	2,016	9,500.0	21	(90.9)	230	(64.7)
(Loss) / income from investments - net	(68)	(65.9)	(41)	(120.0)	205	101.0	102	(53.4)	219	(50.3)	441	26.7
Distribution and selling expenses	16	(15.8)	19	(40.6)	32	100.0	16	(41.4)	27	(47.5)	52	(23.5)
Administrative expenses	212	6.5	199	(35.2)	307	2.7	299	65.0	181	5.3	172	(2.8)
Other operating expenses	71	(33.6)	107	(75.1)	429	0.5	427	3,712.5	11	(66.1)	33	(80.5)
Other income	48	(68.6)	153	47.1	104	246.7	30	(6.3)	32	(31.9)	47	(87.3)
OPERATING (LOSS) / PROFIT BEFORE FINANCE COSTS	(443)	(235.5)	327	(73.4)	1,228	(12.7)	1,406	2,588.3	52	(88.7)	461	(51.8)
Finance costs	318	20.5	264	28.8	205	(19.3)	254	192.0	87	(8.4)	95	50.8
Share of profit in equity accounted investees - net of taxation	397	367.1	85	(85.1)	569	64.0	347	70.9	203	(40.5)	341	26.8
(LOSS) / PROFIT BEFORE TAXATION	(364)	(345.9)	148	(90.7)	1,592	6.2	1,499	790.7	168	(76.2)	707	(39.2)
Taxation	55	(73.7)	209	(48.4)	405	7.4	377	1,278.1	(32)	(120.8)	154	(43.4)
(LOSS) / PROFIT AFTER TAXATION	(419)	(586.9)	(61)	(105.1)	1,187	5.8	1,122	460.2	200	(63.7)	553	(37.9)

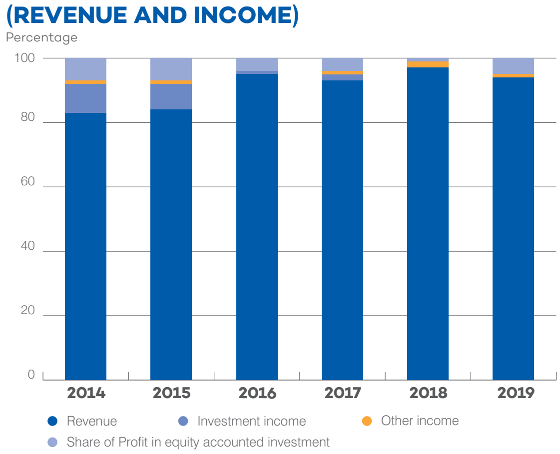
CONSOLIDATED STATEMENT OF FINANCIAL POSITION ANALYSIS (ASSETS)



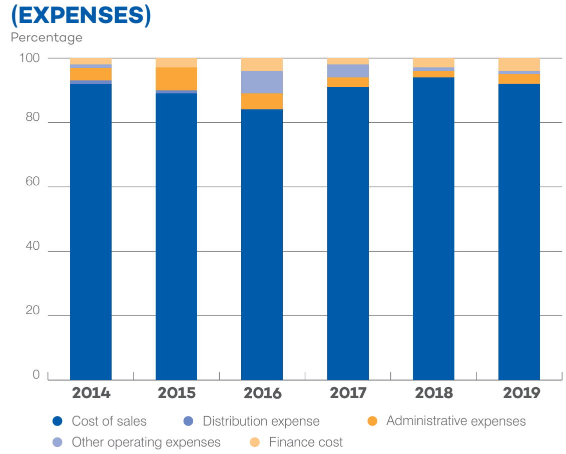
CONSOLIDATED STATEMENT OF FINANCIAL POSITION ANALYSIS (EQUITY AND LIABILITIES)



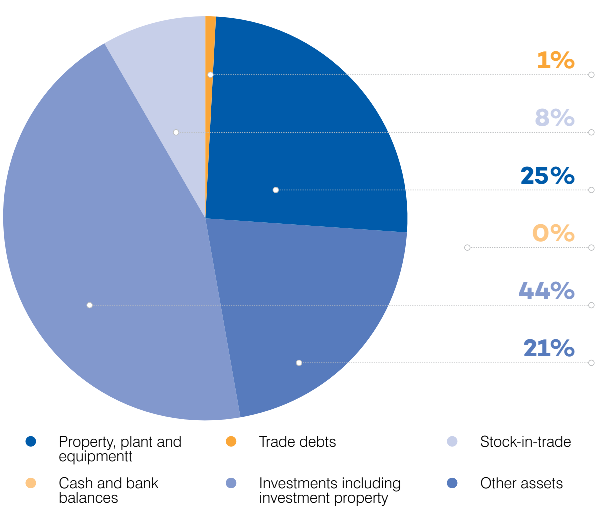
CONSOLIDATED PROFIT AND LOSS ANALYSIS (REVENUE AND INCOME)



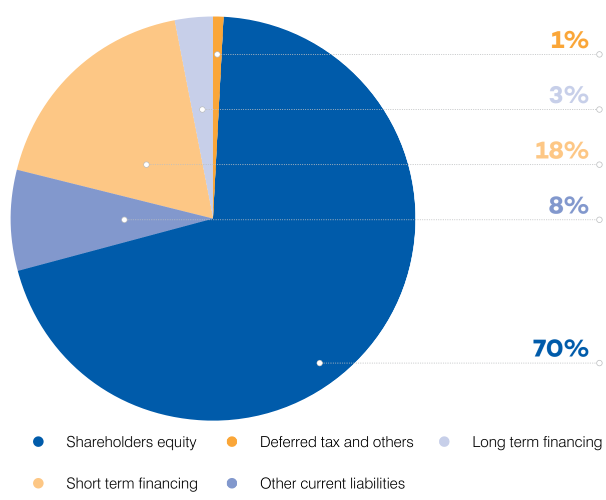
CONSOLIDATED PROFIT AND LOSS ANALYSIS (EXPENSES)



TOTAL ASSETS AS OF 30 JUNE 2019



TOTAL LIABILITIES AS OF 30 JUNE 2019



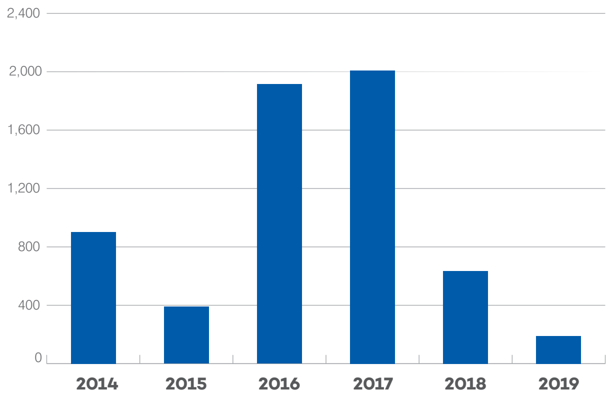
KEY OPERATING AND FINANCIAL DATA

For The Current And Past Six Financial Years

Rupees in millions	2019	2018	2017	2016	2015	2014	2013
A - Summary of Consolidated Profit or Loss Account							
Sales - net	6,853.6	9,929.8	12,285.5	7,575.4	2,302.5	4,030.2	5,001.7
Cost of sales	6,977.7	9,390.1	10,598.0	5,559.6	2,281.9	3,799.9	4,350.8
Gross (loss) / profit	(124.1)	539.7	1,687.5	2,015.8	20.6	230.3	650.9
(Loss) / income from investments - net	(68.0)	(41.1)	204.8	102.5	219.2	441.4	348.1
Distribution, selling and administrative expenses	228.2	218.2	339.5	315.2	208.7	223.7	244.9
Other operating expenses	71.2	107.3	429.3	426.8	11.3	33.4	169.0
Other income	48.0	153.3	103.7	29.8	31.8	47.3	371.2
Operating (loss) / profit before finance costs	(443.5)	326.4	1,227.2	1,406.1	51.6	461.9	956.3
Finance costs	317.8	264.0	204.6	253.9	87.3	94.9	62.9
Share of profit in equity accounted investees - net of taxation	396.8	85.0	569.3	347.1	203.3	340.5	269.5
(Loss) / profit before taxation	(364.5)	147.4	1,591.9	1,499.3	167.6	707.5	1,162.9
Taxation	54.7	208.9	404.9	377.1	(32.4)	154.2	272.0
Net (loss) / income	(419.2)	(61.5)	1,187.0	1,122.2	200.0	553.3	890.9
B - Summary of Consolidated Statement of Financial Position							
Current assets	3,115.0	5,708.2	8,354.7	5,524.1	1,991.0	1,836.8	2,216.1
Stock-in-trade	821.4	2,268.1	3,384.8	2,531.2	453.1	407.2	662.4
Trade debts	96.4	82.3	890.8	472.1	60.6	89.5	196.9
Current liabilities	2,615.6	3,954.4	5,405.1	3,429.0	1,061.7	713.2	875.2
Trade and other payables	739.1	1,805.2	2,144.8	815.0	631.0	376.0	347.0
Unpaid dividend	-	-	116.4	116.0	-	-	-
Unclaimed dividend	26,525	21.5	21.6	23.0	12.0	57.0	68.0
Property, plant and equipment	2,495.0	2,596.0	2,565.4	2,467.8	2,018.5	1,404.4	1,280.7
Total assets	10,000.9	12,059.0	14,810.2	11,457.3	6,836.7	6,165.2	5,872.7
Long term financing (excluding current maturity)	280.2	354.2	386.1	471.4	285.2	62.0	34.5
Deferred income (including current maturity)	6.8	13.5	11.6	13.3	3.1	4.0	2.3
Deferred liabilities	41.6	128.7	410.3	228.5	98.2	141.5	6.2
Short term financing (including current maturity of long-term financing)	1,799.7	2,098.7	3,086.4	2,446.9	404.2	269.4	450.5
Reserves	6,179.8	6,837.4	7,825.0	6,542.9	4,769.2	4,625.1	4,391.0
Shareholders' equity	6,956.1	7,613.7	8,601.4	7,319.2	5,390.2	5,246.2	4,955.6
C - Summary of Consolidated Cash Flow Statement							
Cash and cash equivalents at the beginning of the year	(260.3)	(313.0)	(233.4)	(200.4)	(84.1)	(206.3)	(247.0)
Net cash (used in) / generated from operating activities	(79.9)	1,505.1	(48.8)	(2,345.1)	94.1	169.2	(85.1)
Net cash inflows / (outflows) from investing activities	402.8	154.6	(69.4)	(534.1)	(309.2)	286.2	77.9
Net cash (outflows) / inflows from financing activities	(940.2)	(1,607.0)	38.6	2,846.2	98.8	(333.1)	47.9
Net (decrease) / increase in cash and cash equivalents	(617.3)	52.7	(79.6)	(33.0)	(116.4)	122.2	40.7
Cash and cash equivalents at the end of the year	(877.6)	(260.3)	(313.0)	(233.4)	(200.4)	(84.1)	(206.3)
D - Other Data							
Depreciation and amortization	235.7	224.3	211.8	161.2	134.5	100.2	90.8
Capital expenditure	136.2	249.8	298.3	557.1	745.3	253.9	348.5
No. of ordinary shares (no. of shares in millions)	77.6	77.6	77.6	77.6	62.1	62.1	56.5
Payments to National Exchequer	645.7	2,610.7	3,018.3	2,296.1	210.7	361.4	731.4

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

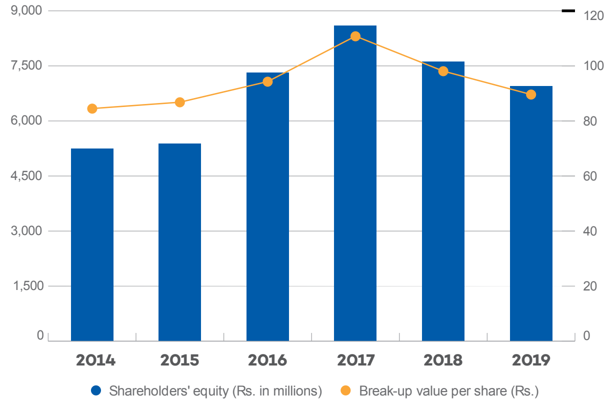
Rupees in Million



SHAREHOLDERS' EQUITY AND BREAK-UP VALUE PER SHARE

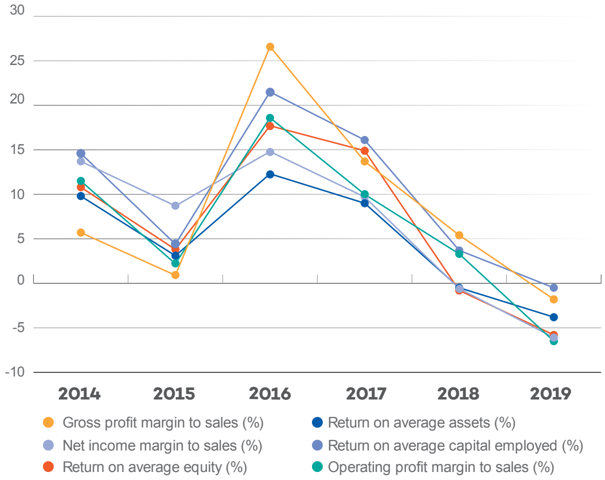
Rupees in Million

Rupees per share



PROFITABILITY AND RETURN

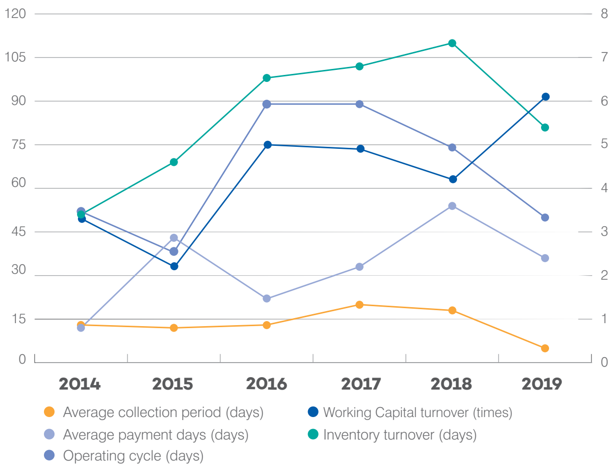
Percentage



MANAGEMENT OF WORKING CAPITAL

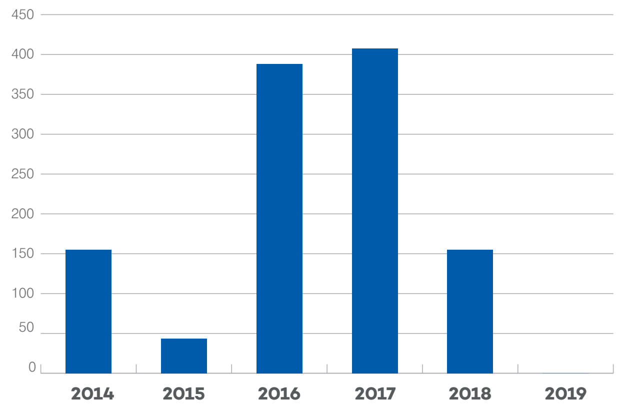
Days

Times



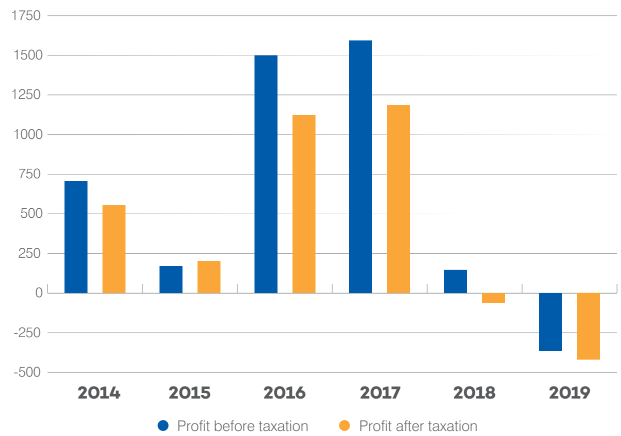
DIVIDEND (INCLUDING FINAL PROPOSED)

Rupees in Million



PROFIT BEFORE AND AFTER TAXATION

Rupees in Million



COMMENTS ON CONSOLIDATED ANALYSIS SIX YEARS

The Group comprises of CSAPL and wholly owned subsidiaries i.e. CS Energy (Private) Limited (CSEL), Crescent Hadeed (Private) Limited (CHL), CS Capital (Private) Limited (CSCL) and Solution de Energy (Private) Limited (SdeE). CSEL and CHL have been amalgamated with and into the Company in the Scheme of Amalgamation effective from 30 June 2019. Consolidated profit or loss includes all above subsidiary companies; however, assets and liabilities of CSEL and CHL have been amalgamated into unconsolidated statement of financial position.

CONSOLIDATED PROFIT OR 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 increased from Rs. 340.5 million in 2014 to Rs. 396.8 million in 2019, whereas, loss from investment income amounted to Rs. 68.0 million in FY19 (2018: Rs. 41.1 million), loss of Rs. 69.1 million was contributed by CSCL (2018: Rs. 118.5 million). CSEL contributed loss of Rs. 317.1 million while CHL contributed loss of Rs. 132.8 million in the Group's bottom line loss amounting to Rs. 419.4 million.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION:

With respect to statement of financial position, carrying amount of property plant and equipment (PPE) decreased by 3.9% from last year mainly due to depreciation charge.

Furthermore, investments in equity accounted investments increased by 21.6% from Rs. 2,540 million in 2014 to Rs. 3,267 million in 2019 mainly due to recognition of share of profits from Altern Energy Limited and Shakarganj Limited.

Total assets of the Group has increased to Rs. 10,001 million in 2019 from Rs. 6,165 million in 2014.

INDEPENDENT **AUDITOR'S 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 2019, 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 2019, 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 Auditor's 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 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 the 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 Group's consolidated financial statements. Revenue from sale of goods is recognized when the Group satisfies the performance obligation as specified in the contract with customers (which includes liquidated damages in case of delay in supply) and when it transfers control over the goods to the customer. 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 conditions. Therefore, there could be potential risk that revenue transactions are not recognized in the appropriate periods and risk of misapplication of the new accounting standard IFRS 15 Revenue from Contracts with Customers.	Our audit procedures to assess the recognition of revenue, 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 contract terms particularly relating to timing and the customer's acceptance of the products including charge of liquidated damages and assessing the Group's accounting policies for the recognition of revenue with reference to the requirements of the applicable accounting standards; • 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,

S. No.	Key audit matters	How the matter was addressed in our audit
		to assess whether revenue and charge for liquidated damages had been recognized in the appropriate accounting period; and • reviewed management's IFRS 15 assessment to verify the reasonableness, accuracy and completeness of the impact on the financial statements of the Group, including adequacy of disclosures.
2.	**Valuation of Stock-in-Trade**	
	Refer to note 6.10 and 24 to the Group's consolidated financial statements. As at 30 June 2019, the Group's stock-in-trade amounted to Rs. 821.37 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 involves 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-process and costs necessary to make the sales, the basis of calculation and justification for the amount of the write-downs and provisions; • 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-process 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, Valuation of Investments and Investment in Equity Accounted Investees**	
	Refer to note 6.1.1, 6.6, 20, 21 and 28 to the Group's consolidated financial statements. The Group's investments as at 30 June 2019 amounted to Rs.4,360.544 million. These comprised investments in listed and unlisted equity securities as well as investments in associates. The Company classifies investments in listed and unlisted equity securities as at fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVOCI).	Our audit procedures to assess the classification and valuation of financial instruments, amongst others, included the following: • obtaining an understanding of and testing the design and operating effectiveness of controls designed by management for classification and valuation of investments and determination of provision for impairment against respective investments;

S. No.	Key audit matters	How the matter was addressed in our audit
	Investment in associates are accounted for using equity method of accounting. Management's judgment is involved in classification of investments as at FVTPL and FVOCI. Further, the fair value of financial instruments which are not measured by quoted prices in an active market are determined through the application of valuation techniques which often involve the exercise of judgment by management and the use of assumptions and estimates. In assessing whether there was any impairment of the carrying value of investments in equity accounted 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 matter because of its significance, management's judgment, estimation uncertainty and risk of misapplication of the new accounting standard IFRS 9 Financial Instruments.	• 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; • comparing on a sample basis, the fair valuation of quoted investments with external quoted market prices; • involving our internal valuation specialists to assist in evaluating the valuation techniques, assumptions and methodologies used by management for valuation of unquoted investments, in particular, relating to cash flow projections, growth rates, terminal values and discount rates including marketability discount and sensitivity of the valuation; • evaluating management's assessment of the indicators and impairment testing and comparing the recoverable amount of underlying investments with their carrying amounts to ensure Group's policy for impairment is consistently applied and appropriately recognized; and • reviewed management's IFRS 9 assessment to verify the reasonableness, accuracy and completeness of the impact on the financial statements of the Group including adequacy of disclosures.
4.	**Recoverability of Intangible Assets Under Project Development**	
	Refer to note 6.4 and 18 to the Group's consolidated financial statements. Intangible assets include project development cost of Rs. 143.051 million at 30 June 2019 pertaining to 100 MW solar project. These represent expenditure incurred on account of project related activities. We have identified recovery of intangible assets under development as a key audit matter because the recovery of these assets depends on a combination of factors such as achieving sufficient profitable business in future as well as the ability of potential buyers to pay amounts capitalized by management.	Our audit procedures in respect of recoverability of intangible assets under project development, amongst others, included the following: • inspected management contract with the Consultant to assess that amounts capitalized were in accordance with the contract; • inspected confirmation from Consultant that based on market research, recoverable amount of the 100 MW solar project in present condition is in excess of its carrying value; and • evaluating the nature of expenses incurred to ensure reasonableness of the amounts capitalized into intangible assets.

INDEPENDENT **AUDITOR'S REPORT**

To the members of Crescent Steel and Allied Products Limited
Report on the Audit of Consolidated Financial Statements

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The Other Information comprises the information included in the Annual Report but does not include the consolidated financial statements and our auditor's 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.

Auditor's 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 auditor's 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 auditor's 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 auditor's 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 auditor's 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.

The engagement partner on the audit resulting in this independent auditor's report is Moneeza Usman Butt.

KPMG Taseer Hadi & Co

Date: 02 September 2019
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

CONSOLIDATED STATEMENT **OF FINANCIAL POSITION**

As at 30 June 2019

Rupees in '000	Note	2019	2018
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	1,083,450	1,158,663
Revenue reserves		5,096,307	5,678,701
		6,956,082	7,613,689
Non-current liabilities			
Long term loans	9	177,152	226,746
Liabilities against assets subject to finance lease	10	103,042	127,419
Deferred income	11	6,866	8,107
Deferred taxation	12	41,591	128,663
Deferred liability	46	100,546	–
		429,197	490,935
Current liabilities			
Trade and other payables	13	739,050	1,805,207
Unclaimed dividend		26,525	21,520
Mark-up accrued	14	43,864	23,569
Short term borrowings	15	1,638,092	1,956,125
Current portion of long term loans	9	110,394	96,544
Current portion of liabilities against assets subject to finance lease	10	51,254	46,010
Current portion of deferred income	11	6,454	5,424
		2,615,633	3,954,399
Contingencies and commitments	16		
Total equity and liabilities		10,000,912	12,059,023

Rupees in '000	Note	2019	2018
ASSETS			
Non-current assets			
Property, plant and equipment	17	2,495,044	2,596,034
Intangible assets	18	143,535	137,005
Investment properties	19	55,290	49,358
Investment in equity accounted investees	20	3,266,906	3,088,233
Other long term investments	21	688,851	262,933
Long term deposits	22	236,312	217,233
		6,885,938	6,350,796
Current assets			
Stores, spares and loose tools	23	185,784	211,513
Stock-in-trade	24	821,369	2,268,108
Trade debts	25	96,432	82,320
Advances	26	34,477	29,897
Trade deposits and short term prepayments	27	50,292	71,774
Investments	28	404,787	1,054,848
Mark-up accrued		29	155
Other receivables	29	232,644	630,648
Taxation - net	30	1,259,540	1,165,309
Cash and bank balances	31	29,620	193,655
		3,114,974	5,708,227
Total assets		10,000,912	12,059,023

The annexed notes from 1 to 54 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 2019

Rupees in '000	Note	**2019**	2018
Sales	32	7,285,295	11,462,930
Less: Sales tax		431,727	1,533,174
		6,853,568	9,929,756
Cost of sales	33	6,977,733	9,390,054
Gross (loss) / profit		(124,165)	539,702
Loss from investments - net	34	(68,035)	(41,057)
		(192,200)	498,645
Distribution and selling expenses	35	15,888	19,405
Administrative expenses	36	212,340	198,766
Other operating expenses	37	71,187	107,300
		299,415	325,471
		(491,615)	173,174
Other income	38	47,996	153,321
Operating (loss) / profit before finance costs		(443,619)	326,495
Finance costs	39	317,819	263,964
Share of profit in equity accounted investees			
- net of taxation	40	396,761	84,962
(Loss) / profit before taxation		(364,677)	147,493
Taxation	41	54,699	208,912
Loss for the year		(419,376)	(61,419)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Unrealized diminution on remeasurement of			
equity investments classified as 'available for sale'		–	(78,177)
Proportionate share of other comprehensive loss of			
equity accounted investees		(16,590)	(5,923)
Items that will not be reclassified subsequently to profit or loss			
Changes in the fair value of equity investments at fair			
value through other comprehensive income (FVOCI)		(21,953)	–
Loss on remeasurement of staff retirement benefit plans - net of tax		(258,262)	(589,853)
Other comprehensive loss for the year		(296,805)	(673,953)
Total comprehensive loss for the year		(716,181)	(735,372)
		(Rupees)	
Basic and diluted loss per share	42	(5.4)	(0.79)

The annexed notes from 1 to 54 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 2019

Rupees in '000	Note	2019	2018
Cash flows from operating activities			
Cash generated from operations	43	428,242	2,421,585
Taxes paid		(175,296)	(673,322)
Finance costs paid		(280,568)	(211,522)
Contribution to gratuity and pension funds		(23,765)	(11,552)
Contribution to Workers' Profit Participation Fund		(27,191)	(111)
Long term deposits - net		(1,361)	(20,003)
Net cash (used in) / generated from operating activities		(79,939)	1,505,075
Cash flows from investing activities			
Capital expenditure		(136,204)	(249,808)
Acquisition of intangible assets		(9,228)	(11,337)
Proceeds from disposal of operating fixed assets		16,735	59,332
Proceeds from disposal of operating fixed assets under sale and leaseback arrangement		26,292	89,839
Investments - net		262,571	(351,010)
Dividend income received		241,288	613,346
Interest income received		1,307	4,232
Net cash generated from investing activities		402,761	154,594
Cash flows from financing activities			
Repayment of long term loans		(35,744)	(139,691)
Payments against finance lease obligations		(60,453)	(51,660)
Repayment of short term loans obtained - net		(771,397)	(1,046,780)
Dividends paid		(72,627)	(368,863)
Net cash used in financing activities	43.1	(940,221)	(1,606,994)
Net (decrease) / increase in cash and cash equivalents		(617,399)	52,675
Cash and cash equivalents at beginning of the year		(260,322)	(312,997)
Cash and cash equivalents at end of the year	44	(877,721)	(260,322)

The annexed notes from 1 to 54 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 2019

Rupees in '000		Capital reserves			Revenue reserves			
	Issued, subscribed and paid-up capital	Share premium	Unrealised gain / (loss) on remeasurement of fair value through other comprehensive income	Others	Fair value reserve	General reserve	Unappropriated profit	Total
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 loss for the year ended 30 June 2018								
Loss for the year	–	–	–	–	–	–	(61,419)	(61,419)
Other comprehensive income								
Total other comprehensive loss for the year	–	–	(78,177)	(5,923)	–	–	(589,853)	(673,953)
Total comprehensive loss for the year	–	–	(78,177)	(5,923)	–	–	(651,272)	(735,372)
Transactions with owners of the Holding Company - distributions								
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 ending 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
Adjustment on initial application of IFRS 9 - net of tax (refer note 6.1.1.1)	–	–	(58,623)	–	58,623	–	136,206	136,206
Balance as at 30 June 2018 - as restated	776,325	1,020,908	–	79,132	58,623	3,642,000	2,172,907	7,749,895
Total comprehensive loss for the year ended 30 June 2019								
Loss for the year	–	–	–	–	–	–	(419,376)	(419,376)
Other comprehensive income								
Total other comprehensive loss for the year	–	–	–	(16,590)	(21,953)	–	(258,262)	(296,805)
Total comprehensive loss for the year	–	–	–	(16,590)	(21,953)	–	(677,638)	(716,181)
Transactions with owners of the Holding Company - distributions								
Dividend:								
- Final @ 10% (i.e. Re. 1 per share) for the year ended 30 June 2018	–	–	–	–	–	–	(77,632)	(77,632)
Balance as at 30 June 2019	776,325	1,020,908	–	62,542	36,670	3,642,000	1,417,637	6,956,082

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

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

Chief Executive | Director | Chief Financial Officer

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, 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 compliant.

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 Companies Act 2017) located at principal office of the Holding Company. The principal activity of the Subsidiary Company is to effectively manage investment portfolios in shares, commodities and other securities (strategic as well as short term). On 26 September 2011, the Holding Company has purchased the entire shareholding from its previous principal shareholder. Consequently, the Company becomes the wholly owned subsidiary of the Holding Company.

1.6 CS Energy (Private) Limited was incorporated on 02 April 2008 as a private limited company in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) located at principal office of the Holding Company. 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 Subsidiary Company is located at Bhone, district Jhang, Punjab. In consequent to the scheme of amalgamation as disclosed in note 2 to these consolidated financial statements, Energy, is now being reported as a new segment of Holding Company.

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 Companies Act, 2017) as result of a Joint Venture (JV) agreement between the Holding Company and a partnership concern. The head office of the Subsidiary Company is located at principal office of the Holding Company. 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. 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 allocated Land from PPDB. The interconnectivity study report was vetted and approved by National Transmission Company (NTDC) last year.

1.8 Crescent Hadeed (Private) Limited was incorporated on 15 May 2013 as a private limited company in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) located at principal office of the Holding Company. 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. In consequent to the scheme of amalgamation as disclosed in note 2 to these consolidated financial statements, Hadeed (Billet), is now being reported as a new segment of Holding Company.

1.9 Crescent Continental Gas Pipelines Limited having share capital of Rs. 90 is not carrying on any business operations.

2. AMALGAMATION OF SUBSIDIARIES

On 08 June 2019, the Board of Directors of the Holding Company passed a resolution approving a Scheme of Amalgamation under Section 284(1) of the Companies Act, 2017, to amalgamate its wholly owned subsidiaries, Crescent Hadeed (Private) Limited (CHL) and CS Energy (Private) Limited (CSEL) with and into the Holding Company. The same Scheme of Amalgamation was also approved by the the Board of Directors of CHL and CSEL in their respective board meetings held on 3 June 2019. Consequently, as of the completion date of 30 June 2019, the entire undertaking of both CHL and CSEL stand merged with and into the Holding Company with the result as on 30 June 2019, the entire business of CHL and CSEL including its properties, assets, liabilities and rights and obligations vested into the Holding Company. Since CHL and CSEL were group companies under common control, the merger has been accounted for as a common control transaction and predecessor accounting has been applied. Under predecessor accounting, the acquired net assets of CHL and CSEL are included in the unconsolidated financial statements of the Holding Company at the same carrying values as recorded in CHL's and CSEL's separate financial statements as at 30 June 2019. The statement of financial position of CHL and CSEL are consolidated prospectively from the date of amalgamation.

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 2019. 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.

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 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 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 for investments which are classified as fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVOCI), 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 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 Group'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 in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Information about judgements made in applying accounting policies that have the most significant effects on the amount recognised in the consolidated financial statements to the carrying amount of assets, liabilities, 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 6.3)
– Intangible assets (refer note 6.4)
– Investment property (refer note 6.5)
– Investments (refer notes 6.6.2 and 6.7)
– Stores, spares and loose tools and stock-in-trade (refer notes 6.9 and 6.10)
– Employees benefits (refer note 6.12)
– Leases (refer note 6.14)
– Taxation (refer note 6.17)
– Impairment (refer notes 6.3, 6.4, 6.5, 6.6.2 and 6.22)
– Provisions (refer note 6.21)

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 2018 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.

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 2019:

– 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 Group's consolidated financial statements.

- 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 the impact would not be significant.

- Amendment to IFRS 9 'Financial Instruments' – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019). For a debt instrument to be eligible for measurement at amortised cost or FVOCI, IFRS 9 requires its contractual cash flows to meet the SPPI criterion – i.e. the cash flows are 'solely payments of principal and interest'. Some prepayment options could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. The application of amendment is not likely to have an impact on Group's consolidated financial statements.

- 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 Group 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 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 Group 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 Group's consolidated financial statements.

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past consolidated financial statements.

- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process - this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

- 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 Group increases its interest in a joint operation that meets the definition of a business. A Group remeasures its previously held interest in a joint operation when it obtains control of the business. A Group 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 Group 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 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:

- new or amendments / interpretations to existing standards and interpretation as stated in note no. 5.1
- change in accounting policies as stated in note 6.1

6.1 Explained below is the impact of the adoption of IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers' on the Group's consolidated financial statements. The new accounting policies that have been applied from 1 July 2018 are stated in note 6.1.1 and note 6.1.2 below.

6.1.1 IFRS 9 'Financial Instruments'

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 July 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The adoption of IFRS 9 Financial Instruments from 1 July 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in these consolidated financial statements. The Group has opted for an exemption not to restate comparative information for prior periods with respect to IFRS 9; classification and measurement (including impairment) requirements. Therefore reclassifications and the adjustments arising from IFRS 9 have been processed at the date of initial application (i.e. 1 July 2018) and presented in opening retained earnings and reserves as at 1 July 2018. Accordingly, the comparative information presented in these consolidated financial statements does not generally reflect the requirements of IFRS 9 but rather those of IAS 39.

6.1.1.1 Impact on the financial statements

As a result of the changes in the Group's accounting policies, prior year consolidated financial statements had to be restated. As explained above, IFRS 9 was adopted without restating comparative information.

The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 July 2018 relates to measurement of unquoted equity investments. Under IAS 39, equity investments are generally classified as available for sale (AFS) financial assets and measured at fair value. However, an exception was available for AFS financial assets that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured, could be measured at cost. This cost exception is not included in IFRS 9 and fair value through profit or loss (FVTPL) accounting applies unless the fair value through other comprehensive income (FVOCI) election is made. Since IFRS 9 eliminates this exception, the Group is required to measure such instruments at fair value at the date of initial application of the Standard. Any difference between the previous carrying amount of the instrument and its fair value is recognized in opening retained earnings and for purposes of reporting in the comparative period, these remain reported at cost.

The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included.

Rs. in '000	30 June 2018 - As originally presented	Adjustments	1 June 2018 - Restated
Non-current assets			
Equity securities - Other long term investments			
- Investment in Central Depository Company of Pakistan Limited	58,946	56,476	115,422
- Investment in Shakarganj Food Products Limited	202,216	115,936	318,152
Non-current assets / (liabilities)			
Deferred taxation	–	36,206	36,206
Equity			
Revenue reserves (retained earnings)	2,036,701	136,206	2,172,907

The total impact on the Group's retained earnings and other reserves, net of tax as at 1 July 2018 is as follows:

Rupees in '000	2018
Closing retained earnings 30 June - IAS 39	2,036,701
Fair value of unquoted equity investments classified at	
fair value through profit or loss - net of tax*	136,206
Opening retained earnings 1 July - IFRS 9	2,172,907

*This represents adjustment to retained earnings and reserves from adoption of IFRS 9 on 1 July 2018 arising on valuation of unquoted equity securities which were carried at cost and classified as available for sale in prior year under IAS 39.

There is no impact on the consolidated statement of profit or loss account and other comprehensive income, consolidated statement of cash flows and the basic and diluted EPS on adoption of IFRS 9. For disclosure regarding valuation methodology and other information refer note 47.2 to these consolidated financial statements.

The following table explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets as at 1 July 2018:

Financial assets Rupees in '000	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Equity securities - Other long term investments				
- Investment in Crescent Bahuman Limited **	Available for sale	Fair value through profit or loss	–	–
- Investment in Central Depository Company of Pakistan Limited **	Available for sale	Fair value through profit or loss	58,946	115,422
- Investment in Crescent Industrial Chemicals Limited **	Available for sale	Fair value through profit or loss	–	–
- Investment in Shakarganj Food Products Limited **	Available for sale	Fair value through profit or loss	202,216	318,152
- Investment in Crescent Textile Mills Limited *	Available for sale	Fair value through other comprehensive income	160,820	160,820
Equity securities - short term investments				
- Investment in Jubilee Spinning and Weaving Mills Limited **	Available for sale	Fair value through profit or loss	–	–
- Investment in Innovative Investment Bank Limited **	Available for sale	Fair value through profit or loss	–	–
Other equity securities - short term	Held for trading	Fair value through profit or loss	866,028	866,028
Trade and other receivables	Loans and receivables	Amortised cost	218,800	218,800
Bank balances	Loans and receivables	Amortised cost	193,445	193,445

Trade and other receivables that were classified as loans and receivables under IAS 39 are now classified at amortised cost.

*This equity security represents investment that the Group intends to hold for the long term strategic purposes. As permitted by IFRS 9, the Group has designated the investment at the date of initial application as measured at FVOCI. Unlike IAS 39, the accumulated fair value reserve related to this investment will never be reclassified to consolidated profit or loss.

**These equity securities on initial application of IFRS 9 were reclassified from AFS to FVTPL since management has not elected to classify it at FVOCI.

The impact of these changes on the Group's equity as of 1 July 2018 is as follows:

Rupees in '000	Effect on AFS reserves	Effect on FVOCI reserves	Effect on Retained Earnings
Opening balance – IAS 39	58,623	–	2,036,701
Reclassify non-trading equities from available-for-sale to FVOCI	(58,623)	58,623	–
Impact of fair value of unquoted investment classified at FVTPL on adoption of IFRS 9	–	–	136,206
Opening balance - IFRS 9	–	58,623	2,172,907

IFRS 9 replaces the incurred loss model in IAS 39 with an expected credit loss model. The new impairment model applies to Financial Assets measured at amortized cost, contract assets and debt investments at fair value through other comprehensive income (FVOCI) but not to investment in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

For assets in the scope of IFRS 9 impairment model, impairment loss are generally expected to increase and become more volatile. The Group has determined that the application of IFRS 9's impairment requirements at 01 July 2018, does not result in an additional allowance for impairment. Therefore, the transition to IFRS 9 did not result in an adjustment as at 1 July 2018.

There is no significant impact from the new expected credit loss (ECL) impairment model under IFRS 9 on allowances and provisions for trade receivables and other short and long term receivables (i.e. loans) as at 30 June 2019. Therefore, due to materiality consideration, the Group has not presented separately impairment loss on trade debts in the consolidated statement of profit or loss and other comprehensive income.

6.1.2 IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. The Group has applied the modified retrospective method upon adoption of IFRS 15 as allowed under the Standard. This method requires the recognition of the cumulative effect (without practical expedients) of initially applying IFRS 15 to retained earnings. Accordingly, the information presented for 2018 has not been restated i.e. it is presented, as previously reported under IAS 18 and related interpretations.

The adoption of IFRS 15 did not have an impact on the timing and amounts of revenue recognition of the Group as it is generally consistent with the timing and amounts of revenue the Group recognised in accordance with the previous standard, IAS 18.

Apart from providing more extensive disclosures, the application of IFRS 15 has not had a significant impact on the financial position and / or financial performance of the Group for the reasons described above. Accordingly, there was no adjustment to retained earnings on application of IFRS 15 at 1 July 2018.

6.2 Basis of consolidation

Subsidiaries

The consolidated financial statements include the financial statements of the Holding Company and its subsidiary companies.

Subsidiaries are those entities in which the Holding Company directly or indirectly controls, beneficially owns or holds more than 50 percent of its voting securities or otherwise has power to elect and appoint more than 50 percent of its directors. The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences. The financial statements of the subsidiaries are consolidated on a line-by-line basis and the carrying value of investment held by the Holding Company is eliminated against the Holding Company's share in paid up capital of the subsidiaries. The Group applies uniform accounting policies for like transactions and events in similar circumstances except where specified otherwise.

All material inter-group balances, transactions and resulting unrealized profits / losses are eliminated.

Investments in associates

Entities in which the Group has significant influence directly or indirectly (through subsidiaries) but not control and which are neither subsidiaries nor joint ventures of the members of the Group are associates and are accounted for under the equity method of accounting (equity accounted investees).

These investments are initially recognized at cost. The consolidated financial statements include the associates' share of profit or loss and movements in other comprehensive income, after adjustments, if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date it ceases. Share of post acquisition profit/loss of associates is recognized in the consolidated profit 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 consolidated 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.

6.3 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.

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.

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

6.5 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.

6.6 Financial instruments

6.6.1 Initial recognition and measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Group applies the classification and measurement requirements for financial instruments under IFRS 9 'Financial Instruments' for the year ended 30 June 2019.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

6.6.2 Financial assets

Classification

On initial recognition, a financial asset is classified as measured at:

– amortized cost;
– FVOCI - Debt investment;
– FVOCI - Equity investment; or
– FVTPL

The classification depends on the Group's business model for managing financial assets and the contractual terms of the financial assets cash flows.

Amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

– it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
– the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

FVOCI - Debt investment

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

– it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
– its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

FVOCI - Equity investment

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in investment's fair value in OCI. This election is made on an investment-by-investment basis.

FVTPL

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI or at FVTPL.

Subsequent measurement and derecognition

Financial assets are not reclassified subsequently to the initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The financial assets classified at amortized cost are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognised in consolidated profit or loss. Any gain or loss on derecognition is recognised in consolidated profit or loss.

Debt investments classified as FVOCI are subsequently measured at fair value. Interest income calculated using effective method, foreign exchange gain and losses and impairment are recognised in consolidated profit or loss. Other net gains and losses are recognised in consolidated OCI. On de-recognition, gains and losses accumulated in consolidated OCI are reclassified to consolidated profit or loss.

Equity investments classified as FVOCI are subsequently measured at fair value. Dividends are recognized as income in consolidated profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment, when the Group's right to receive payments is established. This category only includes equity instruments, which the Group intends to hold for the foreseeable future. On de-recognition, there is no reclassification of fair value gains and losses to consolidated profit or loss. Equity instruments at FVOCI are not subject to an impairment assessment under IFRS 9.

The financial assets classified at FVTPL are subsequently measured at fair value and net gains and losses, including any interest or dividend income, are recognised in consolidated profit or loss. Net gains and losses (unrealised and realised), including any interest or dividend income, are recognised in consolidated profit or loss.

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The Group recognised a loss for ECL for financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate. The financial assets at amortized cost consist of trade receivables, cash and cash equivalents, and other receivables including loans to related party.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Management uses actual historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment to determine lifetime expected loss allowance. For other debt financial assets (i.e., loans etc.), the ECL is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due and a financial asset in default when contractual payment are 90 days past due.

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 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 consolidated profit or loss. No derivative is designated as hedging instrument by the Group.

6.6.3 Financial liabilities

Classification and subsequent measurement

The Group classifies its financial liabilities as those to be measured subsequently at amortized cost using the effective interest method, if they are not:

- contingent consideration of an acquirer in a business combination
- held-for-trading
- designated as at FVTPL

The Group does not classify any of its financial liabilities under FVTPL.

Derecognition

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in consolidated statement of profit or loss and other comprehensive income.

Offsetting

Financial assets and liabilities are offset and the net amount is presented in the consolidated statement of financial position when the Group has a legal right to offset the amounts and intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

6.7 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.

6.8 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.

6.9 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.

6.10 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.

6.11 Cash and cash equivalents

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

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 account when they are due.

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.

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. 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 6.20 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 Holding Company's 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 Parent company has opted for Group taxation under section 59AA of the Income Tax Ordinance, 2001 along with its subsidiary CS Capital (Private) Limited. These 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 arising solely due to Group taxation in respect of result of subsidiary is 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.

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.

6.18 Revenue recognition

Revenue comprises of sales to third parties and is measured based on the consideration specified in contracts with customers and excludes rebates and amounts, if any, collected on behalf of third parties. Revenue is recognized either at a point in time or over time, when (or as) the Group satisfies the performance obligations as specified in the contract with the customer, and when it transfers control over the promised good or service to the customer.

Revenue from supply of electricity and steam is recorded upon satisfaction of performance obligation i.e. completion of service activity based on meter readings. Revenue is measured as per tariffs specified in contracts with customers.

The Group manufactures and contracts with customers for the sale of bare pipes, coated pipes, steel billets and cotton products which generally include single performance obligation. Management has concluded that revenue from sale of goods be recognised at the point in time when control of the product has transferred, being when the products are delivered to the customer. Invoices are generated and revenue is recognised at that point in time. Delivery occurs when the products have been shipped or delivered to the customer's destination / specific location, the risks of loss have been transferred to the customer and the customer has accepted the product. The customer has accepted the product as per the sales contract or lapse of acceptance provision specified in the contract or the Group has objective evidence that all criteria for acceptance have been satisfied. Contract for the sale of bare and coated pipes contains penalty clause on account of delay supply (liquidity damage). Under IFRS 15, these amounts are referred to as 'variable consideration'. The consideration which the Group receives in exchange for its goods or services may be fixed or variable. Variable consideration is only recognized when it is highly probable that a significant reversal will not occur. Revenue is measured based on the consideration specified in a contract with a customer, net of liquidity damages (penalties) and excludes amounts collected on behalf of third parties. A receivable is recognised when the goods are delivered.

6.19 Investment and other income

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 and loss' are recognized in consolidated 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.

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

6.20 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 consolidated profit or loss currently.

6.21 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.

6.22 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 consolidated profit or loss.

6.23 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 consolidated profit or loss.

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 profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year.

7 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2019	2018		2019	2018
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 Company held by related parties as at year end are as follows:

	2019		2018	
	Percentage of holding	Number of shares	Percentage of holding	Number of shares
Crescent Steel and Allied Products Limited - Gratuity Fund	2.47%	1,921,333	2.26%	1,752,333
Crescent Steel and Allied Products Limited - Pension Fund	5.18%	4,024,980	4.97%	3,856,980
Crescent Steel and Allied Products Limited - Staff Provident Fund	0.16%	124,200	0.16%	124,200
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	0.18%	141,500
The Crescent Textile Mills Limited	11.00%	8,538,303	11.00%	8,538,303
Shakarganj Limited	0.23%	180,000	0.23%	180,000

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 of 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.

Rupees in '000	Note	2019	2018
9 LONG TERM LOANS			
Secured - Under non-shariah arrangement			
Allied Bank Limited	9.1	287,546	323,290
Less: Current portion shown under current liabilities		110,394	96,544
		177,152	226,746

9.1 The Holding Company has a long term loan arrangement with Allied Bank Limited for an amount of Rs. 312 million (2018: Rs. 312 million). The term of the loan is 5 years from the date of disbursement with a grace period of one year, repayable in 16 equal quarterly installments started from December 2015. During the year, the Holding Company has made repayment of Rs. 78 million (2018: 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 installments starting after fifteen months from date of disbursement. During the year, the Holding Company has made repayment of Rs. 18.544 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. 217.050 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 7.91% to 14.42% (2018: 7.64% to 8.35%). The facility is secured against first joint pari passu hypothecation / equitable mortgage on plant, machinery 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	
Rupees in '000	2019	2018	2019	2018	2019	2018
Not later than one year	65,432	58,647	14,178	12,637	51,254	46,010
Later than one year and not later than five years	116,939	143,293	13,897	15,874	103,042	127,419
	182,371	201,940	28,075	28,511	154,296	173,429
Less: Current portion shown under current liabilities					51,254	46,010
					103,042	127,419

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 (2018: three to five years) and the liability is payable by the month ranging from six to sixty months (2018: one to sixty months). The periodic lease payments include built-in rates of mark-up ranging between 10.61% to 17.60% (2018: 10.47% to 12.06%) per annum. Included in the gross present value of minimum lease payments, is a sum aggregating Rs. 133.019 million (2018: Rs. 150.175 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. 6.454 million (2018: Rs. 5.424 million) is classified in current liabilities; being current portion of deferred income of Rs. 13.320 million (2018: Rs. 13.531 million). The deferred income will be amortized to the consolidated profit or loss over the lease term. During the year, Rs. 5.834 million (2018: Rs. 4.677 million) is amortized in consolidated profit or loss.

Rupees in '000	2019	2018
12. DEFERRED TAXATION		
Deferred tax credits / (debits) arising in respect of:		
Taxable temporary differences		
Accelerated tax depreciation / amortization	206,978	35,926
Finance lease obligations	14,470	10,145
Fair value adjustment in unquoted investment through reserves	36,206	–
Employee benefits - Defined benefit plan	–	37,895
Unrealized gain on fair value through profit or loss investments	12,927	–
Unrealized gain on held for trading investments	–	2,094
Share of profit from equity accounted investees	329,483	158,097
	600,064	244,157
Deductible temporary differences		
Employee benefits - Defined benefit plan	(67,592)	–
Provision for slow moving stores, spares and loose tools	(25,763)	(17,538)
Provisions for doubtful trade debts, doubtful advances and others	(70,950)	(57,667)
Discounting on long term deposit	(14,265)	–
Deferred income	(3,863)	(19,404)
Provisions for impairment of fixed assets	(5,980)	(3,923)
Provision of Gas Infrastructure Development Cess	(3,477)	(5,980)
Excess of minimum tax over normal tax	(50,831)	(3,477)
Tax losses	(308,247)	–
Provision for diminution in the value of investments	(7,505)	(7,505)
	(558,473)	(115,494)
	41,591	128,663

	2019	2018
12.1 Break up of deferred tax (reversal) / charge is as following:		
Profit or loss	(17,791)	(26,929)
Other comprehensive income	(105,487)	(254,661)
Opening retained earnings	36,206	–
	(87,072)	(281,590)

Rupees in '000	Note	2019	2018
13. TRADE AND OTHER PAYABLES			
Trade creditors		108,569	201,473
Bills payable		–	940,333
Commission payable		1,466	1,253
Accrued liabilities	13.1	292,721	291,182
Advances from customers - unsecured	13.2	24,110	70,782
Provisions	13.3	220,317	201,805
Due to related parties	13.4	–	2,498
Payable to provident fund		2,134	2,384
Payable to staff retirement benefit funds		1,979	3,773
Retention money		10,764	2,949
Sales tax payable		1,295	1,832
Withholding tax payable		2,959	5,780
Derivative financial liability		–	306
Advance income tax	13.5	38,166	16,904
Workers' Profit Participation Fund	13.6	5,885	29,443
Workers' Welfare Fund		4,114	12,215
Others		24,571	20,295
		739,050	1,805,207
13.1 Accrued liabilities			
Salaries, wages and other benefits		15,897	34,239
Accrual for 10-C bonus		2,639	2,609
Compensated absences		15,032	14,594
Liquidated damages		153,695	153,695
Others	13.1.1	105,458	86,045
		292,721	291,182

13.1.1 This includes liability against Gas Infrastructure Development Cess of Rs. 17.004 million (2018: Rs. 17.004 million).

13.2 The Group receives short term advances from its customers (contract liability) and classified it within trade and other payables. The opening balance of advances from customers amounting to Rs. 70.782 million has been recognised as revenue for the year.

13.3 Movement in provisions

Rupees in '000	Infrastructure fee (Note 13.3.1)	Sales Tax (Note 13.3.2)	Liquidated damages (Note 13.3.3)	Total
Opening balance as at 30 June	153,142	3,242	45,421	201,805
Provision for the year	18,512	–	–	18,512
Closing balance as at 30 June	171,654	3,242	45,421	220,317

13.3.1 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 Holding Company has contested this issue in the High Court. The Holding 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 Holding 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 Holding 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 Group has provided bank guarantees amounting to Rs. 131.039 million (2018: Rs. 119.539 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 Holding 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 consolidated profit or loss. However, on a prudent basis full provision has been recognized.

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

13.3.3 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.

13.4 This represents balance due to Premier Insurance Limited - a related party and Shakarganj Limited- associate amounting Rs. Nil (2018: Rs. 0.041 million) and Rs. Nil (2018: Rs. 2.457 million) respectively.

13.5 This amount represents advance income tax charged on the supply of electricity under section 235A of the Income Tax Ordinance, 2001, which is payable on collection of bills from customers.

Rupees in '000	Note	2019	2018
13.6 Workers' Profit Participation Fund			
Opening balance as at 1 July		29,443	2,772
Allocation for the year	37	3,633	26,782
		33,076	29,554
Amount paid to the trustees of the fund		(27,191)	(111)
Closing balance as at 30 June		5,885	29,443

14. MARK-UP ACCRUED

Rupees in '000	Note	2019	2018
Mark-up accrued on :			
- Finance lease obligations		503	425
- Long term loans		6,812	3,732
- Running finance and short term loans	14.1	36,549	19,412
		43,864	23,569

14.1 This includes mark-up accrued amounting to Rs. 16.515 million (2018: Rs. 2.956 million) on Shariah arrangement.

15. SHORT TERM BORROWINGS

Rupees in '000	Note	2019	2018
Secured from banking companies			
Running finances under mark-up arrangements	15.1	907,341	453,977
Short term loans	15.2	730,751	788,840
Unsecured from non-banking companies			
Short term finance under mark-up arrangement		–	713,308
		1,638,092	1,956,125

15.1 Short term running finance available from conventional side of various commercial banks under mark-up arrangements amounted to Rs. 1,550 million (2018: Rs. 1,400 million) out of which Rs. 400 million (2018: Rs. 250 million), Rs. 150 million (2018: Rs. 100 million) and Rs. 450 million (2018: Rs. Nil) are interchangeable with letter of credit, letter of guarantee facility and short term loan respectively. During the year, mark-up on such arrangements ranged between 7.68% to 14.81% (2018: 7.64% to 8.84%) per annum.

15.2 This includes an amount of Rs. 617.059 million (2018: Rs. 225.904 million) outstanding against Islamic mode of financing. Short term loan financing available from various commercial banks under mark-up arrangements amounted to Rs. 4,800 million (2018: Rs. 5,457 million) out of which Rs. 3,800 million (2018: Rs. 3,925 million), Rs. 50 million (2018: Rs. 100 million) and Rs. 335 million (2018: Rs. 260 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 8.78% to 14.86% (2018: 7.83% to 8.85%) per annum.

15.3 The facilities for opening letters of credit amounted to Rs. 6,510 million (2018: Rs. 6,425 million) out of which Rs. 375 million (2018: Rs. 250 million), Rs. 5,450 million (2018: Rs. 3,675 million) and Rs. 260 million (2018: Rs. 210 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 2019 amounted to Rs. 2,096 million (2018: Rs. 2,004 million). Amounts unutilized for letters of credit and guarantees as at 30 June 2019 were Rs. 6,355 million and Rs. 846 million (2018: Rs. 4,453 million and Rs. 108 million) respectively.

15.4 The Group 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, Murahaba, Istisna and Ijarah financing.

15.5 The above facilities are expiring on various dates and are secured by way of 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 28.1.2).

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 customs has issued an order dated 22 May 2015 for recovery of the said duty and taxes and penalty thereon amounting to Rs. 35.773 million. The Holding Company has filed an appeal with Appellate Tribunal (Customs) against the order. No provision has been recognized in these consolidated financial statements as the case is under appeal and management considers that the same would be decided in the Holding Company's favour.

16.1.2 During 2015-2016, a show cause notice was received from Sindh Revenue Board in respect of registration as a service provider and a demand aggregating to Rs. 60 million in respect of sales tax on services was raised thereby. The Holding Company filed a constitutional writ in the Sindh High Court against the Sindh Revenue Board and Government of Sindh in which Honorable Sindh High Court granted interim relief to the Holding Company.

Afterwards, the writ was decided in light of Supreme Court's orders in similar writs where Supreme Court had decreed for a 50% payment of tax demand in order to keep the writs maintainable.

Following closure of petition, the Holding Company received show cause notices and demands for Sindh Sales Tax payments amounting to Rs. 79 million, which were challenged in Sindh High Court in a civil suit as well as at the Appellate forums of the tax authority. Currently, the appeal is pending with the Commissioner (Appeals) for adjudication.

No provision has been recognized in the consolidated financial statements in this respect, since based on the opinions of tax consultant and the Holding Company's legal counsel, the management is confident of favorable outcome of litigation in relation to the said matter.

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 2019, amount of lease rental outstanding under the agreement are Rs. 183.184 million (2018: Rs. 274.776 million), which is payable in quarterly instalments of Rs. 22.898 million (2018: Rs. 22.898 million) each.

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

Rupees in '000	2019	2018
Not later than one year	91,592	91,592
Later than one year and not later than five years	331,592	423,184
	423,184	514,776
Security deposit under arrangement	(240,000)	(240,000)
	183,184	274,776

16.2.2 Aggregate amount of guarantees issued by conventional side of banks on behalf of the Group against various contracts aggregated to Rs. 1,251 million (2018: Rs. 1,864 million). This includes guarantee issued by Islamic banks amounting to Rs. 153.591 million (2018: Rs. 166.8 million).

16.2.3 Commitments in respect of capital expenditure contracted for by the Group as at 30 June 2019 amounted to Rs. 42.038 million (2018: Rs. 25.492 million).

16.2.4 Commitments under letters of credit as at 30 June 2019 amounted to Rs. Nil (2018: Rs. 682.933 million).

Rupees in '000	Note	2019	2018
17. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	17.1	2,405,467	2,483,743
Capital work-in-progress	17.5	89,577	112,291
		2,495,044	2,596,034

17.1 Operating fixed assets

Description		Land		Buildings		Office premises	Plant and machinery		Electrical / office equipment and installation	Furniture and fittings	Computers	Motor vehicles		Total
Rupees in '000	Note	Freehold	Leasehold including improvements	On freehold land	On leasehold land		Owned *	Leased				Owned	Leased	
Net carrying value as at 1 July 2018														
Opening net book value (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
Additions / transfers		–	–	35,424	13,677	–	78,988	–	2,427	3,535	646	14,420	26,444	175,561
Disposals (at NBV)	17.6	–	–	–	–	–	(1,897)	–	(35)	–	(85)	(21,945)	(770)	(24,732)
Depreciation charge	17.1.2	–	(1,686)	(25,763)	(516)	(900)	(143,027)	(22,348)	(8,094)	(1,841)	(3,527)	(13,821)	(7,582)	(229,105)
Balance as at 30 June 2019 (NBV)		307,724	37,625	448,448	14,010	6,225	1,317,610	168,850	19,481	13,638	2,634	33,916	35,306	2,405,467
Gross carrying value as at 30 June 2019														
Cost	17.4	307,724	43,066	676,130	83,704	27,481	2,807,836	218,546	72,433	35,027	60,880	71,385	60,007	4,464,219
Accumulated depreciation		–	(5,441)	(227,682)	(69,694)	(21,256)	(1,490,226)	(49,696)	(52,952)	(21,389)	(58,246)	(37,469)	(24,701)	(2,058,752)
Net book value		307,724	37,625	448,448	14,010	6,225	1,317,610	168,850	19,481	13,638	2,634	33,916	35,306	2,405,467
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)		–	–	–	–	–	(83,250)	(31,078)	–	–	–	(3,453)	–	(117,781)
Depreciation charge		–	(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		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
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. 1.704 million (2018: Rs. 1.049 million) representing net book value of capitalized spares.

17.1.1 During the year asset having net book value Rs. Nil (2018: Rs. 31.078 million) transferred from lease assets to own assets due to maturity of lease term.

Rupees in '000	Note	2019	2018
17.1.2 The depreciation charge for the year has been allocated as follows:			
Cost of sales	33.1	203,079	194,005
Distribution and selling expenses	35	1,162	1,175
Administrative expenses	36	24,497	20,392
Intangible under development phase		367	446
		229,105	216,018

17.3 Property, plant and equipment as at 30 June 2019 include items having an aggregate cost of Rs. 1,258.367 million (2018: Rs. 1,257.172 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 2019 approximated to Rs. 4,430.2 million.

Rupees in '000	Note	2019	2018
17.5 Capital work-in-progress			
Advances to suppliers		40,000	56,806
Civil work	17.5.1 & 17.5.2	49,577	54,593
Plant and machinery		–	892
		89,577	112,291

17.5.1 This includes an amount of Rs. 26.4 million (2018: 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 favorable outcome.

17.5.2 The Holding Company has recognized a provision for an amount of Rs. 20.619 million (2018: Rs. 20.619) against construction work at a site which has been halted.

17.6 The following assets were disposed off during the year

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain	Mode of disposal	Particular of buyers
Rupees in '000							
Plant and machinery	5,566	4,731	835	2,184	1,349	Sold as scrap	Mr. Aurangzaib Tanoli
Motor Vehicle	25,105	5,351	19,754	19,754	–	Sale and lease back	Pak-Gulf Leasing Company Limited
Others	43,041	38,898	4,143	15,468	11,325	Various	Various
2019	73,712	48,980	24,732	37,406	12,674		
2018	142,146	55,443	86,703	117,978	31,275		

Rupees in '000	Note	2019	2018
18. INTANGIBLE ASSETS			
Intangible assets			
- Under use	18.1	484	2,602
- Under project development	18.2	143,051	134,403
		143,535	137,005
18.1 Intangible assets - under use			
Net carrying value as at 1 July			
Net book value as at 1 July		2,602	6,160
Additions		580	–
Amortization	18.1.1	(2,698)	(3,558)
Net book value as at 30 June	18.1.2	484	2,602
Gross carrying value as at 30 June			
Cost		71,690	77,419
Accumulated amortization		(68,566)	(72,177)
Accumulated impairment		(2,640)	(2,640)
Net book value		484	2,602
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 2019 include items having an aggregate cost of Rs. 74.778 million (2018: Rs. 65.751 million) that have been fully amortized and are still in use of the Holding Company.

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) in these consolidated financial statements in accordance with the requirements of IAS 38.

19. INVESTMENT PROPERTIES

Rupees in '000		Freehold land	Leasehold land and improvements	Buildings on leasehold land	Office premises	Total
Net carrying value as at 1 July 2018						
Opening net book value (NBV)		1,740	35,809	11,768	41	49,358
Additions		–	–	9,801	–	9,801
Depreciation charge	19.1	–	(2,606)	(1,227)	(36)	(3,869)
Balance as at 30 June 2019 (NBV)		1,740	33,203	20,342	5	55,290
Gross carrying value as at 30 June 2019						
Cost	19.2	1,740	47,705	33,167	29,830	112,442
Accumulated depreciation		–	(14,502)	(12,825)	(29,825)	(57,152)
Net book value		1,740	33,203	20,342	5	55,290
Net carrying value as at 1 July 2017						
Opening net book value (NBV)		1,740	38,416	12,954	961	54,071
Depreciation charge		–	(2,607)	(1,186)	(920)	(4,713)
Balance as at 30 June 2018 (NBV)		1,740	35,809	11,768	41	49,358
Gross carrying value as at 30 June 2018						
Cost		1,740	47,705	23,366	29,830	102,641
Accumulated depreciation		–	(11,896)	(11,598)	(29,789)	(53,283)
Net book value		1,740	35,809	11,768	41	49,358
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 2019 is Rs. 265 million (2018: Rs. 258 million), which is determined by independent valuer on the basis of market value.

19.3 Particulars of Group's immovable investment property are as follows:

Particulars	Location	Area	
Building			
Ware house	Port Qasim, Karachi	40,000	Sq. feet
Building	Port Qasim, Karachi	416	Sq. feet
Office premises	Saddar, Karachi	4,854	Sq. feet
Land			
Lease hold	Port Qasim, Karachi	4	Acre
Freehold land	Gawadar	3	Acre

20. INVESTMENT IN EQUITY ACCOUNTED INVESTEES

2019	2018		Note	2019	2018
Number of shares				Rupees in '000	
		Quoted			
63,967,500	63,967,500	Altern Energy Limited	20.1	2,865,712	2,777,125
		(Chief Executive Officer -			
		Mr. Fazal Hussain Asim)			
35,011,347	35,011,347	Shakarganj Limited	20.1	401,194	311,108
		(Chief Executive Officer -			
		Mr. Anjum M. Saleem)			
		Unquoted			
3,430,000	3,430,000	Crescent Socks (Private) Limited	20.1	–	–
		(Chief Executive Officer -			
		Mr. Shehryar Mazhar)			
				3,266,906	3,088,233

20.1 Movement of investment in equity accounted investees is as follows:

		30 June 2019			
Rupees in '000		Altern Energy Limited	Shakarganj Limited	Crescent Socks (Private) Limited	Total
Opening balance as at 1 July 2018		2,777,125	311,108	–	3,088,233
Share of profit	20.1.1	290,096	106,665	–	396,761
Share of equity	20.1.1	(11)	(16,579)	–	(16,590)
Dividend received		(201,498)	–	–	(201,498)
Closing balance as at 30 June 2019		2,865,712	401,194	–	3,266,906

	30 June 2018			
Rupees in '000	Altern Energy Limited	Shakarganj Limited	Crescent Socks (Private) Limited	Total
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	–	273,091	–	273,091
Closing balance as at 30 June 2018	2,777,125	311,108	–	3,088,233

20.1.1 These figures are based on unaudited condensed interim financial information of these companies as at 31 March 2019. The latest financial statements / condensed interim financial information of these companies as at 30 June 2019 are not presently available.

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 12.50%. Based on valuation the recoverable amount exceeds the carrying amount and accordingly, no impairment was recorded.

20.2 Market value of investments in associates is as follows:

Rupees in '000	Note	**2019**	2018
Quoted			
Altern Energy Limited		2,132,676	2,427,567
Shakarganj Limited		1,640,282	2,468,300
		3,772,958	4,895,867

Percentage of holding		**2019**	2018
20.3 Percentage of holding of equity in associates is as follows:			
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 16.69% and 0.91% respectively i.e. aggregate holding of 17.6% in the investee company. There is no common directorship in the investee company. However, the Company directly and / or indirectly has significant influence as per IAS 28 ' Investments in Associates', therefore only for the purpose of the equity accounting as required under IAS 28 it has been treated as an associate.

20.4 The latest financial statements / condensed interim financial information of these companies as at 30 June 2019 are not presently available. The following is summarized financial information of material associated companies as at 31 March 2019 and for the twelve months period ended 31 March 2019 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	
Rupees in '000	2019	2018	2019	2018
For the twelve months period ended 31 March				
Revenues	21,324,849	29,231,699	7,200,975	7,268,191
Profit / (loss) after tax	2,859,051	3,013,004	(121,741)	(822,853)
Other comprehensive income / (loss)	(104)	(2,453)	2,754,574	(20,221)
Total comprehensive income	2,858,947	3,010,551	2,632,833	(843,074)
Attributable to non-controlling interests of associates	1,210,965	1,219,733	–	–
Attributable to owners of the parent	1,647,982	1,790,818	2,632,833	(843,074)
	2,858,947	3,010,551	2,632,833	(843,074)
As at 31 March				
Non current assets	18,113,134	19,414,491	12,615,881	9,605,917
Current assets	17,482,746	17,068,451	1,975,261	2,163,289
Non Current Liabilities	(972,157)	(2,732,866)	(1,410,654)	(1,094,046)
Current Liabilities	(7,624,671)	(7,637,322)	(4,591,010)	(4,673,841)
Net Assets	26,999,052	26,112,754	8,589,478	6,001,319
Attributable to non-controlling interests of associates	10,535,317	10,152,354	–	–
Attributable to owners of the parent	16,463,735	15,960,400	8,589,478	6,001,319
	26,999,052	26,112,754	8,589,478	6,001,319
Group's interest in net assets of investee at end of the year	2,897,617	2,809,030	2,405,835	1,680,970
Fair value and other adjustments	(31,905)	(31,905)	(8,832)	(8,832)
Effect of difference in Group's accounting policy	–	–	(1,995,809)	(1,349,295)
Director's equity portion	–	–	–	(11,735)
Carrying amount of interest in equity accounted investees at end of the year	2,865,712	2,777,125	401,194	311,108

20.4.1 These figures are based on the latest available condensed interim consolidated financial information as at 31 March 2019 including its subsidiary company Rousch (Pakistan) Power Limited being managed by Power Management Company holding 59.98% shares.

Rupees in '000	Note	2019	2018

21. OTHER LONG TERM INVESTMENTS

Fair value through other comprehensive income (FVOCI)	21.1	138,867	–
Fair value through profit or loss (FVTPL)	21.2	549,984	–
Available for sale		–	262,933
		688,851	262,933

21.1 Fair value through other comprehensive income (FVOCI)

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

2019	2018		Note	2019	2018
Number of shares				Rupees in '000	
		Quoted			
452,379	–	The Crescent Textile Mills Limited	21.1.1	138,867	–

21.1.1 The Group has irrevocably designated at initial application of IFRS 9 to recognise in this category. This is strategic investment and management considers this classification to be more relevant. Uptil 30 June 2018, these investments were classified as available for sale under IAS 39. Unlike IAS 39, the accumulated fair value reserve related to this investment will never be reclassified to consolidated profit or loss.

21.2 Fair value through profit or loss (FVTPL)

2019	2018		Note	2019	2018
Number of shares				Rupees in '000	
		Unquoted			
18,814,423	–	Shakarganj Food Products Limited	21.2.1	425,583	–
4,189,999	–	Central Depository Company of Pakistan Limited (CDC)	21.2.1	124,401	–
2,403,725	–	Crescent Bahuman Limited - Related party	21.2.2	24,037	
1,047,000	–	Crescent Industrial Chemicals Limited	21.2.3	10,470	–
				584,491	–
		Less: Provision for impairment		(34,507)	–
				549,984	–

21.2.1 On initial application of IFRS 9, these have been classified as FVTPL and measured at fair value. Uptil 30 June 2018, these investments were carried at cost as per IAS 39 and classified as available for sale.

21.2.2 The chief executive of Crescent Bahuman Limited is Mr. Nasir Shafi. The break-up value of shares of the investee company is Rs. 9.79 per share (2018: Rs. 15.50 per share), calculated on the basis of audited annual financial statements for the year ended 30 June 2018. This investment had been fully charged to consolidated profit or loss in earlier periods. Uptil 30 June 2018, these investments were classified as available for sale under IAS 39.

21.2.3 This investment had been fully charged to consolidated profit or loss in earlier periods. Uptil 30 June 2018, this investment was classified as available for sale under IAS 39.

22. LONG TERM DEPOSITS

Rupees in '000	2019	2018
Security deposits		
- leasing companies	22,711	24,670
- Ijarah financing arrangement	199,694	181,788
- others	13,907	10,775
	236,312	217,233

Rupees in '000	Note	2019	2018

23. STORES, SPARES AND LOOSE TOOLS

Stores		51,045	70,846
Spare parts		219,329	201,567
Loose tools		4,248	4,751
		274,622	277,164
Less: Provision for slow moving items	23.1	88,838	65,651
		185,784	211,513

23.1 Movement in provision for slow moving items

Opening balance		65,651	45,924
Provision made during the year		23,187	19,727
Closing balance		88,838	65,651

24. STOCK-IN-TRADE

Raw materials - net			
Hot rolled steel coils (HR Coil)		323,884	190,673
Coating materials		84,462	74,068
Remelting scrap		4,320	126,466
Others		112,930	149,149
Raw cotton		130,230	205,217
Bagasse		–	5,414
Stock-in-transit		–	1,075,007
		655,826	1,825,994
Work-in-process	24.1 & 33.1	24,996	19,713
Finished goods - net	24.1 & 33.1	131,598	416,590
Scrap / cotton waste		8,949	5,811
		165,543	442,114
		821,369	2,268,108

24.1 Stock-in-trade as at 30 June 2019 includes items valued at net realisable value (NRV). Charge in respect of stock written down to NRV was amounting to Rs. 26.083 million (2018: Rs. 32.020 million) has been recognized in cost of goods sold.

Rupees in '000	Cost	NRV
Raw material	656,832	655,826
Work-in-process	24,996	24,996
Finished goods	188,777	131,598
	870,605	812,420

Rupees in '000	Note	2019	2018
25. TRADE DEBTS			
Secured			
Considered good		76,918	–
Unsecured			
Considered good	25.1	19,514	82,320
Considered doubtful		30,706	21,263
		50,220	103,583
Impairment loss on trade debts	25.2	(30,706)	(21,263)
		96,432	82,320

25.1 This includes an amount of Rs. 11.855 million (30 June 2018: 8.966 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. 202.894 million (2018: Rs. 334.874 million).

Rupees in '000	2019	2018
25.1.1 The aging of amount due from related parties:		
Not past due	–	615
Past due 1 - 30 days	–	–
Past due 30 - 180 days	305	8,351
Past due 180 days	11,550	–
	11,855	8,966
25.2 Movement in impairment loss on trade debts		
Opening balance	21,263	24,187
Impairment loss made during the year	10,943	2,090
Reversal of impairment loss made during the year	(1,500)	(5,014)
Closing balance	30,706	21,263
26. ADVANCES		
Unsecured		
Advances - considered good		
Staff	908	1,095
Suppliers for goods and services	33,504	28,802
Advances to others	65	–
Advances - considered doubtful		
Suppliers for goods and services	47	47
Provision for doubtful advances	(47)	(47)
	–	–
	34,477	29,897

Rupees in '000	Note	2019	2018

27. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	Note	2019	2018
Security deposits - leasing companies		9,367	2,891
Security deposits - others	27.1 & 27.2	30,207	59,038
Prepayments		10,718	9,845
		50,292	71,774

27.1 This includes container security deposit related to import of raw material scrap amounting to Rs. Nil (2018: Rs. 14.975 million).

27.2 This includes Rs. 28.625 in respect of cost of interconnectivity of 11 KV 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 Group, however, it is agreed that the cost so incurred will be paid back to the Group by FESCO in five years time through ten (10), half yearly equal instalments, without mark-up, commencing after one month from commercial operation date.

Rupees in '000	Note	2019	2018

28. INVESTMENTS

	Note	2019	2018
Fair value through profit or loss (FVTPL)	28.1	404,787	–
Held for trading (HFT)	28.1	–	866,028
Available for sale (AFS)	28.2	–	160,820
Investment in term deposit receipts - Conventional banking		–	28,000
		404,787	1,054,848

28.1 Fair value through profit or loss (FVTPL) / Held for trading (HFT)

The Group holds investments in ordinary shares of Rs. 10 each in the following listed investee company.

2019	2018		Note	2019	2018
Number of shares				Rupees in '000	
9,625,793	13,818,895	Quoted - Investments	28.1.1	404,787	866,028
1,996	1,996	Innovative Investment Bank Limited		2,777	2,777
		Less: Provision for impairment		(2,777)	(2,777)
				–	–
			28.1.3	404,787	866,028

28.1.1 Quoted - Investments

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:

2019	2018	Name of investee company	FVTPL 2019	HFT 2018
(Number of share / certificates)			Rupees in '000	
6,300	18,300	Attock Cement Pakistan Limited	450	7,927
40,000	–	Attock Petroleum Limited	2,856	–
140,000	75,000	Avanceon Limited	6,866	4,968
25,750	200,000	Cherat Cement Company Limited	1,083	19,446
530,000	530,000	D.G. Khan Cement Company Limited	29,966	60,679
–	50,000	Dolmen City REIT	–	645
–	27,000	Engro Corporation Limited	–	8,474
295,000	200,000	Engro Fertilizer Limited	18,871	14,982
–	15,000	Engro Foods Limited	–	1,336
–	15,000	Fatima Fertilizer Company Limited	–	486
125,000	125,000	Fauji Cement Company Limited	1,966	2,856
–	445,000	Fauji Fertilizer Bin Qasim Limited	–	17,178
145,000	145,000	Fauji Fertilizer Company Limited	12,644	14,339
2,405,000	2,405,000	HBL Growth Fund - Class A (Formerly: PICIC Growth Fund)	24,844	73,377
764,673	764,673	HBL Investment Fund- Class A (Formerly: PICIC Investment Fund)	3,097	10,300
68,500	104,500	Hi-Tech Lubricants Limited	1,895	10,587
178,800	168,800	International Industries Limited	13,780	39,211
71,250	–	Interloop Limited	3,154	–
313,000	313,000	International Steel Limited	12,430	31,832
1,800,000	1,800,000	K-Electric Limited *	7,902	10,224
66,080	56,600	Kohat Cement Limited	3,471	6,966
500,000	857,000	Kohinoor Energy Limited	18,000	34,280
–	447,000	Kot Addu Power Company Limited	–	24,097
300,000	320,000	Loads Limited	4,533	9,978
3,300	–	Mari Petroleum Company Limited	3,330	–
62,750	50,000	Meezan Bank Limited	5,469	4,086
10,000	–	Millat Tractors Limited	8,624	–
231,400	320,400	Nishat Mills Limited	21,598	45,151
291,000	291,000	Nishat Power Limited	8,014	8,625
272,700	241,100	Oil and Gas Development Company Limited	35,857	37,520
–	15,000	Pak Suzuki Motors Company Limited	–	5,901
–	100,000	Pakgen Power Limited	–	1,928
95,640	129,500	Pakistan Oilfields Limited	38,819	86,997
409,200	548,600	Pakistan Petroleum Limited	59,101	117,894
228,960	199,800	Pakistan State Oil Company Limited	38,840	63,598
–	1,982,332	Pakistan Stock Exchange Limited	–	39,151
–	125,000	Pakistan Telecommunication Company Limited	–	1,430
–	37,400	Roshan Packages Limited	–	1,054
–	140,000	Sui Northern Gas Pipelines Limited	–	14,031
–	310,000	Sui Southern Gas Company Limited	–	10,175
–	10,400	Thal Limited	–	4,966
220,000	210,000	The Hub Power Company Limited	17,327	19,353
26,490	26,490	Jubilee Spinning and Weaving Mills Limited	90	90
			404,877	866,118
		Less: Provision for impairment	(90)	(90)
9,625,793	13,818,895		404,787	866,028

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

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

Rupees in '000	2019	2018
Name of investee company		
Altern Energy Limited (Long term investment)	1,928,552	2,147,970
Attock Cement Pakistan Limited	450	7,927
Attock Petroleum Limited	2,856	–
Avanceon Limited	3,678	4,968
Cherat Cement Company Limited	1,083	19,446
D.G. Khan Cement Company Limited	29,966	60,679
Engro Corporation Limited	–	8,474
Engro Fertilizer Limited	18,871	14,982
Engro Foods Limited	–	1,336
Fatima Fertilizer Company Limited	–	486
Fauji Cement Company Limited	1,966	2,856
Fauji Fertilizer Bin Qasim Limited	–	17,178
Fauji Fertilizer Company Limited	12,644	14,339
HBL Growth Fund- Class A (Formerly: PICIC Growth Fund)	2,025	–
HBL Investment Fund- Class A (Formerly: PICIC Investment Fund)	1,069	6,735
Hi-Tech Lubricants Limited	1,895	8,460
International Industries Limited	13,780	29,454
International Steel Limited	12,430	31,832
K-Electric Limited *	7,902	10,224
Kohat Cement Limited	3,471	–
Kohinoor Energy Limited	–	25,560
Kot Addu Power Company Limited	–	24,097
Loads Limited	4,533	9,354
Mari Petroleum Company	3,330	–
Meezan Bank Limited	4,576	4,086
Millat Tractors Limited	8,624	–
Nishat Mills Limited	21,598	40,162
Nishat Power Limited	8,014	8,625
Oil and Gas Development Company Limited	35,857	37,099
Pak Suzuki Motor Company Limited	–	5,901
Pakgen Power Limited	–	1,928
Pakistan Oilfields Limited	38,210	86,997
Pakistan Petroleum Limited	56,934	117,078
Pakistan State Oil Company Limited	37,990	59,142
Pakistan Stock Exchange Limited	–	39,151
Roshan Packages Limited	–	958
Sui Northern Gas Pipelines Limited	–	14,031
Sui Southern Gas Company Limited	–	10,175
Thal Limited	–	2,531
The Crescent Textile Mills Limited	138,228	112,200
The Hub Power Company Limited	16,537	19,354
	2,417,069	3,005,775

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

28.1.3 This represents investment in ordinary shares of listed companies and certificates of mutual funds. Under IAS 39, these were classified as held for trading whereas under IFRS 9 these have been classified and held as FVTPL. This also includes investment in Jubilee Spinning and Weaving Mills Limited and Innovative Investment Bank Limited, which had been fully provided for as the break-up value of their shares was Rs. Nil per share (30 June 2018: Rs. Nil). Under IAS 39, these were classified as available for sale and reclassified to FVTPL on initial application of IFRS 9 as management has not designated it as FVOCI.

28.2 Available for sale

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

2019	2018	Name of investee company	Note	2019	2018
Number of shares				Rupees in '000	
		Quoted			
–	6,381,743	The Crescent Textile Mills Limited	28.2.1	–	160,820

28.2.1 The Group has recognized impairment loss in previous years amounting to Rs. 4.537 million (2018: Rs. 4.537 million) against the investment.

Rupees in '000	Note	2019	2018
29. OTHER RECEIVABLES			
Dividend receivable		974	3,262
Provision there against		(885)	(885)
Dividend receivable		89	2,377
Receivable against investments	29.1	17,725	17,723
Provision there against		(17,722)	(17,723)
Receivable against sale of investments		3	–
Receivable against rent from investment property		320	442
Due from related parties	29.2	2,669	53
Retention money receivable		–	113,162
Sales tax refundable	29.3	187,870	239,394
Margin on letter of credit and guarantee		15,359	18,404
Receivable from staff retirement benefits funds	46.1.3	20,329	254,774
Others		6,005	2,042
		232,644	630,648

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 provision there against has been made.

29.2 This represents amount due from CSAP - Pension Fund and Shakarganj Limited - associate amounting to Rs. 0.053 million (2018: Rs. 0.053 million) and Rs. 2.616 million (2018: Rs. Nil) respectively. Maximum aggregate amount outstanding at any time during the year calculated by reference to month-end balances is Rs. 0.053 million (2018: Rs. 0.053 million) and Rs. 5.627 million (2018: Rs. Nil) respectively and amounts are 180 days past due (2018: 180 days pat due).

29.3 In previous years, order in original no. 10/2016-17 dated 18 August 2017 was issued whereby a 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 the Holding 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. The Holding Company filed an appeal with the Appellate Tribunal Inland Revenue where the entire proceeding has been set aside on legal grounds.

This includes payment made to Punjab Revenue Authority against order received for non withholding of Punjab sales tax on services and its deposit with Punjab Revenue Authority. Currently, the appeal is pending adjudication at the Appellate Tribunal Inland Revenue - PRA. After consultation with legal advisor, the management considers that the appeal would be decided in Holding Company's favour.

In the current year, the Holding Company has adopted fixed regime of sales tax whereby sales tax liability is discharged on the basis of units of electricity consumed at Rs. 13 per unit instead of ad valorem basis. FBR did not agree to the Holding Company's stance owing to which the Holding Company filed writ petition no. 243530/2018 in Lahore High Court. The writ was allowed but later on, the department filed ICA No. 23517/2019 before High Court which is sub judice. No proceedings have been held since but management is confident of favourable outcome in light of the tax opinion which advices that the Holding Company has a good case.

Rupees in '000	2019	2018
30. TAXATION - NET		
Advance taxation	3,750,269	3,584,206
Provision for taxation	(2,490,729)	(2,418,897)
	1,259,540	1,165,309

30.1 The Income Tax assessments of the Holding 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:

Income tax assessments of the Holding Company for the tax years 2013 and 2016 have been amended by the Commissioner Inland Revenue whereby, tax demands of Rs. 95.94 million and Rs. 143.8 million have been raised respectively. Appeal has been preferred with the Commissioner Appeals which is pending adjudication for tax year 2013, whereas appeal is pending hearing before the Appellate Tribunal Inland Revenue for 2016.

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 filed appeals with the Commissioner Inland Revenue (Appeals) in which majority of the issues were decided in Holding Company's favour in 2009 and case was remanded back to the assessing officer for 2011.

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.

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. 4.253 million (inclusive of default surcharge) has been raised in respect of tax year 2017. Appeal has been preferred with the Commissioner Appeals which is pending adjudication.

Income tax assessment for the year 2006 was proposed to be amended where case was decided in the Holding Company's favour by the Appellate Tribunal Inland Revenue. Department has now filed case in the Lahore High Court challenging the tribunal's decision, which is pending to be heard.

As per order under section 161/205 of the Income Tax Ordinance 2001 have been issued by the Assistant Commissioner Inland Revenue, whereby demand aggregating to Rs. 46.78 million has been raised in respect of tax year 2017. Appeal has been preferred to the Commissioner (Appeals) which is pending for decision.

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.

Rupees in '000	Note	2019	2018
31. CASH AND BANK BALANCES			
With banks			
- in saving account	31.1	6,322	17,245
- in current accounts		20,881	175,917
	31.2	27,203	193,162
Cash in hand		2,417	493
		29,620	193,655

31.1 Mark-up rate on saving account ranged between 2.4% to 6.5% (2018: 3.17% to 5.71%).

31.2 This includes balances amounting to Rs. 3.287 million (2018: Rs. 1.811 million) with Shariah compliant banks.

Rupees in '000	Note	2019	2018
32. SALES - NET			
Local sales			
Bare pipes		319,247	5,533,373
Steel billets		2,642,203	3,382,588
Pipe coating		233,976	742,977
Pre coated pipes		1,996,516	475,612
Cotton yarn / raw cotton		1,667,951	884,203
Electricity sales		126,462	147,279
Steam sales		61,447	125,801
Others		73,430	141,120
Scrap / waste		167,325	16,857
Sales returns		(3,262)	–
		7,285,295	11,449,810
Export sales			
Fabric	32.1	–	13,120
		7,285,295	11,462,930
Sales tax		(431,727)	(1,533,174)
		6,853,568	9,929,756

32.1 Summary of export sales during the year:

Rupees in '000 Country	Geographical location	Credit terms	2019	2018
Ecuador	South America	Unsecured	–	13,120

Rupees in '000		2019	2018

33. COST OF SALES

Steel segment	33.1	2,012,588	5,344,171
Cotton segment	33.1	1,579,451	888,295
Hadeed (Billet) segment	33.1	2,909,663	2,409,943
Energy segment	33.1	476,031	747,645
		6,977,733	9,390,054

		Steel segment		Cotton segment		Hadeed (Billet) segment		Energy segment		Total	
		2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Rupees in '000	Note		(Restated)				(Restated)				
33.1 Cost of sales											
Raw materials consumed		1,643,911	4,125,720	1,173,444	611,491	1,800,479	2,259,941	355,403	618,233	4,973,237	7,615,385
Cost of raw cotton sold		–	–	–	27,736	–	–	–	–	–	27,736
Packing materials consumed		–	–	16,835	9,613	–	–	–	–	16,835	9,613
Stores and spares consumed		60,063	115,322	18,600	13,671	72,775	109,314	12,398	19,215	163,836	257,522
Fuel, power and electricity		(190,029)	55,616	204,407	111,143	505,712	–	–	–	520,090	166,759
Salaries, wages and other benefits	33.2	139,238	171,121	125,505	82,221	51,676	65,142	26,898	32,803	343,317	351,287
Insurance		4,705	4,687	2,583	2,394	941	890	1,062	1,374	9,291	9,345
Commission		–	–	4,713	–	–	–	–	–	4,713	–
Repairs and maintenance		6,051	17,835	2,474	1,834	555	6,033	3,704	8,167	12,784	33,869
Depreciation	17.1.2	60,810	53,894	29,250	29,201	52,417	51,987	60,602	58,923	203,079	194,005
Rental under Ijarah financing		91,592	91,599	–	–	–	–	–	–	91,592	91,599
Other expenses		147,592	424,083	6,937	3,606	188,757	133,025	15,964	8,930	359,250	569,644
		1,963,933	5,059,877	1,584,748	892,910	2,673,312	2,626,332	476,031	747,645	6,698,024	9,326,764
Opening stock of work-in-process		10,288	85,524	9,425	–	–	–	–	–	19,713	85,524
Closing stock of work-in-process	24	(15,854)	(10,288)	(9,142)	(9,425)	–	–	–	–	(24,996)	(19,713)
		(5,566)	75,236	283	(9,425)	–	–	–	–	(5,283)	65,811
Cost of goods manufactured		1,958,367	5,135,113	1,585,031	883,485	2,673,312	2,626,332	476,031	747,645	6,692,741	9,392,575
Opening stock of finished goods		174,745	383,803	5,494	10,304	236,351	19,962	–	–	416,590	414,069
Closing stock of finished goods - net	24	(120,524)	(174,745)	(11,074)	(5,494)	–	(236,351)	–	–	(131,598)	(416,590)
		54,221	209,058	(5,580)	4,810	236,351	(216,389)	–	–	284,992	(2,521)
		2,012,588	5,344,171	1,579,451	888,295	2,909,663	2,409,943	476,031	747,645	6,977,733	9,390,054
33.2 Detail of salaries, wages and other benefits											
Salaries, wages and other benefits	33.2.1	137,150	162,171	123,939	80,865	50,789	65,142	26,898	32,803	338,776	340,981
Pension fund	33.2.2	205	3,358	–	363	–	–	–	–	205	3,721
Gratuity fund	33.2.2	(1,632)	1,329	–	34	–	–	–	–	(1,632)	1,363
Provident fund contributions		3,515	4,263	1,566	959	887	–	–	–	5,968	5,222
		139,238	171,121	125,505	82,221	51,676	65,142	26,898	32,803	343,317	351,287

33.2.1 This includes contribution amounting to Rs. 0.06 million (2018: Rs. 10 million) to Staff Benevolent Fund ("the Fund"). The Fund has been established as separate legal entity under the Trust Act, 1882 and registered under Income Tax Ordinance, 2001. The objective of the Fund is to provide at the discretion of the trustees, post retirement medical cover / facilities for retired employees and other hardship cases of extraordinary nature of existing employees of the Holding Company. The Holding Company does not have any right in the residual interest of the Fund.

	2019		2018	
Rupees in '000	Pension	Gratuity	Pension	Gratuity
33.2.2 Staff retirement benefits				
Current service costs	4,283	1,564	(1,261)	(255)
Interest costs	11,564	2,964	(3,040)	(454)
Expected return on plan assets	(15,642)	(6,160)	8,022	2,072
	205	(1,632)	3,721	1,363

Rupees in '000	Note	2019	2018
34. LOSS FROM INVESTMENTS			
Dividend income	34.1	37,502	57,846
Loss on sale of held for trading investments - net		–	(17,832)
Loss on sale of FVTPL investments - net	34.1	(28,820)	–
Unrealized loss on held for trading investments - net		–	(86,110)
Unrealized loss on FVTPL investments - net	34.1	(83,211)	–
Rent from investment properties	34.2	6,494	5,039
		(68,035)	(41,057)

34.1 Break up of dividend income, realised loss and unrealised gain / (loss) is as follows:

Rupees in '000 Name of investee company	Dividend income	Realised loss	Unrealised gain / (loss)
Shariah compliant investee companies	28,303	(23,771)	(176,936)
Non - Shariah compliant investee companies	9,199	(5,049)	93,725
	37,502	(28,820)	(83,211)

34.1.1 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. 3.246 million (2018: Rs. 5.483 million). Further, Rs. 2.179 million (2018: Rs. 0.391 million) were incurred against the non rented out area.

35. DISTRIBUTION AND SELLING EXPENSES

Rupees in '000	Note	Steel segment 2019	Steel segment 2018 (Restated)	Cotton segment 2019	Cotton segment 2018	Hadeed (Billet) segment 2019	Hadeed (Billet) segment 2018 (Restated)	Total 2019	Total 2018
Salaries, wages and other benefits	35.1	3,640	3,860	1,599	1,526	649	949	5,888	6,335
Commission		–	–	–	2,855	–	–	–	2,855
Travelling, conveyance and entertainment		450	489	69	92	192	376	711	957
Depreciation	17.1.2	963	976	–	–	199	199	1,162	1,175
Insurance		118	104	–	–	34	–	152	104
Postage, telephone and telegram		43	64	51	162	29	29	123	255
Advertisement		1,644	728	–	–	–	–	1,644	728
Bid bond expenses		747	2,499	–	–	–	–	747	2,499
Legal and professional charges		3,518	1,054	–	–	–	–	3,518	1,054
Others		743	882	1,200	2,561	–	–	1,943	3,443
		11,866	10,656	2,919	7,196	1,103	1,553	15,888	19,405

35.1 Detail of salaries, wages and other benefits

Rupees in '000	Note	Steel segment 2019	Steel segment 2018 (Restated)	Cotton segment 2019	Cotton segment 2018	Hadeed (Billet) segment 2019	Hadeed (Billet) segment 2018 (Restated)	Total 2019	Total 2018
Salaries, wages and other benefits		3,449	3,458	1,599	1,526	617	949	5,665	5,933
Pension fund	35.1.1	52	176	–	–	–	–	52	176
Gratuity fund	35.1.1	(388)	73	–	–	–	–	(388)	73
Provident fund contributions		527	153	–	–	32	–	559	153
		3,640	3,860	1,599	1,526	649	949	5,888	6,335

Rupees in '000	2019 Pension	2019 Gratuity	2018 Pension	2018 Gratuity
35.1.1 Staff retirement benefits				
Current service costs	1,095	372	(60)	(14)
Interest costs	2,956	704	(144)	(23)
Expected return on plan assets	(3,999)	(1,464)	380	110
	52	(388)	176	73

36. ADMINISTRATIVE EXPENSES

		Steel segment		Cotton segment		IID segment		Hadeed (Billet) segment		Energy segment		Total	
Rupees in '000	Note	**2019**	2018 (Restated)	**2019**	2018	**2019**	2018	**2019**	2018 (Restated)	**2019**	2018	**2019**	2018
Salaries, wages and other benefits	36.1	70,994	27,245	15,861	7,824	7,351	7,005	5,793	6,483	282	1,794	100,281	50,351
Rents, rates and taxes		1,380	2,543	323	439	582	884	890	624	–	595	3,175	5,085
Travelling, conveyance and entertainment		4,963	8,809	953	1,228	289	508	811	707	–	–	7,016	11,252
Fuel and power		8,396	7,904	1,222	761	468	421	–	–	–	–	10,086	9,086
Postage, telephone and telegram		1,873	1,973	403	356	106	109	110	95	–	–	2,492	2,533
Insurance		1,316	1,412	280	161	120	120	48	18	–	–	1,764	1,711
Repairs and maintenance		9,947	10,181	463	298	1,507	780	865	1,947	610	–	13,392	13,206
Auditors' remuneration	36.2	2,318	1,947	618	342	412	313	171	171	280	296	3,799	3,069
Legal, professional and corporate service charges		13,124	14,527	2,696	1,826	3,168	3,926	2,644	1,337	76	207	21,708	21,823
Advertisement		1,735	1,854	13	12	91	96	–	–	–	–	1,839	1,962
Donations	36.3	2,694	33,333	–	–	142	1,754	–	–	–	–	2,836	35,087
Depreciation	17.1.2 & 19.1	18,208	15,411	3,368	2,390	4,828	5,492	1,962	1,812	–	–	28,366	25,105
Amortization of intangible assets	18.1.1	198	705	39	88	10	33	1,874	2,103	577	629	2,698	3,558
Printing, stationery and office supplies		2,137	4,812	512	242	212	352	–	–	12	20	2,873	5,426
Newspapers, subscriptions and periodicals		330	277	494	455	25	19	–	–	–	–	849	751
Others		5,941	5,884	1,137	873	2,069	616	–	–	19	1,388	9,166	8,761
		145,554	138,817	28,382	17,295	21,380	22,428	15,168	15,297	1,856	4,929	212,340	198,766

36.1 Detail of salaries, wages and other benefits

		Steel 2019	Steel 2018	Cotton 2019	Cotton 2018	IID 2019	IID 2018	Hadeed 2019	Hadeed 2018	Energy 2019	Energy 2018	Total 2019	Total 2018
Salaries, wages and other benefits		69,019	95,619	15,382	13,309	7,351	7,502	5,714	6,483	282	1,794	97,748	124,707
Pension fund	36.1.1	546	(45,975)	–	(4,851)	–	(532)	–	–	–	–	546	(51,358)
Gratuity fund	36.1.1	(3,463)	(25,986)	–	(1,161)	–	(254)	–	–	–	–	(3,463)	(27,401)
Provident fund contributions		4,892	3,587	479	527	–	289	79	–	–	–	5,450	4,403
		70,994	27,245	15,861	7,824	7,351	7,005	5,793	6,483	282	1,794	100,281	50,351

	2019		2018	
Rupees in '000	Pension	Gratuity	Pension	Gratuity
36.1.1 Staff retirement benefits				
Current service costs	11,384	3,319	17,405	5,132
Interest costs	30,733	6,289	41,961	9,121
Expected return on plan assets	(41,571)	(13,071)	(110,724)	(41,654)
	546	(3,463)	(51,358)	(27,401)

Rupees in '000	Note	2019	2018
36.2 Auditors' remuneration			
Audit fee	36.2.1	2,478	2,287
Certifications and other assurance services		808	360
Out of pocket expenses		244	260
Sales tax		269	162
		3,799	3,069

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.

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	2019	2018
			Amount donated	
Mr Ahsan M. Saleem	Director	The Citizens Foundation		
		Plot No. 20, Sector - 14,		
		New Brookes Chowrangi,		
		Korangi Industrial Area, Karachi	1,076	23,688
	Chairman	CSAP Foundation		
		E-floor, IT Tower, 73-E/1, Hali		
		Road, Gulberg-III, Lahore	–	1,000
	Director	Pakistan Centre for Philanthropy		
		1-A St.14 F-8/3 Islamabad	–	1,000
			1,076	25,688

Rupees in '000

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 the donee	2019	2018
	Amount donated	
Crescent Model Higher Secondary School	1,500	–
Crescent Educational Trust	–	3,000
Citizens Police Liaison Committee	–	2,500
Rashid Memorial Welfare Organization	–	1,000
National University of Sciences and Technology	–	1,000
Others	260	1,899
	1,760	9,399

Rupees in '000

Rupees in '000	2019	2018
37. OTHER OPERATING EXPENSES		
Exchange loss	21,893	21,187
Claim receivable written off	–	561
Impairment loss on trade debts	10,943	2,090
Provision for:		
- Workers' Profit Participation Fund	3,633	26,782
- Workers' Welfare Fund	474	11,071
- slow moving stores, spares and loose tools - net	23,187	19,727
Liquidated damages	3,727	25,882
Others	7,330	–
	71,187	107,300
38. OTHER INCOME		
Income from financial assets		
Return on deposits - from conventional banking	1,181	3,054
Exchange gain on derivative financial liability - net	–	1,504
Unwinding of discount on long term deposit	19,798	16,920
	20,979	21,478
Income from non-financial assets		
Gain on disposal of operating fixed assets	12,674	24,686
Deferred income amortized	5,834	4,677
Exchange gain	395	–
Insurance commission	306	1,566
Liabilities written back	1,285	768
Recovery of liquidated damages	–	85,185
Reversal of impairment of trade debts	1,500	5,014
Reversal of provision for:		
- stock-in-trade	–	715
- other receivables	–	47
Rent income	4,279	2,959
Others	744	6,226
	27,017	131,843
	47,996	153,321

Rupees in '000	2019	2018

39. FINANCE COSTS

	2019	2018
Mark-up on short term loans - Shariah arrangement	83,554	33,405
Interest on - Non - Shariah arrangement		
- finance lease obligations	14,954	10,257
- long term loans	35,953	31,793
- running finances	128,058	62,365
- short term loans	42,074	111,389
Discounting on long term deposit	2,080	8,340
Bank charges	11,146	6,415
	317,819	263,964

40. SHARE OF PROFIT IN EQUITY ACCOUNTED INVESTEES - NET OF TAXATION

	2019	2018
Shariah compliant investee companies		
Altern Energy Limited	290,096	315,443
Shakarganj Limited	106,665	(230,481)
	396,761	84,962

41. TAXATION

	2019	2018
Current		
- for the year	70,456	194,746
- Super tax	–	33,995
- for prior years	2,034	7,100
	72,490	235,841
Deferred	(17,791)	(26,929)
	54,699	208,912

41.1 Relationship between taxation expense and accounting profit

	2019	2018
Profit before taxation	(364,677)	147,493
Tax at the applicable rate of 29% (2018: 30%)	(105,756)	44,248
Tax effect of inadmissible expenses / losses	242,399	235,303
Tax effect of income taxed at a lower rate	158,233	(110,720)
Prior year tax effect	2,034	7,100
Tax losses of subsidiaries	(267,646)	–
Super tax	–	33,995
Tax effect of change in effective tax rate	25,435	(1,014)
	54,699	208,912

42 BASIC AND DILUTED LOSS PER SHARE

	2019	2018
Loss for the year	(419,376)	(61,419)
	(Number of shares)	
Weighted average number of ordinary shares in issue during the year	77,632,491	77,632,491
	(Rupees)	
Basic and diluted loss per share	(5.40)	(0.79)

Rupees in '000	2019	2018
41 CASH GENERATED FROM OPERATIONS		
(Loss) / profit before taxation	(364,677)	147,493
Adjustments for non cash charges and other items		
Depreciation on operating fixed assets and investment properties	232,974	220,731
Amortization of intangible assets	2,698	3,559
Reversal for the year on staff retirement benefit funds	(4,680)	(73,426)
Dividend income	(37,502)	(57,846)
Unrealized loss on held for trading investments - net	–	86,110
Unrealized loss on FVTPL investments - net	83,211	–
Loss on sale of held for trading investments - net	–	17,832
Loss on sale of FVTPL investments - net	28,820	–
Provision for slow moving stores, spares and loose tools	23,187	19,727
(Reversal of provision) for stock-in-trade - Raw materials	–	(715)
Provision / (reversal of provision) for doubtful trade debts	9,443	(7,151)
Provision for Workers' Welfare Fund	474	11,071
Provision for Workers' Profit Participation Fund	3,633	26,782
Return on deposits and investments	(1,181)	(3,053)
Gain on disposal of operating fixed assets	(12,674)	(24,686)
Deferred income	(5,834)	(4,677)
Discounting of long term deposit	2,080	8,340
Unwinding of discount on long term deposit	(19,798)	(16,920)
Liabilities written back	(1,285)	(768)
Finance costs	315,739	255,624
Share of profit from equity accounted investees - net of taxation	(396,761)	(84,962)
	(142,133)	523,065
Change in:		
Stores, spares and loose tools	2,542	(40,031)
Stock-in-trade	1,446,739	1,117,359
Trade debts	(23,555)	821,523
Advances	(4,580)	(7,562)
Trade deposits and short term prepayments	21,482	(13,999)
Other receivables	160,960	383,789
Trade and other payables	(1,033,213)	(362,559)
	428,242	2,421,585

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

Rupees in '000	Note	Long term loans	Finance lease liabilities (Including mark-up accrued)	Short term borrowings	Unclaimed dividend	Total
	Note	9	10 & 14	15		
Opening balance as at 1 July 2018		323,290	173,854	1,502,148	21,520	2,020,812
Dividend declared		–	–	–	77,632	77,632
Lease obligation entered during the year		–	26,444	–	–	26,444
Interest accrued on lease obligation		–	14,954	–	–	14,954
		–	41,398	–	77,632	119,030
Proceeds from long term loans		60,800	–	–	–	60,800
Repayment of long term loans		(96,544)	–	–	–	(96,544)
Proceeds short term borrowings		–	–	4,317,621	–	4,317,621
Repayment of short term borrowings		–	–	(5,089,018)	–	(5,089,018)
Dividend paid		–	–	–	(72,627)	(72,627)
Lease payments		–	(60,453)	–	–	(60,453)
		(35,744)	(60,453)	(771,397)	(72,627)	(940,221)
Closing balance as at 30 June 2019		287,546	154,799	730,751	26,525	1,199,621

Rupees in '000	Note	2019	2018

44. CASH AND CASH EQUIVALENTS

	Note	2019	2018
Running finances under mark-up arrangements	15	(907,341)	(453,977)
Cash and bank balances	31	29,620	193,655
		(877,721)	(260,322)

45. SEGMENT REPORTING

45.1 Reportable segments

- 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 generation and supply of electricity (note 1.6).
- Hadeed (Billet) segment - It comprises of manufacturing billets (note 1.8).

Information regarding the Group's reportable segments is presented below.

45.2 Segment revenues and results

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

Rupees in '000	Steel segment	Cotton segment	IID segment	Hadeed (Billet) segment	Energy segment	Inter-segments elimination / adjustments	Total
For the year ended 30 June 2019							
Sales	2,381,405	1,685,110	–	2,642,203	398,648	(253,798)	6,853,568
Cost of sales	2,266,675	1,579,451	–	2,909,663	483,105	(261,161)	6,977,733
Gross profit / (loss)	114,730	105,659	–	(267,460)	(84,457)	7,363	(124,165)
Income / (loss) from investments	–	–	132,870	–	593	(201,498)	(68,035)
	114,730	105,659	132,870	(267,460)	(83,864)	(194,135)	(192,200)
Distribution and selling expenses	11,866	2,919	–	1,103	–	–	15,888
Administrative expenses	145,554	28,382	21,380	15,168	1,856	–	212,340
Other operating expenses	24,947	3,699	–	42,541	–	–	71,187
	182,367	35,000	21,380	58,812	1,856	–	299,415
	(67,637)	70,659	111,490	(326,272)	(85,720)	(194,135)	(491,615)
Other income	79,616	9,365	–	364	378	(41,727)	47,996
Operating profit / (loss) before finance costs	11,979	80,024	111,490	(325,908)	(85,342)	(235,862)	(443,619)
Finance costs	210,363	9,797	36,656	90,230	12,500	(41,727)	317,819
Share of profit in equity accounted investees - net of taxation	–	–	396,761	–	–	–	396,761
(Loss) / profit before taxation	(198,384)	70,227	471,595	(416,138)	(97,842)	(194,135)	(364,677)
Taxation							54,699
Loss for the year							(419,376)

Rupees in '000	Steel segment (Restated)	Cotton segment	IID segment	Hadeed (Billet) (Restated)	Energy segment	Inter-segments elimination / adjustments	Total
For the year ended 30 June 2018							
Sales	6,136,191	907,596	–	2,891,101	651,880	(657,012)	9,929,756
Cost of sales	5,344,171	888,295	–	3,067,239	754,719	(664,370)	9,390,054
Gross profit / (loss)	792,020	19,301	–	(176,138)	(102,839)	7,358	539,702
Income / (loss) from investments	–	–	514,448	–	–	(555,505)	(41,057)
	792,020	19,301	514,448	(176,138)	(102,839)	(548,147)	498,645
Distribution and selling expenses	10,656	7,196	–	1,553	–	–	19,405
Administrative expenses	138,817	17,295	22,428	15,297	4,929	–	198,766
Other operating expenses	83,559	1,304	27	20,320	2,090	–	107,300
	233,032	25,795	22,455	37,170	7,019	–	325,471
	558,988	(6,494)	491,993	(213,308)	(109,858)	(548,147)	173,174
Other income	151,418	20,253	47	4,633	3,197	(26,227)	153,321
Operating profit / (loss) before finance costs	710,406	13,759	492,040	(208,675)	(106,661)	(574,374)	326,495
Finance costs	212,079	5,609	25,818	38,252	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	498,327	8,150	550,256	(246,927)	(114,166)	(548,147)	147,493
Taxation							208,912
Loss for the year							(61,419)

45.2.1 Revenue reported above represents revenue generated from external customers. There were no inter-segment sale during the year (2018: 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 32 to these consolidated financial statements.

45.4 Information about major customers

Revenue from major customers of Steel segment represents an aggregate amount of Rs. 4,891.885 million (2018: Rs. 7,973.355 million) of total Steel segment revenue of Rs. 2,381.405 million (2018: Rs. 6,136.191 million). Revenue from major customers of Cotton segment represents an aggregate amount of Rs. 251.736 million (2018: Rs. 84.508 million) of total Cotton segment revenue of Rs. 1,685.110 million (2018: Rs. 907.596 million). Revenue from major customers of Energy segment represent an aggregate amount of Rs. 398.648 million (2018: Rs. 651.880 million) of total Energy segment revenue of Rs. 398.648 million (2018: Rs. 651.880 million).

45.5 Geographical information

45.5.1 The Group's revenue from external customers by geographical location is detailed below:

Rupees in '000	**2019**	2018
South and North America	–	13,120
Pakistan	6,853,568	9,916,636
	6,853,568	9,929,756

45.5.2 All non-current assets of the Group as at 30 June 2019 and 2018 were located and operating in Pakistan.

45.6 Segment assets and liabilities

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

Rupees in '000	Steel segment	Cotton segment	IID segment	Hadeed (Billet) segment	Energy segment	Total
As at 30 June 2019						
Segment assets for reportable segments	1,826,902	430,823	1,169,324	1,218,378	878,184	5,523,611
Investment in equity accounted investees	–	–	2,988,879	–	278,027	3,266,906
Unallocated corporate assets						1,210,395
Total assets as per consolidated statement of financial position						10,000,912
Segment liabilities for reportable segments	570,025	106,822	66,702	140,995	118,522	1,003,066
Unallocated corporate liabilities and deferred income						2,041,764
Total liabilities as per consolidated statement of financial position						3,044,830

Rupees in '000	Steel segment (Restated)	Cotton segment	IID segment	Hadeed (Billet) segment (Restated)	Energy segment	Total
As at 30 June 2018						
Segment assets for reportable segments	2,792,767	528,790	1,376,546	2,018,930	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 statement of financial position						12,059,023
Segment liabilities for reportable segments	1,345,671	101,745	154,619	946,143	111,465	2,659,643
Unallocated corporate liabilities and deferred income						1,785,691
Total liabilities as per consolidated statement of financial position						4,445,334

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

Rupees in '000	Steel segment	Cotton segment	IID segment	Hadeed (Billet) segment	Energy segment	Total
For the year ended 30 June 2019						
Capital expenditure	144,094	5,761	10,760	2,446	3,348	166,409
Depreciation and amortization	80,179	32,657	4,838	56,452	61,546	235,672
Non-cash items other than depreciation and amortization - net	187,672	37,626	(314,397)	76,305	(335)	(13,129)
For the year ended 30 June 2018						
Capital expenditure	115,014	54,961	–	2,155	36,036	208,166
Depreciation and amortization	72,510	31,679	5,525	54,578	59,998	224,290
Non-cash items other than depreciation and amortization - net	52,188	(17,300)	(12,927)	124,420	4,901	151,282

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 2019. The projected unit credit method, using the following significant assumptions, has been used for the actuarial valuation:

	2019		2018	
	Pension	Gratuity	Pension	Gratuity
Financial assumptions				
- Discount rate used for Interest Cost in profit or loss charge	10.00%	10.00%	9.25%	9.25%
- Discount rate used for year end obligation	14.50%	14.50%	10%	10%
- Expected rate of increase in salaries	14.50%	14.50%	10%	10%
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 unconsolidated statement of financial position are as follows:

Rupees in '000	Note	2019 Pension	2019 Gratuity	2019 Total	2018 Pension	2018 Gratuity	2018 Total
Present value of defined benefit obligations	46.1.4	494,294	104,884	599,178	457,906	101,625	559,531
Fair value of plan assets	46.1.5	(393,748)	(125,213)	(518,961)	(608,912)	(205,706)	(814,618)
Asset recognized in consolidated statement of financial position		100,546	(20,329)	80,217	(151,006)	(104,081)	(255,087)
46.1.3 Movement in the net defined benefit liability / (asset)							
Opening balance		(151,006)	(104,081)	(255,087)	(682,679)	(331,631)	(1,014,310)
Net benefit (income) / cost charged to consolidated profit or loss	46.1.7	804	(5,484)	(4,680)	(47,460)	(25,965)	(73,425)
Remeasurements recognized in consolidated other comprehensive income	46.1.8	267,915	95,834	363,749	587,706	256,807	844,513
Contributions by the Holding Company	46.1.5	(17,167)	(6,598)	(23,765)	(8,573)	(3,292)	(11,865)
Closing balance		100,546	(20,329)	80,217	(151,006)	(104,081)	(255,087)
46.1.4 Movement in the present value of defined benefit obligations							
Present value of defined benefit obligations - 1 July		457,906	101,625	559,531	423,509	94,572	518,081
Current service costs		16,763	5,254	22,017	16,084	4,863	20,947
Interest costs		45,252	9,957	55,209	38,776	8,642	47,418
Benefits paid during the year		(10,760)	(4,116)	(14,876)	(8,626)	(2,292)	(10,918)
Remeasurement:							
Actuarial losses from changes in financial assumptions		14,640	74	14,714	2,381	13	2,394
Experience adjustments		(29,507)	(7,910)	(37,417)	(14,218)	(4,173)	(18,391)
Present value of defined benefit obligations - 30 June		494,294	104,884	599,178	457,906	101,625	559,531

	2019			2018		
Rupees in '000	Pension	Gratuity	Total	Pension	Gratuity	Total
46.1.5 Movement in the fair value of plan assets are as follows:						
Fair value of plan assets - 1 July	608,912	205,706	814,618	1,106,188	426,203	1,532,391
Contributions by the Holding Company	17,167	6,598	23,765	8,573	3,292	11,865
Interest income on plan assets	61,211	20,695	81,906	102,320	39,470	141,790
Benefits paid during the year	(10,760)	(4,116)	(14,876)	(8,626)	(2,292)	(10,918)
Return on plan assets, excluding interest income	(282,782)	(103,670)	(386,452)	(599,543)	(260,967)	(860,510)
Fair value of plan assets - 30 June	393,748	125,213	518,961	608,912	205,706	814,618
46.1.6 Actual return on plan assets	(221,571)	(82,975)	(304,546)	(497,223)	(221,497)	(718,720)

46.1.7 Following amounts have been charged in the consolidated profit or loss in respect of these benefits

	2019			2018		
Rupees in '000	Pension	Gratuity	Total	Pension	Gratuity	Total
Current service costs	16,763	5,254	22,017	16,084	4,863	20,947
Interest costs	45,252	9,957	55,209	38,776	8,642	47,418
Expected return on plan assets	(61,211)	(20,695)	(81,906)	(102,320)	(39,470)	(141,790)
Charge / (income) recognized in consolidated profit or loss	804	(5,484)	(4,680)	(47,460)	(25,965)	(73,425)

46.1.8 Following amounts of remeasurements have been charged in consolidated other comprehensive income in respect of these benefits:

	2019			2018		
Rupees in '000	Pension	Gratuity	Total	Pension	Gratuity	Total
Remeasurement:						
Actuarial losses from changes in financial assumptions	14,640	74	14,714	2,381	13	2,394
Experience adjustments	(29,507)	(7,910)	(37,417)	(14,218)	(4,173)	(18,391)
Return on plan assets, excluding interest income	282,782	103,670	386,452	599,543	260,967	860,510
Remeasurement loss charged in consolidated other comprehensive income	267,915	95,834	363,749	587,706	256,807	844,513
46.1.9 Total defined benefit cost recognized in consolidated profit or loss and other comprehensive income	268,719	90,350	359,069	540,246	230,842	771,088
Expected contributions to funds in the following year	–	–	–	–	–	–
Weighted average duration of the defined benefit obligation (years)	11	3		11	3	

Rupees in '000	2019 Pension	2019 Gratuity	2019 Total	2018 Pension	2018 Gratuity	2018 Total
Analysis of present value of defined benefit obligation						
Type of Members:						
Pensioners	30	–		29	–	
Beneficiaries	86	85		98	98	
Vested / Non-Vested						
Vested benefits	468,640	84,014	552,654	422,010	81,066	503,076
Non - vested benefits	25,654	20,870	46,524	41,673	20,559	62,232
	494,294	104,884	599,178	463,683	101,625	565,308
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	90,870	3,726	94,596	4,841	2,569	7,410
Debt instruments						
AA+	83,142	33,209	116,351	95,707	19,629	115,336
AA / AA-	230	–	230	61,791	–	61,791
	83,372	33,209	116,581	157,498	19,629	177,127
Equity instruments						
Automobile Assembling	–	–	–	115	–	115
Automobile Parts and Accessories	149	–	149	179	–	179
Cement	4,560	–	4,560	8,605	–	8,605
Chemicals	449	–	449	530	–	530
Commercial Banks	–	–	–	137	–	137
Engineering	152,320	72,588	224,908	352,135	159,760	511,895
Fertilizer	6,203	258	6,461	9,842	292	10,134
Insurance	76	–	76	97	–	97
Oil and Gas Exploration Companies	10,501	3,125	13,626	11,754	4,263	16,017
Oil and Gas Marketing Companies	636	–	636	1,042	–	1,042
Paper and Board	177	–	177	–	–	–
Power Generation and Distribution	19,936	7,875	27,811	27,992	13,052	41,044
Sugar and Allied Industries	5,433	1,600	7,033	8,176	2,408	10,584
Textile Composite	2,673	–	2,673	3,959	–	3,959
	203,113	85,446	288,559	424,563	179,775	604,338
Mutual funds						
Income Fund	16,393	2,832	19,225	22,010	3,733	25,743
	393,748	125,213	518,961	608,912	205,706	814,618

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%	446,126	102,306
Discount rate -1%	552,480	107,847
Long term pension / salary increase +1%	504,249	107,837
Long term pension / salary decrease -1%	485,512	102,270
Long term pension increase +1%	546,467	–
Long term pension decrease -1%	449,399	–

The actuary of the Holding Company has assessed that present value of future refunds or reduction in future contribution is not lower than receivable from pension and gratuity funds recorded by the Holding Company.

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 2019 was Rs. 11.977 million (2018: Rs. 9.778 million). Reporting year end of Provident Fund Financial Statements is 31 December and 30 June for Steel & IID Division and Cotton Division respectively.

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:

Rupees in '000	30 June 2019								
	Carrying amount					Fair Value			
	Fair value through profit or loss	Fair value through other compre-hensive income	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments									
Financial assets measured at fair value									
Investments									
- Listed equity securities	404,787	138,867	–	–	543,654	543,654	–	–	543,654
- Unlisted equity securities	549,984	–	–	–	549,984	–	–	549,984	549,984
	954,771	138,867	–	–	1,093,638	543,654	–	549,984	1,093,638
Financial assets not measured at fair value									
Deposits	–	–	275,886	–	275,886	–	–	–	–
Trade debts	–	–	96,432	–	96,432	–	–	–	–
Other receivables	–	–	24,445	–	24,445	–	–	–	–
Cash and bank balances	–	–	29,620	–	29,620	–	–	–	–
	–	–	426,383	–	426,383	–	–	–	–
Financial liabilities not measured at fair value									
Long term loans	–	–	–	287,546	287,546	–	–	–	–
Liabilities against assets subject to finance lease	–	–	–	154,296	154,296	–	–	–	–
Trade and other payables	–	–	–	442,204	442,204	–	–	–	–
Unclaimed dividend	–	–	–	26,525	26,525	–	–	–	–
Mark-up accrued	–	–	–	43,864	43,864	–	–	–	–
Short term borrowings	–	–	–	1,638,092	1,638,092	–	–	–	–
	–	–	–	2,592,527	2,592,527	–	–	–	–

Rupees in '000	30 June 2018							
	Carring amount				Fair value			
	Investments	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments								
Financial assets measured at fair value								
Investments								
- Listed equity securities	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	–	–	–	–
Deposits	–	279,162	–	279,162	–	–	–	–
Trade debts	–	82,320	–	82,320	–	–	–	–
Other receivables	–	136,480	–	136,480	–	–	–	–
Cash and bank balances	–	193,655	–	193,655	–	–	–	–
	3,379,166	691,772	–	4,070,938	–	–	–	–
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	–	–	–	–
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	–	–	–	–

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.

47.1 Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 3 fair values at 30 June 2019 for unquoted equity investment measured at fair value in the statement of financial position, as well as the significant unobservable inputs used.

Name of investee company	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
- Shakarganj Food Products Limited	- Discounted cash flows with terminal growth: The valuation model considers the present value of expected free cash flows, discounted using Weighted Average Cost of Capital.	- Expected cash flows - Terminal growth rate - Weighted Average Cost of Capital	The estimated fair value would increase / (decrease) if: - The expected free cash flows were higher / (lower) - The terminal growth rate were higher / (lower) - The Weighted Average Cost of Capital were lower / (higher)
- Central Depository Company of Pakistan Limited	- Net Asset Method: This valuation Method considers Net Asset value divided by ordinary number of shares	- Net assets of The investee Company	The estimated fair value would increase / (decrease) if: - The net assets of the investee company were higher / (lower).

47.2 Level 3 fair values

Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values

Rupees in '000	
Balance at 30 June 2018*	
- Shakarganj Food Products Limited	202,216
- Central Depository Company of Pakistan Limited	58,946
	261,162
Fair value included in opening unappropriated profits (retained earnings)	
- Shakarganj Food Products Limited	115,936
- Central Depository Company of Pakistan Limited	56,476
	172,412
Balance at 01 July 2018	
- Shakarganj Food Products Limited	318,152
- Central Depository Company of Pakistan Limited	115,422
	433,574
Fair value recognized during the year	
- Shakarganj Food Products Limited	107,431
- Central Depository Company of Pakistan Limited	8,979
	116,410
Balance at 30 June 2019	
- Shakarganj Food Products Limited	425,583
- Central Depository Company of Pakistan Limited	124,401
	549,984

* Before 30 June 2018, these equity securities were stated at cost in accordance with IAS 39 and were classified as available for sale. From 1 July 2018, these are classified at FVTPL in accordance with IFRS 9 and measured at fair value.

Sensitivity Analysis

For the fair value of unquoted equity investment, reasonably possible changes at 30 June 2019 to one of the significant unobservable inputs, holding other inputs constant, would have the following effects.

	Profit or loss	
Rupees in '000	Increase	Decrease
Shakarganj Food Products Limited		
- Expected cash flows (10% movement)	47,600	(47,600)
- Terminal growth rate (1% movement)	28,597	(23,894)
- Weighted Average Cost of Capital (1% movement)	(37,629)	44,966
Central Depository Company of Pakistan Limited		
- Net assets (10% movement)	12,440	(12,440)

48. 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 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:

Rupees in '000	**2019**	2018
Deposits	275,886	279,162
Trade debts	96,432	82,320
Mark-up accrued	29	155
Other receivables	24,445	136,480
Bank balances	27,203	193,162
	423,995	691,279

Trade and receivables

To manage exposure to credit risk in respect of trade and other receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Sales tenders and credit terms are approved by the tender approval committee. Where considered necessary, advance payments are obtained from certain parties. Sales made to major customers are secured through letters of credit. The management has set a maximum credit period of 15 days in respect of Cotton segment's sales to reduce the credit risk.

All the trade debtors at the reporting date represent domestic parties.

The maximum exposure to credit risk before any credit enhancements for trade debts at the reporting date by type of customer was as follows:

Rupees in '000	**2019**	2018
Steel segment	64,149	41,254
Cotton segment	4,949	2,011
Hadeed (Billet) segment	10,841	25,452
Energy segment	16,493	13,603
	96,432	82,320
The aging of trade debts at the balance sheet date is		
Not past due	9,400	14,444
Past due 1 - 30 days	55,578	13,971
Past due 30 - 180 days	18,936	36,733
Past due 180 days	43,224	38,435
	127,138	103,583
Less: Impaired	30,706	21,263
	96,432	82,320

The movement in the allowances for impairment in respect of trade debts and advances is given in note 25.2 and note 26 respectively.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Management uses actual historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment to determine lifetime expected loss allowance.

Loss rates are based on actual credit loss experience over the past five years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and Group's view of economic conditions over the expected lives of the trade debts.

Based on past experience the management believes that no impairment allowance is necessary, except mentioned above, in respect of trade debts past due as some receivables have been recovered subsequent to the year end and for other receivables there are reasonable grounds to believe that the amounts will be recovered in short course of time.

Settlement risk

All investing transactions are settled / paid for upon delivery as per the advice of investment committee. The Group's policy is to enter into financial instrument contract by following internal guidelines such as approving counterparties and approving credits.

Bank balances

The Group kept its surplus funds with banks having good credit rating. Currently, the surplus funds are kept with banks having rating from AAA to A-.

The credit quality of the Group's bank balances and deposits and units of mutual fund can be assessed with reference to external credit ratings as follows:

	Rating		Rating	2019	2018
	Short term	Long term	Agency	Rupee in '000	
Mutual Funds					
HBL Growth Fund (A)					
(Previously PICIC Growth Fund)	–	AM3+	PACRA	24,844	73,377
HBL Investment Fund (A) (Previously					
PICIC Investment Fund)	–	AM3+	PACRA	3,097	10,300
				27,941	83,677

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:

Rupees in '000	2019						
	Carrying amount	On demand	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to six years
Financial liabilities							
Long term loans	287,546	–	333,274	79,052	56,562	105,909	91,751
Liabilities against assets subject to finance lease	154,296	–	182,371	32,087	33,305	48,987	67,992
Trade and other payables	442,204	–	442,204	442,204	–	–	–
Unclaimed dividend	26,525	26,525	–	–	–	–	–
Mark-up accrued	43,864	–	43,864	43,864	–	–	–
Short term borrowings	1,638,092	1,638,092	–	–	–	–	–
	2,592,527	1,664,617	1,001,713	597,207	89,867	154,896	159,743

Rupees in '000	2018						
	Carrying amount	On demand	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to six years
Financial liabilities							
Long term loan	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	–	–	–
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

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

	2019		
	USD	Euro	CNY
Foreign creditors	–	–	–
Outstanding letters of credit	–	–	–
Net exposure	–	–	–

	2018 USD	2018 Euro	2018 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

The following significant exchange rate has been applied :

	Average rate		Reporting date rate	
Rupees in '000	**2019**	2018	**2019**	2018
USD to PKR	136.27	110.63	160.05	121.60
Euro to PKR	155.34	132.04	182.32	141.57
CNY to PKR	19.97	17.43	23.31	18.76

Sensitivity analysis

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

Rupees in '000	**2019**	2018
USD	–	786,015
Euro	–	21,080
CNY	–	3,399,305
	–	4,206,400

The weakening of the PKR against USD, Euro and CNY 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 consolidated profit for the year and assets / liabilities of the Company.

48.3.2 Interest rate risk

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

	2019	2018	**2019**	2018
	Effective interest rate (Percentage)		Carrying amount (Rupees in '000)	
Financial liabilities				
Variable rate instruments:				
Long term loan	7.91 - 14.42	7.64 - 8.92	287,546	323,290
Liabilities against assets subject to finance lease	10.61 - 17.6	10.47 - 12.06	154,296	173,429
Short term borrowings	7.68 - 14.86	7.64 - 8.84	1,638,092	1,956,125

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore a change in interest rates at the reporting date would not affect 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 2018.

	Profit and loss 100 bp	
Rupees in '000	Increase	Decrease
As at 30 June 2019		
Cash flow sensitivity - Variable rate financial liabilities	(20,799)	20,799
As at 30 June 2018		
Cash flow sensitivity - Variable rate financial liabilities	(24,528)	24,528

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

46.3.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). Other price risk arises from the Group's investment in units of mutual funds and ordinary shares of listed companies. To manage its price risk arising from aforesaid investments, the Group diversifies its portfolio and continuously monitors developments in equity markets. In addition the Group actively monitors the key factors that affect stock price movement.

A 10% increase / decrease in redemption and share prices at year end would have decreased / increased the Group's gain / loss in case of Fair value through profit or loss (held for trading investments) and increase / decrease surplus on re-measurement of investments in case of Fair value through other comprehensive income (available for sale) investments as follows:

Rupees in '000	**2019**	2018
Effect on profit	40,479	86,603
Effect on equity	13,887	16,082
Effect on investments	54,366	102,685

The sensitivity analysis prepared is not necessarily indicative of the effects on the consolidated profit / equity and assets of the Group.

49. REMUNERATION TO THE CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

	Chief Executive		Director		Executives		Total	
Rupees in '000	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
Managerial remuneration	22,977	21,884	–	–	44,799	51,748	67,776	73,632
House rent	7,452	7,452	–	–	17,884	17,297	25,336	24,749
Utilities	1,656	1,656	–	–	3,577	3,470	5,233	5,126
Travelling expenses	2,581	5,803	–	–	–	–	2,581	5,803
Medical	1,736	185	–	–	2,088	1,931	3,824	2,116
Contributions to								
- Gratuity fund	1,379	537	–	–	2,367	1,100	3,746	1,637
- Pension fund	3,312	1,290	–	–	6,115	2,855	9,427	4,145
- Provident fund	1,656	1,290	–	–	2,899	2,837	4,555	4,127
Club subscription								
and expenses	1,131	713	–	–	217	179	1,348	892
Entertainment	390	321	–	–	90	84	480	405
Conveyance	–	–	–	–	970	870	970	870
Telephone	268	-	–	–	–	6	268	6
	44,538	41,131	–	–	81,006	82,377	125,544	123,508
Number of persons	1	1	–	–	15	15	16	16

49.1 The aggregate amount charged in respect of directors' fees paid to six (2018: six) directors is Rs. 2.380 million (2018: Rs. 2.960 million). Also, during the year remuneration paid to the non-executive Chairman of the Board of Directors amounted to Rs. 1.820 million (2018: Rs. 1.275 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 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 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 :

Rupees in '000				**2019**	2018
Name	Nature of relationship	Basis of relationship	Nature of transaction		
Altern Energy Limited	Associated company	17.60% Holding	Dividend received	201,498	511,740
Shakarganj Limited	Associated company	28.01% Holding	Dividend paid	180	855
			Dividend received	–	43,763
			Sales of finished goods	1,537	618
			Sale of electricity and steam	160,606	233,401
			Services received	5,730	9,339
			Reimbursable expenses	2,967	1,732

Rupees in '000 Name	Nature of relationship	Basis of relationship	Nature of transaction	2019	2018
			Right shares subscribed	–	273,091
			Purchase of raw material	162,547	228,579
			Purchase of store items	–	237
			Rent expense	890	624
The Crescent Textile Mills Limited	Related party	Major share holder	Dividend paid	8,538	–
Muhammad Amin Muhammad Bashir Limited	Related party	Common directorship	Dividend paid	1	4
Premier Insurance Limited	Related party	Common directorship	Insurance premium	10,948	9,610
			Dividend paid	142	691
The Citizens' Foundation	Related party	Common directorship	Donation given	1,076	23,688
Crescent Cotton Products - Staff Provident Fund	Retirement benefit fund	Employees benefit fund	Contribution made	4,274	2,513
			Dividend paid	75	355
Crescent Steel and Allied Products Limited - Gratuity Fund	Retirement benefit fund	Employees benefit fund	Contribution made	6,598	3,292
			Dividend paid	1,821	7,123
Crescent Steel and Allied Products Limited - Pension Fund	Retirement benefit fund	Employees benefit fund	Contribution made	17,167	8,573
			Dividend paid	3,925	15,525
Crescent Steel and Allied Products Limited - Staff Provident Fund	Retirement benefit fund	Employees benefit fund	Contribution made	17,905	8,822
			Dividend paid	124	3,785
Crescent Hadeed (Private) Limited - Staff Provident Fund	Retirement benefit fund	Employees benefit fund	Contribution made	998	626
CSAP - Staff Benevolent Fund	Staff welfare fund	Employees welfare fund	Contribution made	–	10,000
			Dividend paid	36	172
Key management personnel	Related parties	Executives	Remuneration and benefits	61,501	104,433
			Dividend paid	108	2,856
Directors and their spouse	Related parties	Directors	Dividend paid	624	3,694

50.1 Sale of finished goods and raw materials, rendering of services and rental income are based on commercial terms and at market prices which are approved by the Board of Directors.

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 2019 and 2018 are included in issued, subscribed and paid-up capital (note 7.1), trade and other payables (note 13.4), 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 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:

Rupees in '000		**2019**	2018
Total debt	51.1.1	2,079,934	2,452,844
Less: Cash and bank balances		29,620	193,655
Net debt		2,050,314	2,259,189
Total equity	51.1.2	6,956,082	7,613,689
Total capital		9,006,396	9,872,878
Gearing ratio		23%	23%

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 (2018: 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 12,287.5 tons (2018: 50,215 tons) line pipes of varied sizes and thickness. Actual production is equivalent to 21,310.9 tons (2018: 56,145 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 density polyethylene coating at a rate of 250 square meters of surface area per hour on pipe sizes ranging from 114 mm to 1,524 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 434,494 meters (2018: 206,389 meters) of different dia pipes (340,745 square meters surface area) was achieved during the year (2018: 407,598 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 (85,000 mtons) of billets per annum, but the total production during FY18-19 was 29,162 mtons (2018: 49,900 mtons) of billets. Production was suspended for about two months and plant was temporary shut down from 15 April 2019 due to lower economic activity, continuous rupee devaluation and the selling price of billet is not stable.

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 (2018: 9,197,007 kilograms). Actual production converted into 20s count was 9,087,295 kilograms for 1,092 shifts (2018: 4,897,430 kilograms for 705 shifts).

52.3 Energy segment

The plant's installed production capacity was 118,856 MWh (2018: 118,856 MWh) and the actual production achieved during the year was 31,017 MWh (2018: 50,559 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. GENERAL

53.1 Number of employees

The number of employees including contractual employees of the Group as at 30 June 2019 were 760 (2018: 1,003) and weighted average number of employees were 877 (2018: 951).

54. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue in the Board of Directors meeting held on ______________.

Chief Executive | Director | Chief Financial Officer

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
CHL	Crescent Hadeed (Private) Limited
CIO	Chief Information Officer
CNY	Chinese Yuan
CPEC	China Pakistan Economic Corridor
CSAPL	Crescent Steel and Allied Products Limited
CSCL	CS Capital (Private) Limited
CSEL	CS Energy (Private) Limited
CSR	Corporate Social Responsibility
GDP	Gross Domestic Product
Dia	Diameter
DISCOS	Distribution Companies
DRP	Disaster Recovery Plan
DSC	Differential Scanning Calorimeter
EBIT	Earnings before Interest and Taxation
EBITDA	Earnings before Interest, Taxation Depreciation and Amortization
ECL	Expected Credit Loss
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
FCF	Free Cash Flow
FCFFM	Free Cash Flows to Firm Method
FDI	Foreign Direct Investment
FESCO	Faisalabad Electric Supply Company
FVOCI	Fair Value Through Other Comprehensive Income
FVTPL	Fair Value Through Profit or Loss
GIDC	Gross Infrastructure Development Cess
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
IASB	International Accounting Standards Board
ICAP	Institute of Chartered Accountants of Pakistan
ICMAP	Institute of Cost and Management Accountants of Pakistan
IFAS	Islamic Financial Accounting Standards
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
MWh	Megawatt-Hour
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
PKR	Pakistani Rupee
PNAC	Pakistan National Accreditation Council
PPA	Power Purchase Agreement
PSDP	Public Sector Development Programme
PSML	Pakistan Steel Mills Limited
PSX	Pakistan Stock Exchange
QMS	Quality Management System
SECP	Securities and Exchange Commission of Pakistan
SdeE	Solution de Energy (Private) Limited
SMEDA	Small and Medium Enterprise Development Authority
SP	Spiral Machine
TCF	The Citizens Foundation
TFC	Term Finance Certificate
THF	The Health Foundation
USD	United States Dollars
USDA	United States Department of Agriculture
WPPF	Workers' Profit Participation Fund
WWF	Workers' Welfare Fund
YoY	Year on Year

FORM OF PROXY
35th 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, 28 October 2019 at 12:15 p.m., 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 ________________2019.

1. Name ______________________________
   CNIC ______________________________
   Address ______________________________
   ____

Please affix here Revenue Stamps of Rs. 5/-

2. Name ______________________________
   CNIC ______________________________
   Address ______________________________
   ____

____
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

35 واں سالانہ اجلاس عام

میں/ہم __________ بطور ممبر کریسنٹ اسٹیل اینڈ الائیڈ پراڈکٹس لمیٹڈ حامل __________ 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 28 اکتوبر، 2019 کو دوپہر 12:15 بجے لبرٹی کاسٹل بینکوئیٹ ہال 1-D-79 ، مین بلیوارڈ 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 __________ 2019، درج ذیل گواہوں کی موجودگی میں دستخط کیے گئے۔

نام __________

سی این آئی سی __________

پتہ __________

____

براہ کرم یہاں
5/- روپے کا ریونیو
ٹکٹ چسپاں کیجیے

نام __________

سی این آئی سی __________

پتہ __________

____

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 نوٹری یا لی 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) بینی فیشل 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 ناتے کمپنی کے آڈٹ شدہ مالیاتی اسٹیٹمینٹس بمع سالانہ اجلاس عام کے نوٹس کی، ذیل میں دیئے گئے ای میل کے ذریعے الیکٹرانک ٹرانسمیشن کی اجازت اور اختیار دیتا ہوں/دیتے ہیں اور اپنے ای میل ایڈریس میں کسی تبدیلی کی کمپنی کو فوری طور پر اطلاع دینے کا وعدہ کرتا ہوں/کرتے ہیں۔

میں سمجھتا ہوں کہ کمپنی کے آڈٹ شدہ مالیاتی اسٹیٹمینٹس بمع 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. پارٹیسپینٹ 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۔

____

ممبر کے دستخط

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 سینٹر، 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

E-503، 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 ڈیویڈنڈز 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 سینٹر، 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 28 October 2019.

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 والا/ والے، میں/ہم __________ حامل __________ عام حصص فولیو نمبر (نمبرز) __________/ سی ڈی سی پارٹیسپینٹ ID نمبر __________

اور سب اکاؤنٹ نمبر __________ سی ڈی سی انویسٹر اکاؤنٹ ID نمبر __________ کے تحت کمپنی کے رجسٹرڈ شیئر ہولڈر (ہولڈرز) کی حیثیت سے 28 اکتوبر 2019 کو منعقد ہونے والے کمپنی کے

سالانہ اجلاس عام کے لیے __________ میں ویڈیو کانفرنس سہولت کی درخواست کرتا ہوں/ کرتے ہیں۔

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 سینٹر، 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

E-503، جوہر ٹاؤن، لاہور

ای میل: info@corptec.com.pk

www.crescent.com.pk