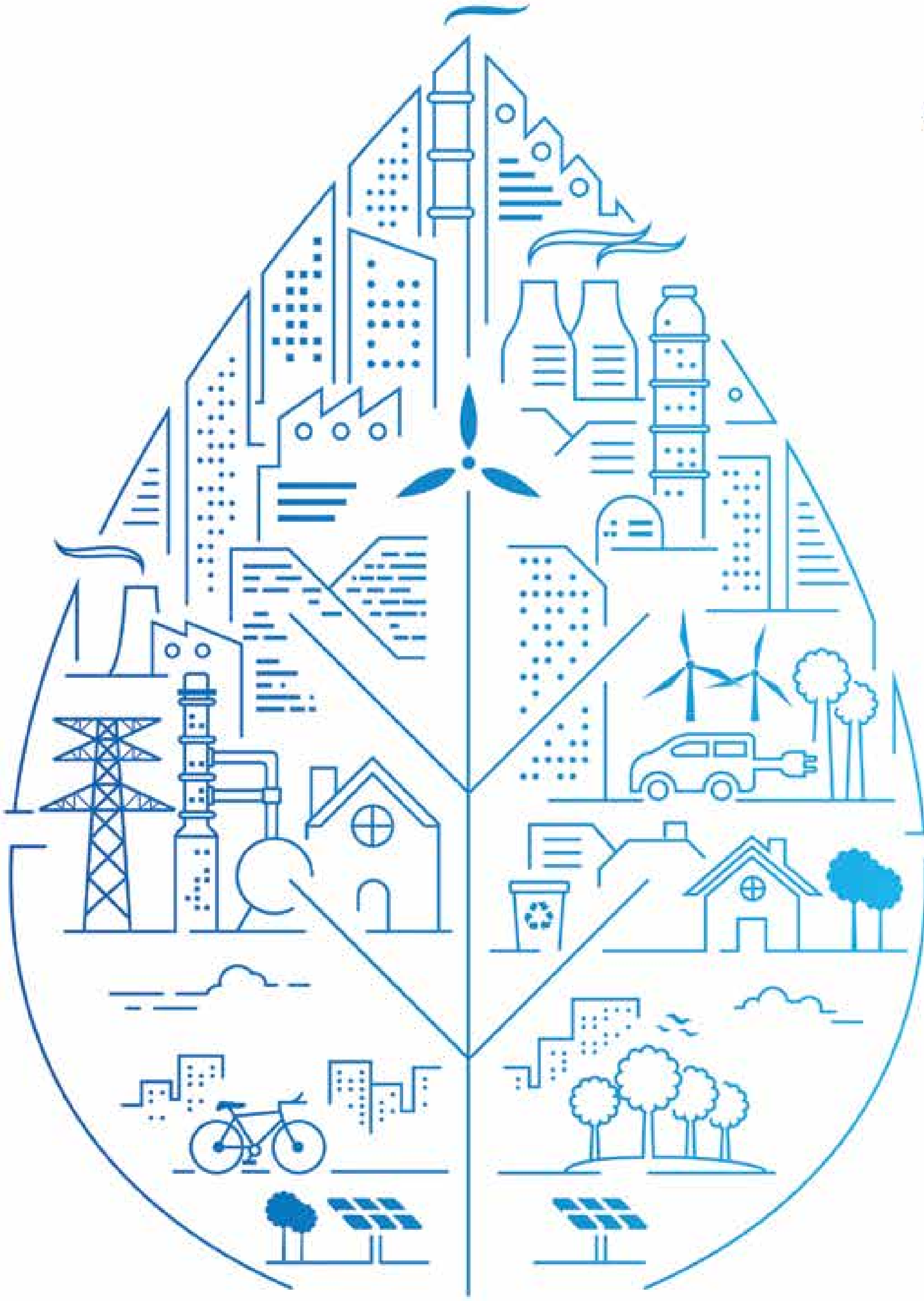
Crescent Steel and
Allied Products Limited



BUILDING SUSTAINABLE VALUE

Annual Report 2022

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BCR criteria cross referred with page numbers of the annual report can be found on:

http://crescent.com.pk/wp-content/uploads/2022/10/BCR_Criteria_Index_2022.pdf

VISION, MISSION AND, CORE VALUES

OUR MISSION, VISION AND CORE VALUES ARE THE DRIVING FORCE OF THE STRATEGY SETTING PROCESS.

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 support local communities in areas where we operate

CORE VALUES

Our core values are at the heart of our business – they define who we are, how we work, what we believe in, what we stand for, 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

Building 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

Continuous improvement gives us competitive advantage

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

COMMUNITY CARE

Social responsibility is at the heart of our business

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	7,089.9	(PKR in million)
Profit Before Tax	315.1	(PKR in million)
Gross Loss Ratio	0.9	Percentage
Net Profit Margin	5.2	Percentage
EBITDA	768.9	(PKR in million)
Earnings Per Share (Basic and diluted)	4.72	(PKR per share)
Total Assets	8,445.1	(PKR in million)
Shareholders' Equity	6,098.4	(PKR in million)
Capital Expenditure	91.6	(PKR in million)
Break-up Value	78.55	(PKR per share)
Cash Dividend (Including final proposed)	–	(PKR per share)
Return on Capital Employed	4.9	Percentage
Gearing Ratio	14.8	Percentage
Current Ratio	1.4:1	Ratio
Price Earnings Ratio	8.8	Times
Share Price	41.67	(PKR per share)

OUR GOVERNING PRINCIPLES

Everyone at Crescent Steel and everyone who acts on behalf of the Company is required to act in accordance with the highest standards of personal safety and environmental performance, governance and ethical business conduct.

As a responsible corporate Crescent Steel conducts business with honesty, transparency and integrity and expects the same from all partners and stakeholders. Guided by our Core Values, we insist on doing what is right and, this underpins the functioning of our organization. Crescent Steel complies 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.

ANTI-BRIBERY AND FACILITATION PAYMENTS

Crescent Steel does not use bribery as an instrument for any business or financial gain and prohibits the offer, payment, solicitation or acceptance of bribes, improper benefits and facilitation payments in any form. This includes the use of third parties, including agents and representatives. Crescent Steel also has controls over the provision and receipt of gifts and gratuities, to customers, suppliers, public officials or relatives or associates of public officials. The giving or receiving of gifts or hospitality is prohibited in all circumstances that may be regarded as compromising personal judgement or the judgement of others, or conflicts in any way with Crescent Steel's purpose, values and behaviours.

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 on 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. The 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 board committees operate under an approved charter. Through its committees, the Board provides proactive oversight in key areas of business and the performance of the Company. 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 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 functions 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 recommends the same to the Board for their review and approval.

MANAGEMENT STRUCTURE

The Company operates five distinct business units and two wholly owned subsidiaries:

- Steel Division – Line Pipe Manufacturing, Line Pipe Coatings and Fabrication Services
- Cotton Division – Yarn Manufacturing
- Investment and Infrastructure Development Division (including wholly owned subsidiary CS Capital Private Limited) – Investment Portfolio Management
- Crescent Hadeed Division – Steel melt shop and Billet Manufacturing
- CS Energy Division – Bagasse Fired Thermal Co-Generation Plant (including wholly owned subsidiary Solution de Energy)

Each division is managed independently by a Business Unit Head who is accountable for performance and bottom line of their respective 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 clearly defined responsibility and authority matrices 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 has been outsourced to a reputable Audit firm to monitor compliance with managements systems and manage operational risks.

SERVICE TO SOCIETY

We are committed to be active as responsible corporate citizens. We believe in "giving something back" by addressing gaps in targeted areas including education, healthcare, public safety, environmental protection and stewardship – with a particular focus on education. As such a majority of our giving is allocated to primary and secondary schooling for less privileged children.

We believe that individual entities when working together can create powerful synergies and help to improve quality of life in the areas where they operate. 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.

HEALTH, SAFETY AND ENVIRONMENT

At Crescent Steel, 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 45001 and ISO 14001.

We also ensure that our products are shipped in a safe manner complying with all 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.

CORPORATE STRATEGY

Each year, the Company's Business Strategy Committee reviews and updates the rolling Corporate Strategic Plan in line with market shifts alongside significant changes in the business and operating environment. This ensures that our core strategic direction is updated and remains relevant at all times.

As part of our planned annual business strategy reviews, we reviewed the corporate strategy FY2023 – FY2025 to new business and environmental challenges. Overall, the conditions do not necessitate any radical change to our long-term business targets or corporate strategy which remains centered on growth in the engineering sector. The core business targets remain unchanged.

Agility **Creativity** **Tenacity**

The strategic theme ACT - H^3 was maintained for 2023-2025. ACT [Agility, Creativity, Tenacity] to be achieved through H3 [Head, Hands and Heart] represents the way we work at Crescent Steel.

We have conviction that the engineering sector will drive growth in Pakistan in the medium-long term horizon – with low per capita steel consumption and given the population dynamics, there is a massive space for growth. Our strategic focus therefore, is to develop a robust, high impact engineering sector portfolio, to strengthen our position in Pakistan's engineering sector, and to maintain our position as a leading steel line pipe producer for the Pakistan market.

In cascading our strategic objectives across the organization, we have formulated strategic perspectives for different time frames, to aid us in developing strategic actions across various functions of the organization, and to monitor outcomes. The basis of these, is our purpose, defined by the vision and mission statements. Based on this and guided by our Core Values, we steer the Company with a medium-term strategy, focused on the following priorities:

- Improving returns and delivering growth
- A strong, high performance corporate culture
- 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 resilient corporate structure to withstand periods of inactivity in core businesses
- Prudent Capital and liquidity management

The operational objectives of our strategy, which are based on four perspectives, are a balanced product offering, strong corporate structure, technology leadership, skills adequacy, 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
- 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
- Develop strong social and relationship capital and provide meaningful inputs to regulators, legislators, policy makers, shareholders, customers, government bodies such as the Engineering Development Board and, more
- Manage our impacts on the community and environment, remain invested in a stronger Pakistan through high impact community investments, strong governance and good business practices
- 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 assess ourselves with fairness
- Live our Core Values

Objective	Timeline	Rating	Strategy
Enhance shareholders' value and offer consistent, competitive returns, by delivering sustainable growth.	**Long term**	**High**	- Maximize revenues by supplementing product portfolios and pursuing new markets development. - Cost and quality leadership. - Enhance market share. - Effective Supply Chain management. - Strengthen stakeholder engagement. - Deliver a leading customer /business partner experience
Build and maintain a strong corporate structure to withstand periods of inactivity in core businesses and to effectively manage business risks.	**Long term**	**High**	- Develop strong relationship capital and provide meaningful inputs to regulators, legislators, policy makers, shareholders, customers, government bodies - Growing responsibly through acquisitions and organic growth in engineering, energy, real estate and food sectors - Moderate risk exposure and strong, regularly monitored controls - Remain invested in blue chip Pakistan corporates through capital market investments for capital appreciation and dividend yields
Build operational agility, be responsive to changing business environment and customer needs.	**Short to Medium term**	**High**	- Foster a culture of collaboration, learning and creativity - Secure competitive advantage through professional procurement structures - Expand in the steel long products segment / secondary steel markets - Leverage technical / engineering expertise to provide pipeline services, solutions and consultancy and develop market for construction/piling and line pipe coatings - Leveraging information systems for decision support and connectivity across locations and hybrid work environments - Target opportunities for participating in regional pipeline projects - Disciplined liquidity management - Embrace a decentralized and digital future

	Resource Allocation Plan	Key Performance Indicators (KPI)	Status / Actual Results
	All forms of Capitals	- Earnings per Share - Dividend per share - Payout Ratio - Return on Equity - Net Margins - Market price per share	- 5 years average: • Earnings per share Rs. 4.11 • Dividend per share Rs. 0.40 • Payout ratio 4.13 • Return on Equity 5.1% - Net margin of 5.2% - Market price per share Rs. 41.67 - Corporate briefing sessions - Development of new/alternative suppliers for main imported raw materials - Customer engagement by regular customer meetings, customer visits, and technical advice to further strengthen business relationships
	Human Capital Financial Capital Manufactured Capital Social & Relationship Capital	- Diversified streams of revenue - Enhancing focus on unit level performance - Ease of access to capital and effective financial management - Regulatory compliance, strong monitoring and controls through independent audit functions - Imposition of any fines or penalties	- Diversified revenue wallets and focused division level accounting - Achieved new synergies by diversification within Company. - Variance Analysis and Budgetary Controls - Independent Internal Audit system and monitoring of controls at divisional levels - 5 year average gearing ratio 24.6% - There were no non-compliances reported by any Government body or institution during the year
	All forms of Capitals	- Relationships with business partners including investors, lenders, suppliers, customers and regulatory bodies - Plant availability - Capacity utilization of plant and machinery - Customer Satisfaction Scores	- Make to order specialised products to meet customer needs - With its high-class team and management support, Crescent Steel continues to maintain quality management certification under API Q1 and ISO 9001 and closed the audit with no non-compliance. - Plant availability (planned vs. actual) • Steel division: 47.7% • CS Hadeed (Billet) division: 126.5% • Cotton division: 97.8% • CS Energy division: 106.5% - Capacity Utilization • Steel division: 42.3% • Hadeed (Billet) division: 20.8% • Cotton division: 92.9% • CS Energy division: 19.9% Customer Satisfaction Score: 92.6%

Objective	Timeline	Rating	Strategy	
To manage our impacts and to support local communities where we operate.	**Long term**	**High**	- Focused on workplace safety with a ZERO major accident/incident target - Contribute towards an educated Pakistan - Support employees seeking further education - Sponsor education for the children of Employees - Emergency medical and affordable healthcare – emergency fund for employee hardship cases - Targeted investments towards prevention of endemic diseases – Hepatitis Free Pakistan - Environmental stewardship – minimize the environmental impact of our operations and advocate for environment protection	
Enhance skilled workforce and maintain highly ethical environment for employees.	**Medium term**	**High**	- Talent Reviews and targeted development plans for high potential resources - Identify and target to close on skill gaps - Providing a performance culture and safe environment where people can learn and are assessed with fairness	
Ensure health and safety of employees in workplaces.	**Short to Medium term**	**High**	- Deliver leading HSE practices by going beyond local environmental protection requirements and benchmark on global best practices and standards - Build a strong culture of safety by regularly engaging staff at all levels on safe practices and wellbeing.	

Resource Allocation Plan	Key Performance Indicators (KPI)	Status / Actual Results
Human Capital Financial Capital Social & Relationship Capital Manufactured Capital	- 2- 5% of profit before tax allocated towards causes we support. - Number of Crescent Scholars and their progress - Impact evaluations for discretionary giving - Endorsement and recognition from regulators and other authorities	- Distributed 18.7% of profits before tax in donations and community investments - Ranked third in the category of donations by public limited companies as a percentage of profit before tax by the Pakistan Centre for Philanthropy (PCP) for the year 2018 - Our people have volunteered 1,648 hours (FY21: 981 hours) to structured community programs throughout the year - Supported 13 students at universities in Pakistan including 4 under the Scholarship Plan for the Children of our Employees. 37 students have been supported in full or in part for tertiary programs - Built 21 TCF schooling units (16 primary and 5 secondary school units) and continues to support 15 schooling units (12 primary and 3 secondary school units) - Our sustainability report 2022 will cover our discretionary contributions in further detail
Human Capital Social & Relationship Capital	- Internal & External Training - Education programs for employees - Employee turnover ratio - Employees Satisfaction Survey	- 31 employees, which is 63% of management staff at the Company was reviewed in the Organization Talent Review exercise to identify hi potential people - 161 employees were trained for a total of 3,002 hours during the year - Employees turnover ratio of 112% - this is because of spinning industry dynamics where turnover is high and is indicated by the retention rate which is also 88% - Employees' Satisfaction Index of 3.77/5
Human Capital Manufactured Capital Financial Capital Social & Relationship Capital	- Number of accidents and injuries reported with a ZERO Accident, ZERO injury target - Preventive Actions: Hazard Identification Reports - Breaches in HSE protocols	- The Company retained standards certification for ISO 45001 and ISO 14001 - No major accidents occurred during the year at any of the Company's facilities - All staff is vaccinated including all third party staff

RESOURCE ALLOCATION PLANS

Crescent Steel will ensure that appropriate resources are available to enable the implementation of its strategic objectives. Appropriate investments have already been made to ensure that demand for our core products can be met without any delay or interruption in sales.

A dedicated senior management committee is tasked with unearthing potential new business opportunities and creating feasibilities accordingly. All strategic actions are backed with managerial and financial resources as required and as best determined by the Board and Management.

SIGNIFICANT CHANGES IN OBJECTIVES AND STRATEGIES FROM PREVIOUS PERIOD

Based on dynamic business environment, strategic objectives and their implementation strategies are developed and executed professionally. There is no material change in the Company's objective, strategies and critical performance indicators from the previous year. Also, there are no significant plan for corporate restructuring, business expansion or discontinuance of operations.

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.

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 current operational structure of the Company consists of shared services such as Finance, Human Resources, Information Technology, Supply Chain, etc. and Corporate 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 performance of their division. Board Committees have access to BUHs to obtain 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 share their suggestions with 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 corporate offices and factory locations and a virtual suggestion box with direct access to the CEO is available on our internal SharePoint portal. In addition to this, we organize an annual Open House with the CEO where employees may drop in to meet the CEO one on one to express their concerns and share their feedback directly with him. These meetings are aimed at capturing free and first hand suggestions that are useful in refining operations and in improving the work environment.

The formal mechanisms in place provide our people with avenues to share suggestions and raise grievances and concerns on matters relating to the Company. Suggestions and grievances are reviewed and monitored directly by the CEO or the Head of Corporate Affairs. 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. This meeting is attended by the CEO, Chairman, Board of Directors and the Company Secretary. The interactive session between the Company's management and shareholders allows the shareholders to ask questions on financial, economic and social matters and provide recommendations. The CEO responds to all such queries and takes necessary actions accordingly.

Moreover, the Company has provided contact details of 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 the Code of Conduct from all its employees and directors. The Code of Conduct covers 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.

All transactions with related parties are made under agreed terms / contractual arrangement 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.

OUR HISTORY (1983-2022)

1983-2000

1983

- Incorporation of Crescent Steel and Allied Products Limited*

1987

- Started commercial production
- Listed on Pakistan 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-layered polyolefin coating facility

1992

- Executed first ever 3LPE coating project in Pakistan

1995-96

- Change of reporting period from December to June
- Introduced new logo of the Company

1997

- First company in its sector to obtain ISO 9001 accreditation
- Started reporting 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
- Acquired testing facilities for our service line pipes

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
- Completion and commencement of production on the new spinning mill
- 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

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

2008

- Executed port piles work
- 1st Position – Best Corporate Report Award 2007 (ICAP and ICMAP)

2009

- Oracle E-Business Suite go - live
- Merit certificate - Best Presented Accounts and Corporate Governance Disclosure Award 2009 (SAFA)
- Acknowledged among KSE - Top 25 Companies 2008
- 2nd Position – Best Corporate Report Award 2008 (ICAP and ICMAP)

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
- Complied with ISO 14001 and OHSAS 18001 requirements for the first time
- 2nd Position – Best Corporate Report Award 2009 (ICAP and ICMAP)

2011-2021

2011

- Upgraded coating plant capacity to 60" making it the only coating plant of this capacity in Pakistan
- 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 (ICAP and ICMAP)

2012

- Acquired a 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 – Best Management and Decent Work Practices Award (EFP)
- 2nd Position - Best Practices Award on OSH&E (Occupational Safety, Health and Environment) (EFP)
- 2nd Position – Best Corporate Report Award 2011 (ICAP and ICMAP)

2013

- Incorporated a 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 (ICAP and ICMAP)
- 2nd Position – Corporate Excellence Award (MAP)

2014

- 1st Position – Employer of the Year Award 2012 (EFP)
- 1st Position – Best Practice Award on OHSAS 2013 (EFP)
- 2nd Position – Best Corporate Report Award 2013 (ICAP and ICMAP)
- 3rd Position – Best CEO Award 2013 (Mass HRS)
- 4th Position – Best Sustainability Report Award 2013 (ICAP and ICMAP)
- 5th Position – Corporate Philanthropy Award 2012 (PCP)

2015

- Land allocated by Punjab Power Development Board to Solution de Energy (Private) Limited to establish solar power generation plant
- 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 (SAFA)
- 3rd Position - Best Practice Award on OSH&E (Occupational Safety, Health and Environment) 2014 (EFP)

2016

- Rights issued to finance expansion in the line pipe manufacturing unit by adding another SP Line
- Installation and commencement of operation on the second SP Line, 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 Position in the Diversified Holdings Sector - Best Presented Annual Report Award 2014 (SAFA)
- 3rd Position in the Engineering Sector - Best Corporate Report Award 2014 (ICAP and ICMAP)
- 2nd Position - Best Sustainability Report Award 2014 (ICAP and ICMAP)
- 2nd Position in the Human Resource Development Category - Employer of the Year Award 2014 (EFP)

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 Position in the Diversified Holdings Sector - Best Presented Annual Report Award 2015 (SAFA)
- 3rd Position in the Engineering Sector - Best Corporate Report Award 2015 (ICAP and ICMAP)
- 3rd Position - Best Sustainability Report Award 2015 (ICAP and ICMAP)
- 1st Position in the Engineering and Autos Sector - Best Corporate Report Award 2016 (ICAP and ICMAP)
- 3rd Position - Best Sustainability Report Award 2016 (ICAP and ICMAP)

2018

- Maintained the entity rating of 'A+/A-2' (Single A Plus/A-Two) by JCR-VIS
- Listed among PSX - Top 25 Companies 2016
- 1st Position in the Diversified Holdings Sector - Best Presented Annual Report Award 2016 (SAFA)
- 3rd Position in the Integrated Reporting Category - Best Presented Annual Report Award 2016 (SAFA)
- 5th Position - Best Sustainability Report Award 2017 (ICAP and ICMAP)

2019

- Certificate of Merit in the Engineering and Autos Sector - Best Corporate Report Award 2018 (ICAP and ICMAP)
- Amalgamation of Crescent Hadeed (Private) Limited and CS Energy (Private) Limited – wholly owned subsidiaries
- 1st Position in the Diversified Holdings Sector - Best Presented Annual Report Award 2017 (SAFA)
- Enhanced hydro-tester machine capacity to meet new industry requirements

2020

- Issuance of electricity generation license of Solution de Energy
- 3rd Position – Corporate Philanthropy Award 2018 (PCP)
- Tested and implemented IT infrastructure for work from home.
- Implementation of Covid-19 protocols and work instructions

2021

- 1st in the Diversified Holdings Sector - Best Presented Annual Report Award 2019 (SAFA)
- Certificate of Merit in the Engineering and Autos Sector - Best Corporate Report Award 2019 (ICAP and ICMAP)
- Certificate of Merit in the Engineering and Autos Sector - Best Corporate Report Award 2020 (ICAP and ICMAP)

2022

- 1st in the Diversified Holdings Sector - Best Presented Annual Report Award 2020 (SAFA)
- Certificate of Merit in the Engineering and Autos Sector - Best Corporate Report Award 2021 (ICAP and ICMAP)

*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 corporation 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 defined sectors - 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 COATING 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 manufacturing facility produces Submerged Arc Welded Helical seam carbon steel pipes in diameters ranging from 8 to 120 inches (219mm - 3,048mm), thickness up to 1 inch and in steel grade up to API 5L X-100 or equivalent. 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 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 has the capability to fabricate and erect reliable, quality machinery at par with international standards and designs, especially for the sugar and cement industry. The unit specializes in the manufacture and supply of cane shredders, juice heaters, evaporators, batch and continuous vacuum pans, centrifugal machines, stainless steel deep bed filters, spray clusters, multi-jet condensers, perforated plates, 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 it was leveraged for partial fabrication of a continuous caster machine structure, girders for overhead cranes and a vibratory scrap feeder for the billet manufacturing units of the steel industry.

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. As a division, it is registered with the Ministry of Textile Industry Pakistan and All Pakistan Textile Mills Association (APTMA). It 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 kilograms per annum.

The brand is known for its high quality and hence demands a premium.

INVESTMENT AND INFRASTRUCTURE DEVELOPMENT DIVISION

The division manages an investment portfolio in securities (shares, bonds and other securities), across diversified sectors and investment properties in order to meet specified investment goals at a given risk appetite, to maximize returns.

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

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, 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 plant use bagasse in the combustion process to produce power and process steam.

CRESCENT HADEED DIVISION– BILLET MANUFACTURING UNIT

The principal activity of the unit is to manufacture and sale Steel Billet through a Steel Melting plant which is located at Bhone, District Jhang, Punjab. It commenced commercial operations in January 2016.

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 sizes ranging from 100mm X 100mm to 150 mm X 150 mm and a standard length of 6 meters. Billets manufactured by the unit 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 of Crescent Steel. The principal activity of the subsidiary is to manage and organically grow investment portfolios in stocks, commodities and other securities, both strategic and 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 operates as a fully owned subsidiary of Crescent Steel, post amalgamation of CS Energy (Private) Limited and Crescent Steel.

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

POSITION IN THE VALUE CHAIN

As Crescent Steel operates in multiple business segments, it therefore has different positions in the value chain it operates. These positions are discussed in detail in the “Our Business” section of Corporate Responsibility Report 2022.

COMPOSITION OF LOCAL AND FOREIGN SUPPLIES

To meet strict quality standards Crescent Steel sources raw materials and spares of the desired quality and specifications from both local and foreign suppliers. Compositions are discussed in detail in the “Our Supply Chain” section of Corporate Responsibility Report 2022.

COMPANY INFORMATION

BOARD OF DIRECTORS

Ahmad Waqar
Chairman, Non-Executive Director

Ahsan M. Saleem
Chief Executive Officer

Farah Ayub Tarin
Non-Executive Director (Independent)

Farrukh V. Junaidy
Non-Executive Director (Independent)

Muhammad Kamran Saleem
Non-Executive Director (Independent)

Nadeem Maqbool
Non-Executive Director (Independent)

Nasir Shafi
Non-Executive Director

S.M. Ehtishamullah
Non-Executive Director

ACTING COMPANY SECRETARY

Muhammad Saad Thaniana

AUDIT COMMITTEE

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

Nadeem Maqbool
Member, Non-Executive Director (Independent)

Nasir Shafi
Member, Non-Executive Director

S.M. Ehtishamullah
Member, Non-Executive Director

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Nadeem Maqbool
Chairman, Non-Executive Director (Independent)

Ahmad Waqar
Member, Non-Executive Director

Farah Ayub Tarin
Member, Non-Executive Director (Independent)

Nasir Shafi
Member, Non-Executive Director

GOVERNANCE AND NOMINATION COMMITTEE

Ahmad Waqar
Chairman, Non-Executive Director

Ahsan M. Saleem
Member, Chief Executive Officer

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

RISK MANAGEMENT COMMITTEE

S.M. Ehtishamullah
Chairman, Non-Executive Director

Farah Ayub Tarin
Member, Non-Executive Director (Independent)

Muhammad Kamran Saleem
Non-Executive Director (Independent)

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

MANAGEMENT TEAM

Ahsan M. Saleem - 1983*
Chief Executive Officer

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

Abdul Rouf - 2000*
Business Unit Head - Cotton Division

Arif Raza - 1985*
Business Unit Head - Steel Division

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

Hasan Altaf Saleem - 2010*
Business Unit Head - Crescent Hadeed

Abdullah A. Saleem – 2017*
Head of Supply Chain

Iqbal Abdulla - 2014*
IT Advisor

Mushtaque Ahmed - 1985*
Head of Manufacturing - Steel Division

HEAD OF INTERNAL AUDIT

Azeem Sarwar - 2018*

AUDITORS

EXTERNAL AUDITORS

A.F. Ferguson & Co
Chartered Accountants

INTERNAL AUDITORS

BDO Ebrahim & Co
Chartered Accountants

LEGAL ADVISOR

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

BANKERS

CONVENTIONAL

Allied Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
MCB Bank Limited
National Bank of Pakistan
Summit Bank Limited

SHARIAH COMPLIANT

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

* Year of Joining

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: asif.randhawa@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

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

CRESCENT HADEED DIVISION
BILLET MANUFACTURUNG UNIT

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

CS ENERGY DIVISION
POWER GENERATION UNIT

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

PUBLIC INFORMATION

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

Mr. Muhammad Saad Thaniana
Acting 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 STATEMENT

For Annual Report 2022 go to:
https://crescent.com.pk/wp-content/uploads/2022/10/CSAPL-Accounts-2022.pdf

CORPORATE RESPONSIBILITY REPORT

The complete report can be found on:
https://crescent.com.pk/wp-content/uploads/2022/10/CSAPL-CRR-Report-2022.pdf

GROUP STRUCTURE

Crescent Steel and Allied Products Limited

BUSINESS UNITS

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

SUBSIDIARIES

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

AWARDS AND ACCOLADES

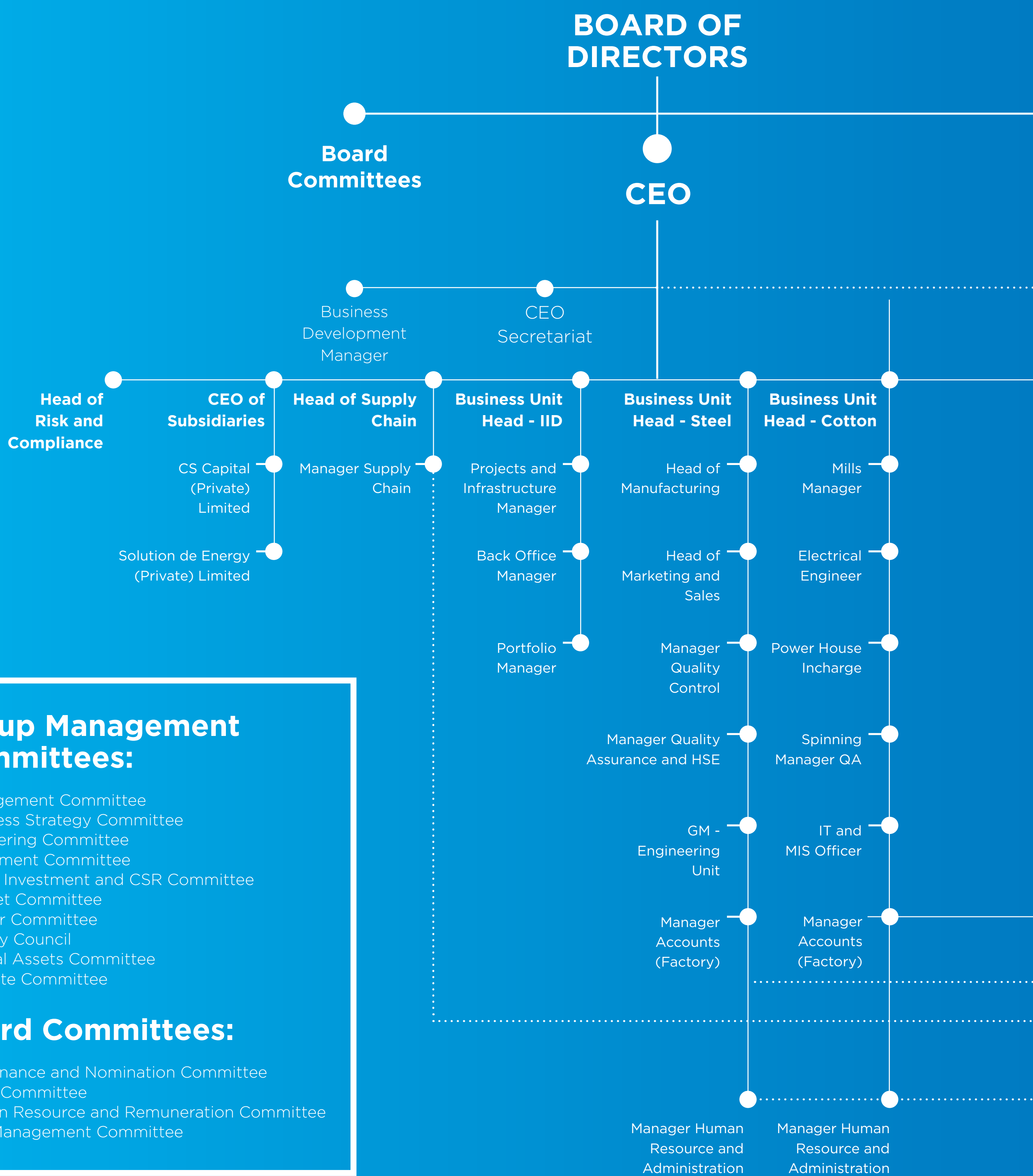
SOUTH ASIAN FEDERATION OF ACCOUNTANTS: ANNUAL REPORT AWARDS 2020

Our Company was ranked first in the category of Diversified Holdings by South Asian Federation of Accountants (SAFA) under the 'Best Presented Annual Report Awards' for 2020.

ICAP AND ICMAP BEST CORPORATE REPORT AWARD 2021

The Annual Report of the Company for the year 2021 secured a certificate of merit in the Engineering and Autos Sector.

MANAGEMENT STRUCTURE OF THE COMPANY

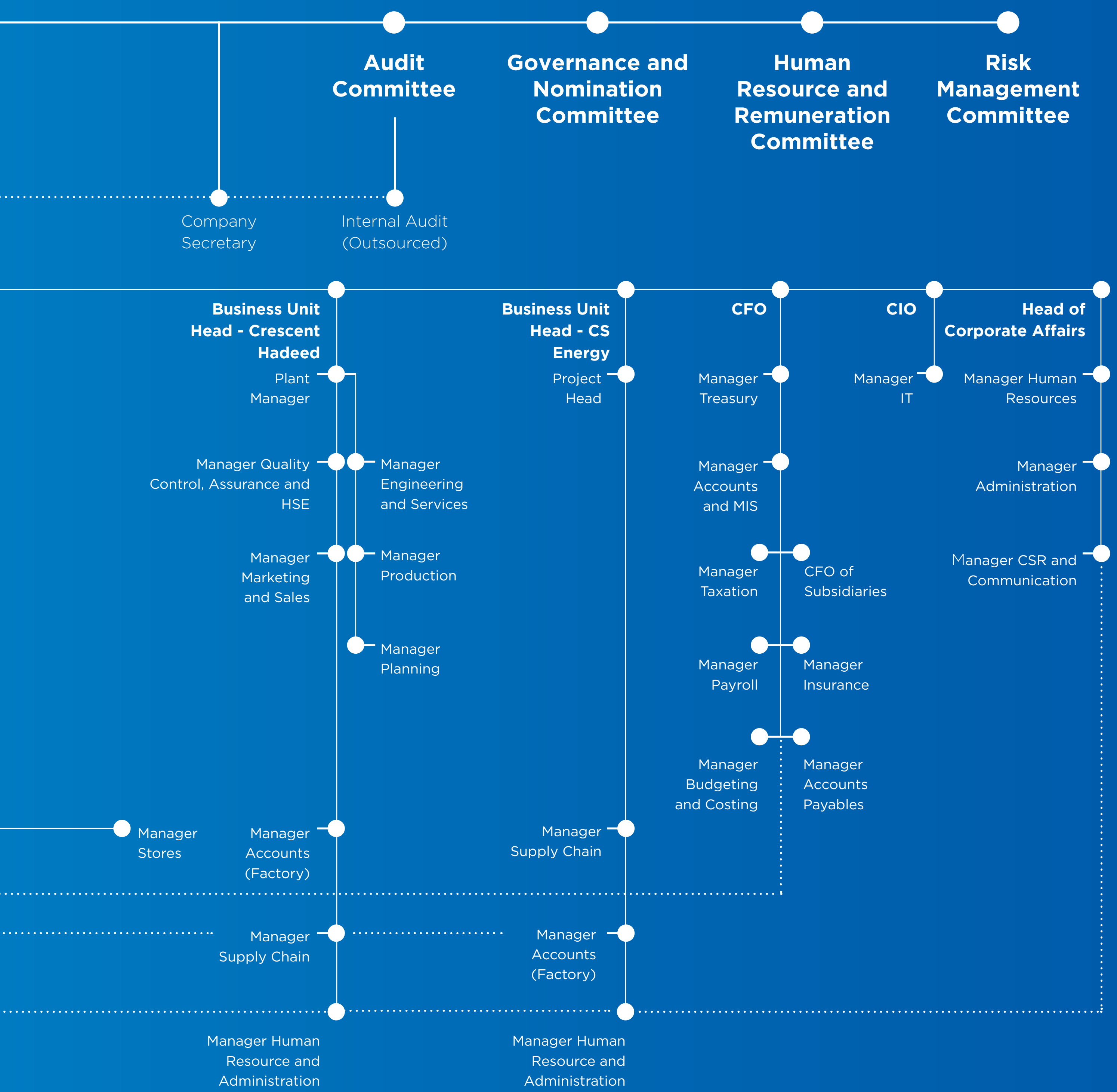


Group Management Committees:

- Management Committee
- Business Strategy Committee
- IT Steering Committee
- Investment Committee
- Social Investment and CSR Committee
- Budget Committee
- Tender Committee
- Quality Council
- Capital Assets 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, Assurance and HSE
Manager Engineering and Services
Manager Marketing and Sales
Manager Production
Manager Planning
Manager Stores
Manager Accounts (Factory)
Manager Supply Chain
Manager Human Resource and Administration
Business Unit Head - CS Energy
Project Head
Manager Supply Chain
Manager Accounts (Factory)
Manager Human Resource and Administration
CFO
Manager Treasury
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

BOARD OF DIRECTORS

AHMAD WAQAR
73

Masters in English Literature, MBA (Finance)

Joined Board: 30 January 2012

Chairman (Non-Executive Director)

Major Engagements
Past:

Principal Advisor to Chairman, Petroleum Exploration Limited (PEL),

Public Sector:

Chairman FBR
Secretary, Investment Division,
Secretary, Ministry of Petroleum and Natural Resources,
Secretary, Privatization Commission.
Additional Secretary In-charge, Ministry of Privatization.
Deputy Secretary, Cabinet Division

Chairman:

Saindak Metals (Private) Limited,
Pakistan Mineral Development Corporation,
Government Holdings (Private) Limited.

Director/Member (Nominee – Government of Pakistan):

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,
Ufone.

AHSAN M. SALEEM
69

Masters in Economics

Joined Board: 01 August 1983

Chief Executive Officer and Managing Director

Other current engagements:

Founding Director, The Citizens Foundation,
Founding Director, Pakistan Centre for Philanthropy

Chairman, Board of Governors, Indus Valley School of Arts and Architecture

Trustee, Commecs Educational Trust

FARAH AYUB TARIN
67

MBA, Masters in Defence & Strategic Studies, M.A English Literature

Joined Board: 23 December 2019

Director (Non-Executive, Independent)

Past Engagements

Controller General of Accounts
Project Director PIFRA
Accountant General Pakistan Revenues
Director General, HRM
Deputy Secretary, Economic Affairs Division, Pak Secretariat, Islamabad.

FARRUKH V. JUNAIDY
63

FCA

Joined Board: 29 January 2015

Director (Non-Executive, Independent)

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
CDC Share Registrar Services Limited
Zenith Automotive (Private) 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

BOARD OF DIRECTORS

NADEEM MAQBOOL
62

A.B. Economics

Joined Board: 25 March 2020

Director (Non-Executive, Independent)

Other Current Engagements
Chief Executive Officer:

Suraj Cotton Mills Limited
Premier Insurance Limited

Director:

Suraj Cotton Mills Limited
Premier Financial Services (Pvt) Ltd.
Crescent Fiber Limited

Past Engagements

Director/ Chairman:

Karachi Cotton Association
National Textile Foundation
All Pakistan Textile Mills Association - APTMA

Trustee:

Old Grammarian Society

NASIR SHAFI
73

MBA

Joined Board: 01 August 1983

Director (Non-Executive)

Other Current engagements:
Chairman:
Crescent Bahuman Limited

Past engagements:

Director:

The Crescent Textile Mills Limited

S.M. EHTISHAMULLAH
83

FCA

Joined Board: 30 January 2000

Director (Non-Executive)

Past engagements:

Director:

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

MUHAMMAD KAMRAN SALEEM
50

M.Com., LL.B., LL.M., ACA (England & Wales), FCA (Pakistan), FCMA, FCIS, PGD

Joined Board: 30 January 2021

Director (Non-Executive, Independent)

Other Current Engagements
Chief Executive Officer/Managing Director:

Pak Qatar Investment Private Limited
AK Advisors LLP

Group Director Finance and Company Secretary:

Pak Qatar Family Takaful Limited

Chairman/Convener:

FPCCI's Standing Committee on Takaful Operations.

Director:

Pak Elektron Limited,
Pak Qatar Asset Management Company Limited
MPQ Developers (Private) Limited
Sharq Trading and Merchandising (Private) Limited

BOARD OF DIRECTORS AND IT'S COMMITTEES

THE BOARD

The Company has a unitary board structure consisting of eight directors (including appointed CEO) of which four are independent. Crescent Steel 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 two Independent Director, as Chairman and member.

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, 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 two Independent Directors. The Committee has been constituted to address and improve risk oversight and risk management within the Company.

The terms of reference of the Risk Management Committee include the following:

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

HUMAN RESOURCE AND REMUNERATION

The Committee comprises of four members who all are Non-Executive Directors, including two Independent Directors. The Committee has been constituted to address and improve the area of Human Resource Development. The main aim of the committee is to assist the Board and guide the Management in the formulation of 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 Human Resource and Remuneration Committee include 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 (One Independent) and Executive Director (CEO) 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.

The terms of reference of the Governance and Nomination Committee include the following:

- Monitoring compliance with the Code of Corporate Governance (SECP's and Company's Governing Principles) other than those areas which fall under the oversight of the Audit Committee.
- Advising Directors on Governance principles periodically and changes in the requirements of the Code of Corporate Governance whenever required.
- Reviewing that the key functions of the Company and assignment/responsibilities of main functionaries are consistent with the business objectives.
- Advising the CEO on the adequacy of available skills and expertise for achieving the business objectives.
- Examining the need for additional Board Committees and recommending changes/modifications in the structure/functions of the existing Board Committees.
- Evaluating the performance of the Board and its committees.

ATTENDANCE IN BOARD AND COMMITTEE MEETINGS

Attendance in Meetings	Board		Audit Committee		Human Resource and Remuneration Committee		Governance and Evaluation Committee		Risk Management Committee	
	Required	Attended	Required	Attended	Required	Attended	Required	Attended	Required	Attended
Non- Executive Directors										
Mr. Ahmad Waqar	5	5	-	-	1	1	2	2	-	-
Mrs. Farah Ayub Tarin	5	5	-	-	1	1	-	-	1	1
Mr. Farrukh Viqaruddin Junaidy	5	4	4	4	-	-	2	2	-	-
Mr. Muhammad Kamran Saleem	5	5	-	-	-	-	-	-	1	1
Mr. Nadeem Maqbool	5	5	4	4	-	-	-	-	-	-
Mr. Nasir Shafi	5	5	4	4	1	1	-	-	-	-
Mr. S. M Ehtishamullah	5	5	4	4	-	-	-	-	1	1
Chief Executive Officer										
Mr. Ahsan M. Saleem	5	5	-	-	1	1	2	2	-	-

MANAGEMENT COMMITTEES

MANAGEMENT COMMITTEE

Ahsan M. Saleem	Chairperson
Abdullah A. Saleem	Member
Abdul Rouf	Member
Arif Raza	Member
Hajerah A. Saleem	Member
Hasan A. Saleem	Member
Muhammad Saad Thaniana	Member

The Committee devises long-term policies and vision for the Company with the sole objective of providing the best returns to shareholders by optimally allocating existing resources. The Committee is also responsible for reviewing the Company's operations on a 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, new business lines, new product lines, new markets, and / or refer new opportunities and feasible ideas to another committee for refinement,
- Analyze current market situation with a view to maintain sustainable competitive advantage,
- To discuss in detail the plans of the Group and accordingly adjust the policies of the Company to avoid any conflict, and
- Analyze group investment opportunities and refer to the investment committee, if required.

BUSINESS STRATEGY COMMITTEE

Ahsan M. Saleem	Chairperson
Abdullah A. Saleem	Member
Abdul Rouf	Member
Arif Raza	Member
Hajerah A. Saleem	Member
Hasan A. Saleem	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 for business strategy,
- Develop and approve medium term plan(s) to meet interim objectives and milestones for any long-term project approved by the Executive Committee,
- Review the progress of different new projects of the Company,
- Approve short term goals, both qualitative and quantitative, for different segments of the Company,
- Review periodically the targets achieved and revise the operational targets, if required,
- Review allocation of resources to different segments such as investments, core business, etc., and
- Gather information of the competitors' business and prepare an updated SWOT analysis of the Company, to be submitted to the Executive Committee.

IT STEERING COMMITTEE

Ahsan M. Saleem	Chairperson
Hajerah A. Saleem	Member
Iqbal Abdulla	Member
Muhammad Saad Thaniana	Member
Osama Mansoor	Secretary

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

- To guide the IT 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 Crescent Steel 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 an IT Culture in the Company at all levels. This has been done by traditional training interventions including company-wide workshops at all levels, and
- Assist the Board to ensure that the IT vision provided by the Board is manifested in the IT Strategy and its subsequent implementation.

INVESTMENT COMMITTEE

Ahsan M. Saleem	Chairperson
Hajerah A. Saleem	Member
Muhammad Saad Thaniana	Member

The Committee helps in maintaining 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 conditions,
- Assess and monitor the risk associated to the portfolio, and
- Review the performance of the investments and take decisions relating to scrip wise entry and exit.

SOCIAL INVESTMENT AND CSR COMMITTEE

Arif Raza	Chairperson
Abdullah A. Saleem	Member
Abdul Rouf	Member
Hajerah A. Saleem	Member
Hasan A. Saleem	Member
Muhammad Saad Thaniana	Member
Sana Arif	Secretary

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

- To review and recommend any changes to Company's policy relating to Corporate Social Responsibility for the approval of BOD,
- Review and recommend the distribution of charitable contribution in line with the Corporate Social Responsibility policy,
- Review and monitor CSR activities, and
- Measure social investments to evaluate their 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 four Non-Executive Directors out of which more than one member of the Committee qualifies as financially literate. 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 attended the Committee meetings by invitation. The Head of Internal Audit is the secretary of the Committee. Senior Management Officers are invited to attend the Committee's meetings as and when the business of the Committee requires their presence. The Committee meets with the Internal Auditors and the External Auditors with and without the presence of CEO and CFO.

The Committee has concluded its annual review of the conduct and operations of the Company during the financial year ended 30 June 2022, and reports that:

- Four meetings of the Committee were held during the financial year ended 30 June 2022 which were presided by the Chairman, Audit Committee.
- The 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 2022, 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 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 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 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. The internal audit function has been outsourced to BDO Ebrahim and Co., Chartered Accountants who are suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
- Internal auditors independently reviewed the risks and control processes operated by the 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 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 Committee.
- The Committee reviews the findings of the internal audits completed during the year, taking appropriate action or bringing the matters to the Board's attention where required.
- The effectiveness of the internal audit function is reviewed and discussed by the Committee on an annual basis.

EXTERNAL AUDIT

- The statutory Auditors of the Company, A.F.Ferguson & 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 2022.
- The Auditors have been allowed direct access to the Committee and the effectiveness, independence and objectivity of the Auditors has thereby been ensured.
- The Committee has reviewed and discussed with the external auditors and management, all the key audit matters and other issues identified during the external audit along with the methods used to address the same. Moreover, during the year Management letter for year ended 30 June 2021 was received within 45 days of the date of the Auditors' Report on financial statements as required under the PSX Rule Book; and the 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 auditors, the Committee has recommended to the Board reappointment of A. F. Ferguson & Co., Chartered Accountants, as statutory auditors for the year 2022-23 at the forthcoming Annual General Meeting.

By order of the Audit Committee

Farrukh V. Junaidy

Chairman, Audit Committee

24 August 2022

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

CRESCENT STEEL AND ALLIED PRODUCTS LIMITED

FOR THE YEAR ENDED 30 JUNE 2022

Crescent Steel and Allied Products Limited (hereinafter referred to as "the Company") has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("the Regulations") in the following manner:

1. The Board is comprised of eight (8) Directors including the Chief Executive Officer (a deemed director, as per Section 188 of the Companies Act, 2017) as per the following:

   Male Directors: 7
   Female Directors: 1

2. The composition of the Board is as follows:

Categories	Number of Directors	Names of Directors
Independent Directors	4	• Mrs. Farah Ayub Tarin • Mr. Farrukh V. Junaidy • Mr. Muhammad • Kamran Saleem • Mr. Nadeem Maqbool
Non-Executive Directors	7	• Mr. Ahmad Waqar • Mrs. Farah Ayub Tarin • Mr. Farrukh V. Junaidy • Mr. Muhammad Kamran Saleem • Mr. Nadeem Maqbool • Mr. Nasir Shafi • Mr. S.M. Ehtishamullah
Female Director	1	Mrs. Farah Ayub Tarin
Executive Director	1	Mr. Ahsan M. Saleem

3. All directors have confirmed that they do not serve as a director on more than seven (7) listed companies, including this Company;

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. The Board has ensured that complete record of particulars of the significant policies, along with their date of approval and / or updates are maintained by the Company;

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

7. All meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of the Act and Regulations with respect to frequency, recording and circulating minutes of meetings of the Board;

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

9. Four (4) Directors of the Company have a minimum of 14 years of education and 15 years of experience as directors of a listed Company. One director is exempted by the SECP from the requirements of Directors' Training Program (DTP), in lieu of experience. Two directors of the Company have completed certification under the DTP conducted by Pakistan Institute of Corporate Governance (PICG).

10. The Board has approved appointment of the Chief Financial Officer, 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. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;

12. Board committees are structured as follows:

Committees	Members
Audit Committee	• Mr. Farrukh Viqaruddin Junaidy (Chairman) • Mr. Nadeem Maqbool • Mr. Nasir Shafi • Mr. S.M. Ehtishamullah
HR and Remuneration Committee	• Mr. Nadeem Maqbool (Chairman) • Mr. Ahmad Waqar • Mrs. Farah Ayub Tarin • Mr. Nasir Shafi
Governance and Nomination Committee	• Mr. Ahmad Waqar (Chairman) • Mr. Ahsan M. Saleem • Mr. Farrukh Viqaruddin Junaidy
Risk Management Committee	• Mr. S.M. Ehtishamullah (Chairman) • Mrs. Farah Ayub Tarin • Mr. Muhammad Kamran Saleem

13. The number of meetings held for each committee during the year were as follows:

Committees	Frequency of meetings
Audit Committee	Held four (4) times during the year once every quarter; prior to approval of interim and final results of the Company and as required by the Code.
HR and Remuneration Committee	Held once (1) during the year as required by the Code.
Governance and Nomination Committee	The meetings of the Governance and Nomination Committee were held twice (2) during the year.
Risk Management Committee	The meeting of the Risk Management Committee was held once (1) during the year.

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

15. The Board has outsourced the internal audit function to qualified and experienced resources, 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 the Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not close relatives (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Directors of the Company;

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 requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and

19. There is no non-compliance with other requirements of the Regulations.

AHMAD WAQAR

Chairman

24 August 2022

PEOPLE

At Crescent Steel, people are an essential building block for creating value. People are our most precious asset and effective management of our people is critical to our continued success. We proactively seek out, engage and develop people's potential.

Crescent Steel and Allied Products Limited is a people-oriented Company. Our people are our most valuable asset, and our Company's success depends on the positive attitude, skills and, abilities of our people.

They contribute towards growth and development and play a significant role in the functioning of the Company. We make sure our employees know how valued and important they are to the Company's success – in actions as well as in words. Our management understands that identifying and nurturing the right talent is critical to drive growth today, and in the future.

We strive to recruit for attitude and train for skill.

We believe that positive attitude, enthusiasm, passion, and the willingness to learn leads to the development of a strong skill set.

Our people have made continued contributions in their areas of work and our surrounding communities and try to engage at all levels, both through work related initiatives and, on a personal level. Performing competitively in a constantly evolving and increasingly challenging business landscape requires empowered and competent people working safely together across Crescent Steel.

We feel strongly that a positive attitude, strong skills and creative abilities of our people, when nurtured will create value improve performance and productivity.

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 are encouraged to engage at all levels.

As on 30 June 2022, we employed 769 people compared with 765 as on 30 June 2021 and 766 in 2020.

During the year, we employed an average of 767 people, shown by geographical region in the table below. A more detailed overview of employee demographics will be published in our Sustainability Report covering fiscal year 2022.

Headcount

Year	Region	Corporate / Regional Office Employees	Factory Employees	Total Number of Employees
2022	Sindh	71	133	204
	Punjab	7	558	565
2021	Sindh	76	141	217
	Punjab	6	542	548
2020	Sindh	74	157	231
	Punjab	5	530	535

COMMUNICATION AND ENGAGEMENT

Employee engagement impacts many aspects of the job, including productivity, creativity, customer service, retention, workplace attitudes, and overall job satisfaction. It also has a major impact on the quality of work produced.

We strive to create an environment of open communication and trust and want our people to understand that what they do everyday matters in the success of the business. We strive to ensure that our employees understand the big picture and the part they play in the success of the organization. We strongly believe that effective communication helps get everyone on the same page, moving in the same direction towards the same goal.

On a regular basis, management engages with our employees through a range of formal and informal channels, including, team meetings, suggestion boxes, focus groups, 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.

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.

During the year we conducted investor awareness sessions for employees, encouraging them to manage personal finances better, we held awareness sessions on daily practices to remain safe in Karachi with CPLC and held awareness sessions on child safety/children on streets, Downs Syndrome and Breast Cancer. We also continue to engage staff in various citizenship activities that run alongside our philanthropic CSR initiatives – this includes annual school visits to TCF schools built and supported by us which has been on a hiatus since COVID and should resume in the coming fiscal year.

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

At Crescent Steel, employees are strongly encouraged to blow the whistle if they witness an ethical, moral or legal concern. The Whistle Blowing Policy is in place to allow employees to highlight any improper conduct or wrongdoing without concern for reprisals or victimization. We ensure that the whistle blower's confidentiality is maintained.

All allegations of breaches are investigated and followed up on by the Head of Internal Audit.

The whistle blowing framework covers the following:

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

VOICE OF EMPLOYEES: EMPLOYEE OPINION SURVEY

Crescent Steel provides employees the space to voice any concerns they face. Our annual Employee Opinion Survey (EOS) gives employees an opportunity to anonymously share their opinions regarding the workplace. It provides us insights on what matters to our people. By addressing employee concerns raised through the EOS, we can create a happy workplace.

In 2022, the response rate was 83%, which was the same as in 2021. The average employee satisfaction score was 3.77/5, which was slightly higher compared to last year's score of 3.69/5, but lower than where we want to be.

Strong scores were registered for our vision, mission, strategy and values, structure of the organization, work environment and culture.

As with every survey in the past, an area of concern included compensation.

DIVERSITY AND INCLUSION

Pakistan is home to multiple ethnicities, over 72 languages and dialects, multiple religions and subsects and is one of the only countries in the world with an official third gender. With principal offices in Karachi we get to tap into a lot of the ethnic diversity in Pakistan. Our employee satisfaction surveys shows that Crescent Steel is a great place for women to work. Diversity in the workplace brings a lot of value – it builds tolerance and equity, drives innovation and creativity all of which boosts performance.

We prioritize diversity and inclusion initiatives and actively seek to attract a diverse applicant pool.

Increasing female representation, especially in management level roles, and increasing diversity of differently abled people is an ongoing priority.

As on 30 June 2022, 19% or 13 of our employees across our corporate offices were females. 20% or 2 members of the Executive Management Team, 6% or 2 of the management roles were filled by women and, 3% or 23 members of our workforce consisted of minorities and for the Head Office minorities constitute 8% or 5 members of the workforce. 20% or 2 new hires at our corporate offices were females. Our workforce finds an inclusive and welcoming culture at Crescent Steel, where differences are celebrated.

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, 86% of new entrants represent rural communities and 84% of our total workforce is from rural Pakistan.

We also work closely with the communities where we operate to identify and invest in initiatives that help support diversity and inclusion.

TRAINING, DEVELOPMENT AND SUSTAINABILITY

To gain and retain top talent, increase job satisfaction and improve productivity, we invest in our people and strive to meet their personal growth, achievement and recognition needs. This acts as a means of continuous growth for our organization.

To us training is not a cost, rather an investment for the future. It is our priority to develop the next generation of leaders and ensure successful leadership transition.

We continuously assess employee training needs and deliver programs that best fit those needs. These training programs are evaluated to ensure successful transition of knowledge. During the annual training needs assessment exercise, employees can incorporate their individual needs into their training plans. Enhancing and developing our employees' current and new skills is an essential component of our agenda. We offer great on-the-job training opportunities. Subject Matter Experts (SMEs) within the organization provide training sessions on core areas such as Microsoft Excel, ERP, health safety, product quality, etc. Since these trainings are offered internally, the trainers are available for any further guidance and feedback.

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.

This year 161 employees were trained for a total of 3,002 hours. We have successfully concluded 50 internal and external trainings this year. Out of the total training hours for our corporate offices, 15% were allocated to our female staff.

DEVELOPING EMPLOYEES FROM TRAINEE TO MANAGER

At Crescent Steel, employee development is an ongoing priority. It gives us pride in seeing our employees ready to grow within the organization and to take up future roles easily.

We equip our employees with the necessary skills, knowledge and technical expertise that are not only relevant to their current roles, but also to those of future roles. This enables us to retain valuable employees as they are aware that we are willing to invest in their future, both within the organization and outside. We also have regular career conversations as they help develop a clear path for growth and development.

Our aim is to enhance the skills and capabilities of our employees to enable them to maximize their potential and help achieve individual and organizational goals.

Succession planning for our employees is our priority and we encourage them to achieve bigger goals every day.

TALENT MANAGEMENT

Our employees are the drivers of success. They turn ideas and goals into reality and hence it is pivotal that we get the right talent onboard and help them grow to their optimal capabilities. The way to grow as a business is to ensure the personal and professional growth of our people.

By managing talent strategically, we can build a high-performance workplace, foster a learning climate in the organization, add value to our employer brand, and improve diversity management.

Talent review sessions are conducted annually to identify and develop capable individuals to succeed within the organization. These sessions enable us to identify potential successors and ensures that they are appropriately developed through training, job rotation, or further education. Following the sessions, a performance development and retention plan is designed for selected candidates to develop and enhance their skills. These individuals then take up leadership roles. Identifying them timely ensures that they have the necessary skills and experience to step up and fill a key role within the Company when the time and need arises.

REWARDS AND BENEFITS

At Crescent Steel, employee contribution and hard work are compensated with the right rewards and benefits. We acknowledge that retaining high-quality employees requires providing the right balance of both intrinsic and extrinsic rewards.

Our employees are provided with both monetary and non-monetary rewards when they contribute to our success.

Our compensation, benefits, and reward schemes enable us to attract and retain top talent within the Company. Our reward package goes beyond competitive pay to include:

- Health benefits for the employee and their family
- Scholarships for employees and their children
- Rewards for employees' contributions
- Retirement benefits
- Subsidized meals
- Adequate time off
- Performance based incentives
- Employee Vehicle Schemes
- Alumni Lounge for Retired Executives

FIVE VALUES AS BASIS FOR CORPORATE CULTURE

Our values are the true pillars of our success. The 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.

Our values are the true pillars of our success. The 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 support our vision and are the framework of our identity, principles, and beliefs. They are the foundation of our culture and the secret to our long-term success and growth. Our employees share our organization's values and are rewarded when they practice and demonstrate a strong belief in them.

These values transform our Company's mission and vision into reality; they form our corporate culture and drive our people's behavior as well as its relationship with its customers, suppliers, and shareholders.

Further details on our human capital management strategy, engagement and performance can be referred to in our Corporate Social Responsibility Report 2022.

IT GOVERNANCE AND CYBERSECURITY

IT Governance is an integral part of Crescent Steel Enterprise governance and consists of leadership, structures, and processes which ensure that Crescent Steel's IT sustains and extends its impact on business to meet its objectives. Our IT department is a critical resource which continuously works towards affecting improvements in the Company's business processes while ensuring the IT Infrastructure and human skills are kept up-to-date.

The existence of an agile IT infrastructure and well integrated and secure systems was amply hardened during the Covid-19 pandemic and resultantly, we are well positioned to work in a hybrid environment where a part of the workforce can seamlessly work from home from time to time. This arrangement also augments and strengthens our overall Business Continuity Plan.

IT STRATEGY IN PLACE

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. The IT Steering Committee oversees the strategic direction and effectiveness of IT within the entire organization.

For reasons of high availability, our Primary Datacenter is collocated at a Tier-3 Data Centre and secured and protected with a Next Generation Firewall. The ageing servers and storage have been recently replaced with the latest generation of HP servers and SAN storage along with a completely upgraded technology stack to support all equipment and applications.

STATEMENT ON CYBER RISKS

As part of evaluation of all risks facing the business, the Board' Risk Management Committee (RMC) has also evaluated the cyber risks and enforcement of legal and regulatory implications in case of any breaches. The Board's RMC has noted that Crescent Steel is not a customer facing organization and does not undertake any electronic transactions with its customers therefore has minimum risk of losing of any sensitive data. However, Crescent Steel has taken sufficient measures to ensure its network security and has implemented stringent controls to protect its data privacy. Further, the Board's RMC has not rated the cyber risks at a high level.

CYBERSECURITY AND BOARD'S RISK OVERSIGHT

The Board's RMC while performing risk oversight function also reviews and evaluates the cybersecurity risks. The budgets and capex for Network upgradation and strengthening cyber security are approved by the Board, after detailed presentation by the management.

Internal Audit department regularly performs network and cyber security audits, the results of which are presented to the Board's Audit Committee and all remedial actions are evaluated and monitored through IT Steering Committee.

INFORMATION SYSTEMS

Our information systems are well integrated and captures near to real time real time data for process owners 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.

INFORMATION SYSTEMS UPDATES DURING THE YEAR

IT Department has recently upgraded our core business application (Oracle EBS) from version 11.1.3 to the latest version 12.2.9 which is technically and functionally a much improved product and will provide more visibility, better real time dashboards and reporting facility. Moreover, the plan includes implementation of Enterprise Command Center (ECC), Landed Cost Module (LCM) and Mobile Phone based workflow approvals which will not only enhance the end user experience but also promote digitalization of the working environment.

All ancillary applications like sustainability reporting, Time Office Management, Human Resource Management and Decision support applications have been developed by IT and constantly upgraded. These applications greatly reduces the manual efforts required in the operations and at the same time provides better controls accuracy of reporting.

EARLY WARNING SYSTEM

Company has implemented adequate controls and procedures about early warning systems. In this regard, Incident Management policies and procedures are in place. In addition to that, company has also implemented a Next Generation firewall having capability of Intrusion Prevention and Detection System.

CONTINGENCY AND DISASTER RECOVERY PLAN

The Company has an updated Disaster Recovery plan in place for the continuity of Company's business and operations in case of any extra ordinary circumstances.

Our Disaster Recovery Plan (DRP) is an action plan devised to recover seamlessly from an unexpected disruption of service due to a man-made disaster or any natural catastrophe. The aim is to get the Company operations resumed in as little time as possible. Employees are aware of the steps required to be taken in case of any emergency. The data loss and time to recover is measured within the defined concepts of Recovery Time Objective (RTO) and the Recovery Point Objective (RPO).

Backing up of all data is a regimented practice with a copy of the backup stored safely at an offsite location as well besides reflecting it on the Disaster Recovery Site.

Since, the assessed risk of cybersecurity is low, and an effective DRP in place, we don't have any specific cyber insurance.

USER TRAININGS OF ERP SOFTWARE AND CYBERSECURITY THREAT

User trainings are held regularly at all sites for each of the ERP modules. Special emphasis is given on newly hired and newly implemented modules.

IT team regularly conduct information security awareness sessions and sends security awareness emails on a regular basis. The purpose of security awareness is to focus attention on security, creating sensitivity to the threats and vulnerabilities of computer systems and recognition of the need to protect data, information and systems. Security awareness emails help users in identifying any upcoming security threats and potential risks.

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 Board effectiveness in achieving the company's objectives.

This Annual Report provides information on our financial performance during the year and covers in brief, our performance on non-financial metrics, separately presented in our Corporate Responsibility Report 2022, in detail.

BOARD PERFORMANCE

Crescent Steel has instituted a strong governance framework which supports the effective and prudent management of the business and assists to drive the long-term success of the company.

The Board strives to ensure that the management remains agile in responding to the constantly evolving operating environment especially when faced with crisis and long term challenges. The Board actively analyses the Company's operating environment and seeks to provide meaningful guidance to support the management to overcome and ride out difficult situations and evolving global and national challenges.

The Board was fully involved in the strategic planning process and in honing the vision of the Company. The Board has a strategic vision of how the organization should be evolving over the next three to five years. The Board remained updated with respect to company's financial performance and achievement of its objectives and goals. The Board provided appropriate direction and oversight on a timely basis. The Board also played a key role in monitoring management performance and focusing on major risk areas.

The Board carries out an annual evaluation of its effectiveness and performance each year after closure of the fiscal year, on a self-assessment basis, through the Governance and Nomination Committee. The last such review was carried out in 2021 – the Board as a whole, has been carrying out a Board evaluation since 2013. The overall effectiveness of the Board and its committees was assessed as highly satisfactory. Areas which required improvements were noted and action plans were framed. The next review is scheduled in FY 2023.

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

- Vision, mission and values
- Engagement in strategic planning
- Formulation of policies
- Monitor the organization's business activities
- Adequacy of financial resources management
- Provide effective fiscal oversight
- Act as a responsible employer
- Relationship between Board and Staff
- Organization's public image and our societal impact
- Review of the CEO's performance
- Board structure and dynamics

BOARD COMPOSITION AND DIVERSITY

The Board comprises of an adequate number of independent and non-executive directors, including a female director, who are well qualified and provide effective guidance and oversight to the management of the company. The non-executive and independent directors were equally involved in all key matters and decisions of the Board.

BOARD COMMITTEES AND THEIR CONTRIBUTION

The Board and its committees have performed their duties and responsibilities diligently, and have played a pivotal role in guiding the company in its strategic matters. The terms of reference (TORs) of these committees have been determined by the Board keeping in view the best corporate practices and requirements of Code of Corporate Governance. The TORs are kept under regular review to ensure compliance with laws and regulations and that your company continues to achieve high standards of corporate governance.

The Governance and Nomination Committee assessed the mix of the skills and experience of the Board members and gave its recommendations to the Board on the composition of other Board Committees which were duly considered.

The Audit Committee has focused in particular on improvements in internal controls environment and strengthening the financial reporting processes ensuring timely and accurate communication of information to all stakeholders. The Audit Committee is chaired by Mr. Farrukh Viqaruddin Junaidy, an independent director.

The Human Resource and Remuneration Committee (HR&R) has ensured that the HR policies (i.e. performance management, HR staffing, compensation and benefits) are market driven and aligned with the company's performance, shareholders' interests and long-term success of the company. The committee also reviewed and recommended remunerations for key positions as recommended by the COCG, 2019. The HR&R committee reviewed the CEO's self-assessment document and conducted a joint evaluation for onward review of the Board.

The Risk Management Committee has been constituted to assist the Board in identifying various risks associated with the company's businesses and its operations and in developing mitigating strategies for the same.

GOVERNANCE AND CONTROL ENVIRONMENT

The Board recognizes the importance of sound corporate governance and has instituted a strong governance framework which supports effective and prudent management of business and drives the long-term success of the company. This also ensures accountability, protection and enhancement of stakeholder value.

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. This is reflected by setting up an effective control environment, compliance with best practices of corporate governance and by promoting ethical and fair behavior across the Crescent Steel.

Despite a difficult operating environment in the short term, 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 and 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.

In closing, on behalf of the Board, I wish to acknowledge the contribution of all our stakeholders, including, shareholders, employees, customers, suppliers, lenders and others. I believe in the strategic direction of the company and I am confident that our management will be able to successfully steer our businesses despite the challenges that are likely to persist in the year ahead.

A. Waqar

Ahmad Waqar

Chairman

24 August 2022

CEO'S REVIEW

DEAR FELLOW SHAREHOLDERS:

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 2022.

Despite being one of the most challenging periods, on an overall basis your Company did well from a cash flow perspective, closing the fiscal year at an EPS of 4.72. Crescent Steel however, did not distribute profits this year. This is primarily because import policy induced requirements for significantly higher free cash-flows as we are required to place 100% cash margins against HRC raw material and other imports for the projected bid book and orders for energy and water infrastructure projects.

The outgoing fiscal year has been one of the most turbulent years for global economies as stimulus packages from the pandemic crisis caught up and we saw global economies overheating to unsustainable levels triggering monetary tightening amidst peaking global commodity prices and the Russia-Ukraine conflict which only compounded economic challenges by triggering supply chain and food and energy market disruptions globally.

The flexibility and strength of our operating model, and the efforts of our leadership and teams, enabled us to end the year with positive results despite continued idling at our core manufacturing facilities.

Crescent Steel closed the year with a profit after tax of Rs. 367 million (FY21: Rs. 352 million) and a contribution to the exchequer and economy aggregating Rs. 2,467 million (FY21: Rs. 2,213 million). On a consolidated basis, however, the Group posted loss after tax of Rs. 647 million (FY 21: Profit after tax of Rs. 791 million).

The Company's investment division, which is strategically positioned to meet capital related needs and buffer periods of slow demand in our core business, posted an accumulated profit before tax (PBT) of Rs. 950 million (FY21: Rs. 341 million). The PBT includes dividend income of Rs. 1,158 million of which PKR 1,122 million is strategic investments. Our trading portfolio recorded a negative ROI of 12.9% on weighted average investments of Rs. 267 million while the benchmark KSE-100 index decreased by 12.3%.

The Company posted sales of Rs. 7,090 million (FY21: Rs. 7,259 million), down 2.3% YoY. Gross profit margins fell to negative 0.9% (F21: 6.8%).This is primarily due to a steep increase in input raw material prices especially steel raw material, eroding profitability. Operating profit margins stood at Rs. 450 million or 6.3%, protected by investment income.

EBIT of Rs. 561 million (FY21: Rs. 637 million), represents a margin on net sales of 7.9% (FY21: 8.8%) while underlying EBITDA totaled Rs. 769 million (FY21: Rs. 855 million) at a margin of 10.8% (FY21: 11.8%). RoCE increased marginally to 4.9% (FY21: 4.3%).

Consequently, Earnings per share (EPS) for FY22 stood at Rs. 4.72 as against EPS of Rs. 4.53 in FY21 and, loss per share of Rs. 8.34 on a consolidated basis in FY22 (FY21: EPS of Rs. 10.19).

Segment wise performance is covered separately in this report for both business units and subsidiaries.

The Group bottom line on a consolidated basis stood at negative Rs. 647 million (FY21: Profit after tax of Rs. 791 million) mainly because of equity accounting for dividend income of Rs. 1,183 million received from strategic investments. As a result, while dividend income was booked in stand-alone financial statements, on a consolidated basis Rs. 86 million was recorded as share of profit from equity accounted investment. On a consolidated basis underlying loss before interest and tax amounted to Rs. 621 million (FY21: EBIT of Rs. 756 million) representing a negative margin on net sales of 8.8% and reflects the challenges faced by the businesses we operate.

We draw comfort from a strong balance sheet footing of Rs. 8,445 million (FY21: Rs. 8,706 million) which continues to support our business through a difficult operating environment and in managing periods of famine faced our core business line which primarily serves line pipe requirements of national energy and water infrastructure projects. Despite extremely volatile conditions especially over the last few years, the Company book value has grown at a compounded rate of 10x since 1987 from Rs. 7.11 to Rs. 78.55 (adjusted for gains on strategic investments held at cost the indicative break-up value is Rs. 88.48 per share) as on 30 June 2022. The share price as on 30 June stood at Rs. 41.67 per share.

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

Energy infrastructure development projects that use pipes have been the single most important contributor to growth and hiring for us in the past and remain material to business sustainability for us today.

The nature of the product is such that it is closely linked to infrastructure development and over the last few years we have seen a cut in the deployment of infrastructure spend, in part owing to rising fiscal deficits as well as extremely uncertain political conditions. We produced and supplied 5,082 tons of steel line pipe during the year against 15,400 tons in FY21 and an installed notional capacity of 200,000 tons. Line pipe coatings, saw an increase with 96,667 sq. meters of line pipe coatings in FY22 as against 23,138 sq. meters in FY21. Revenues from the steel division stood at Rs. 1,392 million (FY21: Rs. 2,740 million) generating gross loss of Rs. 134 million i.e. 9.7% (FY21: GP of Rs. 420 million i.e. 15.3%). Profitability on the already weak order book was eroded entirely due to a steep rise in raw material prices between the bid and award period. Consequently, the division posted a loss before tax (LBT) for the year was Rs. 550 million [FY21: PBT of Rs. 85 million] on account of plant idling of approximately 266 days resulted in unabsorbed fixed cost.

International cotton prices peaked to a 10-year high during the outgoing fiscal year and market rates for yarn, remained strong as well, yielding sustained margins. The plant remained operational at full capacity and produced 8.5 million Kgs (converted to 20/1 count). The division posted sales of Rs. 2,695 million at a gross margin of Rs. 276 million i.e. 10.3%, against Rs. 2,000 million in FY21 (Gross Margin: Rs. 211 million i.e. 10.6%). The unit posted a PBT of Rs. 199 million (FY21: Rs. 171 million).

Our capital markets segment continued to provide working capital and cash flow support to our core business, generating Rs. 946 million in cash flows and supporting capital needs of the business through pledge of assets for funded and non-funded limits aggregating Rs. 992 million. FY22 saw the local bourse losing 5,815 points or 12.3% to close at 41,540 points on 30 June 2022. In USD terms the market lost 35.5% during the outgoing fiscal year. This was driven by growing economic and political uncertainty, rising interest rates, rupee devaluation. During the year foreign selling stood at USD 279.5 million and volumes remained dull averaging 292 million shares/day. Political uncertainty, rising interest rates/money market yields, and weak macro-economic fundamentals in addition to low FIPI participations and expectations of weaker corporate sector performance continue to add pressure on KSE-100 performance. The division posted a PBT of Rs. 950 million which includes dividend income of Rs. 1,158 million, realized loss of Rs. 2 million and unrealized loss of Rs. 187 million. The KSE-100 index is currently trading at a historic low PE of 4.25 times and a forward PE of 3.87 times compared to the regional average of 16.48 times and a 15-year historical PE of 8 times and is well positioned to post a strong recovery at any sign of improvement on economic and political fronts.

The steel long products unit manufactured 17,707 tons in FY22 as against 20,950 tons in FY21 and 10,894 tons in FY21. The unit posted a gross loss of Rs. 164 million (FY21: Rs. 139 million) and LBT of Rs. 235 million (FY21: Rs. 172 million). We continued to face a host of operational challenges at the unit throughout the year, the most pronounced of these being power constraints. Consequently, the unit operated at a capacity utilization of 20.8% making it difficult to absorb fixed costs while changing market dynamics, in particular rising raw material prices, also eroded profitability. To address the power constraints at the unit and remove dependency from captive power we worked to secure a grid connection during the outgoing fiscal year – this is now in advanced stages and commissioning should be completed by H2FY23.

The bagasse fired thermal plant, generated and supplied 24,158 MWH of power and 187,422 tons of steam. Of this, 9,205 MWH of own source energy was supplied to the billet manufacturing unit. The plant enables us to capture a meaningful delta on power related costs that would otherwise need to be sourced from the national grid. The division closed the year at a LBT of Rs. 49 million (FY21: PBT of Rs. 1 million) primarily due to idling on account of a late start to the sugar season which disrupted supply of bagasse.

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 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. 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

Pakistan's economy exhibits an episodic pattern of growth characterized by boom-and-bust periods. A narrow production and export base makes the economy less resilient to adverse economic shocks, which results in a binding balance-of-payment constraint to growth. A large fiscal deficit, a weak external position, and eroded macroeconomic buffers reflect structural weaknesses. The limited fiscal space holds Pakistan back from tackling infrastructure and social sector deficits, critical to building resilience.

The high cost of doing business for the private sector restricts international competitiveness. Governance bottlenecks and institutional capacity challenges continue to persist. Consequently, low levels of human capital development result in low labor productivity. A combination of strained growth, inadequate human capital and social protection, and the underexploited potential of the able to work population exacerbates poverty pressures and intensifies income inequality. On top of this, a stressed water situation, environmental degradation, natural disasters, and climate change-associated risks threaten sustainability. In this backdrop the country seems to be stuck in one political crisis after another – making meaningful reforms even more difficult to achieve.

In the wake of yet another economic meltdown – soaring twin deficits and a looming balance of payment crisis and an active political crisis ultimately leading to a change in government just before the FY23 budget – measures to keep growth in check had to be introduced. Policy rates were increased by 675bps during the year to 15% and the rupee rerated against the greenback losing 30.03% to close the fiscal year at Rs. 204.84 per USD. The weakening rupee, coupled with an increase in commodity prices across the board intensified pressure on the country's depleting foreign reserves and domestic inflation which soared to 24.9% in July and stood at 12.15% for FY22. Restrictive import regulations especially 100% cash margin requirements were introduced.

The Greater Karachi Bulk Water Supply project K-IV has been awarded to an international contractor with whom we are in advanced stages of negotiating pipe conversion and line pipe coating business for part of the project. The project is expected to commence during H2FY23 and would span 12 months. We have also seen some line pipe demand in the Oil and Gas segment, specifically with regards to pipeline capacity augmentation projects; these are also in the final stages of bid evaluation. Our bid book in this segment is reasonably healthy–should these materialize in our favour the work would span H2FY23-Q1FY24.

We have faced some extraordinary challenges across our business segments; however, as a Group we stayed true to our mission and guiding principles. 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 and world we operate in.

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.

I would 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 challenging time.

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

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

Ahsan M. Saleem

Chief Executive Officer

24 August 2022

DIRECTORS' REPORT

The Directors of the Company are pleased to submit their report, together with audited financial statements of the Company for the year ended 30 June 2022.

OPERATING RESULTS

The financial results of the Company are summarized below:

(Rupees in '000)	**2022**	2021
Profit for the year before taxation	315,120	426,542
Taxation	51,568	(74,682)
Profit after taxation	366,688	351,860
Total other comprehensive (loss) / income for the year	(239,101)	170,676
Basic and diluted earnings per share	Rs. 4.72	Rs. 4.53

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.
- The system of internal controls 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 shall continue as an ongoing process with the objective to strengthen controls and improve the system.
- There are no significant doubts on 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 Code of Corporate Governance, 2019.
- 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 the 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 2022 is 769 (2021: 765).
- Value of Investment of the following funds based on the audited accounts are as follows:

Name of Fund	Value of Investment	Period of latest audited accounts
Provident Fund	Rs. 161.825 million	31 December 2018
Gratuity Fund	Rs. 207.387 million	31 December 2020
Pension Fund	Rs. 417.637 million	31 December 2018
CCP Provident Fund	Rs. 37.089 million	30 June 2021

- During the year five (5) meetings of the Board of Directors and four (4) meetings of the Audit Committee were held, whereas two (2) meetings of the Governance and Nomination Committee, one (1) meeting of the Human Resource and Remuneration Committee and one (1) meeting of the Risk Management Committee were convened. Attendance of each director is attached separately.

PATTERN OF SHAREHOLDING AND SHARES TRADED

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

No trading in the shares of the Company was carried out by any 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 30 January 2024.

Details of the composition of the Board of Directors and their committees are provided in the Statement of Compliance with the Code of Corporate Governance.

For the purposes of various clauses of the PSX Rule Book, the Board has defined that Functional Heads of all departments of the Company shall be considered as "Executives". This has been reviewed and found satisfactory keeping in view the management structure of the company.

PERFORMANCE EVALUATION OF BOARD OF DIRECTORS AND ITS COMMITTEES

The Governance and Nomination Committee assessed the performance of the Board of Directors and its Committees according to the established mechanism of self-assessment.

Performance evaluations for FY21 were approved by the Board on the recommendations of the Governance and Nomination Committee.

CEO'S PERFORMANCE EVALUATION

During the year, the Human Resource and Remuneration Committee of the Board carried out the CEO's performance evaluation, which was approved 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

REMUNERATION OF DIRECTORS

The Chairman and other directors are entitled to remuneration in terms of Section 170 of the Companies Act, 2017. The scale of remunerations is determined by the Board as provided in the Articles of Association of the Company.

Details of remuneration paid to Chairman, Chief Executive and non-executive directors (including independent directors) are disclosed in note 47 to the enclosed unconsolidated financial statements.

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 is 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 in accordance with the related laws. The Board, recommends and oversees implementation of the business strategies, and is responsible for overall control, operations and perpetuation of the enterprise.

UNCONSOLIDATED FINANCIAL STATEMENTS

As required under regulation 25 of Code of Corporate Governance 2019, 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. The Board, after consideration, based on the recommendations of the Audit Committee, approved and authorized the 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, M/s. A. F. Ferguson & Co., Chartered Accountants, are due to retire in the forthcoming Annual General Meeting of the Company and being eligible, have offered themselves for reappointment. The Audit Committee and the Board have recommended their appointment as external auditors for the next financial year, for shareholders consideration and approval at the upcoming annual general meeting.

OUTLOOK

The outgoing fiscal year continued to be challenging, particularly in the latter half as inflationary pressures continued to mount, in part triggered by growth and partially because of soaring global commodity prices. This triggered the Central Bank to adopt monetary tightening with rates going up 675 bps to 15% by the end of the outgoing fiscal year. By this time the rupee had depreciated 38.2% to PKR 217.65/USD, Current Account Deficit for FY22 stood at USD 17.4 billion, fiscal deficit at USD 25.7 billion and, Pakistan was additionally faced with political challenges, all of it collectively contributing to a host of issues including uncertainty around the resumption of the IMF program, to which a lot of ancillary funding was tied down. The year ended with grim prospects for FY23.

Today as we are writing to you, Pakistan has been hit with devastating climate change triggered flooding. The global strengthening of USD has in part helped stabilize commodity prices which have begun to ease, albeit at little positive impact to our outflows given the weakening of the Rupee, despite Pakistan having negotiated the resumption of the IMF program.

For us, with core business dependent on infrastructure projects – in particular energy and water infrastructure - FY23 is marred with uncertainty. Our order book in the line pipe segment, while promising, is linked with infrastructure projects of national importance and led by State Owned Enterprises and as such they are susceptible to delays. Having said that, we are in advanced stages of negotiating a pipe conversion order for the K-IV project, the Greater Karachi Bulk Water Supply Scheme which is likely to commence in H2FY23 over 12 months. We have participated in project tenders of gas pipeline capacity augmentation which are in finalization stages and if these materialize manufacturing is expected to commence in Q3FY23. Our businesses in other segments will continue to provide tactical buffers including working capital support, however, we remain focused on capturing demand in the line pipe segment.

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

Nadeem Maqbool
Director

24 August 2022

کیونکہ ہمارا کاروبار بنیادی طور پر انفرااسٹرکچر پروجیکٹس بالخصوص توانائی اور پانی کے شعبوں سے وابستہ ہے، ہمارے لئے مالی سال 2023 میں غیر یقینی کی صورتحال عیاں ہے۔ پائپ لائن کے شعبے میں ہمارے بک کئے گئے آرڈرز منافع بخش تو ہیں لیکن وہ قومی سطح کے حامل ان پروجیکٹس اور ریاست کی ملکیت میں شامل دیگر کاروباروں سے براہ راست وابستہ ہیں جن کے تسلسل کے بارے میں شکوک وشبہات پائے جاتے ہیں۔ یہ اہم باتیں آپ کے گوش گزار کرنے کے بعد یہ بتانا ضروری ہے کہ کراچی کو پانی کی فراہمی کیلئے بنائی جانے والی بڑی واٹر سپلائی اسکیم۔ پروجیکٹ K-IV کی پائپ لائن کی تبدیلی کیلئے ہمارے مذاکرات حتمی مراحل میں ہیں، یہ پروجیکٹ مالی سال 2023 کی ششماہی میں 12 ماہ کے عرصے میں شروع کئے جانے کی توقع ہے۔ علاوہ ازیں گیس سپلائی میں اضافے کیلئے شروع کئے جانے والے پروجیکٹ کے سلسلے میں بھی ہماری جانب سے ٹینڈر میں حصہ لیا گیا ہے جو کہ اس وقت حتمی مراحل میں ہے، اگر اس کی منظوری ہو جاتی ہے تو مالی سال 2023 کی تیسری سہ ماہی میں اس پر کام کا آغاز کئے جانے کا امکان ہے۔ دیگر شعبوں میں ہمارے کاروبار کی وجہ سے بھی ہمیں ایک محفوظ تکنیکی حصار حاصل رہے گا جس سے ہمارا ورکنگ کیپٹل حاصل ہوتا رہے گا، تا ہم ہمارے بھرپور توجہ اس جانب مرکوز ہے کہ پائپ لائن کے شعبے کی طلب سے پیدا ہونے والے کام کو حاصل کیا جائے۔

میں اپنی جانب سے تمام شراکت داروں کا تہہ دل سے شکر گزار ہوں کہ ان کی سرپرستی اور حمایت ہمیشہ ہمارے شامل حال رہی۔

برائے ومنجانب بورڈ

احسان ایم سلیم	**ندیم مقبول**
چیف ایگزیکیٹو آفیسر	**ڈائریکٹر**
24 اگست 2022	

چیئر مین، چیف ایگزیکیٹیو اور غیر انتظامی ڈائریکٹرز (بشمول غیر جانبدار ڈائریکٹرز) کو ادا کئے جانے والے مشاہرے کی تفصیلات کو غیر یکجا مالیاتی دستاویزات کے نوٹ نمبر 47 میں بیاب کیا جاچکا ہے۔

چیئر مین اور چیف ایگزیکیٹیو کا کردار

چیئر مین اور چیف ایگزیکیٹیو کا اپنا اپنا واضح کردار موجود ہے۔کوڈ آف کارپوریٹ گورننس کے تحت چیئر مین تمام اختیارات استعمال کرسکتا ہے اور بورڈ کے اجلاسوں کی صدارت بھی کرتا ہے۔ چیئر مین کا بنیادی کردار کمپنی کے بورڈ آف ڈائریکٹرز کو منظّم کرنا اور انھیں لیڈرشپ فراہم کرنا ہے۔ چیئر مین براہ راست بورڈ کے سامنے جوابدہ ہے اور کمپنی کی انتظامیہ اور بورڈ کے مابین بذریعہ چیف ایگزیکیٹیو آفیسر رابطے کا کام کرتا ہے۔ چیئر مین انتظامیہ آزاد ہے اور کاروبار سے چیئر مین ایسی کوئی غرض یا مفاد وابستہ نہیں ہے جس کے باعث چیئر مین کی غیر جانبداری پر کوئی حرف آتا ہو۔

چیف ایگزیکیٹیو آفیسر متعلقہ قوانین کے دائرے میں رہتے ہوئے اپنے فرائض منصبی سرانجام دیتا ہے۔ بورڈ تجاویز دیتا ہے، کاروبار سے متعلق حکمت عملی کے نفاذ پر نظر رکھتا ہے اور مجموعی طور پر کنٹرول، کاروباری افعال اور کاروبار کو دائمی انداز سے چلانے کا ذمہ دار ہے۔

غیر یکجا مالیاتی دستاویزات

کوڈ آف کارپوریٹ گورننس 2019 کے ریگولیشن 25 کے تحت چیف ایگزیکیٹیو آفیسر اور چیف فنانشل آفیسر کی جانب سے غیر یکجا مالیاتی دستاویزات کو پیش کیا گیا، ان کے دستخطوں سے باقاعدہ ان دستاویزات کی توثیق کی گئی اور بورڈ کے سامنے غور و خوص اور منظوری کیلئے پیش کی گئیں۔ غور خوص کے بعد، آڈٹ کمیٹی کی سفارش پر بورڈ کی جانب سے ان دستاویزات کی منظوری دی گئی اور ان دستاویزات کے اجراء اور ترسیل کی اجازت بھی دے دی گئی۔

زیرنظر مالی سال کے اختتام سے مالیاتی پوزیشن کی دستاویزات اور ڈائریکٹرز رپورٹ کی تیاری کی تاریخ تک ایسی کوئی اہم تبدیلی واقع نہیں ہوئی اور نا ہی ایسے وعدے کئے گئے ہیں جس کے باعث کمپنی کی مالیاتی پوزیشن متاثر ہوئی ہو۔

آڈیٹرز

آڈیٹرز M/s A.F. Ferguson & Co. چارٹرڈ اکاؤنٹنٹس کمپنی کے اگلے سالانہ اجلاس تک ریٹائر ہونے جارہے ہیں اور اپنی قابلیت کی بنیاد پر انکی جانب سے ایک مرتبہ پھر اپنی خدمات پیش کی گئی ہیں۔ آڈٹ کمیٹی اور بورڈ کی جانب سے ایک مرتبہ پھر انھیں اگلے مالی سال کیلئے کمپنی کے بیرون آڈیٹرز کے بطور تعینات کرنے کی سفارش کی گئی ہے تا کہ اگلے سالانہ اجلاس عام کے دوران حصص داران کے سامنے اس معاملے زیرغور لایا جائے ان کی منظوری کیلئے اسے پیش کیا جائے۔

مستقبل پر نظر

زیرنظر مالی سال مسائل سے بھرپور سال تھا بالخصوص سال کے دوسرے نصف میں افراط زر کی شرح میں مسلسل اضافہ ہوتا رہا، یہ اضافہ جزوی طور پر شرح نمو اور جزوی طور پر عالمی سطح پر اشیاء کی قیمتوں کے اضافے کے باعث ہوا۔ ان حالات نے مرکزی بینک کو مجبور کیا کہ زری پالیسی کو سخت کیا جائے اور زیرنظر مالی سال کے اخیر تک 675 بیسس پوائنٹس کے ساتھ شرح سود کو 15% تک بڑھا دیا گیا۔ اس وقت تک پاکستانی روپیہ ڈالر کے مقابلے 38.2% تک گرنے کے بعد 217.65 روپے فی ڈالر تک جا پہنچا، مالی سال 2022 کا کرنٹ اکاؤنٹ خسارہ 17.4 ارب ڈالر ریکارڈ کیا گیا، مالیاتی خسارہ 25.7 ارب ڈالر تک جا پہنچا اور اس کے علاوہ پاکستان سیاسی مسائل سے بھی دوچار تھا، اس طرح مجموعی صورتحال نے بڑے مسائل کو جنم دیا جس پر آئی ایم ایف سے ملنے والے پروگرام میں پائی جانے والی غیر یقینی صورتحال نے بھی اپنا کردار ادا کیا کیونکہ پاکستان کو دیگر ذرائع سے ملنے والے فنڈز کا انحصار بھی اسی پروگرام پر تھا۔ اس طرح یہ سال مالی سال 2023 کے سخت سال ہونے عندیہ دے کر ختم ہوا۔

آج ہم جب کہ ہم بذریعہ ہذا آپ سے مخاطب ہیں، اس وقت پاکستان ایک زبردست موسمیاتی تبدیلی کے زیراثر ہے جس کے اثرات ہمیں حالیہ سیلابوں کی صورت میں نظر آرہے ہیں۔ عالمی سطح پر امریکی ڈالر کے مستحکم ہونے سے جزوی طور پر اشیاء کی قیمتوں میں بھی ٹھہراؤ نظر آنے لگا ہے، البتہ روپے کی کمزور پوزیشن کی وجہ سے ہمیں اس کے مثبت اثرات ابھی اس طرح محسوس نہیں ہو پا رہے، باوجود اس کہ کے پاکستان آئی ایم ایف کا پروگرام جاری رکھنے کیلئے مذاکرات بھی کر چکا ہے۔

فنڈ کا نام	سرمایہ کاری کی قدر	جدید ترین آڈٹ شدہ اکاؤنٹس کا عرصہ
پروویڈنٹ فنڈ	161.825 ملین روپے	31 دسمبر 2018
گریجویٹی فنڈ	207.387 ملین روپے	31 دسمبر 2020
پینشن فنڈ	417.637 ملین روپے	31 دسمبر 2018
سی سی پی پروویڈنٹ فنڈ	37.089 ملین روپے	30 جون 2021

- چھٹے سال کے دوران بورڈ آف ڈائریکٹرز کے پانچ (5) اور آڈٹ کمیٹی کے چار (4) اجلاس منعقد کئے گئے، گورننس اور نامزدگی کمیٹی کے دو (2)، انسانی وسائل کی کمیٹی کا ایک (1) اور رسک مینجمنٹ کمیٹی کا ایک (1) اجلاس منعقد کیا گیا۔ تمام ڈائریکٹرز کی حاضری الگ سے منسلک کیا گیا ہے۔

ترتیب حصص داری اور حصص کی خرید و فروخت

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

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

ڈائریکٹرز

دوران سال بورڈ میں حادثاتی طور پر کوئی اسامی خالی نہیں ہوئی۔ موجودہ بورڈ بشمول چیف ایگزیکیٹو آفیسر 30 جنوری 2024 تک اپنی مدت پوری کرے گا۔

بورڈ آف ڈائریکٹرز اور ان کی کمیٹیوں کے امتزاج سے متعلق تفصیلی معلومات کوڈ آف کارپوریٹ گورننس کی پاسداری کے بیان میں دے دی گئی ہے۔

پاکستان اسٹاک ایکسچینج رول بک کی مختلف شقوں کے مطابق، بورڈ کی جانب سے کمپنی کے تمام شعبوں کے متحرک سربراہان کی تعریف کی جا چکی ہے جس کے مطابق انھیں "ایگزیکیٹو" گردانا جائے گا۔ کمپنی کی انتظامیہ کے ڈھانچے کو مدنظر رکھتے ہوئے اس کی جانچ کی گئی اور اسے اطمینان بخش پایا گیا۔

بورڈ آف ڈائریکٹرز اور اس کی کمیٹیوں کی کارکردگی کی جانچ

خود احتسابی کے وضع کردہ نظام کے تحت گورننس اور نامزدگی کی کمیٹی کی جانب سے بورڈ آف ڈائریکٹرز اور اس کی کمیٹیوں کی کارکردگی کا جائزہ لیا گیا۔

کارکردگی برائے مالی سال 2021 کو گورننس اور نامزدگی کی کمیٹی کی سفارش پر بورڈ آف ڈائریکٹرز کی جانب با قاعدہ منظور کیا گیا ہے۔

چیف ایگزیکیٹو کی کارکردگی کا جائزہ

دوران سال بورڈ کی انسانی وسائل اور ادائیگیوں کی کمیٹی کی جانب سے چیف ایگزیکیٹو کی کارکردگی کی جانچ کی گئی جس کی بورڈ کی جانب سے توثیق بھی کی جا چکی ہے۔

اس جانچ کے سلسلے میں درج رہنما اصولوں کو مدنظر رکھا گیا:

- لیڈرشپ
- پالیسی اور حکمت عملی
- افرادقوت کی تنظیم سازی
- کاروباری طریق کار / حسن کارکردگی
- گورننس اور اس کے اصولوں کی پاسداری
- مالیاتی کارکردگی
- معاشرے پر اثرات

ڈائریکٹرز کا مشاہرہ

کمپنیز ایکٹ 2017 کے سیکشن 170 کے مطابق چیئرمین اور ڈائریکٹرز مشاہرے کے حقدار ہیں۔ جہاں تک مشاہرے کے تعین کا تعلق ہے، کمپنی کے آرٹیکلز آف ایسوسی ایشن کے مطابق مشاہرے کا تعین بورڈ کی جانب سے کیا جاتا ہے۔

ڈائریکٹرز رپورٹ

آپ کی کمپنی کے ڈائریکٹرز انتہائی مسرت کے ساتھ آپکی خدمت میں اپنی رپورٹ کمپنی کی آڈٹ شدہ مالیاتی دستاویزات برائے مالی سال اختتامیہ 30 جون 2022 کے ساتھ پیش کر رہے ہیں۔

کاروباری نتائج

کمپنی کے کاروباری نتائج کا خلاصہ ذیل میں پیش کیا جا رہا ہے:

	2022	2021
		روپے ہزاروں میں
منافع برائے مالی سال قبل از ٹیکس	315,120	426,542
ٹیکس	51,568	(74,682)
منافع بعد از ٹیکس	366,688	351,860
مجموعی دیگر جامع (نقصان)/ آمدن برائے مالی سال	(239,101)	170,676
بنیادی و تحلیلی آمدن فی حصص	4.72 روپے	4.53 روپے

کارپوریٹ اور مالیاتی رپورٹنگ سے متعلق بیان

- کمپنی کی انتظامیہ کی جانب سے تیار کردہ یہ غیر یکجا مالیاتی دستاویزات کمپنی کے معاملات، کمپنی کے کاروباری افعال کے نتائج، نقد رقوم کی ترسیل اور ایکیوٹی میں آنے والی تبدیلیوں کو شفافیت ساتھ بیان کرتی ہیں۔
- کمپنی کے محاسبی کے ریکارڈ کو باقاعدہ کھاتوں کی سورت میں منضبط کیا جاتا ہے۔
- مالیاتی دستاویزات کی تیاری کے سلسلے میں مناسب محاسبی پالیسیوں پر مستقل بنیادوں پر عمل کیا جاتا ہے، نیز محاسبی تخمینے معقول اور قرین قیاس ہیں۔
- غیر یکجا مالیاتی دستاویزات کی تیاری کے سلسلے میں پاکستان میں مروجہ انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز (IFRS) کی پاسداری بھی کی گئی ہے۔
- اپنی ساخت کے لحاظ سے اندرونی کنٹرول کا ایک جامع نظام مؤثر انداز سے نافذ العمل ہے۔ اندرونی آڈٹ اور اس قسم کے دیگر نظاموں کی مدد سے اس نظام کی ہمہ وقت کڑی نگرانی کی جاتی ہے۔ کنٹرول کو مظبوط تر بنانے اور نظام میں مزید بہتری لانے کی غرض سے اس نظام کی ہمہ وقت نگرانی جاری رکھی جائے گی۔
- اس بات میں شک کی کوئی گنجائش موجود نہیں ہے کہ کمپنی دائمی طور پر اپنا کاروبار چلانے کا ارادہ رکھتی ہے۔
- کارپوریٹ گورننس کے سنہرے اصولوں سے کوئی قابل ذکر روگردانی نہیں کی گئی، جیسا کہ کوڈ آف کارپوریٹ گورننس، 2019 میں تفصیلاً مزکور ہے۔
- گزشتہ مالی سال کے مقابلے میں رواں مالی سال کے دوران کمپنی کے کاروباری افعال میں کی جانے والی نمایاں تبدیلیوں اور مستقبل میں منافع کے حصول کی غرض سے اہم منصوبوں اور فیصلوں کو چیف ایگزیکیٹو کی جائزہ رپورٹ میں بیان کیا جا چکا ہے جس کی توثیق بورڈ آف ڈائریکٹرز کی جانب سے کی گئی ہے۔
- گزشتہ چھ سال سے متعلق اہم کاروباری اور مالیاتی معلومات کے خلاصے کو رپورٹ ہذا کے ساتھ منسلک کر دیا گیا ہے۔
- مالیاتی دستاویزات کے نوٹس میں ٹیکسوں اور لیویز سے متعلق معلومات کو بیان کیا گیا ہے۔
- بمطابق 30 جون 2022 ملازمین کی تعداد 769 ہے (بمطابق 2021 یہ تعداد 765 تھی)۔
- آڈٹ شدہ اکاؤنٹس کے مطابق درج ذیل فنڈز بیسڈ سرمایہ کاری کی قدر کی تفصیلات بیان کی جا رہی ہیں:

FINANCIAL AND OPERATIONAL PERFORMANCE

BUSINESS SEGMENTS

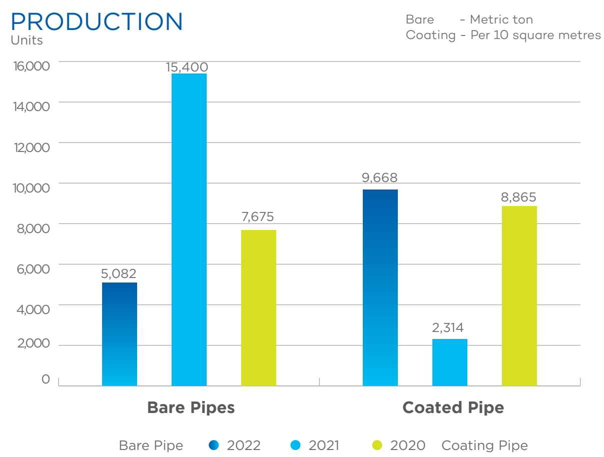
STEEL DIVISION

Steel Division revenue is down 49.1% YoY at Rs. 1,391.7 million (FY21: Rs. 2,734.9 million). Current year sales mainly relate to line pipes and coating application orders from oil and gas sector. Gross loss for the FY22 was recorded at Rs. 134.5 million i.e. a negative margin of 9.7% (FY21: GP of Rs. 420.2 million i.e. a GP margin 15.3%). Major orders executed during the year ended up with negative margins due to steep rise in Steel prices and unprecedented global supply chain disruptions, In addition idling stood at 266 days during of the year resulting in unabsorbed fixed cost.

Revenue from sale of bare pipes, coating and fabrication activities amounted to Rs. 1,085.0 million, Rs 113.6 million and Rs. 193.1 million, respectively in FY22. Bottom line Loss before tax (LBT) for the year stood at Rs. 549.9 million (FY21: PBT Rs. 85.1 million).

Operating expenses were higher than last year amounting to Rs. 267.0 million in FY22 (FY21: Rs. 186.2 million). Finance cost was also 3.4% higher as compared to last year amounting to Rs. 177.9 million in FY22 (FY21: Rs. 172.0 million) due to increasing in policy rate.

During the year the division produced, bare pipes in varying diameter sizes aggregating 5,082.0 tons (FY21: 15,400 tons) and applied line pipe coatings of 96,677 square meters (FY21: 23,138 square meters) as illustrated in the chart below.



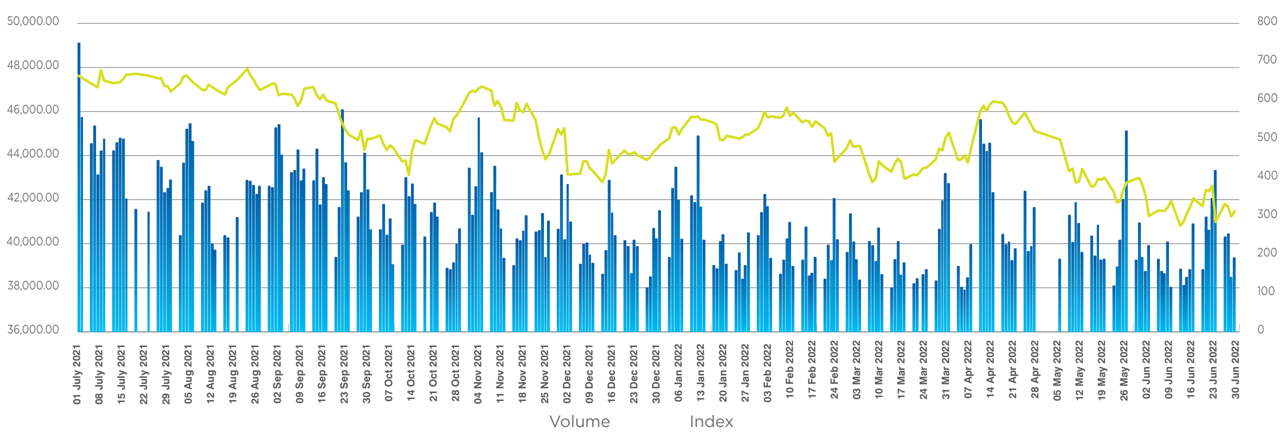
IID DIVISION

THE EQUITIES MARKET – KSE 100 INDEX

The KSE-100 opened fiscal year 2022 at 47,356.02 points, losing 5,815.19 points or 12.28% during FY22 to close at 41,540.36 points on 30 June 2022. On a CY basis the market has lost 3,055.24 points or 6.85% from its opening of 44,596.07 points on 31 December 2021. In USD terms the market lost 35.52% during the outgoing fiscal year. This was driven primarily by economic uncertainty, rising interest rates, falling PKR and political uncertainty.

PKR devaluation and Fed interest rate hikes triggered further FIPI outflows and by the close of the year Foreign investments in the equity market stood at about 7% of the total market capitalization of Rs. 6.96 trillion as against historical averages of 20%.

THE MARKET PERFORMANCE FOR FY22



Average traded volume for the all-share index during the fiscal year 2022 stood at 291.78 million, significantly lower (44.63%) when compared with average volumes traded during the SPLY which stood at 526.97 million shares per day. The average daily value traded stood at Rs. 9.66 bn as against Rs. 19.19 bn during the SPLY, down 49.66% YoY, indicating a sharp decline in market activity and liquidity.

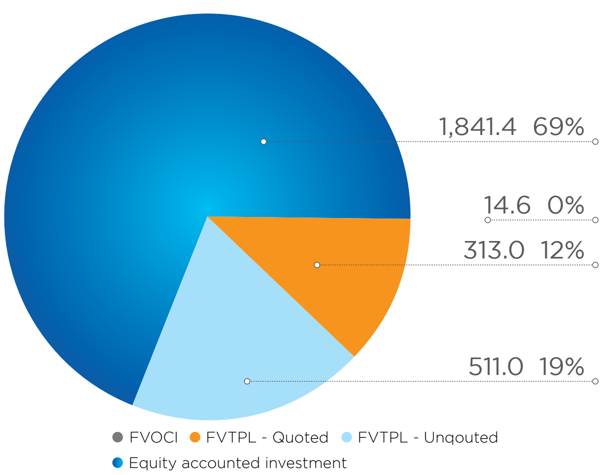
IID Performance

During the year under review, the division recorded investment income of Rs. 970.0 million (FY21: Rs. 232.6 million). Which includes dividend income of Rs. 1,155.8 million of which Rs. 1,122.3 million is from strategic investments in Altern Energy Limited and Rs. 20.97 million constitutes dividends from the trading portfolio at a yield 8.07%. The yield on total portfolio of securities (including unquoted investments taken at fair values) stands at 40.77%. Realized and Unrealized losses (excluding unquoted investments constituting net unrealized loss of RS. 133.0 million) for the period stood at Rs. 2.47 million and Rs. 53.12 million, respectively.

The Return on Income (ROI) on the trading portfolio stood at negative 12.94% while KSE-100 index decreased by 12.28% during the same period – however, as explained it constitutes primarily unrealized losses.

The Company's investment portfolio has been depicted in the chart as below:

PORTFOLIO CONCENTRATION BY INVESTMENT TYPE

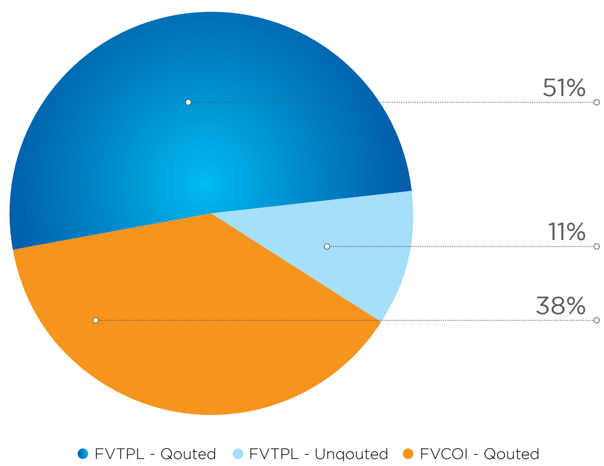


CS CAPITAL (PRIVATE) LIMITED

During the year under review, the Subsidiary Company recorded investment income of Rs. 7.0 million (FY21: investment income of Rs. 123.8 million). This includes dividend income of Rs. 96.3 million of which Rs. 61.1 million constitutes dividends from strategic investment in Altern Energy Limited. Dividend yield on the trading portfolio stood at 9.75% while on an overall basis the portfolio DY stood at 10.12%. Realized and unrealized losses (excluding unquoted investments constituting net unrealized loss of Rs. 47.2 million) for the year stood at Rs. 10.7 million and Rs. 36.0 million, respectively.

On an overall basis the portfolio ROI, excluding unquoted investments, stood negative at 9.81% on weighted average investments of Rs. 996.3 million primarily on account of unrealized losses which stood at Rs. 83.1 million (FY21: unrealized gain of Rs. 95.5 million), substantially eroding dividend income of Rs. 96.3 million. Consequently, the Company posted a LBT of Rs. 4.8 million and an LPS of Rs.0.03.

SEGMENT WISE CONCENTRATION



COTTON SEGMENT PERFORMANCE

The division recorded sales of Rs. 2,695.4 million (FY21: Rs. 2,000.0 million) and posted a Gross Profit of Rs. 275.6 million i.e. a GP margin of 10.2% (FY21: Gross Profit Rs. 211.5 million).

During the year, the plant remained operational at full capacity and produced 125,386 Bags (FY21: 124,188 Bags)

Operating and Administrative expenses were higher at Rs. 67.4 million of 3% of sales (FY21: Rs. 42.1 million; 2% of sales) while distribution and selling expenses recorded at Rs. 3.6 million for FY22 (FY21: Rs. 3.1 million).

The year ended with a division PBT of Rs. 199.4 million (FY21 Profit before tax: Rs. 171.1 million).

HADEED (BILLET) DIVISION

Hadeed Division recorded sales of Rs. 2,442.3 million. Production was recorded at 17,707.1 M. Ton of billets by consuming 19,608.6 M. Ton Scrap i.e a yield of 90%. Gross loss for the year stood at Rs. 163.9 million i.e. negative gross margin of 6.65%. LBT for the year was recorded at Rs. 235.3 million due to unabsorbed fixed costs and substantial increase in raw material prices.

CS ENERGY DIVISION

The Division reported revenue for the year of Rs. 705.5 million, gross loss of Rs. 42.5 and loss before tax of Rs. 48.7 million. During FY22, 24,160 MWh of electricity was sold.

QUALITY

HSAW STEEL LINE PIPES AND COATINGS

Crescent Steel has been consistently providing products conforming to international standards by utilizing highly skilled manpower and best available equipment for manufacturing, inspection and testing of Submerged Arc Welded Helical Seam Pipes and Steel Pipe Coatings.

Our HSAW steel line pipes are manufactured in accordance with the applicable specifications of the American Petroleum Institute ("API"), American Water Works Association (AWWA) and the International Standardization Organization ("ISO"), among other standards. Our products must also satisfy our proprietary standards as well as our customers' requirements.

We maintain an extensive quality assurance and control program, supplemented with highly skilled inspection and testing teams and state of the art equipment. To ensure that our products and services continue to satisfy industry standards and are competitive from a quality standpoint – most of our pipes are supplied against national projects tendered internationally. We currently maintain, for our line pipe manufacturing facilities and testing laboratories, a robust Quality Management System certified to API Q1 and ISO 9001 and API product license granted by API, which are requirements for selling high pressure line pipes to major oil and gas companies. We have retained our authorization to use the American Petroleum Institute (API) monogram on our product, since 1987.

Our Quality Management System ("QMS"), based on the ISO 9001 and API Q1 specifications, assures that products and services comply with customer requirements from the acquisition of raw materials to the delivery of the final product and services. The management ensures measurable and verifiable sustainability and quality objectives are set throughout the organization, across manufacturing processes and operations, upholding the highest standards of safety, quality, performance, and reliability.

Our highly skilled and talented team and strong management focus on quality ensures that we continue to improve our quality management systems beyond API Q1 and ISO 9001 standards.

COTTON YARN

The division, with highly skilled and veteran textile industry professionals has consistently produced and supplied quality cotton and synthetic yarn, in particular, compact ring spun yarn with options of slub and siro in varying blends. The unit utilises prediction approaches to evaluate yarn properties through state-of-the-art instruments by USTER Technologies. Our manufacturing facilities are equipped with Japanese and European machinery and ensures product quality with zero product returns.

STEEL BILLETS

The division manufactures prime quality Steel Billets in grade 40 and grade 60 in sizes ranging from 100 by 100 mm to 150 by 150 mm, which are used by re-rolling mills to manufacture bars and other steel long products. The billets are manufactured through an induction melting and continuous casting process using high quality scrap. The product complies with ASTM – A615 standards which are requirements for manufacturers downstream. Our product complies with propriety and customer requirements with respect to steel properties. The unit is equipped with German testing machinery for quality control and assurance throughout the manufacturing process.

By taking into account risks and opportunities, maintaining sustainability and adopting the principle of doing things right the first time, customer satisfaction is ensured at all levels. With continuous improvement as one of our core values, targets are set regularly to keep improving process, optimize performance and to enhance customer experience across all our manufacturing facilities, operations and product offerings.

CHALLENGES AND INITIATIVES

CHALLENGES

SUPPLY CHAIN

The Russia-Ukraine war triggered yet another supply chain crisis increasing inflation, due to the looming commodity super cycle and higher energy costs. These combined with domestic challenges including, political uncertainty, devaluation of the Rupee, and regulations by the State Bank to restrict imports have significantly impacted supply chain resilience, specifically in terms of availability of supplies, both local and imported. Given the nature of our core business, which is project-based, our critical supplies are manufactured as per our specifications based on customer requirements; these further compounds supply chain challenges as the issues mentioned above lead to longer lead times, and higher costs. Moreover, there is a heavy reliance on imported goods in our business, due to the absence of local manufacturers, leading to further supply chain uncertainty and higher costs. Logistics are managed entirely through trucking, as transport infrastructure in terms of railways and inland waterways are not developed; logistics through trucks is expensive, unreliable and increases our carbon footprint. Given the recent flooding disaster across the country, logistics challenges have increased as access to major thoroughfares remain restricted as the country grapples with the crisis. The introduction of the Pakistan Single Window (PSW) platform by the Federal Board of Revenue and Pakistan Customs has essentially eliminated contact and coordination with Customs officials and has effectively reduced the costs of customs clearance as well as processing time.

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 of inputs against stringent delivery deadlines remains a significant challenge. We leverage our long-standing relationships with leading suppliers to minimize disruptions at our facilities.

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, shorter lead times, 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 at the right time, from the right place, at the right price.

For our Steel melting Division (Hadeed/Billets), Customs Valuations on our Raw Material result 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. Furthermore, inbound logistics of raw materials is subject to volatile fuel costs, confusion on axle load policies, and increasing demurrage and detention costs (due to customs related hurdles, distance of our plant from the port, as well as road conditions and infrastructure).

Currency Devaluation and FX Volatility

The company imports majority of its inventory in the form of raw materials, consumables and spares; therefore we are exposed to fluctuations in foreign currencies. The economic challenges facing the country including depleting foreign exchange reserves, soaring current account deficits, higher inflation and increasing interest rates all contributed towards the steep devaluation of Pak Rupee.

The Company's centralized treasury function closely monitors and manages exposure to foreign currency risk and uses various mechanisms, such as locking forward contracts, recommending transactions in other currencies (such as the Chinese Yuan for supplies from China) where possible. There are frequent cross functional assessments of the economic situation as well as forecasts on critical commodities, to enable informed decision making.

Tariff Anomalies and Tariff Structure Certainty

Tariff rates typically increase with the degree of processing of a product and is meant to incentivize import substitution and discourage commercial imports that are draining foreign exchange.

Our line pipe unit competes for business against mostly foreign bidders, and excessive duties on critical raw materials and consumables impacts our ability to remain competitive; in order to ensure a level playing field and to develop the local engineering sector, it is necessary that tariffs are rationalized with cascading duties. While anomalies in the tariff structure of Hot Rolled Coils (HRC) and Steel Line Pipes have been rationalized, foreign suppliers with predatory pricing, export rebates and artificially depressed cost levels are able to price local line pipe manufacturers out of market. Therefore, countervailing duties and regulatory duties must be reviewed and imposed only on products that are manufactured in sufficient quantity locally; policies on import substitution should have a clear objective to support local value addition.

Tariffs on steel scrap were reduced in previous years while duties on intermediary and finished products (i.e. steel billets and deformed bar) were maintained with a cascading duties structure; however, given that domestic production of steel scrap is negligible, tariffs on steel scrap should be removed altogether. Furthermore, customs valuation of imported steel scrap should be reviewed as Import Trade Prices (ITP) imposed are significantly higher than prevailing market prices. These factors increase costs of production and ultimately result in expensive products for the end-user, compared with regional markets.

The absence of an import substitution policy or effective cascading tariff structures hinders investment and innovation. The tariff concessions available to importers of value added steel products for projects under the Fifth Schedule of the Customs Act is concerning, as it favours imports of steel line pipes, steel billets and steel reinforced bars for various projects of national importance, at the expense of the domestic industry.

We remain connected with relevant stakeholders, including the Engineering Development Board (EDB), the Ministry of Industries and Production, the Ministry of Petroleum and the Tariff anomaly committee to share our reservations and proposals on the need to introduce effective cascading duties and import substitution policies.

Import Compression Regulations

In order to reduce imports, the State Bank has introduced a number of policies and regulations. These have significantly impacted our ability to import materials critical to the functioning of our businesses. The State Bank has applied these regulations on all importers, industrial, commercial and others, therefore, local availability of imported goods, through authorized distributors and stockists has essentially been eliminated. Moreover, due to delays in processing payments against various financial instruments (Letters of Credit, Cash Against Documents, Open Account), the credibility of banks operating in Pakistan has been diminished, with fewer suppliers now willing to transact with most banks in Pakistan. These regulations include: prior approvals on import transactions, using any financial instrument against Pakistan Customs Tariff chapters 84 and 85 (these comprise of a majority of plant, machinery, equipment, vehicles, components for plant and machinery, electrical and mechanical consumables), the Cash Margin Requirement (CMR) on high value imports. Such regulations have directly impacted our imports of raw materials, critical spares, machinery and equipment, and have eroded our credibility with suppliers.

The Company continues to coordinate with the Ministry of Industries and Production, the Engineering Development Board and the State Bank of Pakistan to lobby against such restrictive policy measures, which are detrimental to the functioning of our businesses.

Regional Competition

Regional players in the local line pipe industry, specifically Chinese manufacturers have a competitive edge and easily beat local prices on the back of export rebates and depressed input costs. Local manufacturers on the other hand face rising input costs in addition to the tariff anomalies mentioned above. Furthermore, evaluation frameworks and draconian procedures in public sector procurement are skewed to favour foreign bidders – local manufacturers are unable to compete effectively without significant erosion to margins.

Capital Management and Liquidity

The working capital and financing needs of the Company are managed through a robust treasury management system which ensures effective cash flow management while safeguarding against any related risks. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

State Bank of Pakistan has also imposed restrictive import policy where approvals are required for opening and retirement of letter of credits and 100% cash margin for operating letters of credit, on sight basis for import of certain items which includes Hot Rolled Coils (HRC). This has increased funding requirements, and consequently may added the financing costs.

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 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. Additionally, domestics water infrastructure development projects and construction projects are highly price sensitive and have an opaque procurement process; it remains a challenge to penetrate these segments.

Spinning Operations

Higher input costs, especially raw material and energy have made it difficult to remain competitive with other export oriented countries in the region. This is compounded by the additional advantage available to regional counterparts in the form of export rebates and other incentives. The Russia-Ukraine crisis has instigated supply chain disruptions resulting in delays in new bookings and shipments of export orders.

Lack of availability of quality raw cotton locally has increased reliance on imports, and has increased our inventory management costs as well as financial exposure.

INITIATIVES

Innovation, machinery optimization and process improvement initiatives are of great value to us at Crescent Steel. We remain persistent in our quest to increase efficiency and productivity by investing in technology to optimize and enhance our equipment, infrastructure and by updating our procedures and framework. We firmly believe that consistent and meaningful innovation leads to increased productivity, enhanced uptime, better quality products, good service, and environmental conservation.

Steel Division

To meet customer demand for large diameter heavy wall thickness pipes, we have upgraded our manufacturing facilities with the latest technology, with an emphasis on employee training, to meet the product quality requirements as defined by the customer and the American Petroleum Institute (API). To cater to demand for large diameter line pipes , specifically for the Water transmission sector, we have planned for upgrades to our finishing and coating lines. Furthermore, in order to minimize energy costs, especially in idling periods, we have installed a grid tied Solar Power System with a capacity of 565 kWh, and which is now approved for net metering from the DISCO.

Cotton Division

We are investing in modern technology to meet the challenges of the future and enhancing spindle capacity to minimize the cost of production by lowering per spindle shift cost. In order to maximize our income we have rented out space within our facility that was not utilized by us, including warehouse space; we are also evaluating options for a high capacity solar power system with net metering, and opportunities in the value added textile sector.

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. We have introduced applications and platforms to enable remote working, streamline and upgrade our approvals mechanism, and to enhance the visibility of business intelligence, through programs such as Microsoft Teams, Adobe Sign and through the upgrade of our Enterprise Resource Management (ERP) system to the latest available on-site version. We have also implement landed cost modules. Retention of skilled resources remains a challenge and we expect this to persist. Mitigation of this threat is being managed through induction of new resources and continuous training programs.

SWOT ANALYSIS

Our SWOT analysis identifies the risks and opportunities for Crescent Steel. These are connected with the communities and markets in which we operate, that form the basis of our strategy and guide our objective setting process to exploit our strengths and opportunities manage our weaknesses and respond to threats. The way in which we address risks and challenges is covered in detail in the Risks and Opportunities section of this report.

STRENGTHS

- Strong balance sheet footing with low gearing.
- Strong systems provide for discipline and effective management.
- Business lines provide multiple/diverse avenues of revenue generation and buffer market shocks.
- Strong culture underpinned by our core values, promotes a healthy, and inclusive workplace environment; ensures quality consciousness across all deliverables.
- Brand equity.
- Social and relationship capital.
- Organization information capital positions us well to deliver value addition to partners (suppliers and customers – example: design support for pipelines etc.)

WEAKNESSES

- Economies of scale.
- Limited value addition in product suite of cotton and billet segments.
- Low-capacity utilization for steel billets.
- Choked access to debt capital on account of heavily skewed non funded exposures on past sales.

OPPORTUNITIES

- Future projects: Infrastructure development, Energy/LNG projects, Water supply projects, Port Construction projects etc.
- Expected rise in energy/steel demand due to increase in per capita consumption, population etc.
- Export of pipe opportunities to other countries like GCC and EU.
- Develop alternative energy sources through renewables i.e. solar, to reduce overall energy costs.

THREATS

- Higher sensitivity (w.r.t. pipe demand) to socio-political landscape/environment.
- Supply chain constraints, raw material availability and volatile commodity prices.
- Currency devaluations, policy rate hikes and restrictive import regulations especially margin requirements.
- Rising input costs on account of energy costs and inflation.
- Cotton crop shortage/higher rates and poor quality.
- Limited availability of local scrap; reliance on imported scrap increases sensitivity to commodity markets.

LIQUIDITY AND CASH FLOW MANAGEMENT

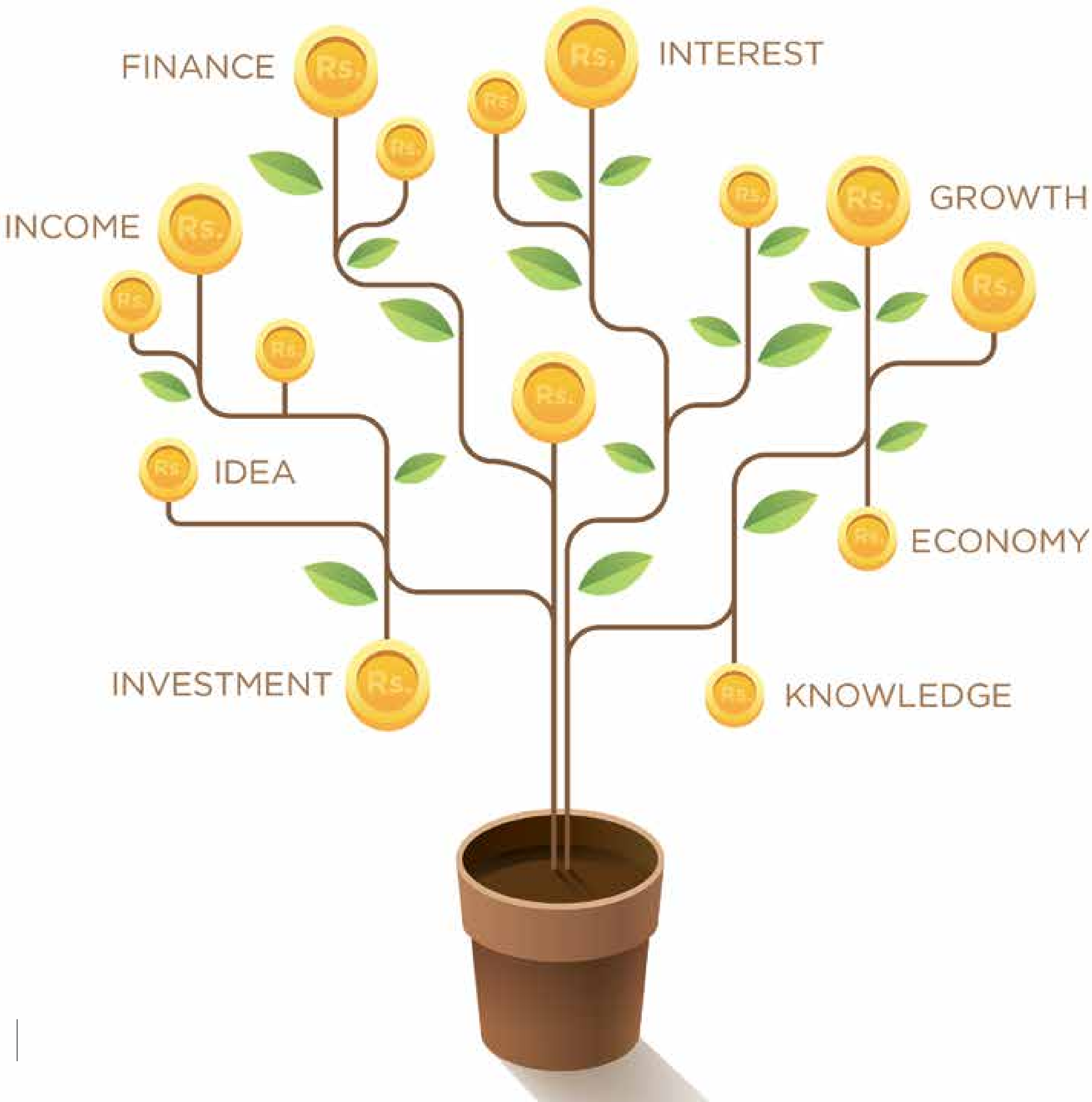
LIQUIDITY POSITION

The Company's liquid assets comprise primarily short term investments and nominal cash and bank balances which stood at an aggregate of Rs. 424.9 million at the close of 2022.

STRATEGY TO OVERCOME LIQUIDITY PROBLEMS

The working capital and financing needs of the Company are managed through a robust treasury management system which ensures effective cash flow management and safeguards against any related risks.

The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.



The Company monitors cash flow requirements and produces cash flow projections for the short and long term. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational cash flows, including servicing of financial obligations. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of overall funding mix as well as to manage unnecessary reliance on debt.

Cash flow projections for the medium term indicate availability of sufficient funds for timely repayment of external debts as well as for retention for sustained profitability.

LIQUIDITY GENERATION

The Company's liquidity requirements are met through internal cash generation from turnover, dividend receipts and disposal of trading investments. Minimal reliance is placed on cash generation through external sources to ensure lower financial cost. Preference is accorded to short term debt over long term. The Company holds a sizeable unutilized borrowing capacity to meet any future funding requirements including those of diversification projects.

INVESTMENTS AND PLACEMENT OF FUNDS

A fairly diversified high yield investment portfolio is maintained to maximize returns and to provide an asset base to raise debt, remaining within prudent levels of risk and exposure.

The Company's investment portfolio comprises of investments in shares of mainly blue-chip companies and term deposits with banks / financial institutions to enhance profitability and increase shareholders' return. A periodic evaluation of return on these investments is conducted to ensure that best possible options have been exercised.

REPAYMENTS OF DEBTS

Total borrowings, including short term and current maturity of long term borrowings, decreased by 44.3% compared to last year at Rs. 1,064.8 million. Banks have issued corporate guarantees on behalf of the Company of up to Rs. 1,542.4 million in addition to letters of credit of up to Rs. 242.4 million against lien on shipping / title documents and charge on Crescent Steel's assets.

There was a significant decrease in total borrowings and the Company holds a sizeable unutilized borrowing capacity to meet any future funding requirements.

All debt repayments maturing this year were paid on time and there have been no defaults in repayment of any debt during the year or the history of the Company.

CAPITAL STRUCTURE AND ASSESSMENT OF ITS ADEQUACY

Crescent Steel's capital structure comprises of Rs. 776.3 million of ordinary share capital with net worth of Rs. 3,233.6 million, reserves of Rs. 5,322.1 and long term debt (including current maturity) of Rs. 252.1 million at the close of 2022 with a long term debt-equity ratio of 2:98 as compared to 3:97 in 2021. Gearing ratio was 14.8 as at 30 June 2022 as compared to 24.2 in 2021.

The Company believes that capital structure is in line with our benchmarks.

BUSINESS RATIONALE FOR MAJOR CAPITAL EXPENDITURE

We create value for our stakeholders by diversifying our business and investing in our manufacturing facilities. We focus on optimizing our production infrastructure and adjust our cost base. To support Crescent Steel's diversification strategy, our planned capital expenditure gives us powerful operating leverage and expands our profitability through diversified revenue and profit streams. Disciplined management of working capital and capital expenditure enhances the cash we generate which in turn is invested to fuel growth in the business.

The Board of Directors reviews and approves the capital expenditure plans of the Company for year 2023. Our major Capital expenditures during the year 2022 mainly include up gradation of plant and machinery.

RISK AND OPPORTUNITY REPORT

The Company's Board of Directors are responsible for the establishment and oversight of an effective risk management framework. They are also responsible for developing and monitoring a risk management policy to determine the Company's level of risk tolerance and guide the management of identified risks.

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

RISK MANAGEMENT POLICY

Crescent Steel is committed to implementing an organizational philosophy that ensures risk management is an integral part of corporate objectives, plans and management systems.

Compliance with legislative requirements underpin the Company's risk management policy.

Risk management objectives are as follows:

- To ensure risk management is adopted throughout the Company as a prudent management practice.
- To ensure that all employees are made aware of the need to manage risk and to promote a culture of participation in that process.
- To protect the Company from adverse incidents, to reduce its exposure to loss and to mitigate and control the impact of loss in case it occurs.
- To reduce the cost of risk to both the Company and its stakeholders.
- To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices.
- To ensure business growth with financial stability.

RISK AND OPPORTUNITY MANAGEMENT

Risk and opportunity 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.

RISK AND OPPORTUNITY 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 (RMC) 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.

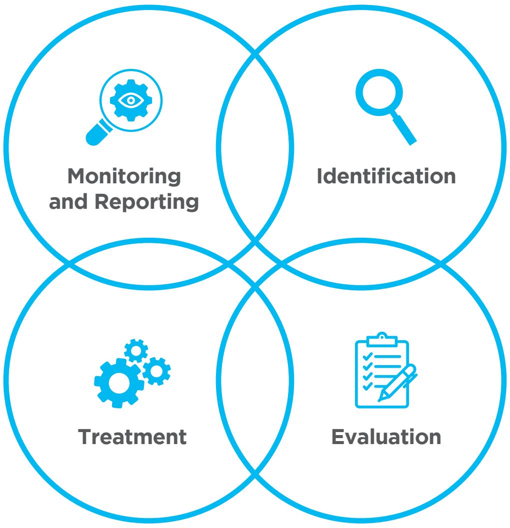
Our plan is to implement a single risk management, reporting and governance framework in all the relevant departments, divisions and services within the group such that the group risk function (as is also occurring with governance, compliance and sustainability functions) will be centralised into a foundational, 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.

The Board of Directors have carried a robust assessment of the principal risks faced by the Company, including those that would threaten the business model, future performance, solvency and liquidity. RMC oversees how management monitors compliance with risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by Crescent Steel. The Audit Committee is assisted in its oversight role by the Internal Audit department. Internal Audit department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The Human Resource and Remuneration Committee focuses on risks in its area of oversight. This includes succession planning with a view to ensure availability of talented functionaries in each area of critical company operations as well as assessment of compensation programs to ensure that they do not escalate corporate risk.

Major risks and their mitigations are covered separately in this report.



MAJOR BUSINESS RISKS AND THEIR MITIGATION

MAJOR BUSINESS RISKS	SOURCE / Type	CAPITAL AFFECTED	MITIGATING FACTORS / ACTIONS IN PLACE
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 to the state-owned gas utilities. These companies award business through a tendering process and instability in government and fiscal constraints may slow down progress in energy and water infrastructure projects will adversely affect our topline. **Assessment:** Likelihood: 4 out of 5 Magnitude: 4 out of 5 Impact: High Timeline: Medium to long-term	External / Strategic	Financial Capital Manufactured Capital Social and Relationship Capital	The Company has built a strong and resilient corporate structure that buffers shocks; this has been demonstrated in previous years 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.
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 locally available raw material 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. **Assessment:** Likelihood: 4 out of 5 Magnitude: 5 out of 5 Impact: Medium to High Timeline: Short-term	External / Operational - Commercial	Financial Capital Manufactured Capital	Major raw material price trend is monitored on a regular basis. The Company aims to use its purchasing power and long term relationships with suppliers to acquire raw materials and safeguard their continuous delivery at the best terms and with the minimum time-lag between receiving an order and procurement of raw material. The Company also evaluates various sources to reduce the impact of higher landed costs. 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.

MAJOR BUSINESS RISKS	SOURCE / Type	CAPITAL AFFECTED	MITIGATING FACTORS / ACTIONS IN PLACE
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. **Assessment:** Likelihood: 3 out of 5 Magnitude: 3 out of 5 Impact: Medium Timeline: Long-term	Internal – External / Operational - Commercial	Financial Capital Manufactured Capital Social and Relationship Capital	Company actively strives to search for competitive suppliers for all its raw materials in both local and international markets. The Company constantly seeks to increase its customer base and product offering to maintain and grow its revenues.
INVESTMENT RISK			
Adverse stock market developments may affect the profitability and valuation of assets. **Assessment:** Likelihood: 3 out of 5 Magnitude: 5 out of 5 Impact: High Timeline: Short to Medium-term	External / Strategic - Financial	Financial Capital	The Company has significant investments in marketable securities. To reduce this risk to an acceptably low level, it follows a diversified investment policy and actively manages its portfolio to match the required risk profiles.
CURRENCY RISK			
Exchange rate fluctuations or local currency devaluation may have an impact on financial results due to reliance on imported raw material. **Assessment:** Likelihood: 4 out of 5 Magnitude: 5 out of 5 Impact: High Timeline: Short-term	External/ Financial	Financial Capital	The Company's centralized treasury function closely monitors and manages the exposure to foreign currency risk and uses various mechanisms, such as locking forward contracts where possible. However, due to SBP restrictions on forward cover may not be available, resulting in increase in exposure. The Company uses various available means, including dollar based bidding for international tenders. Further mitigation is carried out through regular assessments of the economic situation for timely and informed decision-making.

MAJOR BUSINESS RISKS	SOURCE / Type	CAPITAL AFFECTED	MITIGATING FACTORS / ACTIONS IN PLACE
INTEREST RATE RISKS			
An increase in interest rates will increase the Company's borrowing costs and reduce profitability. **Assessment:** Likelihood: 3 out of 5 Magnitude: 4 out of 5 Impact: Medium Timeline: Short to Medium-term	External / Financial	Financial Capital	Company avails financing at competitive rates from varying financial institutions. Also, borrowings are based on floating rates to minimize interest rate risks.
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. **Assessment:** Likelihood: 2 out of 5 Magnitude: 2 out of 5 Impact: Low Timeline: Medium to long-term	Internal / Financial	Financial Capital	To manage exposure to credit risk in respect of trade receivables, management performs credit reviews considering 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.
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. **Assessment:** Likelihood: 2 out of 5 Magnitude: 2 out of 5 Impact: Low Timeline: Medium to long-term	Internal / Financial - Operational	Financial Capital Manufactured Capital	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.

MAJOR BUSINESS RISKS	SOURCE / Type	CAPITAL AFFECTED	MITIGATING FACTORS / ACTIONS IN PLACE
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. **Assessment:** Likelihood: 2 out of 5 Magnitude: 2 out of 5 Impact: Low Timeline: Long-term	Internal / Health and Safety	Human Capital Social and Relationship Capital Natural Capital	Our business operations are run in compliance with international Quality, Health, Safety and Environmental standards. Moreover, we consistently make efforts to minimize our environmental impact by energy conservation and other measures with community partners. We have and continue to carry out awareness campaigns for our employees on precautionary measures regarding Covid-19 and about protecting their families and the community at large.
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 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. **Assessment:** Likelihood: 3 out of 5 Magnitude: 3 out of 5 Impact: Medium Timeline: Short-term	External / Financial	Financial Capital	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 finances including 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.

MAJOR BUSINESS RISKS	SOURCE / Type	CAPITAL AFFECTED	MITIGATING FACTORS / ACTIONS IN PLACE
INTERNAL CONTROLS			
In the absence of effective internal controls, the Company may be exposed to financial irregularities and resultant losses **Assessment:** Likelihood: 2 out of 5 Magnitude: 2 out of 5 Impact: Low Timeline: Medium to long-term	Internal / Financial - Compliance	Financial Capital Social and Relationship Capital	A robust internal control system is in place that is continuously monitored by the Company's Internal Audit Function and through other monitoring procedures. The process of monitoring internal controls is an ongoing process with the objective to further strengthen the controls and bring improvements in the system. The controls in place also cover areas ranging from safeguarding of assets, compliance with laws and regulations and accuracy and reliability of records and financial reporting.
REGULATORY COMPLIANCE			
Non-compliance with laws and regulation may result in penalties, reputational damage and business interruptions. **Assessment:** Likelihood: 2 out of 5 Magnitude: 3 out of 5 Impact: Medium Timeline: Long-term	Internal / Compliance	Financial Capital Social and Relationship Capital	We strictly monitor our compliance with laws and regulations and all the changes in regulatory environment are dealt with proactively. Apart from external compliance we put emphasis on compliance with our 'Code of Conduct' and 'Governing Principles' which are in line with best practices.
INCREASE IN COMPETITION THROUGH LEVERAGING OF TECHNOLOGICAL CHANGES			
Competitors may be able to identify and implement a major technological step, resulting in product substitution, improvement in their production efficiencies and lower costs. The Company's inability to implement similar steps may make it uncompetitive **Assessment:** Likelihood: 2 out of 5 Magnitude: 2 out of 5 Impact: Low Timeline: Medium to long-term	External / Strategic	Financial Capital Intellectual Capital	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.

MAJOR BUSINESS RISKS	SOURCE / Type	CAPITAL AFFECTED	MITIGATING FACTORS / ACTIONS IN PLACE
EMPLOYEE RECRUITMENT AND RETENTION			
Failure to attract and retain the right people may adversely affect the achievement of the Company's growth plans. **Assessment:** Likelihood: 3 out of 5 Magnitude: 2 out of 5 Impact: Low Timeline: Medium to long-term	Internal / Strategic	Human Capital Financial Capital Social and Relationship Capital Intellectual Capital	A strong emphasis is placed on the Company's human resource and its skill set. We utilize talent management and human resource tools to attract, retain, motivate, train and nurture personnel and staff.

OPPORTUNITIES:

In the short term we aim to capitalize on our organizational strengths and over the longer-term horizon, we aim to modernize by creating new business opportunities to help the accomplishment of the Company's expressed vision.

Building supply chain resilience by strengthening existing supplier relationships and exploring supplies from regions not previously considered with a longer-term focus on building capacities of local suppliers to ensure future sustainability.

We are the only functioning large dia pipe manufacturer in Pakistan with a notional capacity of 200,000 metric tons annually (66,667 metric tons annually per shift). With this strategic edge, the Company actively participates in gas infrastructure and water sector pipe projects to fully utilize its potential. With the expected upcoming gas infrastructure and waterworks projects, we are fully poised to capture this opportunity and grow in this area.

We are well placed to fulfill the development needs of the country. The Company is committed to search all possible avenues to maximize the pace of growth of the Company and Shareholders wealth.

HEALTH, SAFETY AND ENVIRONMENT

HEALTH, SAFETY, ENVIRONMENT

We impose the highest standards of safety and protection on our staff and the spaces in which we operate, calling on our people to put Health, Safety and Environment (HSE) principles at the heart of everything they do. The Management at Crescent Steel is committed to providing a safe, healthy and environment friendly workplace to its employees and other stake holders.

We aim to continuously improve our practices under a comprehensive HSE management system based on international best practices and are certified against ISO 45001 and ISO 14001 standards.

As part of our HSE culture and actions we strive to prevent or minimize all possible causes of injury or ill health, eliminate workplace hazards, reduce organizational health and safety (OH&S) risks and seek to minimize our environmental impacts and ensure we are always complying with all the applicable HSE requirements and international best practices.

POLICY

Crescent Steel is committed to providing a safe and healthy workplace for its employees and those who are associated with the company including customers, suppliers, contractors and visitors.

Crescent Steel strives proactively to prevent or minimize all possible causes of injury and ill health, eliminate hazards, reduce OH&S risks, protect the environment, prevent pollution, reduce carbon footprint, minimize waste, conserve energy, enhance safety awareness, impart HSE trainings, prepare for emergencies and manage environmental impacts arising from the workplace, products and services that can affect surrounding communities and the environment at large.

Crescent Steel consults employees on matters affecting their health and safety, encourages communication and participation, and considers HSE compliance at all times as a responsibility of everyone in the organization.

Crescent Steel is also committed to complying with all legal, regulatory and other HSE requirements to which it subscribes. At Crescent Steel, a comprehensive HSE management system is in place to review objectives and targets for continual improvement while the policy is disseminated to all stakeholders.

CULTURAL CHANGE THROUGH COMMUNICATION

Communication is critical to meeting our objectives on workplace safety. We have a one-on-one HSE orientation for all new employees 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. To create awareness and encourage a safety first culture, we use different mechanisms of engagement including safety talks, employee suggestion portal and real time reporting of un-safe acts and conditions or lost workdays due to workplace related illness or injury.

Managers up and down the line are directly accountable for the implementation of the health and safety processes and achieving desired results. Our HSE Professionals keep an eye on every part of the workplace, looking for opportunities to eliminate risks, prevent incidents, and ensure all employees are engaged. At all our operational sites, Supervisors involve the workforce in both formal and informal interactions every day to ensure safety remains in the forefront prior to starting, as well as during, every task they perform.

ENHANCING EMPLOYEES' 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 comprehensive healthcare benefits for staff.

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) is deeply embedded in the culture of our Company since its inception. The focus towards CSR originates from the managements objective to play a meaningful role for the betterment of society. Our vision and values are designed to incorporate the essence of giving in our employees.

Crescent Steel believes in sustainable development in order to meet the needs of today, without compromising the needs of tomorrow. Our Corporate Strategy incorporates commitment to sustainable development that involves balancing short and long-term interests, and integrating economic, environmental and social aspects into our business decisions. We actively seek to infuse sustainability into our operations and processes.

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.

In FY22, the Company made social investments of Rs. 58.96 million or 18.71% of PBT (FY21: Rs. 13.21 million). In addition to cash contributions, our people volunteered 1,648 hours (FY21: 981 hours) for structured community programs throughout the year.

Detailed information and analysis on our 2022 environmental and social performance will be published in the Corporate Responsibility Report 2022 while selected partnerships are briefed below.

COMMITMENT TO EDUCATION

Pakistan faces a serious education crisis. According to UNICEF, Pakistan has the world's second-highest number of out-of-school children (OOSC) with an estimated 22.8 million children aged 5-16 not attending school, representing 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 OOSC doubles, with 11.4 million adolescents between the ages of 10-14 not receiving formal education[1].

We target our investments towards primary and secondary education and also support tertiary level education for TCF graduates, children of employees and other merit students at recognized schools in Pakistan and abroad.

[1] https://www.unicef.org/pakistan/education

In order to ensure inclusive and equitable quality education for all, a minimum 60% of our annual giving is allocated towards Education. 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, as well as funded scholarships at select schools in Pakistan.

In FY22, we supported 13 students in universities across Pakistan including 4 children of our employees through our scholarship program. 37 students have been supported in full or in part for tertiary programs.

EDUCATION NON-PROFIT PARTNERS

THE CITIZENS FOUNDATION (TCF)

We believe that education has the power to change lives. It is a powerful tool for breaking the cycle of poverty; supporting child survival, growth, development and well-being as well as closing the gap in social inequality. In our efforts towards an educated Pakistan, we have been in partnership with The Citizens Foundation (TCF) since 1996 to support access to quality education.

To date, Crescent Steel 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 4,551 children have graduated from primary schools and 1,067 children have graduated from secondary schools supported by us. Combined enrolment in these schools today is 3,584 students, the majority of whom reside in some of the most impoverished communities of the country; 46% of these students are females.

This year, a large proportion of our annual giving was directed towards several TCF initiatives:

- Supported operational expenses of our 15 TCF school units by contributing Rs. 29,000,000.
- Provided tertiary scholarship support to five TCF alumnis.
- Topped up the Expendable Endowment Fund by Rs. 2,500,000 to support post matric scholarships for TCF graduates from CSAP supported campuses. The size of the fund as on 30 June 2022 is Rs. 5,032,493
- Topped up the Non-Expendable Endowment Fund by Rs. 12,023,690 taking it to Rs. 78,137,360 as on 30 June 2022.

Our employees also volunteered their time to raise funds for TCF and for TCF's Mentoring Rahbar program to provide guidance and counselling to TCF students.

NATIONAL UNIVERSITY OF SCIENCES AND TECHNOLOGY (NUST)

The flagship program of National University of Sciences and Technology (NUST) titled Finding Innovative and Creative Solutions for Society (FICS) is aimed at promoting entrepreneurship amongst students. The program is successfully progressing forward in terms of student and industry participation – culminating into great social entrepreneurial ideas.

A contribution of Rs. 1,000,000 was made to support teams in commercializing their projects developed through FICS.

INDUS VALLEY SCHOOL OF ARTS AND ARCHITECTURE (IVS)

Indus Valley School of Arts and Architecture (IVS) is paving the way for creative leaders of tomorrow. IVS is committed to nurture the creative abilities of their students and eventually produce exceptional artists, designers and architects for the community.

An amount of Rs. 2,500,000 was donated to IVS to provide financial assistance and scholarships to students.

HABIB UNIVERSITY

Habib University aims to shape the future of its students and enrich their lives by providing a world-class liberal arts and sciences education, regardless of financial capacity or any social considerations.

We have pledged to support Habib University Crescent Steel Undergraduate Scholarship for the entire program duration with a preference to allocate it to a TCF undergraduate candidate if one is available – the first tranche of PKR 2.5 million was gifted to the university this year against a recurring scholarship pledge of Rs. 6 million.

COMMITMENT TO HEALTH

The pandemic has halted or reversed progress in health and poses major threats beyond the disease itself. As the COVID-19 pandemic's fourth and fifth wave hit Pakistan this year along with unprecedented, record-breaking rainfall in cities like Karachi, it has become imperative to reduce health inequalities and vulnerabilities.

In the 2022-23 budget, the government has allocated an amount of Rs. 206.98 billion[2] for health services covering primary, secondary and tertiary care facilities as well as preventive interventions for communicable and non-communicable diseases. A significant increase in health spending is required in order to improve the health sector of Pakistan.

In an effort to make basic healthcare accessible to all, Crescent Steel continues to support healthcare initiatives through donations and volunteering time for selected partners in the health sector.

HEALTH NON-PROFIT PARTNERS

THE INDUS HOSPITAL (TIH)

The Indus Hospital (TIH) aims to provide indiscriminate, quality healthcare to all. The hospital started as a tertiary care and multi-disciplinary hospital with 150 beds in Korangi, Karachi. The network currently consists of 13 hospitals, 4 regional blood centers, 4 physical rehabilitation centers, Pakistan's largest pediatric oncology services unit, a network of primary care centers, and a large number of public health initiatives across Pakistan.

[2] https://www.dawn.com/news/1694804

We contributed Rs. 997,500 to support chemotherapy sessions for 285 individuals. Additionally, our employees donated 18,500 ml of blood to the Indus Hospital Blood Center during the blood donation drives organized at our Head Office and Nooriabad factory.

THE HEALTH FOUNDATION (THF)

In Pakistan, almost 19 million people are suffering from Hepatitis B or C and each year brings about 400,000 new cases. The Health Foundation aims to create awareness, promote healthy practices and provide financial support to Hepatitis B and C patients.

In FY22, we donated Rs. 1,000,000 to be utilized for Hepatitis B and C vaccination in the Tando Allahyar District, Inayah Shah Rizvi area.

PATIENTS' AID FOUNDATION

The Patients' Aid Foundation is a private public partnership with the Jinnah Postgraduate Medical Centre (JPMC). The foundation was created with the aim to provide quality and free healthcare to all.

We donated an amount of Rs. 1,000,000 to facilitate Patients' Aid Foundation in achieving its objective.

COMMITMENT TO THE COMMUNITY AND THE ENVIRONMENT

Pakistan, a land rich in natural resources, including fertile agricultural lands, natural gas reserves and mineral deposits is currently is facing major challenges due to climate change. The unprecedented rains have caused countrywide floods.

According to the Global Climate Risk Index, Pakistan is one of the most vulnerable nations in the world when it comes to the effects of climate change over the past two decades.

Pakistan faces rates of warming considerably above the global average with potential rises in temperature ranging between 1.3°C – 4.9°C by the 2090s. Rises in the annual maximum and minimum temperatures are forecasted to be stronger than the rise in average temperature, likely amplifying the pressure on human health, livelihoods, and ecosystems[3].

Our business strategies take full account of potential environmental impact of our operating decisions to ensure environment protection. We also take part in different initiatives during the year in an effort to protect the environment.

ENVIRONMENT NON-PROFIT PARTNER

WORLD WIDE FUND FOR NATURE PAKISTAN (WWF)

World Wide Fund for Nature (WWF) is the leading conservation organization in the world. We have been an active supporter of WWF Pakistan in their aim to stop the degradation of the planet's natural environment and to build a future where people and nature can thrive.

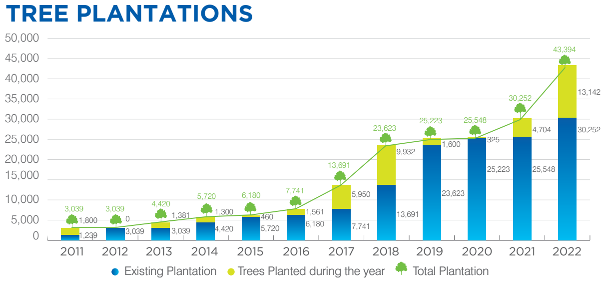
This year we planted 1,000 mangroves, bringing our total plantation size to 3,700 mangroves, which we continue to maintain through monetary contributions that ensure that for every mangrove that doesn't survive, WWF will plant another sapling. These 3,700 mangroves have reduced our carbon footprint by 63.24 tons.

In order to preserve our ecosystem and offset our carbon footprint, we plan to plant more mangroves in the upcoming years.

TREE PLANTATION ACTIVITIES

During the year, we planted 13,142 trees. Over the years our plantation size has increased to over 43,300+ trees. These trees will help reduce our carbon footprint by 256 tons annually.

TREE PLANTATIONS



COMMITMENT TO SOCIETY

From the moment Pakistan came into being, we have faced a plethora of social issues that have slowed the

[3] https://www.adb.org/sites/default/files/publication/700916/climate-risk-country-profile-pakistan.pdf

rate of development in the country. These issues, if solved, can make life more comfortable and the society more productive.

Alongside targeted investments in the education, healthcare, and environmental segments, we also focus on different community development programs.

SOCIETY NON-PROFIT PARTNERS

PAKISTAN CENTRE FOR PHILANTHROPY (PCP)

Pakistan Centre for Philanthropy (PCP) works to strengthen the nonprofits and foundations that build, enrich and define our nation and the communities they support. They generate evidence and business insights into how individuals, companies, and governments can best address social challenges through philanthropy.

An amount of Rs. 3,000,000 was donated to PCP for their study on the State of Philanthropy in Pakistan which is being conducted jointly with the Dean of the Pardee School of Global Studies at Boston University.

AYESHA CHUNDRIGAR FOUNDATION (ACF)

Ayesha Chundrigar Foundation (ACF) is the first and largest animal rescue organization in Pakistan. The foundation not only works to rescue animals but also change mindsets and teach people the idea of empathy and compassion.

We donated Rs. 199,405 to ACF for their Mass Trap-Neuter-Vaccinate Release (TNVR) Program, against which 100 dogs were neutered and vaccinated.

DEAF REACH

Deaf Reach works to strengthen Pakistan's social fabric by empowering the deaf community of Pakistan by providing a full circle solution from education and skills training, teacher development and parent training to job placement and community inclusion.

We contributed Rs. 500,000 towards Deaf Reach as scholarship support for five students for a year.

CITIZENS POLICE LIAISON COMMITTEE (CPLC)

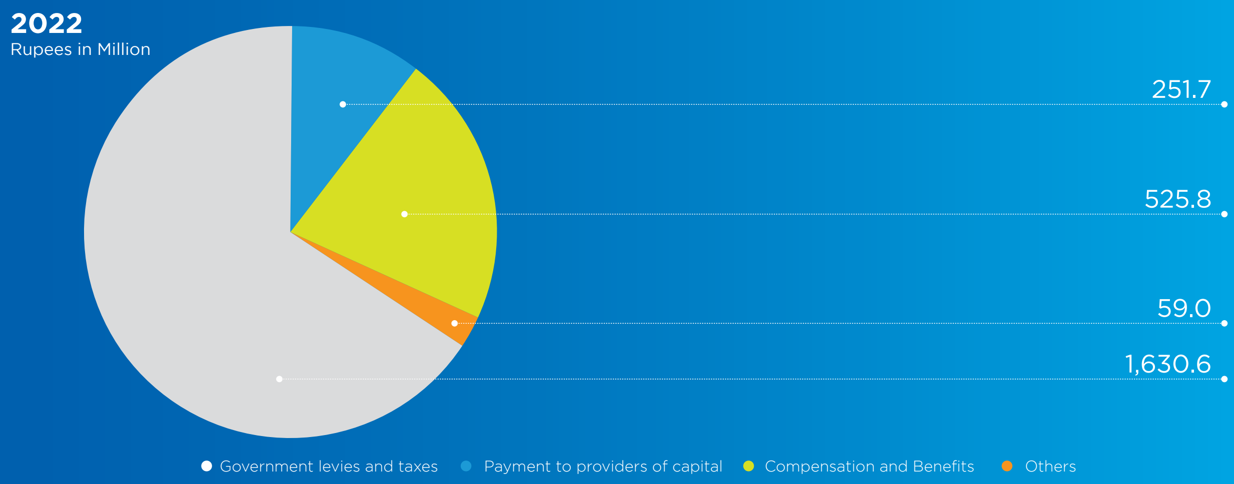
Citizens Police Liaison Committee (CPLC) is a non-political statutory institution managed by dedicated and concerned citizens with a focus to end social crimes such as theft, kidnapping, child abuse, etc.

Crescent Steel provided operational support to CPLC by donating Rs. 600,000.

CONTRIBUTION TO NATIONAL EXCHEQUER AND ECONOMY

CONTRIBUTION TO THE NATIONAL EXCHEQUER AND THE ECONOMY FOR THE FISCAL YEAR 2022 STOOD AT TO RS. 2,467.2 MILLION (FY21: RS. 2,213.0 MILLION).

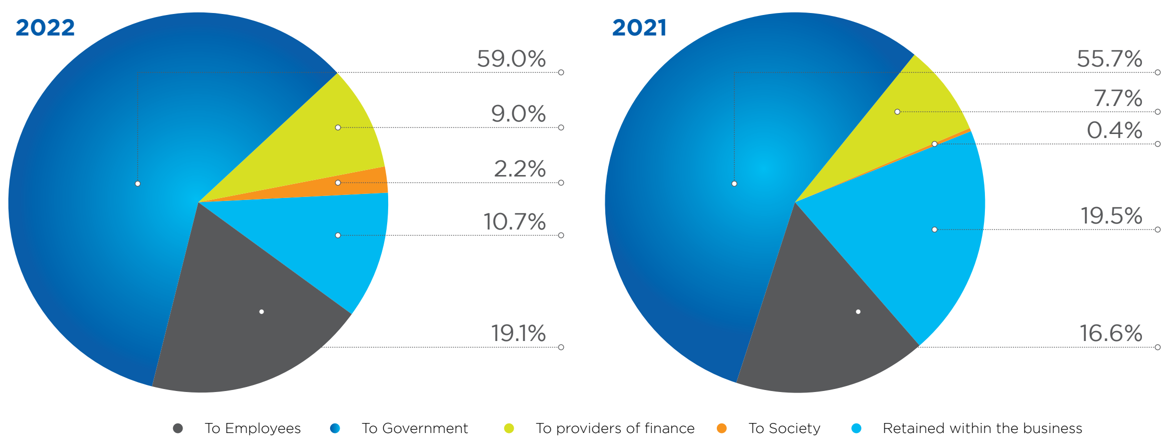
The Group contributed Rs. 1,630.6 million (FY21: Rs. 1,530.6 million) on account of Government levies and taxes. Contribution to the Economy included Rs. 251.7 million (FY21: Rs. 213.4 million) on account of payments to providers of capital. On a Group level, the Company provided employment to 769 (FY21: 765) full and part-time employees with compensation and benefits of Rs. 525.9 million (FY21: Rs. 457.0 million). The Company did not distribute profits to shareholders this year.



STATEMENT OF VALUE ADDITION

	2022 Rupees in '000	2022 %	2021 Rupees in '000	2021 %
WEALTH GENERATED				
Total revenue	9,331,884	100.0%	8,923,685	100.0%
Bought-in-material and services	(6,588,066)	70.6%	(6,182,198)	69.3%
	2,743,818	29.4%	2,741,487	30.7%
WEALTH DISTRIBUTED				
To Employees				
Salaries, wages and other benefits	524,069	19.1%	455,646	16.6%
To Government				
Income tax, sales tax, custom duties, WWF and WPPF	1,620,567	59.0%	1,527,314	55.7%
To Shareholders				
Dividend	-	0.0%	-	0.0%
To Providers of Finance				
Finance costs	246,153	9.0%	210,781	7.7%
To Society				
Donation towards education, health and environment	59,014	2.2%	12,013	0.4%
Retained within the business for future growth				
Depreciation, amortization and retained earnings	294,015	10.7%	535,733	19.5%
	2,743,818	100.0%	2,741,487	100.0%

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.

Rupees in '000	**2022**	2021
Profit before interest and tax	315,120	637,323
Taxes	51,568	(74,682)
Net operating profit after tax (NOPAT)	366,688	562,641
Total capital employed	7,163,206	7,883,388
Cost of capital (%)	19.08%	14.27%
Cost of capital (COC)(Rs.)	1,366,740	1,124,949
	(1,000,052)	(562,308)

The negative number of EVA reveals that the company is less covered from 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.

Rupees. in '000	**2022**	2021
Cash flow from operating activities	81,722	1,035,995
Capital expenditure	(91,637)	(65,562)
Free cash flow	(9,915)	970,433

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

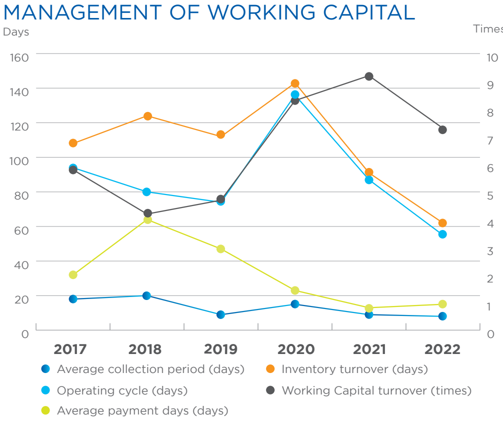
SUMMARY DATA AND PERFORMANCE INDICATORS

For The Current And Past Six Financial Years

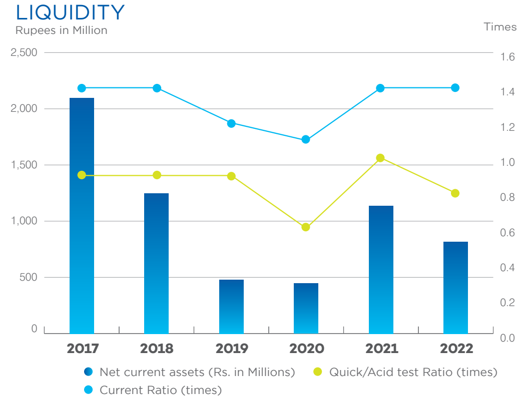
Performance Indicators	2022	2021	2020	2019	2018	2017	2016
A - Profitability Ratios							
Earnings before interest, taxation, depreciation and amortization (EBITDA) (Rs. in millions)	768.9	855.0	416.9	384.6	1,308.4	1,682.0	1,675.5
Profit before taxation and depreciation (Rs. in millions)	520.4	643.3	107.9	140.1	1,076.3	1,492.2	1,424.8
Gross (loss) / profit ratio (%)	(0.9)	6.8	1.3	5.4	11.5	18.2	28.9
Operating profit margin to sales (net) (%)	7.9	8.7	5.0	6.6	17.1	15.5	21.0
Net profit / (loss) margin to sales (net) (%)	5.2	4.8	(0.4)	3.5	10.7	9.9	13.0
EBITDA margin to sales (net) (%)	10.8	11.8	10.9	9.5	18.6	16.5	22.6
Operating leverage ratio	5.1	2.6	4.8	1.8	0.8	0.0	3.9
Return on equity (%)	6.0	5.9	(0.3)	2.7	11.2	14.8	16.7
Return on average equity (%)	6.1	6.2	(0.3)	2.4	11.1	16.0	19.6
Shareholders' funds (%)	72.2	68.6	56.4	65.1	66.7	56.0	61.2
Return on shareholders' funds (%)	6.0	5.9	(0.3)	2.7	11.2	14.8	16.7
Return on capital employed (RoCE) (%)	4.9	4.3	(0.2)	1.8	8.1	11.0	14.6
Return on average assets (%)	4.3	3.8	(0.2)	1.6	6.8	9.3	13.0
B - Liquidity Ratios							
Current ratio	1.4 : 1	1.4 : 1	1.1 : 1	1.2 : 1	1.4 : 1	1.4 : 1	1.4 : 1
Quick / Acid-test ratio	0.8 : 1	1 : 1	0.6 : 1	0.9 : 1	0.9 : 1	0.9 : 1	0.7 : 1
Cash to current liabilities (%)	(15.5)	(26.1)	(14.2)	(32.7)	(5.8)	(4.7)	(3.7)
Cash flow from operating activity (%)	3.8	41.0	(35.3)	(9.1)	53.4	3.6	(58.2)
Cash flow from operations to sales (%)	1.2	14.3	(36.3)	(5.6)	22.7	1.7	(24.6)
Working capital - Net current assets (Rs. in millions)	816.8	1,134.3	448.2	475.7	1,248.1	2,096.1	1,399.5
Working capital turnover (times)	7.3	9.2	8.3	4.7	4.2	5.8	8.1
Cashflow to capital ependiture (%)	89.2	1736.3	(16387.9)	(174.7)	783.2	80.0	
Cashflow to coverage ratio (%)	7.7	54.2	(46.2)	(11.3)	81.8	5.6	
C - Activity / Turnover Ratios							
Debtors turnover ratio (times)	45.4	40.0	23.7	40.0	18.3	20.7	36.1
No. of days in receivables / Average collection period (days)	8	9	15	9	20	18	10
Inventory turnover ratio (times)	5.9	4.0	2.6	3.3	2.9	3.4	3.9
No. of days in inventory (days)	62	91	143	112	124	108	94
Creditors turnover ratio (times)	23.7	27.9	15.9	7.8	5.7	11.5	23.2
No. of days in creditors / Average payment period (days)	15	13	23	47	64	32	16
Property, plant and equipment turnover (times)	3.2	3.5	1.7	1.6	6.8	10.9	9.0
Total assets turnover (times)	0.8	0.8	0.4	0.5	0.7	0.8	0.8
Operating cycle (days)	55	87	136	74	80	94	89
D - Investment / Market Ratios							
Basic and diluted earnings / (loss) per share (Rs.)	4.72	4.53	(0.22)	1.85	9.68	13.05	12.97
Price earnings ratio (times)	8.8	18.5	-	20.4	9.4	18.3	8.8
Price to book ratio (times)	0.4	0.7	0.4	0.4	0.7	1.5	0.9
Dividend yield (%) *	-	-	-	-	2.2	2.2	4.4
Dividend payout ratio (%) *	-	-	-	-	20.7	40.3	40.1
Dividend cover ratio (times) *	-	-	-	-	4.8	2.4	2.6
Cash dividend (Rs. in millions) *	-	-	-	-	155.3	407.6	388.2
Cash dividend per share (Rs.) *	-	-	-	-	2.0	5.3	5.0
Market value per share (at the end of the year) (Rs.)	41.7	83.9	45.5	37.8	91.2	238.6	114.6
- Lowest during the year (Rs.)	34.0	45.8	27.8	27.4	89.8	116.0	54.6
- Highest during the year (Rs.)	93.3	96.4	58.7	101.9	229.4	283.1	134.8
Break-up value per share (Rs.)	78.6	76.9	70.2	69.5	86.6	87.8	74.8
Break-up value per share including RP investment at MV (Rs.)	88.5	97.1	90.1	95.5	124.5	143.6	94.4
E - Capital Structure Ratios							
Financial leverage ratio (%)	17.5	32.0	55.5	37.4	29.1	45.2	46.9
Long term debt to equity ratio (%) - Book value	1.9	3.4	4.7	5.2	5.3	5.7	8.1
Long term debt to equity ratio (%) - Market value	3.6	3.1	7.2	9.6	5.0	2.1	5.3
Weighted average cost of debt (%)	16.5	8.5	12.2	12.3	8.0	8.4	8.4
Long term debt : Equity ratio	2 : 98	3 : 97	4 : 96	5 : 95	5 : 95	5 : 95	8 : 92
Total liabilities to total assets (%)	27.8	31.4	43.5	34.8	33.2	43.9	38.7
Gearing ratio (%)	14.8	24.2	35.5	27.0	21.3	31.0	31.4
Interest coverage (times)	2.3	3.0	0.6	1.1	5.2	8.4	6.4
F - Employee Productivity Ratio							
Revenue per employee (Rs. in millions)	9.2	9.5	4.9	5.4	8.9	21.2	8.3
Staff turnover ratio (%) **	111.1	90.0	90.1	102.2	97.7	140.7	63.6
G - Others							
Spares inventory as percentage of assets cost (%)	2.0	1.9	1.8	1.8	2.2	1.7	1.3
Maintenance cost as percentage of operating expenses (%)	8.3	7.7	6.9	5.7	9.0	13.5	10.6

Notes:
* This includes declaration of final cash dividend recommended by the Board of Directors subsequent to year end.
** Major contributor to high turnover rate is staff at the Cotton division's spinning unit.

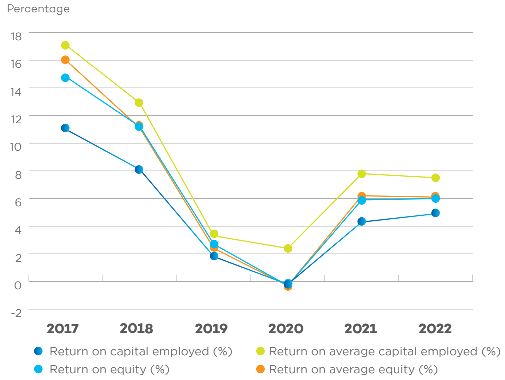
MANAGEMENT OF WORKING CAPITAL



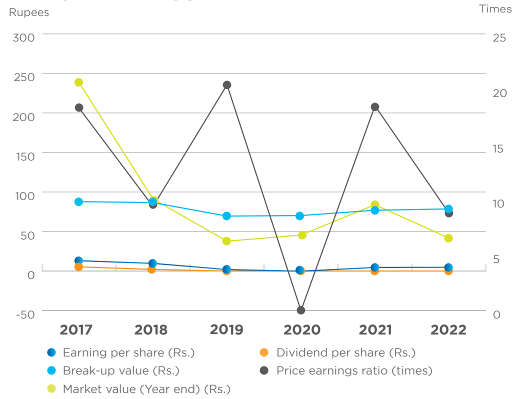
LIQUIDITY



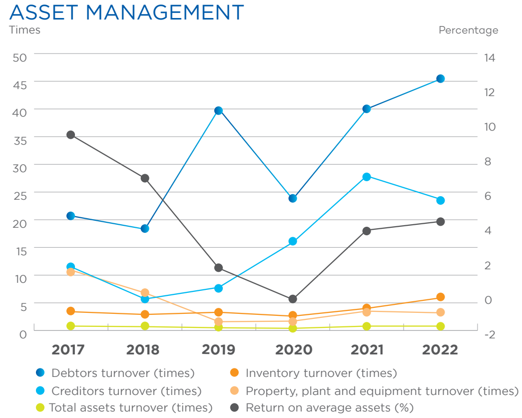
RETURN ON CAPITAL AND EQUITY



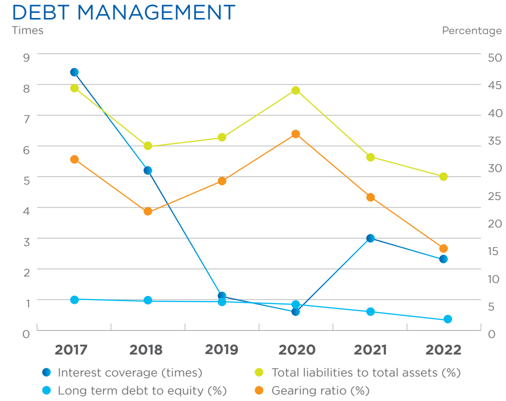
PER SHARE RESULT



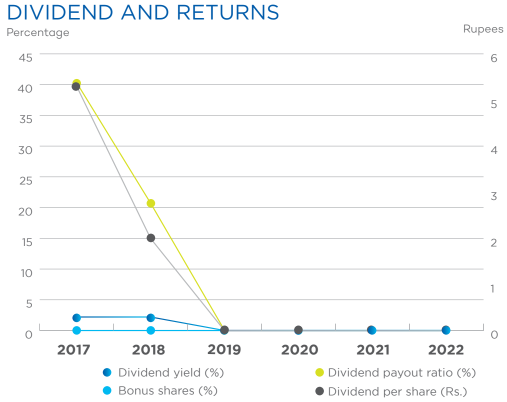
ASSET MANAGEMENT



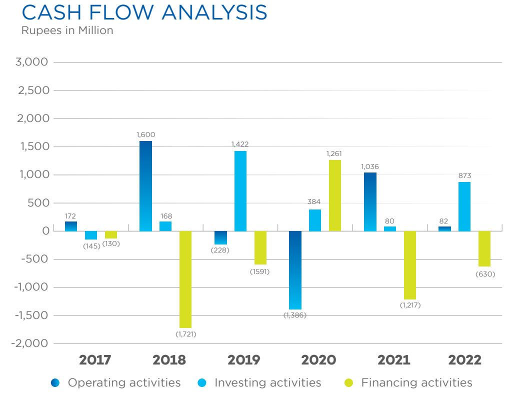
DEBT MANAGEMENT



DIVIDEND AND RETURNS



CASH FLOW ANALYSIS



VERTICAL ANALYSIS

of Unconsolidated Statement of Financial Position and Profit or Loss For The Last Six Financial Years

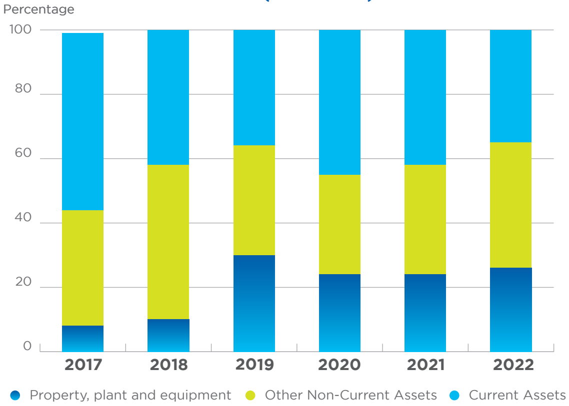
Rupees in million	2022	%	2021	%	2020	%	2019	%	2018	%	2017	%
Statement of Financial Position												
Property, plant and equipment	2,107	25.0	1,927	22.2	2,106	21.8	2,494	30.1	1,039	10.3	941	7.7
Right-of-use assets	110	1.3	132	1.5	169	1.7	-	-	-	-	-	-
Intangible assets	4	-	6	0.1	1	-	1	-	-	-	1	-
Investment properties	56	0.7	58	0.7	20	0.2	21	0.3	13	0.1	15	0.1
Long term investments	2,363	28.0	2,469	28.4	2,304	23.9	2,265	27.4	4,538	45.0	4,204	34.5
Long term deposits	29	0.3	24	0.3	224	2.3	233	2.8	217	2.2	189	1.6
Deferred taxation - net	805	9.5	428	4.9	463	4.8	292	3.5	30	0.3	-	-
Stores, spares and loose tools	171	2.0	163	1.9	169	1.7	186	2.2	169	1.7	163	1.3
Stock-in-trade	1,190	14.1	1,237	14.2	2,131	22.2	821	9.9	1,543	15.3	2,687	22.1
Trade debts	175	2.1	137	1.6	226	2.3	96	1.2	107	1.1	664	5.5
Loans and advances	165	2.0	136	1.6	145	1.5	123	1.5	275	2.7	378	3.1
Trade deposits and short term prepayments	25	0.3	290	3.3	62	0.6	50	0.6	26	0.3	15	0.1
Short term investments	419	5.0	222	2.5	125	1.3	167	2.0	448	4.4	515	4.2
Mark-up accrued	-	-	-	-	-	-	-	-	27	0.3	1	-
Other receivables	128	1.5	358	4.1	220	2.3	249	3.0	553	5.5	1,745	14.3
Taxation - net	691	8.1	1,115	12.7	1,273	13.2	1,261	15.2	961	9.5	633	5.3
Cash and bank balances	7	0.1	4	-	23	0.2	28	0.3	133	1.3	28	0.2
Total assets	**8,445**	**100**	8,706	100	9,661	100	8,287	100	10,079	100	12,179	100
Issued, subscribed and paid-up capital	776	9.2	776	8.9	776	8.0	776	9.4	776	7.7	776	6.4
Capital reserve	1,021	12.1	1,021	11.7	1,021	10.6	1,021	12.3	1,029	10.2	1,034	8.5
Revenue reserves	4,301	51.0	4,174	48.0	3,651	37.7	3,597	43.4	4,919	48.8	5,010	41.1
Shareholders' equity	**6,098**	**72.3**	5,971	68.6	5,448	56.3	5,394	65.1	6,724	66.7	6,820	56.0
Long term loans	50	0.6	128	1.5	190	2.0	177	2.1	227	2.3	322	2.6
Lease liabilities	67	0.8	75	0.9	65	0.7	103	1.2	127	1.3	64	0.5
Deferred income	1	-	4	-	7	0.1	7	0.1	8	0.1	7	0.1
Deferred taxation - net	-	-	-	-	-	-	-	-	-	-	233	1.9
Deferred liability - staff retirement benefits	74	0.9	-	-	24	0.2	101	1.2	-	-	-	-
Trade and other payables	1,137	13.5	755	8.7	1,069	11.0	692	8.4	1,349	13.4	1,864	15.3
Unpaid dividend	-	-	-	-	-	-	-	-	-	-	116	1.0
Unclaimed dividend	26	0.3	26	0.3	26	0.3	27	0.3	22	0.2	21	0.2
Mark-up accrued	37	0.4	28	0.3	54	0.6	42	0.5	16	0.2	28	0.2
Short term borrowings	813	9.5	1,515	17.4	2,676	27.7	1,577	19.1	1,458	14.3	2,517	20.7
Current portion of long term loans	113	1.3	159	1.8	49	0.5	110	1.3	97	1.0	141	1.2
Current portion of lease liabilities	22	0.3	36	0.4	47	0.5	51	0.6	46	0.5	42	0.3
Current portion of deferred income	8	0.1	9	0.1	6	0.1	6	0.1	5	-	4	-
Total equity and liabilities	**8,445**	**100**	8,706	100	9,661	100	8,287	100	10,079	100	12,179	100
Profit or loss												
Sales - net	7,090	100.0	7,259	100.0	3,822	100.0	4,066	100.0	7,043	100.0	10,209	100.0
Cost of sales	7,154	100.9	6,762	93.2	3,771	98.7	3,846	94.6	6,232	88.5	8,350	81.8
Gross (loss) / profit	**(64)**	**(0.9)**	497	6.8	51	1.3	220	5.4	811	11.5	1,859	18.2
Income from investments - net	970	13.7	233	3.2	389	10.2	192	4.7	496	7.0	247	2.4
Distribution and selling expenses	16	0.2	15	0.2	13	0.3	15	0.4	18	0.3	31	0.3
Administrative expenses	326	4.6	246	3.4	245	6.4	188	4.6	173	2.5	287	2.8
Other operating expenses	64	0.9	27	0.4	26	0.7	29	0.7	85	1.2	411	4.0
Other income	61	0.9	196	2.7	35	0.9	89	2.2	172	2.4	202	2.0
Operating profit before finance costs	**561**	**8.0**	638	8.7	191	5.0	269	6.6	1,203	16.9	1,579	15.5
Finance costs	246	3.5	211	2.9	309	8.1	244	6.0	231	3.3	187	1.8
Profit / (loss) before taxation	**315**	**4.5**	427	5.8	(118)	(3.1)	25	0.6	972	13.6	1,392	13.7
Taxation	52	0.7	(75)	(1.0)	101	2.6	118	2.9	(220)	(3.1)	(379)	(3.7)
Profit / (loss) for the year	**367**	**5.2**	352	4.8	(17)	(0.5)	143	3.5	752	10.5	1,013	10.0

HORIZONTAL ANALYSIS

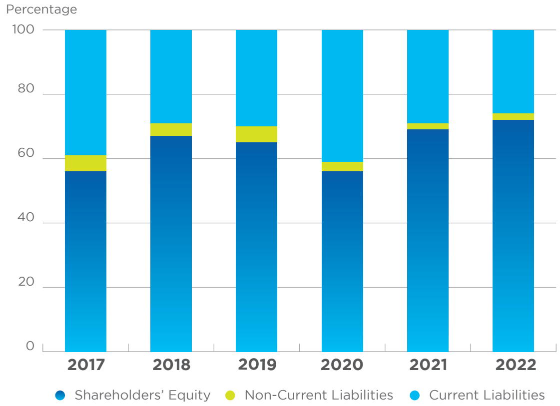
of Unconsolidated Statement of Financial Position and Profit or Loss For The Last Six Financial Years

Rupees in million	2022	%	2021	%	2020	%	2019	%	2018	%	2017	%
Statement of Financial Position												
Property, plant and equipment	2,107	9.3	1,927	(8.5)	2,106	(15.6)	2,494	140.0	1,039	10.4	941	14.3
Right-of-use assets	110	(16.7)	132	(21.9)	169	100.0	-	-	-	-	-	-
Intangible assets	4	(33.3)	6	500.0	1	-	1	100.0	-	(100.0)	1	(66.7)
Investment properties	56	(3.4)	58	190.0	20	(4.8)	21	61.5	13	(13.3)	15	(21.1)
Long term investments	2,363	(4.3)	2,469	7.2	2,304	1.7	2,265	(50.1)	4,538	7.9	4,204	6.8
Long term deposits	29	20.8	24	(89.3)	224	(3.9)	233	7.4	217	14.8	189	6.8
Deferred taxation - net	805	88.1	428	(7.6)	463	58.6	292	873.3	30	100.0	-	-
Stores, spares and loose tools	171	4.9	163	(3.6)	169	(9.1)	186	10.1	169	3.7	163	45.5
Stock-in-trade	1,190	(3.8)	1,237	(42.0)	2,131	159.6	821	(46.8)	1,543	(42.6)	2,687	18.5
Trade debts	175	27.7	137	(39.4)	226	135.4	96	(10.3)	107	(83.9)	664	105.6
Loan and advances	165	21.3	136	(6.2)	145	17.9	123	(55.3)	275	(27.2)	378	845.0
Trade deposits and short term prepayments	25	(91.4)	290	367.7	62	24.0	50	92.3	26	73.3	15	(6.3)
Short term investments	419	88.7	222	77.6	125	(25.1)	167	(62.7)	448	(13.0)	515	31.4
Mark-up accrued	-	-	-	-	-	-	-	(100.0)	27	2,600.0	1	100.0
Other receivables	128	(64.2)	358	62.7	220	(11.6)	249	(55.0)	553	(68.3)	1,745	122.3
Taxation - net	691	(38.0)	1,115	(12.4)	1,273	1.0	1,261	31.2	961	51.8	633	19.7
Cash and bank balances	7	75.0	4	(82.6)	23	(17.9)	28	(78.9)	133	375.0	28	(55.6)
Total assets	**8,445**	**(3.0)**	8,706	(9.9)	9,661	16.6	8,287	(17.8)	10,079	(17.2)	12,179	28.4
Issued, subscribed and paid-up capital	776	-	776	-	776	-	776	-	776	-	776	-
Capital reserve	1,021	-	1,021	-	1,021	-	1,021	(0.8)	1,029	(0.5)	1,034	0.8
Revenue reserves	4,301	3.0	4,174	14.3	3,651	1.5	3,597	(26.9)	4,919	(1.8)	5,010	25.1
Shareholders' equity	**6,098**	**2.1**	5,971	9.6	5,448	1.0	5,394	(19.8)	6,724	(1.4)	6,820	17.4
Long term loans	50	(60.9)	128	(32.6)	190	7.3	177	(22.0)	227	(29.5)	322	(18.3)
Lease liabilities	67	(11.3)	75	15.4	65	(36.9)	103	(18.9)	127	98.4	64	(16.9)
Deferred income	1	(75.0)	4	(42.9)	7	-	7	(12.5)	8	14.3	7	(22.2)
Deferred taxation - net	-	-	-	-	-	-	-	-	-	(100.0)	233	242.6
Deferred liability - staff retirement benefits	74	100.0	-	(100.0)	24	(76.2)	101	100.0	-	-	-	-
Trade and other payables	1,137	50.6	755	(29.4)	1,069	54.5	692	(48.7)	1,349	(27.6)	1,864	162.2
Unpaid dividend	-	-	-	-	-	-	-	-	-	(100.0)	116	-
Unclaimed dividend	26	-	26	-	26	(3.7)	27	22.7	22	4.8	21	(8.7)
Mark-up accrued	37	32.1	28	(48.1)	54	28.6	42	162.5	16	(42.9)	28	33.3
Short term borrowings	813	(46.4)	1,515	(43.4)	2,676	69.7	1,577	8.2	1,458	(42.1)	2,517	20.8
Current portion of long term loans	113	(28.9)	159	224.5	49	(55.5)	110	13.4	97	(31.2)	141	29.4
Current portion of lease liabilities	22	(38.9)	36	(23.4)	47	(7.8)	51	10.9	46	9.5	42	(28.8)
Current portion of deferred income	8	(11.1)	9	50.0	6	-	6	20.0	5	25.0	4	(20.0)
Total equity and liabilities	**8,445**	**(3.0)**	8,706	(9.9)	9,661	16.6	8,287	(17.8)	10,079	(17.2)	12,179	28.4
Profit or Loss												
Sales - net	7,090	(2.3)	7,259	89.9	3,822	(6.0)	4,066	(42.3)	7,043	(31.0)	10,209	37.7
Cost of sales	7,154	5.8	6,762	79.3	3,771	(2.0)	3,846	(38.3)	6,232	(25.4)	8,350	58.5
Gross (loss) / profit	**(64)**	**(112.9)**	497	874.5	51	(76.8)	220	(72.9)	811	(56.4)	1,859	(13.3)
Income from investments - net	970	316.3	233	(40.1)	389	102.6	192	(61.3)	496	100.8	247	488.1
Distribution and selling expenses	16	6.7	15	15.4	13	(13.3)	15	(16.7)	18	(41.9)	31	93.8
Administrative expenses	326	32.5	246	0.4	245	30.3	188	8.7	173	(39.7)	287	1.4
Other operating expenses	64	137.0	27	3.8	26	(10.3)	29	(65.9)	85	(79.3)	411	(2.4)
Other income	61	(68.9)	196	460.0	35	(60.7)	89	(48.3)	172	(14.9)	202	114.9
Operating profit before finance costs	**561**	**(12.1)**	638	234.0	191	(29.0)	269	(77.6)	1,203	(23.8)	1,579	1.3
Finance costs	246	16.6	211	(31.7)	309	26.6	244	5.6	231	23.5	187	(23.4)
Profit / (loss) before taxation	**315**	**(26.2)**	427	461.9	(118)	(572.0)	25	(97.4)	972	(30.2)	1,392	5.9
Taxation	52	169.3	(75)	(174.3)	101	(14.4)	118	153.6	(220)	42.0	(379)	(8.9)
Profit / (loss) for the year	**367**	**4.3**	352	2,170.6	(17)	(111.9)	143	(81.0)	752	(25.8)	1,013	4.8

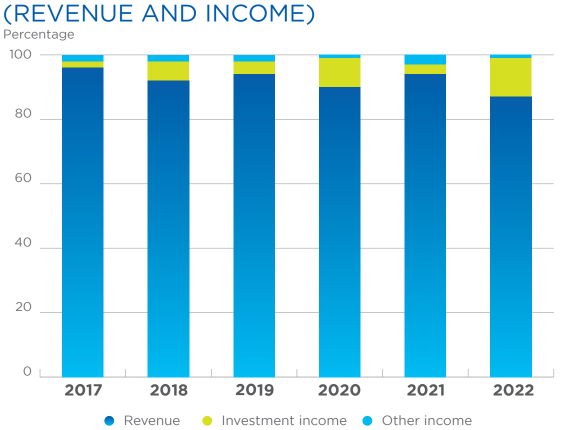
STATEMENT OF FINANCIAL POSITION ANALYSIS (ASSETS)



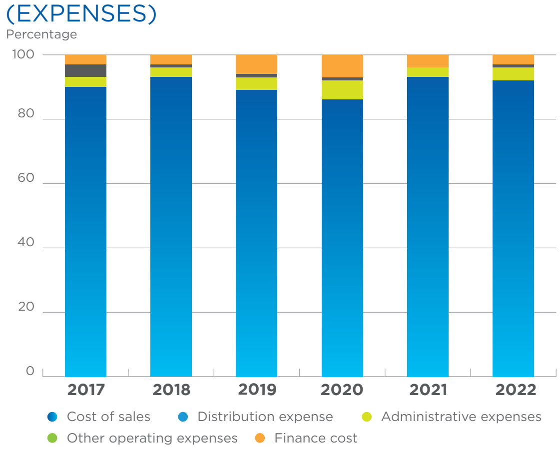
STATEMENT OF FINANCIAL POSITION ANALYSIS (EQUITY AND LIABILITIES)



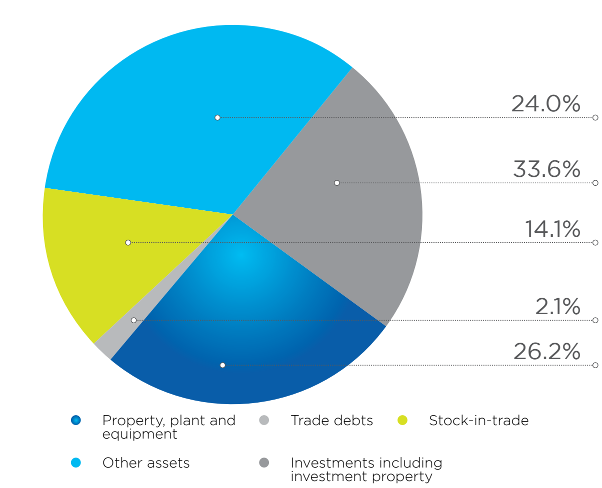
PROFIT OR LOSS ANALYSIS (REVENUE AND INCOME)



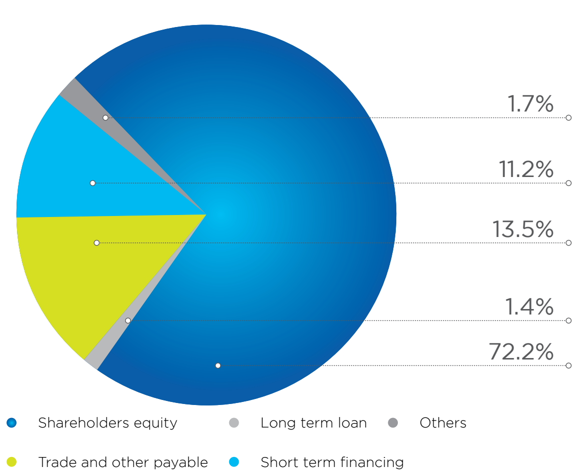
PROFIT OR LOSS ANALYSIS (EXPENSES)



TOTAL ASSETS AS OF 30 JUNE 2022



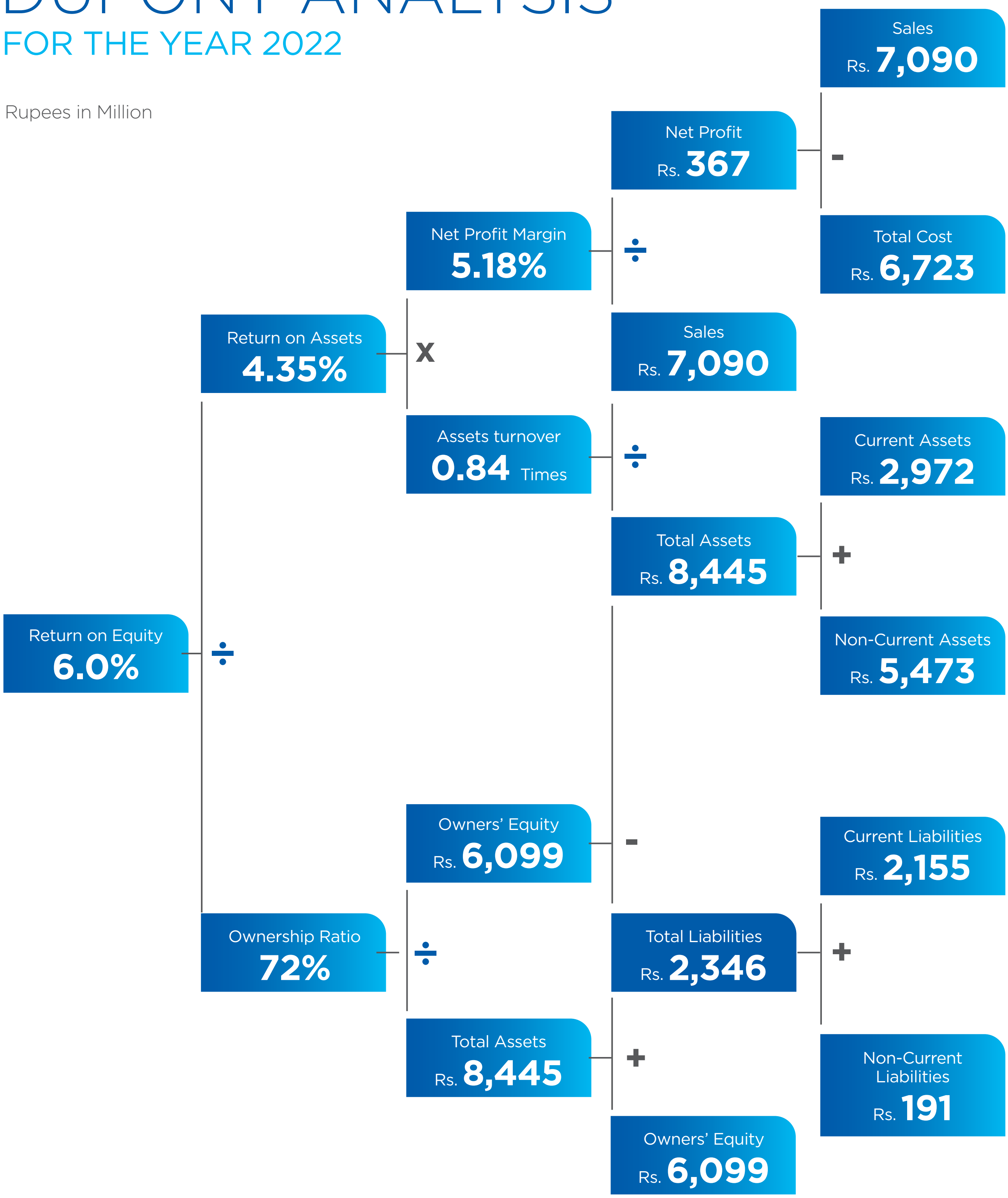
TOTAL EQUITY AND LIABILITIES AS OF 30 JUNE 2022



DUPONT ANALYSIS

FOR THE YEAR 2022

Rupees in Million



DuPont Analysis	2022	2021
Tax burden	16.4%	17.5%
Interest burden	78.1%	49.4%
EBIT margin	7.9%	8.8%
Asset Turnover (times)	0.8	0.8
Leverage	17.5%	32.0%
Return on equity	6.0%	5.9%

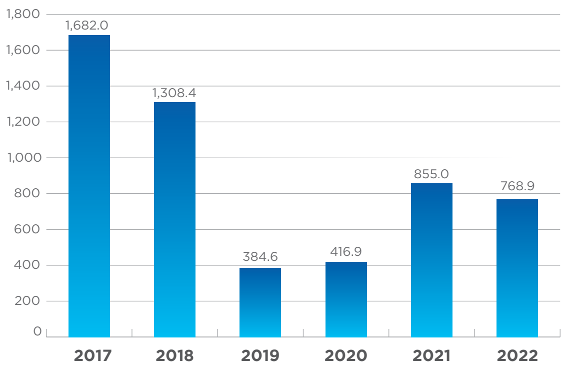
KEY OPERATING AND FINANCIAL DATA

For The Current And Past Six Financial Years

Rupees in millions	2022	2021	2020	2019	2018	2017	2016
A - Summary of Profit or Loss							
Sales - net	7,089.9	7,259.3	3,822.2	4,066.5	7,043.8	10,208.6	7,412.0
Cost of sales	7,155.2	6,762.5	3,771.3	3,846.1	6,232.5	8,349.8	5,269.1
Gross (loss) / profit	**(65.3)**	496.8	50.9	220.4	811.3	1,858.8	2,142.9
Income from investments - net	970.0	232.6	389.3	191.5	495.5	246.9	42.6
Distribution, selling and administrative expenses	341.4	260.8	258.6	203.1	190.9	317.8	298.6
Other operating expenses	63.5	27.3	25.9	28.6	84.9	410.8	421.3
Other income	61.5	196.3	35.4	89.0	171.7	201.8	93.7
Operating profit before finance costs	**561.3**	637.6	191.1	269.2	1,202.7	1,578.9	1,559.3
Finance costs	246.2	210.7	308.8	244.3	231.3	187.3	243.8
Profit / (loss) before taxation	**315.1**	426.9	(117.7)	24.9	971.4	1,391.6	1,315.5
Taxation	51.6	(74.7)	100.6	118.6	(219.7)	(379.0)	(348.4)
Profit / (loss) for the year	**366.7**	352.2	(17.1)	143.5	751.7	1,012.3	967.1
B - Summary of Statement of Financial Position							
Current assets	2,972.1	3,662.3	4,374.7	2,981.1	4,241.1	6,829.6	4,527.1
Stock-in-trade	1,190.1	1,236.5	2,130.7	821.4	1,542.7	2,686.7	2,266.8
Trade debts	175.2	137.1	225.8	96.4	106.9	663.7	322.9
Current liabilities	2,155.3	2,528.0	3,926.5	2,505.4	2,993.0	4,733.5	3,127.6
Trade and other payables	1,136.9	755.2	1,068.5	691.9	1,349.1	1,863.8	711.0
Property, plant and equipment	2,216.8	2,058.9	2,274.3	2,493.7	1,039.0	940.6	822.6
Total assets	8,445.1	8,705.6	9,660.8	8,287.0	10,079.0	12,179.6	9,484.2
Long term financing (excluding current maturity)	117.1	202.2	255.2	280.2	354.2	386.1	471.4
Deferred income (including current maturity)	8.7	13.3	13.3	13.4	13.5	11.6	13.8
Deferred liability - staff retirement benefits	73.6	-	23.7	100.5	-	232.8	68.3
Short term financing (including current maturity of long-term financing)	947.7	1,710.3	2,771.2	1,738.8	1,600.7	2,699.5	2,251.9
Reserves	5,322.1	5,194.5	4,672.0	4,617.7	5,947.4	6,043.4	5,031.4
Shareholders' equity	6,098.4	5,970.8	5,448.3	5,394.1	6,723.8	6,819.7	5,807.7
C - Summary of Statement of Cash Flows							
Cash and cash equivalents at the beginning of the year	(659.4)	(558.7)	(818.6)	(172.1)	(219.4)	(117.0)	(259.3)
Net cash generated from / (used in) operating activities	81.7	1,036.0	(1,385.6)	(228.4)	1,599.5	172.0	(1,820.1)
Net cash generated from / (used in) investing activities	872.6	80.0	384.2	1,421.6	168.3	(144.6)	(816.3)
Net cash (used in) / generated from financing activities	(629.5)	(1,216.7)	1,261.1	(590.7)	(1,720.5)	(129.8)	2,778.7
Net increase / (decrease) in cash and cash equivalents	324.8	(100.7)	259.7	602.5	47.3	(102.4)	142.3
Transfer upon amalgamation	-	-	-	(1,249.0)	-	-	-
Cash and cash equivalents at the end of the year	(334.6)	(659.4)	(558.7)	(818.6)	(172.1)	(219.4)	(117.0)
D - Other Data							
Depreciation and amortization	207.6	217.5	225.8	115.4	105.7	103.0	116.1
Capital expenditure	91.6	65.6	9.2	131.3	204.2	215.2	141.5
No. of ordinary shares (no. of shares in millions)	77.6	77.6	77.6	77.6	77.6	77.6	77.6
Payments to National Exchequer	1,620.6	1,527.3	1,047.7	527.2	1,868.9	2,574.3	2,250.0

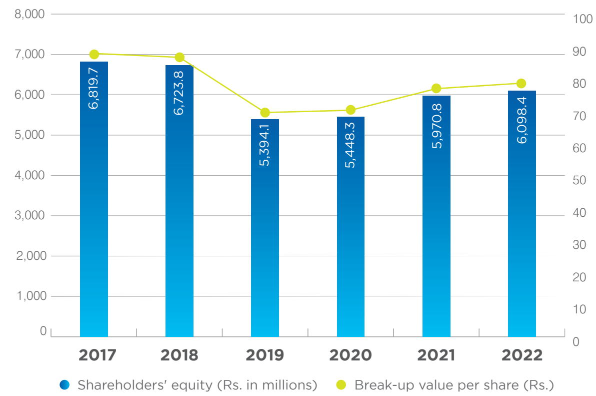
EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION AND AMORTIZATION (EBITDA)

Rupees in Million



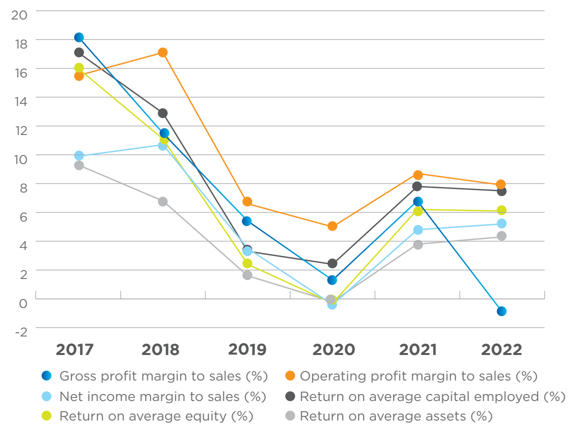
SHAREHOLDERS' EQUITY AND BREAK-UP VALUE PER SHARE

Rupees in Million



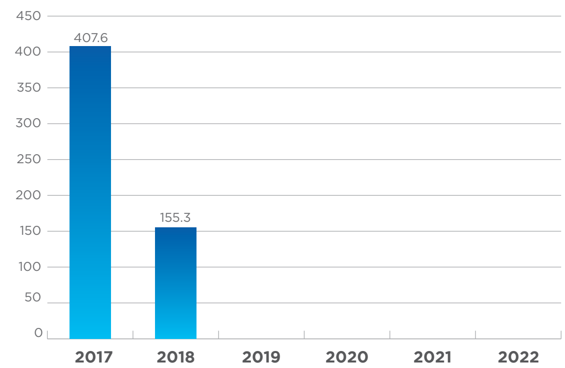
PROFITABILITY AND RETURN

Percentage



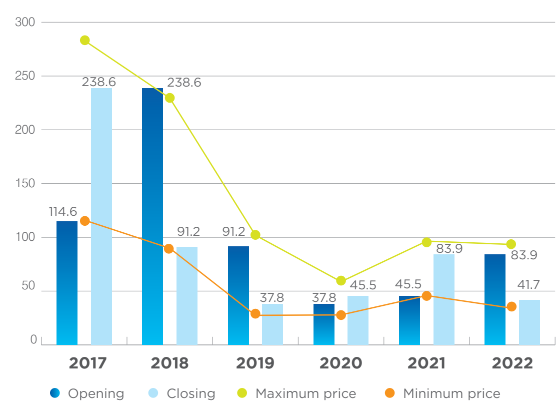
DIVIDEND (INCLUDING FINAL PROPOSED)

Rupees in Million



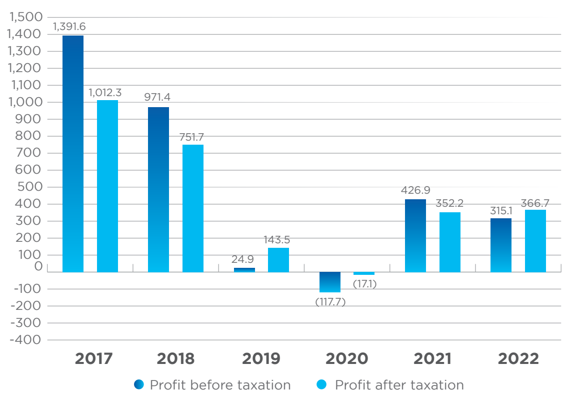
MOVEMENT IN STOCK PRICES

Price



PROFIT BEFORE AND AFTER TAXATION

Rupees in Million

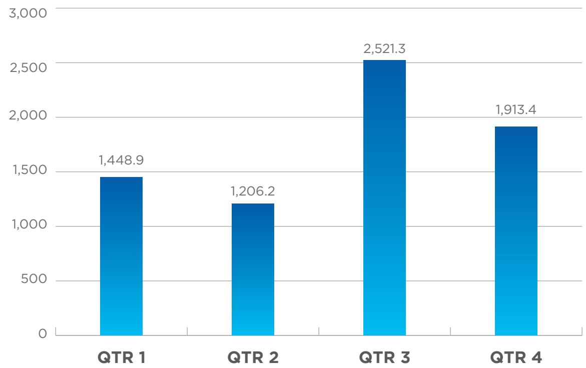


QUARTERLY ANALYSIS

SALES

Sales were higher in first half as compared to second half due to Steel division orders in hand as at 30 June 2021 which were completed in the current financial year. Second half posted 62.5% or Rs. 4,434.7 million to annual revenue as against H1FY22: Rs. 2,655.1 million where cotton division and Hadeed division contributed Rs. 1,436.6 million and Rs. 2,335.5 million respectively. As explained in detail in the operating performance reviews, during the current financial year, contribution to sales by the Cotton division and Hadeed Division was 38% and 35% respectively.

SALES
Rupees in Million

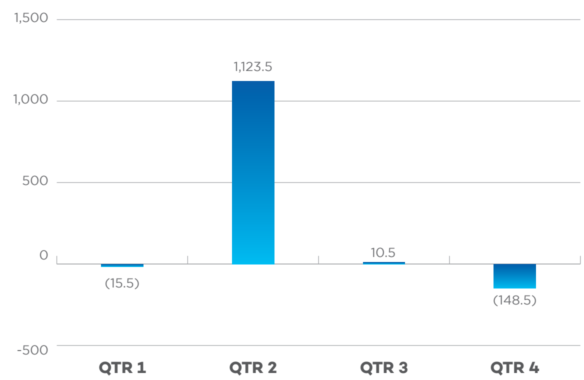


INCOME FROM INVESTMENTS

During the first quarter, the IID Division recorded net loss of Rs. 19.4 million. During second quarter, dividend income amounting to Rs. 1,122.3 million was received from associated company, which resulted in net profit of Rs. 1,118.5 million. The third quarter also showed positive results amounting to Rs. 4.4 million. The year closed with the fourth quarter contributing net loss of Rs. 153.9 million mainly due to unrealized loss on fair value through profit or loss investments of Rs. 149.6 million. IID division contributed to Rs. 949.6 million to profits during the current financial year.

Income from investments, inclusive of dividend income of Rs. 1,155.8 million and unrealized loss of Rs. 186.6 million, stood at Rs. 970 million.

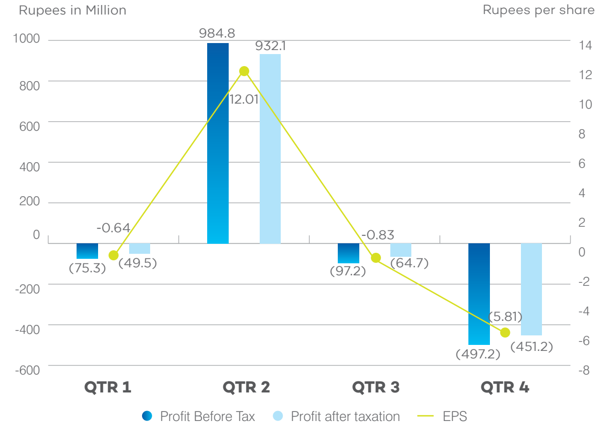
INVESTMENT INCOME
Rupees in Million



PROFIT / LOSS AFTER TAXATION

Loss after taxation for the first quarter stood at Rs. 49.5 million. Second quarter showed profit of Rs. 932.1 million mainly due to receipt of dividend from associated company. Third quarter added loss before taxation of Rs. 64.7 million to the bottom line, third quarter showed profit from all divisions except Steel division which contributed net loss before taxation of Rs. 146.7 million. In fourth quarter, all divisions reported losses except of cotton division. Net loss before taxation contributed by steel division during the year amounted to Rs. 549.9 million. Reason for being loss making division during the year was in-hand contracts at negative margins due to steep rise in Steel prices and unprecedented disruption in supply chains all over the world. In addition, during the year, plant remained idle for approximately 266 days during the year resulting in unabsorbed fixed cost.

PROFIT BEFORE TAX, PROFIT AFTER TAX AND EPS
Rupees in Million

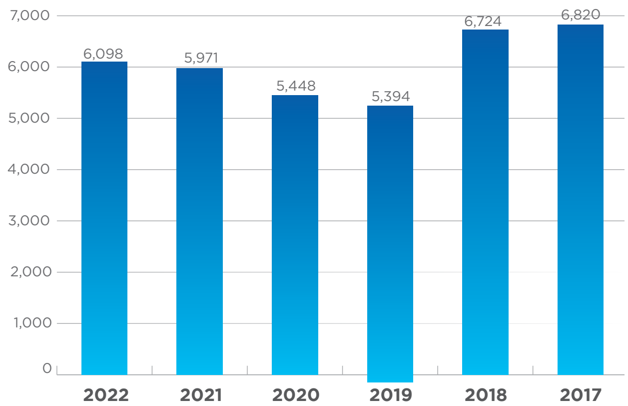


COMMENTS ON SIX-YEAR STATEMENT OF FINANCIAL POSITION

EQUITY

Over the last six years equity has decreased from Rs. 6,820 million to Rs. 6,098 million. The equity of the company significantly declined in 2019 due to amalgamation of the wholly-owned subsidiaries. However due to continuous profitability since amalgamation, the equity of the company has started rising again.

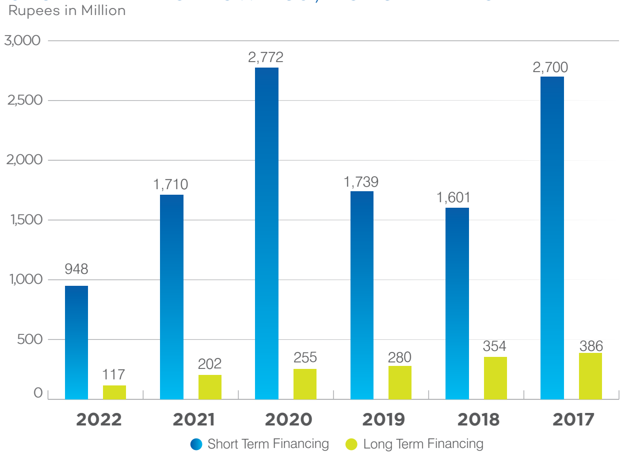
SHAREHOLDERS - EQUITY
Rupees in Million



SHORT TERM BORROWINGS / LONG TERM LOAN

Short term borrowings decreased from Rs. 2,700 million in 2016 to Rs. 948 million in 2022. Downward movement is in line due to repayment of obligations during the year. During the financial year 2022, long term loans and short term borrowings decreased as compared to last year on account of repayments made during the year.

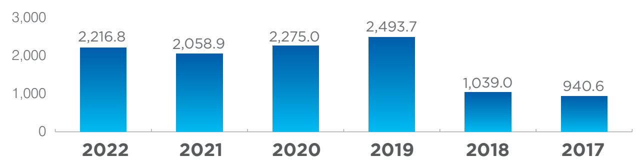
SHORT TERM BORROWINGS / LONG TERM LOAN
Rupees in Million



PROPERTY, PLANT AND EQUIPMENT

Increase in net book value of property, plant and equipment in 2018 to 2019 was mainly due to amalgamation of wholly owned subsidiaries. However, increase in net book value of property, plant and equipment from last year was mainly due to recognition of Spiral Pipe Machine in steel division amounting to Rs. 240 million and resultant difference is due to depreciation charged during the year.

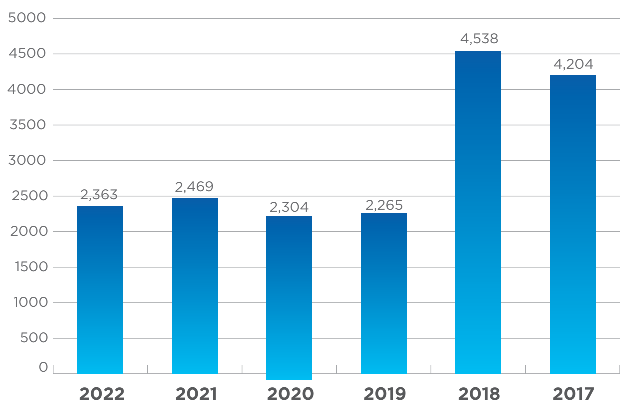
PROPERTY, PLANT AND EQUIPMENT
Rupees in Million



LONG TERM INVESTMENTS

Long term investments has decreased over the years from Rs. 4,204 million in 2017 to Rs. 2,363 million in 2022. The main reason for decrease in investments over the years is divestment of interest in subsidiaries due to amalgamation.

LONG TERM INVESTMENTS
Rupees in Million

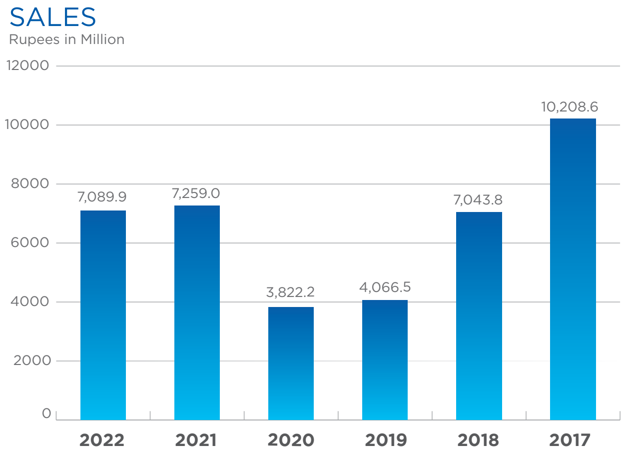


COMMENTS ON SIX-YEAR PROFIT OR LOSS

The Company has four core businesses i.e. Steel line pipe (Steel segment), Cotton spinning (Cotton segment), Electricity supply (CS Energy Division) and Billets manufacturing (Hadeed-Billet Division). Infrastructure and development projects of oil and gas industry directly impact the top and bottom lines of Steel segment. Order intake during 2017 to 2018 was at an all-time high, due to capacity expansion and laying of gas pipelines for transmission of RLNG since then, the projects have slowed down. Steel line pipe segment remained the main contributor to sales on the back of pipe distribution projects initiated by the Gas Companies.

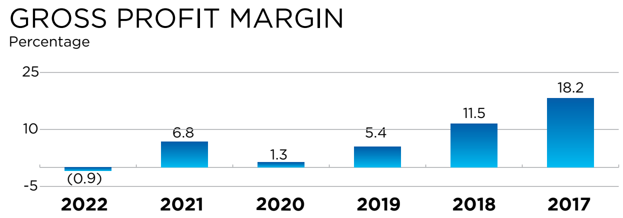
SALES

The sales stood at Rs. 7,089.9 million in FY22 which was 2.3% lower than last year primarily due to the delays in pipeline projects by the Gas Companies. Sales revenue in 2020 amounting to Rs. 3,822 million was lowest in past six years, which was primarily due to lack of order intake and its consequent idling cost and overall impact of COVID-19 on economy.



GROSS PROFIT

In FY22 gross profit margin decreased to gross loss ratio of 0.9% as compared to gross profit of 6.8% in the previous year. The decrease in margin is due to major orders executed during the year ended up with negative margins due to steep rise in steel prices and unprecedented global supply chain disruption, consequent to lower order intake plant remained idle for approximately 266 days during the year which resulted in unabsorbed fixed cost.



OPERATING EXPENSE

In FY22, distribution and selling expenses stood at Rs. 15.5 million as compared to Rs. 15.0 million in FY 2021. The increase is justified as compared to inflation in the economy.

In FY17 major component to other operating expenses were charges for liquidated damages. Other components comprised of provision for Workers' Welfare Fund and Workers' Profit Participation Fund, which were directly related to profits of the Company.

FINANCE COST

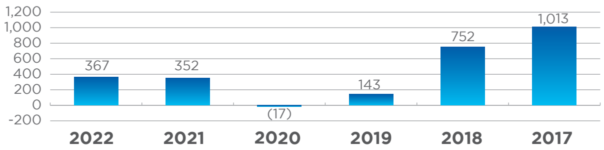
During FY22, finance costs were higher due to increase in interest rates by 675 basis points due to change in monetary policy imposed by State Bank of Pakistan in order to control the inflation. Similar increasing trend was observed in finance cost during 2017 (Rs. 187 million) to 2020 (Rs. 309 million), mainly due to high policy rate of 13.25 percent which was subsequently curtailed down to 7%.

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

PROFIT OR LOSS AFTER TAXATION

Variations in profit or loss after taxation during the six year period was on account of varying market conditions across business segments. However, the Company was able to maintain its profitability on net basis during the six year period except for FY 2020, where the results of the company were affected by overall economic condition of the country due to pandemic (COVID-19).

NET INCOME
Rupees in Million



CASH FLOWS

Cash generated from operations was recorded at Rs. 137.7 million. The working capital changes FY 2022 stood at Rs. 372.0 million as compared to Rs. 722.0 million in 2021. The reduction in working capital changes from 2021 to 2022 was mainly due to increase in trade and other payables by Rs. 391.6 million in 2022 which was offset by decrease in stock in trade, advance and other receivables.

Net cash generated from operating activities stood at Rs. 81.7 million as compared to net cash generated in operating activities amounting to Rs. 1,036.0 million in FY21, which was mainly due to change of cash flow from operations as explained above. Capital expenditure and net investment made were the only cash outflows from investing activities while dividend income mainly contributed in cash inflows from investing activities.

Whereas repayments of short term loans amounting to Rs. 455.1 million were the main factor for net cash outflow from financing activities for the current year. Cash and cash equivalents as at 30 June 2022 were recorded at negative Rs. 334.7 million in comparison with negative Rs. 659.5 million for 2021.

RATIO ANALYSIS

PROFITABILITY RATIOS

For the year FY22 gross loss stood at 0.9% amounting to negative Rs. 65.3 million mainly due to Steel and Hadeed Division which contributed negative Rs. 134.5 million and negative Rs. 163.9 million, respectively in gross loss. However, net margin remained positive and increased from 4.8% in 2021 to 5.2% in 2022 because of dividend income. The Company managed to sustain profits during the year resulting in increase of return on equity and capital employed moving from 5.9% and 4.3% to 6.0% and 4.9%, respectively in comparison with last year. Profitability ratios of the Company remained in concurrence with overall performance during the last 6 years except in FY20.

LIQUIDITY RATIOS

Current cover ratio remained at 1.4 times in comparison with 1.4 times in FY21. Trade creditors and short term borrowings were offset by decrease in stock-in-trade, trade debtors, advances and other receivables.

ACTIVITY / TURNOVER RATIOS

Inventory turnover days decreased in comparison with last year from 91 days to 62 days, while debtors turnover in days were also slightly reduced from 9 to 8 days. Number of days in creditors increased to 15 days.

In FY22, total asset remained consistent with last year to 0.8 times, this was in line with the historical six-year average of the Company.

INVESTMENT / MARKET RATIOS

With the increase in profitability, the Company's earnings per share was recorded at Rs. 4.72 per share. Price to earnings ratio stood to 8.8 times as compared to 18.5 in 2021. The market price of Company's share decreased from Rs. 83.98 per share at the close of 2021 to Rs. 41.67 per share at close of 2022. Dividend payout ratio for 2022 was recorded at Nil against an average of 16.8% for the last 6 years.

CAPITAL STRUCTURE RATIOS

Financial leverage ratio decreased to 17.5% in 2022 from 32.0% in 2021 due to decrease in short term financings in current year as compared to FY21 mainly for working capital requirements. Long term debt to equity ratio decreased to 1.9% lowest during the last 6 years. Company's interest cover ratio decreased to 2.3 times in comparison with 3.0 times in 2021 due to lower profit before tax as compared to last year.

STAKEHOLDER ENGAGEMENT APPROACH

CRESCENT STEEL STRIVES TO MAINTAIN PRO-ACTIVE, FAIR AND EFFECTIVE COMMUNICATION WITH ALL ITS STAKEHOLDERS.

Like any other business enterprise, the foremost objective of the Company is to run its businesses profitably, create maximum value for equity providers, offer growth and sustainable returns. The corporate resources are principally deployed in the achievement of this end. The company also remains mindful of other stakeholders as we do not operate in isolation to our environment and accordingly management considers itself responsible towards all stakeholders, which are:

OUR SHAREHOLDERS

To protect shareholders' investments, ensure accurate financial reporting and transparent communication and offer optimum returns to them.

Company conducts Corporate Briefing Session once a year in addition to convening of general meetings where shareholders and current as well as potential investors are provided an opportunity to interact with the Senior Management of the Company.

Company maintains a fully functional website as per SECP's requirements in this regard for listed companies. The website is continually updated and kept under review.

The company's financial reports are timely uploaded on its website and Stock Exchange portal, in addition to being dispatched to shareholders as required under corporate laws.

Any major developments are also promptly notified to the Stock Exchange and posted on the company's website to ensure transparent dissemination of information in an all-inclusive manner.

The office of the Company Secretary remains available to address shareholders' grievances and queries, thus ensuring regular communication with company's investors.

OUR CUSTOMERS

It is extremely crucial for any business to have a happy and satisfied customer base to enable it to further its objectives of profitability and growth. Management puts utmost emphasis on winning and maintaining customer satisfaction by developing and providing products and services within promised timelines, which offer value in terms of price, quality, safety and environmental impact supported by requisite technological expertise.

Our marketing teams always remain at the forefront in assessing and fulfilling customer needs and expectations through regular visits and meetings.

OUR PEOPLE

A capable and dedicated workforce plays a pivotal role towards the organisation's success. At Crescent Steel, we aim to develop and retain a competitive workforce which aligns with company success.

Our objectives in this area include safeguarding the human and legal rights of employees with good and safe conditions of work, offering competitive terms of service, fair reward systems, equal employment opportunities, promoting mutual respect among a diverse work force and learning and development of our employees.

OUR BUSINESS PARTNERS

Our contractors and suppliers are instrumental in guaranteeing that we fulfill our customers' expectations, in terms of quality as well as pricing, on time. We rigorously seek mutually beneficial relationships with contractors and suppliers of goods and services to the Company, to ensure competitive procurement and optimum delivery times.

OUR SOCIETY AND THE GOVERNMENT

Crescent Steel endeavors to conduct business as a responsible member of society, which includes observing laws, expressing support for basic human rights and giving proper regard to health, safety and environment not only at our various campuses but also beyond, extending it to the communities around us as well as the society at large.

Our CSR initiatives, which have been explained in detail in our Corporate Social Responsibility report, are a testament towards our commitment and efforts in this area.

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 2022, there were 3,171 shareholders on record of the Company's ordinary shares.

ANNUAL GENERAL MEETING

The annual shareholders meeting will be held on Thursday, 27 October 2022 at 12:00 noon at the Grand Marquee, 12-Babar Block, New Garden Town, Lahore. Shareholders as of 20 October 2022 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 2022 to 27 October 2022 (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 20 October 2022, will be treated in time for the entitlement to attend, speak and vote at the Annual General Meeting of the Company.

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 2022 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 37th Annual General Meeting of the Company held on 28 October 2021, the members raised some queries on the 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 2022

28th October 2021	08th February 2022	28th April 2022	24th August 2022
1st Quarter ending 30 September 2021 Approved and announced	2nd Quarter ending 31 December 2021 Approved and announced	3rd Quarter ending 31 March 2022 Approved and announced	Year ended 30 June 2022 Approved and announced

EXPECTED MEETING CALENDAR FY 2023:

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:

27th October 2022	28th October 2022*	31st January 2023*	27th April 2023*	31th July 2023*
Annual General Meeting	1st Quarter ending 30 September 2022	2nd Quarter ending 31 December 2022	3rd Quarter ending 31 March 2023	Year ended 30 June 2023

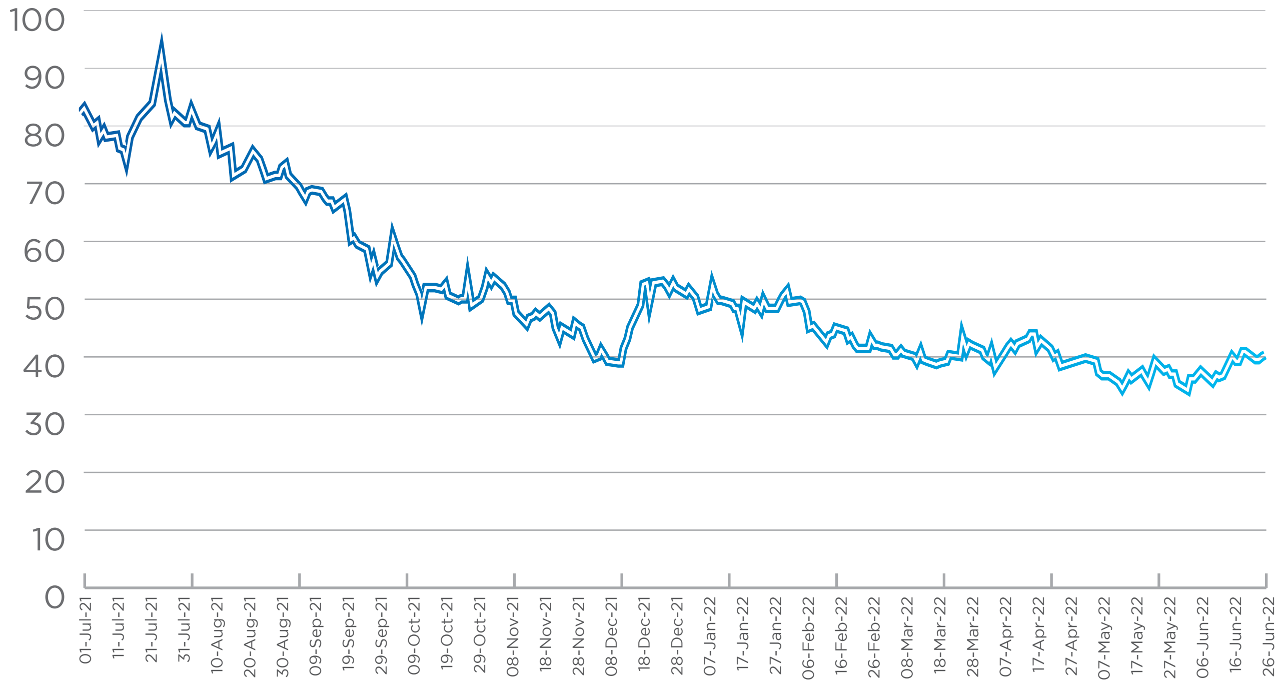
* Dates are tentative and the Company reserves the right to change.

SHARE PRICE SENSITIVITY ANALYSIS

CSAP opened FY22 at Rs. 83.31 and closed the fiscal year at Rs 41.67, losing 49.98% over the year, Pakistan stock exchange remained under pressure due to the global economic crisis, as well as Pakistan also faced political instability during the FY22, due to which our stock remained under perform. However, the scrip traded at a high of Rs. 91.06 and a low of Rs. 34.58 during FY22. Average daily volumes stood at 169,940 shares/day.

COMPANY SHARE PRICE

Rupees per Share



PATTERN OF HOLDING OF THE SHARES HELD BY THE SHAREHOLDERS

As at 30 June 2022

No. of Shareholders	Shareholding		Total Shares held
	From	To	
553	1	100	21,360
810	101	500	287,245
495	501	1,000	428,507
730	1,001	5,000	1,994,688
217	5,001	10,000	1,700,273
79	10,001	15,000	999,001
54	15,001	20,000	964,888
42	20,001	25,000	970,208
23	25,001	30,000	633,097
9	30,001	35,000	300,407
14	35,001	40,000	539,948
10	40,001	45,000	420,054
9	45,001	50,000	431,011
12	50,001	55,000	641,661
8	55,001	60,000	467,647
5	60,001	65,000	313,208
6	65,001	70,000	404,912
3	70,001	75,000	222,200
5	75,001	80,000	388,231
2	80,001	85,000	166,250
2	90,001	95,000	182,500
7	95,001	100,000	695,002
3	100,001	105,000	308,556
4	105,001	110,000	428,610
1	110,001	115,000	112,000
1	115,001	120,000	119,460
1	120,001	125,000	124,200
2	125,001	130,000	252,525
3	135,001	140,000	410,756
1	140,001	145,000	141,500
2	145,001	150,000	298,100
1	150,001	155,000	153,215
3	155,001	160,000	477,950
2	160,001	165,000	328,500
1	165,001	170,000	168,500
2	170,001	175,000	348,000
1	175,001	180,000	180,000
2	180,001	185,000	367,540
1	185,001	190,000	187,500
3	195,001	200,000	600,000
2	205,001	210,000	420,000

No. of Shareholders	Shareholding From	Shareholding To	Total Shares held
1	210,001	215,000	215,000
1	245,001	250,000	247,500
1	260,001	265,000	260,500
1	265,001	270,000	268,750
1	270,001	275,000	275,000
1	275,001	280,000	278,000
1	335,001	340,000	337,500
1	380,001	385,000	383,452
1	390,001	395,000	390,646
2	395,001	400,000	796,000
1	405,001	410,000	407,690
1	415,001	420,000	415,460
1	465,001	470,000	467,300
4	495,001	500,000	1,997,083
1	650,001	655,000	650,600
1	745,001	750,000	750,000
1	885,001	890,000	890,000
1	945,001	950,000	950,000
1	960,001	965,000	964,800
1	995,001	1,000,000	1,000,000
1	1,220,001	1,225,000	1,222,000
1	1,270,001	1,275,000	1,275,000
1	1,425,001	1,430,000	1,427,000
1	1,630,001	1,635,000	1,630,736
1	1,690,001	1,695,000	1,691,200
1	1,780,001	1,785,000	1,785,000
1	1,915,001	1,920,000	1,917,700
1	1,920,001	1,925,000	1,921,832
1	2,630,001	2,635,000	2,630,695
1	2,940,001	2,945,000	2,943,400
1	3,520,001	3,525,000	3,525,000
1	3,545,001	3,550,000	3,545,600
1	4,035,001	4,040,000	4,038,578
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
3,171			**77,632,491**

CATEGORIES OF SHAREHOLDING

As at 30 June 2022

Categories of Shareholder	Total	% age
Directors, Chief Executive Officer, Their Spouses and Minor Children		
CEO		
Ahsan Muhammad Saleem	497,083	0.64
Directors		
Ahmad Waqar	27	0.00
Farrukh Viqaruddin Junaidy	1	0.00
Farah Ayub Tarin	1	0.00
Nadeem Maqbool	58,310	0.08
Syed Mahmood Ehtishamullah	19,495	0.03
Nasir Shafi	101	0.00
Muhammad Kamran Saleem	500	0.00
	78,435	**0.10**
Director's Spouse		
Shanaz Ahsan Saleem	650,600	0.84
Directors, Chief Executive Officer, Their Spouses and Minor Children	**1,226,118**	**1.58**
List of Associated Companies, Undertakings & Related Parties		
CSAP - Staff Benevolent Fund	36,178	0.05
Premier Insurance Limited	141,500	0.18
Crescent Steel & Allied Products Gratuity Fund	1,921,832	2.48
Crescent Steel & Allied Products Pension Fund	4,038,578	5.20
Crescent Steel & Allied Products Staff Provident Fund	124,200	0.16
Crescent Cotton Products Staff Provident Fund	74,800	0.10
Suraj Cotton Mills Limited	1,222,000	1.57
The Cresent Textile Mills Limited	8,538,303	11.00
Shakarganj Limited	180,000	0.23
List of Associated Companies, Undertakings & Related Parties	**16,277,391**	**20.97**
Mutual Funds and Modarabas		
Unicap Modaraba	190	0.00
CDC - Trustee Atlas Stock Market Fund	397,500	0.51
CDC - Trustee APF-Equity Sub Fund	19,000	0.02
CDC - Trustee NIT-Equity Market Opportunity Fund	383,452	0.49
CDC -Trustee ABL Pension Fund Equity Sub-Fund	500	0.00
DCCL - Trustee AKD Islamic Stock Fund	10,000	0.01
Mutual Funds and Modarabas	**810,642**	**1.04**
National Investment (UNIT) Trust	**1,630,736**	**2.10**

Categories of Shareholder	Total	% age
Banks, DFIs, NBFCs		
Saudi Pak Industrial & Agrl. Investment Company Limited	110	0.00
Islamic Development Bank	4,743,956	6.11
Industrial Development Bank Of Pakistan	707	0.00
Pak Libya Holding Company (Private) Limited	133	0.00
Samba Bank Limited	2,381	0.00
IDBPL (ICP Unit)	145	0.00
National Bank Of Pakistan	2,400	0.00
National Bank Of Pakistan	1,691,200	2.18
MCB Bank Limited - Treasury	2,943,400	3.79
Banks, DFIs, NBFCs	9,384,432	12.09
Insurance Companies		
State Life Insurance Corporation Of Pakistan	2,630,695	3.39
Ghaf Limited	5,000	0.01
Adamjee Insurance Company Limited	100,000	0.13
Insurance Companies	**2,735,695**	**3.52**
Other Companies (Local and Foreign)	**14,894,880**	**19.19**
Public		
Local	30,660,997	39.50
Foreign	11,600	0.01
Total	**77,632,491**	**100**
Shareholders More Than 10.00 %		
The Cresent Textile Mills Limited	**8,538,303**	**11.00**

NOTICE OF 38TH ANNUAL GENERAL MEETING

Notice is hereby given that the 38th Annual General Meeting ("AGM") of the shareholders of Crescent Steel and Allied Products Limited (the "Company") will be held on Thursday, 27 October 2022 at 12:00 noon, at the Grand Marquee, 12-Babar Block, New Garden Town, Lahore and through video link 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 of Crescent Steel and Allied Products Limited for the year ended 30 June 2022.
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 A. F. Ferguson & Co. Chartered Accountants for appointment as auditors of the Company.

BY ORDER OF THE BOARD

Muhammad Saad Thaniana
Acting Company Secretary

Lahore: 06 October 2022

NOTES:

1. Venue and participation by video Link:

In view of the requirements of the Securities and Exchange Commission of Pakistan, the following arrangement have been made by the Company for participation of shareholders in the AGM:

(a) The venue of the meeting for shareholders who wish to attend the AGM physically will be Grand Marquee, 12-Babar Block, New Garden Town, Lahore;

(b) The directors and management of the Company may attend the AGM via video link;

(c) The AGM can be attended by shareholders using smart phones/tablets/computers. To attend the meeting through video link, members and their proxies are requested to register themselves by providing the following information along with valid copy of Computerized National Identity Card (both sides)/passport, attested copy of board resolution / power of attorney (in case of corporate shareholders) through email at company.secretary@crescent.com.pk by 26 October 2022.

Name of member	CNIC No	CDC Account No/Folio No.	Cell Number.	Email address

The members who are registered after the necessary verification shall be provided a video link by the Company on the same email address that they email with the Company with. The Login facility will remain open from start of the meeting till its proceedings are concluded.

2. Book Closure and Proxies:

The Share Transfer Books of the Company will remain closed from 20 October 2022 to 27 October 2022 (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 19 October 2022, will be treated in time for the entitlement to attend, speak and vote at the AGM.

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. The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form. A Proxy must be a member of the Company.

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.

3. e-Payment of Dividend:

The provisions of Section 242 of the Companies Act, 2017 require the listed companies that any dividend payable in cash shall only be paid through electronic mode directly into the bank account of designated by the entitled shareholders. Accordingly, the shareholders holding physical shares are requested to provide the Company's Share Registrar at the address given herein above, electronic dividend mandate on E-Dividend Form provided in the annual report and also available on website of the Company. In the case of shares held in CDC, the same information should be provided to the CDS participants for updating and forwarding to the Company. In case of non-submission, all future dividend payments may be withheld.

4. Zakat Declarations:

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

5. Circulation of Financial Statements:

The shareholders who wish to receive hard copy of the Annual Report may send to the Company Secretary / Share Registrar, the Standard Request Form provided in the annual report and also available on the website of the Company and the Company will supply hard copies of the aforesaid document to the shareholders on demand, free of cost, within one week of such demand. The shareholders who intends to receive the annual report including the notice of meeting through e-mail are requested to provide their written consent on the Standard Request Form provided in the annual report and also available on the Company's website: www.crescent.com.pk.

6. Unclaimed Dividend / 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 / shares, if any.

7. 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 2022 along with Auditors and Directors Reports thereon and Chairman's Review on the website of the Company: www.crescent.com.pk

8. Deposit of Physical Shares in to CDC Accounts:

As per Section 72 of the Companies Act, 2017, every existing company shall replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Securities and Exchange Commission of Pakistan, within a period not exceeding four years from the commencement of the Companies Act, 2017 i.e. 31 May 2017. The shareholder holding shares in physical form are requested to please convert their shares in the book entry form. For this purpose, the shareholders may open CDC sub-account with any of the brokers or investor's account directly with the CDC to place their physical shares into scrip-less form. This will facilitate them in many ways including safe custody and sale of shares, anytime they want as the trading of physical shares is not permitted as per existing Regulations of the Pakistan Stock Exchange Limited. It also reduces the risks and costs associated with storing share certificate(s) and replacing lost or stolen certificate(s) as well as fraudulent transfer of shares. For the procedure of conversion of physical shares into book-entry form, you may approach our Share Registrar at the contact information given above.

www.crescent.com.pk

3۔ ڈیویڈنڈ کی ای-پیمنٹ:

کمپنیز ایکٹ 2017 کے سیکشن 242 کے کی شرائط کے مطابق لسٹڈ کمپنیوں سے درکار ہے کہ نقد قابل ادا ڈیویڈنڈ صرف بذریعہ الیکٹرانک ذریعہ براہ راست شیئر ہولڈر کے مختص کردہ اکاؤنٹ میں ادا کیا جائے گا۔ اسی طرح، فزیکل شیئرز کے حامل شیئر ہولڈرز سے درخواست ہے کہ کمپنی کی ویب سائیٹ پر دستیاب اور فراہم کردہ ای-ڈیویڈنڈ فارم پر الیکٹرانک ڈیویڈنڈ مینڈیٹ کمپنی کے شیئر رجسٹرار کے درج بالا ایڈریس پر اپنے فزیکل شیئرز کی تفصیل فراہم کریں۔ سی ڈی سی میں شیئرز کے حاملین یہی معلومات سی ڈی ایس شرکت کنندگان کو کمپنی کو اپ ڈیٹنگ اور فارورڈنگ کیلئے فراہم کریں۔ جمع نہ کرانے کی صورت میں مستقبل کی تمام ڈیویڈنڈ ادائیگیاں روکی جاسکتی ہیں۔

4۔ زکوٰت کا اعلان:

کمپنی کے ممبران کیلئے ضروری ہے کہ زکوٰت و عشر آرڈیننس 1980 کے مطابق زکوٰت کے استثنیٰ کا اعلان جمع کروائیں۔

5۔ مالی گوشواروں کی گردش:

سالانہ رپورٹ کی ہارڈ کاپی حاصل کرنے کے خواہشمند شیئر ہولڈرز کمپنی سیکرٹری / شیئر رجسٹرار کو سالانہ رپورٹ کے ہمراہ فراہم کردہ سٹینڈرڈ ریکوئسٹ فارم، جو کہ کمپنی کی ویب سائیٹ پر بھی دستیاب ہے بھیجیں اور کمپنی درج بالا دستاویز کی ہارڈ کاپیز شیئر ہولڈرز کو طلب کئے جانے پر بغیر اخراجات ایک ہفتے کے دوران فراہم کرے گی۔ سالانہ رپورٹ بشمول نوٹس برائے اجلاس بذریعہ ای میل حاصل کرنے کے خواہشمند شیئر ہولڈرز تحریری درخواست سٹینڈرڈ فارم، جو کہ سالانہ رپورٹ اور کمپنی کی ویب سائیٹ www.crescent.com.pk پر بھی دستیاب ہے، پر فراہم کریں۔

6۔ کلیم نہ کئے گئے شیئرز / ڈیویڈنڈ:

وہ شیئر ہولڈرز جنہوں نے اپنا ڈیویڈنڈ یا بونس شیئرز کلیم نہیں کئے یا اپنے فزیکل شیئرز وصول نہیں کئے کو ہدایت کی جاتی ہے کہ شیئر رجسٹرار میسرز کارپ ٹیک ایسوسی ایٹس (پرائیویٹ) لمیٹڈ 503-E جوہر ٹاؤن لاہور سے اپنے کلیم نہ کئے گئے ڈیویڈنڈ / شیئرز سے متعلق معلومات، اگر کوئی ہوں، حاصل کرنے کیلئے رابطہ کریں۔

7۔ مالی گوشوارے:

کمپنی نے اے جی ایم نوٹس، الگ الگ سالانہ اور مجموعی مالی گوشوارے برائے سال مختتمہ 30 جون 2022 مع آڈیٹرز و ڈائریکٹرز رپورٹس اور چیئرمین ریویو کمپنی ویب سائیٹ www.crescent.com.pk پر بھی دستیاب ہیں۔

8۔ سی ڈی سی اکاؤنٹس کو فزیکل شیئرز میں جمع کروانا:

کمپنیز ایکٹ 2017 کے سیکشن 72 کے مطابق ہر کمپنی اپنے فزیکل شیئرز کو سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے مختص کردہ طریقہ کے مطابق کمپنیز ایکٹ 2017 کی تاریخ مورخہ 31 مئی 2017 کے چار سال سے کم عرصہ بک انٹری فارم میں رکھے گی۔ فزیکل فارم میں شیئرز کے حامل شیئر ہولڈرز سے درخواست ہے کہ اپنے شیئرز کا بک انٹری فارم میں اندراج کروالیں۔ اس مقصد کیلئے شیئر ہولڈرز کسی بروکر یا انویسٹرز اکاؤنٹ میں سی ڈی سی کے ساتھ براہ راست سی ڈی سی اکاؤنٹ کھلوا سکتے ہیں تا کہ انکے شیئرز کو scrip-less فارم میں رکھا جا سکے۔ اس طرح انہیں کسی بھی وقت بہت سے طریقوں بشمول بحفاظت تحویل اور شیئرز کی فروخت کیلئے سہولت حاصل ہوگی کیونکہ پاکستان سٹاک ایکسچینج لمیٹڈ کے مروجہ قواعد کے مطابق فزیکل شیئرز کی فروخت کی اجازت نہیں ہے۔ اس طرح شیئر سرٹیفیکیٹس سنبھالنے، گم شدہ یا چوری شدہ سرٹیفیکیٹس اور شیئرز کی فراڈ ٹرانسفر کے خطرات کم ہو سکتے ہیں۔ فزیکل شیئرز کی بک انٹری فارم میں تبدیلی کیلئے درج بالا معلومات کے تحت ہمارے شیئر رجسٹرار سے رابطہ کریں۔

نوٹس برائے 38واں سالانہ عمومی اجلاس

نوٹس دیا جاتا ہے کہ کریسنٹ سٹیل اینڈ الائیڈ پروڈکٹس لمیٹڈ (کمپنی) کے شیئر ہولڈرز کا 38واں سالانہ عمومی اجلاس مورخہ 27 اکتوبر 2022 بروز جمعرات کو دوپہر 12:00 بجے گرینڈ مارکی، 12-بابر بلاک، نیو گارڈن ٹاؤن، لاہور پر اور بذریعہ ویڈیو لنک درج ذیل عمومی امور پر عمل درآمد کیلئے منعقد کیا جائے گا:

1۔ چیئرمین ریویو رپورٹ، ڈائریکٹرز و آڈیٹرز کی رپورٹس مع کریسنٹ سٹیل اینڈ الائیڈ پروڈکٹس لمیٹڈ کے الگ الگ سالانہ و مجموعی مالی گوشوارے برائے سال مختتمہ 30 جون 2022 کی وصولی، ان پر غور کرنا اور منظوری دینا۔

2۔ کمپنی کے آڈیٹرز کی تقرری اور ان کے مشاہرہ کو متعین کرنا۔ ممبران کو مطلع کیا جاتا ہے کہ آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز نے سفارش کی ہے کہ ریٹائر ہونے والے آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کو بطور کمپنی آڈیٹرز تقرر کر دیا جائے۔

بحکم بورڈ

محمد سعد تھانیانہ
قائم مقام کمپنی سیکرٹری

لاہور: 06 اکتوبر 2022

نوٹس:

1۔ مقام اور شرکت بذریعہ ویڈیو لنک:

سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی ہدایات کے مطابق کمپنی نے اے جی ایم میں شیئر ہولڈرز کی شرکت کیلئے درج ذیل انتظامات کئے ہیں:

(a) اے جی ایم میں شرکت کے متمنی شیئر ہولڈرز کیلئے اجلاس کا مقام گرینڈ مارکی، 12-بابر بلاک، نیو گارڈن ٹاؤن، لاہور ہے۔

(b) کمپنی کے ڈائریکٹرز اور انتظامیہ اے جی ایم میں بذریعہ ویڈیو لنک شامل ہو سکتے ہیں۔

(c) شیئر ہولڈرز اپنے سمارٹ فون/ٹیبلٹ/ کمپیوٹرز کے ذریعے اے جی ایم میں شرکت کر سکتے ہیں۔ بذریعہ ویڈیو لنک اجلاس میں شرکت کیلئے ممبران اور ان کی پراکسیز سے درخواست ہے کہ درج ذیل معلومات مع کمپیوٹرائزڈ قومی شناختی کارڈ (دونوں اطراف)/پاسپورٹ، بورڈ کی قرارداد / مختار نامہ (کارپوریٹ شیئر ہولڈر کی صورت میں) بذریعہ ای میل company.secretary@crescent.com.pk پر مورخہ 26 اکتوبر 2022 تک فراہم کر کے خود کو رجسٹر کروالیں۔

ممبر کا نام	سی این آئی سی نمبر	سی ڈی سی اکاؤنٹ نمبر / فولیو نمبر	موبائل نمبر	ای میل ایڈریس

درکار تصدیق کے بعد رجسٹرڈ ممبران کو ویڈیو لنک بذریعہ ای میل ایڈریس فراہم کیا جائے گا۔ لاگ ان کی سہولت اجلاس کے آغاز سے اختتام تک دستیاب ہوگی۔

2۔ کتابوں کی بندش اور پراکسیز:

کمپنی کی شیئر ٹرانسفر بکس 20 اکتوبر 2022 تا 27 اکتوبر 2022 (بشمول دونوں ایام) بند رہیں گی۔ ہمارے شیئر رجسٹرار میسرز کارپ ٹیک ایسوسی ایٹس (پرائیویٹ) لمیٹڈ 503-E جوہر ٹاؤن لاہور میں 19 اکتوبر 2022 کو کاروباری اوقات کے اختتام سے قبل تک وصول ہونے والی ٹرانسفرز اے جی ایم میں حاضری، بات کرنے اور ووٹ ڈالنے کیلئے اندراج کی اہل ہوگی۔

اجلاس میں شرکت اور ووٹ ڈالنے کیلئے اہل ممبر اپنی جگہ دیگر کسی کو بطور پراکسی تعینات کر سکتا ہے اور پراکسی کو بھی اجلاس میں شرکت، بات کرنے اور ووٹ ڈالنے کیلئے ممبران کو دستیاب حقوق کا حامل ہو گا۔ پراکسی فارم کی تصدیق دو افراد سے کی جائے گی جن کے نام، ایڈریس اور سی این آئی سی نمبرز فارم پر درج کئے جائیں۔ پراکسی کمپنی کا ممبر ہونا ضروری ہے۔

پراکسی کی تعیناتی کا آلہ اور مختار نامہ یا دیگر اتھارٹی، جس کے تحت اس پر دستخط کئے جائیں گے، کمپنی کے رجسٹرڈ آفس میں اجلاس کے وقت سے کم از کم 48 گھنٹے قبل تک جمع کروائیں۔ پراکسی فارم، انگلش اور اردو زبانوں میں دستیاب ہیں جو کہ ممبران کو اے جی ایم نوٹس کے ساتھ بھیج دیئے گئے ہیں۔

CRESCENT STEEL AND ALLIED PRODUCTS LIMITED

UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

A·F·FERGUSON&Co.

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, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Crescent Steel and Allied Products Limited (the Company) for the year ended 30 June 2022 in accordance with the requirements of regulation 36 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. 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.

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 2022.

Afferguson & Co

A. F. Ferguson & Co
Chartered Accountants
Karachi
Dated: 5 October 2022

UDIN: CR2022101601ML7mgecb

A.F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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KARACHI LAHORE ISLAMABAD

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A·F·FERGUSON&Co.

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the annexed unconsolidated financial statements of Crescent Steel and Allied Products Limited (the Company), which comprise the unconsolidated statement of financial position as at 30 June 2022, and the unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2022 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 Unconsolidated Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

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KARACHI LAHORE ISLAMABAD

Following are the Key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
(i)	**Deferred tax asset**	
	(Refer notes 4, 6.17 and 21 to the annexed unconsolidated financial statements) As at 30 June 2022, included in the balance of deferred tax asset (net) are amounts of Rs. 586.168 million and Rs. 286.289 million representing deferred tax asset recognised on account of tax losses and excess of minimum tax over normal tax respectively. Recognition of deferred tax asset on account of tax losses and minimum tax over normal tax requires management to estimate the Company's future taxable income and tax liability. This process relies on the assessment of the Company's profitability forecast, which in turn is based on certain assumptions. As preparing of profitability forecast and assessment of realisability of recognised deferred tax asset requires significant management judgement, we considered this to be a key audit matter.	Our audit procedures, amongst others, included the following: • Obtained understanding of the management's process of preparation of forecast of tax profitability, tax liability and deferred tax calculation; • Discussed with the management, the significant assumptions used in preparing the tax profitability forecast and assessed its reasonableness; • Checked the appropriateness of tax rates applied in view of the local tax legislation; • Checked mathematical accuracy of the calculations; and • Assessed whether the related disclosures made in the annexed unconsolidated financial statements are in accordance with the accounting and reporting standards as applicable in Pakistan.
(iI)	**Income from an investment**	
	(Refer note 33 to the unconsolidated financial statements) Income on investments – net includes dividend income amounting to Rs. 1,122.279 million generated from the Company's investment in Altern Energy Limited. This dividend income was a significant component of the Company's profit for the year which drives some of the Company's key performance indicators including earnings per share. This dividend income being the significant transaction that occurred during the year remained our focus area in the audit, hence a key audit matter.	Our audit procedures, amongst others, included the following: • Recalculated the Company's entitlement for this dividend income from the supporting documents. • Agreed the receipt to the bank statement. • Assessed whether the related disclosures made in the annexed unconsolidated financial statements are in accordance with the accounting and reporting standards as applicable in Pakistan.

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

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the unconsolidated and consolidated financial statements and our auditor's reports thereon.

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

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

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

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

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

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

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

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

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

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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 unconsolidated statement of financial position, the unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

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

(d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Khurshid Hasan.

A. F. Ferguson & Co
Chartered Accountants
Karachi
Date: 5 October 2022

UDIN: AR202210160m5bN8EurU

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2022

Rupees in '000	Note	2022	2021
EQUITY AND LIABILITIES			
EQUITY			
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 reserve	8	1,020,908	1,020,908
Revenue reserves		4,301,178	4,173,591
		6,098,411	5,970,824
LIABILITIES			
Non-current liabilities			
Long term loans	9	50,382	127,676
Lease liabilities	10	66,759	74,570
Deferred income	11	686	4,450
Deferred liability - staff retirement benefits	44	73,562	–
		191,389	206,696
Current liabilities			
Trade and other payables	12	1,136,892	755,188
Unclaimed dividend		25,614	25,628
Mark-up accrued	13	37,134	28,087
Short term borrowings	14	812,647	1,514,927
Current portion of long term loans	9	112,785	159,038
Current portion of lease liabilities	10	22,222	36,353
Current portion of deferred income	11	8,042	8,823
		2,155,336	2,528,044
		2,346,725	2,734,740
Contingencies and commitments	15		
Total equity and liabilities		8,445,136	8,705,564

Rupees in '000	Note	**2022**	2021
ASSETS			
Non-current assets			
Property, plant and equipment	16	2,107,200	1,927,328
Right-of-use assets	16	109,556	131,603
Intangible assets	17	3,580	5,848
Investment properties	18	56,330	57,630
Long term investments	19	2,362,604	2,468,925
Long term deposits	20	29,100	23,521
Deferred taxation - net	21	804,662	428,387
		5,473,032	5,043,242
Current assets			
Stores, spares and loose tools	22	170,746	163,452
Stock-in-trade	23	1,190,096	1,236,529
Trade debts	24	175,214	137,073
Loans and advances	25	165,202	136,271
Trade deposits and short term prepayments	26	25,235	289,818
Short term investments	27	419,233	221,885
Other receivables	28	128,525	358,263
Taxation - net	29	691,183	1,115,078
Cash and bank balances	30	6,670	3,953
		2,972,104	3,662,322
Total assets		8,445,136	8,705,564

The annexed notes from 1 to 53 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 2022

Rupees in '000	Note	**2022**	2021
Sales	31	8,300,430	8,494,799
Less: Sales tax		1,210,522	1,235,543
		7,089,908	7,259,256
Cost of sales	32	7,155,205	6,762,523
Gross (loss) / profit		(65,297)	496,733
Income from investments - net	33	970,003	232,558
		904,706	729,291
Distribution and selling expenses	34	15,553	14,980
Administrative expenses	35	325,829	245,869
Other operating expenses	36	63,502	27,447
		404,884	288,296
		499,822	440,995
Other income	37	61,451	196,328
Operating profit before finance costs		561,273	637,323
Finance costs	38	246,153	210,781
Profit before taxation		315,120	426,542
Taxation	39	51,568	(74,682)
Profit for the year		366,688	351,860
Other comprehensive (loss) / income			
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) - net of tax		(5,053)	3,573
(Loss) / gain on remeasurement of staff retirement benefit plans - net of tax	44	(234,048)	167,103
Other comprehensive (loss) / income for the year		(239,101)	170,676
Total comprehensive income for the year		127,587	522,536
		(Rupees)	
Basic and diluted earnings per share	40	4.72	4.53

The annexed notes from 1 to 53 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 2022

Rupees in '000	Note	2022	2021
Cash flows from operating activities			
Cash generated from operations	41	137,724	1,227,801
Tax refund received		194,814	49,349
Finance costs paid		(216,862)	(226,674)
Contribution to gratuity and pension funds		(26,033)	(23,450)
Contribution to Workers' Profit Participation Fund		(11,003)	(12,700)
Long term deposits - net		3,082	21,669
Net cash generated from operating activities		81,722	1,035,995
Cash flows from investing activities			
Capital expenditure		(91,637)	(59,666)
Acquisition of intangible assets		–	(5,896)
Proceeds from disposal of operating fixed assets and investment property		15,026	177,328
Investments - net		(210,208)	(51,536)
Dividend income received		1,155,840	19,338
Interest income received		3,623	532
Net cash generated from investing activities		872,644	80,100
Cash flows from financing activities			
(Repayment of) / proceeds from long term loans - net		(129,460)	56,105
Payments against finance lease obligations - net		(44,895)	(30,387)
Repayment of short term loans obtained - net		(455,125)	(1,241,602)
Dividends paid		(14)	(815)
Net cash used in financing activities	41.1	(629,494)	(1,216,699)
Net increase / (decrease) in cash and cash equivalents		324,872	(100,604)
Cash and cash equivalents at beginning of the year		(659,533)	(558,929)
Cash and cash equivalents at end of the year	42	(334,661)	(659,533)

The annexed notes from 1 to 53 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 2022

Rupees in '000	Issued, subscribed and paid-up capital	Capital reserve (note 8.1)	Revenue reserves (note 8.2)			Total revenue reserves	Total
		Share premium	Fair value reserve	General reserve	Unappropriated profit		
Balance as at 1 July 2020	776,325	1,020,908	5,393	3,642,000	3,662	3,651,055	5,448,288
Total comprehensive income for the year ended 30 June 2021							
Profit for the year	-	-	-	-	351,860	351,860	351,860
Other comprehensive income for the year	-	-	3,573	-	167,103	170,676	170,676
Total comprehensive income for the year	-	-	3,573	-	518,963	522,536	522,536
Balance as at 30 June 2021	776,325	1,020,908	8,966	3,642,000	522,625	4,173,591	5,970,824
Total comprehensive income for the year ended 30 June 2022							
Profit for the year	-	-	-	-	366,688	366,688	366,688
Other comprehensive loss for the year	-	-	(5,053)	-	(234,048)	(239,101)	(239,101)
Total comprehensive (loss) / income for the year	-	-	(5,053)	-	132,640	127,587	127,587
Balance as at 30 June 2022	776,325	1,020,908	3,913	3,642,000	655,265	4,301,178	6,098,411

The annexed notes from 1 to 53 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.

1.2 The Company's steel segment is 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 the Company.

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

1.5 The Company's Hadeed (Billet) Segment is to cater to the growing demand of steel products and is in line with the Company's vision to organically expand in the steel long products business. The billets manufactured are used by re-rolling mills to manufacture bars and other steel long products for use in the construction and engineering sectors. The plant of the Company is located at Bhone, district Jhang, Punjab.

1.6 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 Pakistan Electric Power Company (PEPCO) / Distribution Companies (DISCOs) under an agreement with the Government of Pakistan or to any other consumer as permitted. The generation plant use bagasse in the combustion process to produce power and processed steam. The plant of the Company is located at Bhone, district Jhang, Punjab.

2. SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS DURING THE YEAR

The Company's net sales aggregated to Rs. 7.089 billion (2021: Rs. 7.259 billion), out of which 19.6 percent was generated from Steel division, 38 percent from Cotton division and rest 42.4 percent i.e. Rs. 3.003 billion were from other divisions.

Steel division net sales for 2022 amounted to Rs. 1.392 billion (2021: Rs. 2.740 billion), which pertains mainly to sale of bare pipe orders from Sui Southern Gas Company Limited (SSGCL).

Cotton division net sales for 2022 amounted to Rs. 2.695 billion (2021: Rs. 2 billion).

During the year, KSE-100 index benchmark decreased by 13.1 percent closing at 41,541 points. The Company generated dividend income amounting to Rs. 1.156 billion including dividend income amounting to Rs. 1.12 billion from the Company's investment in Altern Energy Limited.

During the year, the Company has subscribed in right shares offered by CS Capital (Private) Limited (100% subsidiary) amounting to Rs. 30 million divided into 3,000,000 ordinary shares of Rs. 10/- each at par.

3. BASIS OF PREPARATION

3.1 Unconsolidated financial statements

These are the unconsolidated financial statements (herein after referred to as the financial statements) of the Company in which investments in subsidiaries and associates are stated at cost. 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) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFASs) issued by Institute of Chartered Accountants of Pakistan (ICAP) 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 otherwise stated.

3.4 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is also the Company's functional currency. The amounts have been rounded to the nearest thousand of Pakistan Rupees.

4. USE OF ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

In preparing these financial statements, management has made judgement, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognized prospectively 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 recognized 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 6.1)
- Intangible assets (refer note 6.2)
- Investment properties (refer note 6.3)
- Investments (refer note 6.4)
- Stores, spares and loose tools and stock-in-trade (refer notes 6.8 and 6.9)

- Employee benefits (refer note 6.12)
- Leases (refer note 6.14)
- Taxation (refer note 6.17)
- Provisions (refer note 6.21)
- Impairment (refer notes 6.1, 6.2, 6.3, 6.4 and 6.22)
- Contingencies (refer note 6.27)

5. NEW STANDARDS, AMENDMENTS TO ACCOUNTING AND REPORTING STANDARDS AND NEW INTERPRETATIONS

5.1 Amendments to published accounting and reporting standards and interpretations which became effective during the year:

There were certain amendments to the accounting and reporting standards which became mandatory for the Company during the year. However, the amendments did not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these unconsolidated financial statements.

5.2 Amendments to published accounting and reporting standards that are not yet effective:

There are certain amendments to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after 1 July 2022. However, these amendments will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these unconsolidated financial statements.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are consistently applied in the preparation of these financial statements and are the same as those applied in earlier periods presented.

6.1 Property, plant and equipment

Owned assets

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

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

Subsequent expenditure

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

Depreciation

Depreciation is charged to profit or loss 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.

Right-of-use assets

The Right of use assets is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The ROUA is adjusted for certain remeasurements of the lease liability.

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 accumulated 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 in profit or loss if the carrying amount exceeds its estimated recoverable amount.

6.2 Intangible assets

Intangible assets are stated at cost less accumulated amortization and accumulated 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.

6.3 Investment properties

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

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

Depreciation

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

6.4 Financial instruments

6.4.1 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.

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.

6.4.2 Financial asset

Classification

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

- Amortized cost;
- Fair value through other comprehensive income (FVOCI) - Debt investment;
- Fair value through other comprehensive income (FVOCI) - Equity investment; or
- Fair value through profit and loss (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 Other comprehensive income. 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 recognized in profit or loss. Any gain or loss on derecognition is recognized 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 recognized in profit or loss. Other net gains and losses are recognized 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 recognized in profit or loss. Net gains and losses (unrealised and realised), including any interest or dividend income, are recognized in profit or loss.

Impairment of financial assets

The Company recognized a loss for "expected credit loss" (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.

6.4.3 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; or
- designated as at FVTPL.

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

Derecognition

The Company derecognizes 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 derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized 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.

6.5 Investments in subsidiaries

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

6.6 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.

6.7 Non-current assets held for sale

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

6.8 Stores, spares and loose tools

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

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

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

6.9 Stock-in-trade

Stock-in-trade is stated at the lower of cost less impairment loss, if any, and net realizable value. Cost is arrived at on a weighted average basis. 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.

6.10 Trade debts and other receivables

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

6.11 Cash and cash equivalents

Cash and cash equivalents comprise of cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the 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. No acturial valuation of compensated absences is carried out as management considers its financial impact would be immaterial.

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 eligible 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.

6.12.2.3 Staff benevolent fund

The Company has established staff benevolent fund as separate legal entity under the Trust Act, 1882 and registered under Income Tax Ordinance, 2001. The objective of this 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. Contributions to the fund are recognized as expense in the profit or less when they are incurred.

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 liabilities

Lease are recognized as Right-of-use (RoU) asset and a lease liability at the lease commencement date except for short term or low value leases.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

For sale and lease back if the Company has obtained control of the underlying asset and the transfer is classified as a sale in accordance with IFRS 15 and measures a right-of-use asset arising from the leaseback as the proportion of the previous carrying amount of the asset that relates to the right-of-use retained. The gain (or loss) recognized is limited to the proportion of the total gain (or loss) that relates to the rights transferred.

If the consideration for the sale is not equal to the fair value of the asset, any resulting difference represents either a prepayment of lease payments (if the purchase price is below market terms) or an additional financing (if the purchase price is above market terms).

If the transfer is not a sale (that is, the Company does not obtain control of the asset in accordance with IFRS 15), it does not derecognize the transferred asset and accounts for the cash received as a financial liability.

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" as issued by ICAP. 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 Government grants

Government grants are transfers of resources to an entity by a government entity in return for compliance with certain past or future conditions related to the entity's operating activities. The definition of "Government" refers to Governments, Government agencies and similar bodies, whether local, national or international.

The Company recognizes government grants when there is reasonable assurance that grants will be received and the Company will be able to comply with conditions associated with grants.

Government grants are recognized at fair value, as deferred income, when there is reasonable assurance that the grants will be received and the Company will be able to comply with the conditions associated with the grants.

Grants that compensate the Company for expenses incurred, are recognized on a systematic basis in the income for the year in which the related expenses are recognized. Grants that compensate for the cost of an asset are recognized in income on a systematic basis over the expected useful life of the related asset.

A loan is initially recognized and subsequently measured in accordance with IFRS 9. Loans at below-market rates to be initially measured at their fair value - e.g. the present value of the expected future cash flows discounted at a market-related interest rate. The benefit that is the Government grant is measured as the difference between the fair value of the loan on initial recognition and the amount received, which is accounted for according to the nature of the grant.

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 recognized 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 the subsidiary is recognized 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.

6.18 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 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, billets, cotton and electricity products which generally include single performance obligation. Management has concluded that revenue from sale of goods be recognized at the point in time when the control of the product has been transferred, being when the products are delivered to the customer. Invoices are generated and revenue is recognized 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 in supply (liquiditated damages). 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 recognized 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.
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 recognized in profit or loss.

6.21 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.

6.22 Impairment

The carrying amount of the Company's assets are 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.

6.23 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 the 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. Transactions between reportable segments are reported at cost.

6.25 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.

6.26 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. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

6.27 Contingencies

Contingencies are disclosed when the Company has possible obligation that arises from past event and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of entity, or a present obligation that arises from past event but is not recognized because it is not probable that an outflow of resourses embodying economic benefit will be required to settle the obligation or, when amount of obligation cannot be measured with sufficient reliability.

7. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2022	2021		**2022**	2021
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:

	2022		2021	
	Percentage of holding	Number of shares	Percentage of holding	Number of shares
Crescent Steel and Allied Products Limited - Gratuity Fund	2.48%	1,921,832	2.48%	1,921,832
Crescent Steel and Allied Products Limited - Pension Fund	5.20%	4,038,578	5.20%	4,037,680
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
Premier Insurance Limited	0.18%	141,500	0.18%	141,500
The Cresent Textile Mills Limited	11.00%	8,538,303	11.00%	8,538,303
Suraj Cotton Mills Limited	1.57%	1,222,000	1.57%	1,222,000
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. RESERVES

8.1 Capital Reserve

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 purposes:

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

8.2 Revenue Reserves

Fair value reserve

This reserve has been maintained by the Company for the purposes of cumulative changes in fair value in investments classified as FVOCI.

General reserve

The balance in general reserve has been accumulated by way of transfer from unappropriated profit on a yearly basis.

Rupees in '000	Note	2022	2021
9. LONG TERM LOANS			
Secured - Under non-shariah arrangement			
Allied Bank Limited	9.1	72,350	158,608
Habib Metropolitan Bank Limited	9.2 & 9.4	55,945	107,680
JS Bank Limited	9.3 & 9.4	34,872	20,426
		163,167	286,714
Less: Current portion shown under current liabilities		112,785	159,038
		50,382	127,676

9.1 During the year ended 30 June 2017, the 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 the date of disbursement. During the year, the Company has made repayment of Rs. 13.908 million (2021: Rs. 18.544 million). Mark-up is payable at the rate of 3 months KIBOR plus 1.5% per annum.

During the year ended 30 June 2018, the 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; however, due to COVID-19 the bank has allowed one additional year as grace period, repayable in 12 equal quarterly installments starting after twenty four months from the date of disbursement. During the year, the Company has made repayment of Rs. 72.350 million (2021: Rs. 18.088 million). Mark-up is payable at the rate of 3 months KIBOR plus 1.5% per annum.

During the year, the mark-up on such arrangements was ranged between 8.88% to 15.16% (2021: 8.19% to 10.04%) per annum. These facilities are secured against first joint pari passu hypothecation / equitable mortgage on plant, machinery and property of the Company.

9.2 During the year ended 30 June 2020, the Company entered into a loan arrangement with Habib Metropolitan Bank Limited under the State Bank of Pakistan's (SBP) "Refinance Scheme for Payment of Wages & Salaries to the Workers and Employees of Business Concern". The Company has obtained the said loan at subsidized rate in six tranches, one tranche in May 2020, one tranche in June 2020, one tranche in July 2020, two tranches in September 2020 and one tranche in October 2020. The term of the loan is 2.5 years from the date of disbursement with a grace period of 6 months, repayable in 8 equal quarterly installments starting from March 2021. Mark-up is payable at the concessional rate of 2.5% per annum.

The effective interest on such arrangement ranged from 8.68% to 10.16% per annum (2021: 8.68% to 10.16% per annum).

9.3 During the year ended 30 June 2021, the Company entered into a loan arrangement with JS Bank Limited in which three tranches; two tranches in March 2021 and one tranche in April 2021 were disbursed. During the year, 2 tranches were received, one in July 2021 and one in December 2021. The tranches received in March 2021 were converted into the State Bank of Pakistan's (SBP) "SBP Financing Scheme for Renewable Energy" in the month of April 2021, remaining all tranches were converted during the year. The term of the loan is 10 years from the date of disbursement with a grace period of 3 months, repayable in monthly installments starting from June 2021. Mark-up is payable at the rate of 1 month KIBOR plus 1% per annum till approval of refinance from the SBP and after approval form the SBP, mark-up is payable at the concessional rate of 6% per annum.

The effective interest on such arrangement was 8.49% (2021: 8.49%) per annum.

9.4 The benefit of subsidized loans under notes 9.2 and 9.3 has been recognized as deferred income under note 11.

10. LEASE LIABILITIES

	Minimum lease payments		Future finance costs		Present value of minimum lease payments	
Rupees in '000	**2022**	2021	**2022**	2021	**2022**	2021
Not later than one year	26,189	44,608	3,967	8,255	22,222	36,353
Later than one year and not later than five years	73,517	84,167	6,758	9,597	66,759	74,570
	99,706	128,775	10,725	17,852	88,981	110,923
Less: Current portion shown under current liabilities					22,222	36,353
					66,759	74,570

10.1 The Company has entered into lease arrangements with leasing companies for lease of plant and machinery and motor vehicles. The lease term of these arrangments is from three to five years (2021: three to five years) and the liability is payable by the month ranging from six to sixty months (2021: six to sixty months). The periodic lease payments include built-in rates of mark-up ranging between 11.51% to 18.87% (2021: 6.16% to 17.6%) per annum. Included in the gross present value of minimum lease payments, is a sum aggregating Rs. 71.715 million (2021: Rs. 98.342 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.

Rupees in '000	Note	**2022**	2021
11. DEFERRED INCOME			
Opening balance		13,273	13,268
Additions during the year:			
- related to government grant (concessional rate loans)		4,436	9,071
Income recognized during the year	37	(8,981)	(9,066)
		8,728	13,273
Less: Current portion shown under current liabilities		(8,042)	(8,823)
Closing balance		686	4,450

Rupees in '000	Note	2022	2021
12. TRADE AND OTHER PAYABLES			
Trade creditors		90,943	109,468
Bills payable		288,726	-
Commission payable		1,922	2,250
Accrued liabilities	12.1	388,704	306,441
Advances from customers	12.2	22,433	24,787
Infrastructure fee, sales tax and damages	12.3	272,530	253,264
Due to related parties	12.4	9,739	1,133
Payable to provident fund		2,313	2,199
Contribution payable to staff retirement benefit funds		2,296	2,057
Retention money		111	111
Sales tax payable		-	9,039
Withholding tax payable		1,733	2,974
Workers' Profit Participation Fund	12.5	2,395	2,904
Workers' Welfare Fund		6,944	6,944
Others		46,103	31,617
		1,136,892	755,188
12.1 Accrued liabilities			
Salaries, wages and other benefits		34,532	9,434
Accrual for 10-C bonus		4,179	6,222
Compensated absences		16,882	14,404
Liquidated damages	12.1.1	183,198	159,941
Others	12.1.2	149,913	116,440
		388,704	306,441

12.1.1 These pertains to accruals on account of liquidated damages claimed by customers on delayed supply of bare pipes and coated pipes. The Company is in the process of negotiating this matter and expects that this matter may be resolved. However, on prudent basis full accrual has been recognized.

12.1.2 These include liability against Gas Infrastructure Development Cess of Rs. 29.451 million (2021: Rs. 29.451million).

12.1.3 The contract liabilities at the beginning of each year are recognized as revenue in the ordinary course of business.

12.2 This includes due to Shakarganj Limited amounting to Rs. Nil (2021: Rs. 15.906 million).

12.3 Movement in infrastructure fee, sales tax and damages

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 2021	204,601	3,242	45,421	253,264
Accrual for the year	19,266	-	-	19,266
Closing balance as at 30 June 2022	223,867	3,242	45,421	272,530

12.3.1 This relates to amount recognized on account of infrastructure fee / cess levied by the Government of Sindh (GoS) through the Sindh Finance Act, 1994, and its subsequent versions including the Sindh Development and Maintenance of Infrastructure Cess Act, 2017 (the Act). The Act validates the fees / cess levied through the earlier versions of the law and continues the levy.

The Company contested this issue of levy and charging of fee / cess in the Sindh High Court (SHC) where the appeal was partly accepted and it was held in judgment dated 15 September 2008 that the levy and collection of infrastructure fee prior to 28 December 2006 was illegal and ultra vires and after that it is legal. The Company filed an appeal in the Supreme Court of Pakistan (SCP) against this judgment. Additionally, the GoS also filed appeal against the part of judgment decided against them.

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

After promulgation of the Act, 2017, the Company instituted legal proceedings against the levy in the SHC, where interim stay was granted on similar terms of payment of 50% of the amount of cess to the GoS and on furnishing of bank guarantees for remaining 50%. Under the arrangement if the Company succeeded in the petition, GoS would refund the amount subject to their right to appeal before SCP.

The petitions pending against all the versions of this law have been decided by the SHC by a consolidated judgment dated 4 June 2021 whereby the SHC has declared that the first four versions of the law upto the Sindh Finance (Second Amendment) Ordinance, 2001, were illegal and ultra vires as also held in the 2008 judgement of the SHC, to the extent of the petitioners who had litigated and were appellants in the earlier round for whom the applicability has attained finality and is a past and closed transaction. The 2021 judgement has validated the recovery of cess / fee effective from 28 December 2006, through the subsequent versions of the law.

The company has filed appeal in the SCP which has allowed stay conditional on settlement of due levy during the interim period through bank guarantees equivalent to the amount of levy. However, the management has decided to continue the previous practice of providing 50% guarantees and 50% payment after consultation with legal counsel.

Till 30 June 2022, the Company has provided bank guarantees amounting to Rs. 183.04 million (2021: Rs. 166.54 million) in favour of Excise and Taxation Department, GoS.

Amount charged for the year 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. On a prudent basis, provision has been recognized in this respect in these financial statements.

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

12.3.3 The provision has been recognized on account of liquidated damages on delayed supply of bare pipes and coated pipes during the year. On a prudent basis full provision has been recognized.

Rupees in '000	Note	2022	2021
12.4 Due to related parties			
Premier Insurance Company Limited		454	353
Staff Benevolent Fund		2	2
Shakarganj Food Products Limited		–	778
Shakarganj Limited		9,283	–
		9,739	1,133
12.5 Workers' Profit Participation Fund			
Opening balance		2,904	2,061
Allocation for the year	36	10,494	13,543
		13,398	15,604
Amount paid to the trustees of the fund		(11,003)	(12,700)
Closing balance		2,395	2,904

13. MARK-UP ACCRUED

	Note	2022	2021
Mark-up accrued on:			
- Lease obligations		–	135
- Long term loans		3,385	4,409
- Short term borrowings	13.1	33,749	23,543
		37,134	28,087

13.1 This includes mark-up accrued amounting to Rs. 13.484 million (2021: Rs. 9.153 million) on shariah based finance arrangement.

14. SHORT TERM BORROWINGS

Rupees in '000	Note	2022	2021
Secured from banking companies			
Running finances under mark-up arrangements	14.1	416,331	663,486
Short term loans	14.2 &14.4	396,316	851,441
		812,647	1,514,927

14.1 Running finance / money market facilities are available from conventional side of various commercial banks under mark-up arrangements amounted to Rs. 1,100 million (2021: Rs. 1,100 million) out of which Rs. 300 million (2021: Rs. 300 million), Rs. 100 million (2021: Rs. 150 million) and Rs. 300 million (2021: Rs. 300 million) 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 8.31% to 16.31% (2021: 8.12% to 10.54%) per annum.

14.2 Short term loans available from various commercial banks under mark-up arrangements amounted to Rs. 3,950 million (2021: Rs. 3,850 million) out of which Rs. 3,150 million (2021: Rs. 3,150 million), Rs. 205 million (2021: Rs. 305 million) and Rs. 350 million (2021: Rs. 350 million) are interchangeable with letters of credit, letter of guarantee and short term running finance facilities, respectively. During the year, mark-up on such arrangements ranged between 8.31% to 16.31% (2021: 8.12% to 10.54%) per annum.

14.3 The facilities for opening letters of credit amounted to Rs. 4,750 million (2021: Rs. 4,750 million) out of which Rs. 300 million (2021: Rs. 300 million), Rs. 3,150 million (2021: Rs. 3,150 million) and Rs. 205 million (2021: Rs. 305 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 2022 amounted to Rs. 2,010.9 million (2021: Rs. 1,827 million). Amounts unutilized for letters of credit and guarantees as at 30 June 2022 were Rs. 4,507.62 million and Rs. 468.48 million (2021: Rs. 3,884.903 million and Rs. 329.442 million), respectively.

14.4 This includes an amount of Rs. 396.316 million (2021: Rs. 424.181 million) outstanding against Islamic mode of financing. The Company is currently availing Islamic mode of financing from Al Baraka Bank Limited, Dubai Islamic Bank Limited and Bank Islami Pakistan Limited. Facilities availed during the year include letters of credit, bank guarantees, Wakala, Murabaha, Istisna and Ijarah financing.

14.5 The above facilities are expiring on various dates with maturity period upto 31 March 2023. These facilities 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 (refer note 27.2.2), and lien over import / export documents. Further, these facilities (refer notes 14.1 to 14.3) are also secured against pledged of shares owned by CS Capital (Private) Limited - subsidiary company.

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 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 (SRB) 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 SHC against the SRB and GoS in which SHC granted interim relief to the Company.

Subsequently, the writ was decided in light of SCP's orders in similar writs where SCP 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 SHC in a civil suit as well as at the Appellate forums of the tax authority, where the cases are pending adjudication.

No provision has been recognized in these 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 SHC. The SHC 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 in these financial statements.

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 (BIPL) for acquisition of Spiral Pipe (SP) machine. As per requirement of IFAS-2 Ijarah financing has been treated as an operating lease. During the year ended 30 June 2020, BIPL deferred the principal payments of rentals for one year as per the directives issued by State Bank of Pakistan vide its circular no. 12 dated 26 March 2020 which ended during the month of March 2021.

As at 30 June 2022, amount of lease rental outstanding under the agreement are Rs. Nil (2021: Rs. 87.985 million), which is payable in average quarterly installments of Rs. Nil (2021: Rs. 22.867 million) each.

Details of future Ijarah payment under the arrangement are as follows:

Rupees in '000	**2022**	2021
Not later than one year	–	327,985
Security deposit under arrangement	–	(240,000)
	–	87,985

15.2.2 Aggregate amount of guarantees issued on behalf of the Company against various contracts aggregated Rs. 1,542.418 million (2021: Rs. 1,497.559 million). This includes guarantees issued by Islamic banks amounting to Rs. 214.586 million (2021: Rs. 219.58 million).

15.2.3 Commitments in respect of capital expenditure contracted for as at 30 June 2022 amounted to Rs. 14.619 million (2021: Rs. 8.455 million).

15.2.4 Commitments under letters of credit (L/C) as at 30 June 2022 amounted to Rs. 242.385 million (2021: Rs. 865 million).

Rupees in '000	Note	**2022**	2021
16. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	16.1	1,921,861	1,810,103
Capital work-in-progress	16.4	185,339	117,225
		2,107,200	1,927,328
Right-of-use-assets	16.1	109,556	131,603
		2,216,756	2,058,931

16.1 Operating fixed assets and right-of-use assets

Description		Land		Buildings		Office premises	Plant and machinery owned*	Electrical/ office equipment and installation	Furniture and fittings	Computers	Motor vehicles owned	Total operating fixed assets	Right-of-use assets			Total
Rupees in '000	Note	Freehold	Leasehold including improvements	On freehold land	On leasehold land								Plant and machinery	Motor vehicles	Total right-of-use assets	
Net book value as at 30 June 2022																
Balance as at 01 July 2021 (NBV)		249,226	34,255	400,236	5,946	4,406	1,066,674	8,180	8,914	7,990	24,276	1,810,103	102,133	29,470	131,603	1,941,706
Additions / transfers		-	-	-	-	-	240,920	1,639	390	4,133	55,555	302,637	7,359	6,074	13,433	316,070
Disposals / transfer (at NBV)	16.5 & 16.1.1	-	-	-	-	-	(6,100)	(1,239)	-	(69)	(4,416)	(11,824)	-	(10,490)	(10,490)	(22,314)
Depreciation charge	16.1.2	-	(1,686)	(25,203)	(2,933)	(900)	(128,470)	(3,797)	(1,600)	(3,678)	(10,788)	(179,055)	(18,238)	(6,752)	(24,990)	(204,045)
Balance as at 30 June 2022 (NBV)		249,226	32,569	375,033	3,013	3,506	1,173,024	4,783	7,704	8,376	64,627	1,921,861	91,254	18,302	109,556	2,031,417
Gross carrying value as at 30 June 2022																
Cost	16.2	249,226	43,065	663,290	96,545	27,481	2,999,337	72,401	32,491	70,992	119,793	4,374,621	182,136	68,621	250,757	4,625,378
Accumulated depreciation		-	(10,496)	(288,257)	(93,532)	(23,975)	(1,826,313)	(67,618)	(24,787)	(62,616)	(55,166)	(2,452,760)	(90,882)	(50,319)	(141,201)	(2,593,961)
Net book value		249,226	32,569	375,033	3,013	3,506	1,173,024	4,783	7,704	8,376	64,627	1,921,861	91,254	18,302	109,556	2,031,417
Net book value as at 30 June 2021																
Balance as at 01 July 2020 (NBV)		307,723	35,940	426,931	7,390	5,306	1,178,748	13,765	10,618	987	26,793	2,014,201	144,765	23,835	168,600	2,182,801
Additions / transfers		-	-	-	-	-	31,217	759	-	8,747	22,436	63,159	6,317	15,864	22,181	85,340
Disposals (at NBV)		-	-	-	-	-	(6,827)	-	-	(62)	(16,489)	(23,378)	(28,819)	(428)	(29,247)	(52,625)
Depreciation charge		-	(1,685)	(26,695)	(1,444)	(900)	(136,464)	(6,344)	(1,704)	(1,682)	(8,464)	(185,382)	(20,130)	(9,801)	(29,931)	(215,313)
Transfer to investment property		(58,497)	-	-	-	-	-	-	-	-	-	(58,497)	-	-	-	(58,497)
Balance as at 30 June 2021 (NBV)		249,226	34,255	400,236	5,946	4,406	1,066,674	8,180	8,914	7,990	24,276	1,810,103	102,133	29,470	131,603	1,941,706
Gross carrying value as at 30 June 2021																
Cost	16.2	249,226	43,066	663,289	96,545	27,481	2,770,417	74,912	32,100	67,231	75,546	4,099,813	174,776	73,037	247,813	4,347,626
Accumulated depreciation		-	(8,811)	(263,053)	(90,599)	(23,075)	(1,703,743)	(66,732)	(23,186)	(59,241)	(51,270)	(2,289,710)	(72,643)	(43,567)	(116,210)	(2,405,920)
Net book value		249,226	34,255	400,236	5,946	4,406	1,066,674	8,180	8,914	7,990	24,276	1,810,103	102,133	29,470	131,603	1,941,706
Depreciation rates (% per annum)		-	1 - 5	5 - 10	5 - 10	10	5 - 20	5 - 20	10	33.33	20		10	20		

* Net book value of plant and machinery (owned) includes an aggregate amount of Rs. 0.215 million (2021: Rs. 0.398 million) representing net book value of capitalized spares.

16.1.1 During the year, assets having net book value Rs.10.49 million (2021: Rs. 29.247 million) were transferred from lease assets to own assets due to maturity of lease term.

Rupees in '000	Note	2022	2021
16.1.2 The depreciation charge for the year has been allocated as follows :			
Cost of sales	32.1	185,388	194,812
Distribution and selling expenses	34	704	1,021
Administrative expenses	35	17,953	20,745
		204,045	216,578

16.2 Property, plant and equipment as at 30 June 2022 include items having an aggregate cost of Rs. 1,430.009 million (2021: Rs. 1,359.926 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	14,504.4	Sq feet
Building	Nooriabad, District Jamshoro	261,257.1	Sq feet
Building	Jaranwala, District Faisalabad	340,455.0	Sq feet
Building	Dalowal, District Faisalabad	30,484.0	Sq feet
Building	Bhone, District Jhang	78,098.0	Sq feet
Building	Bhone, District Jhang	7,515.0	Sq feet
Land			
Lease hold	Nooriabad, District Jamshoro	30.0	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 and forced sale value of land, building, plant and machinery approximates to Rs. 6,407.19 million and Rs. 5,137.316 million, respectively, which is determined by external valuer on the basis of market value.

Rupees in '000	Note	2022	2021
16.4 Capital work-in-progress			
Advance to contractors		62,135	62,135
Civil work	16.4.3 & 16.4.4	29,172	28,790
Plant and machinery	16.4.2	44,353	–
Others		49,679	26,300
	16.4.1	185,339	117,225

16.4.1 Following is the movement in capital work-in-progress during the year:

Rupees in '000	Land	Building	Plant	Others	Total
Balance as at 1 July 2021	48,580	2,345	26,300	40,000	117,225
Additions	–	382	67,732	–	68,114
Balance as at 30 June 2022	48,580	2,727	94,032	40,000	185,339

16.4.2 This includes transfer from trade deposits amounting to Rs. 28.625 million.

16.4.3 This includes an amount of Rs. 26.4 million (2021: Rs. 26.4 million) paid by the Company to Pakistan Steel Mills Limited (PSML) against allotment of plot located in Karachi measuring 24,200 square yards, currently in possession of third party. However, the third party has filed a case in SHC for declaration and injunction against said property. The Company has filed a suit in SHC 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 SHC 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.

16.4.4 This has been netted off against a provision amounting to Rs. 20.619 million (2021: Rs. 20.619 million) relating to 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	Net book value	Sale proceeds	Gain	Mode of disposal	Particular of buyers
Rupees in '000							
Plant and machinery	12,000	5,900	6,100	6,100	-	Sales and Lease back	Pak Gulf Leasing Company
Electrical / Office Equipment and Installation	3,913	2,674	1,239	1,239	-	Sales and Leased back	Pak Gulf Leasing Company
Motor Vehicle	2,049	74	1,975	1,975	-	Sales and Leased back	Pak Gulf Leasing Company
Motor Vehicle	1,780	41	1,739	1,739	-	Sales and Leased back	Pak Gulf Leasing Company
Motor Vehicle	2,500	2,500	-	742	742	Sold under buyback option	Mr. Muhammad Saad Thaniana
Motor Vehicle	1,725	1,725	-	538	538	Sold under buyback option	Mr. Muhammad Saad Thaniana
Others	8,086	7,315	771	2,693	1,922	Various	Various
2022	32,053	20,229	11,824	15,026	3,202		
2021	107,275	83,897	23,378	29,825	6,447		

16.5.1 These include transfer to investment properties at net book value amounting to Rs. Nil (2021: Rs. 58.497 million).

17. INTANGIBLE ASSETS

The intangible assets represent various computer software. Movement during the year is as follows:

Rupees in '000	Note	2022	2021
Net book value as at 1 July		5,848	888
Additions		–	5,896
Amortization	17.1	(2,268)	(936)
Net book value as at 30 June	17.2	3,580	5,848
Gross carrying value as at 30 June			
Cost		82,099	82,099
Accumulated amortization		(75,879)	(73,611)
Accumulated impairment loss		(2,640)	(2,640)
		(78,519)	(76,251)
Net book value		3,580	5,848
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 2022 include items having an aggregate cost of Rs. 72.948 million (2021: Rs. 75.008 million) that have been fully amortized and are still in use of the Company.

18. INVESTMENT PROPERTIES

Description		Land		Buildings			
Rupees in '000	Note	Freehold	Leasehold including improvements	On freehold land	On leasehold land	Office premises	Total
Net book value as at 30 June 2022							
Opening Balance		45,497	–	12,133	–	–	57,630
Depreciation charge	18.1	–	–	(1,300)	–	–	(1,300)
Balance as at 30 June 2022 (NBV)		45,497	–	10,833	–	–	56,330
Gross carrying value as at 30 June 2022							
Cost	18.2	45,497	–	13,000	–	29,830	88,327
Accumulated depreciation		–	–	(2,167)	–	(29,830)	(31,997)
Net book value		45,497	–	10,833	–	–	56,330
Net book value as at 30 June 2021							
Balance as at 01 July 2020 (NBV)							
Opening net book value (NBV)		1,740	398	–	17,562	–	19,700
Additions / transfer		43,757	1,740	13,000	–	–	58,497
Disposals (at NBV)		–	(2,131)	–	(17,171)	–	(19,302)
Depreciation charge		–	(7)	(867)	(391)	–	(1,265)
Balance as at 30 June 2021 (NBV)		45,497	–	12,133	–	–	57,630
Gross carrying value as at 30 June 2021							
Cost		45,497	–	13,000	–	29,830	88,327
Accumulated depreciation		–	–	(867)	–	(29,830)	(30,697)
Net book value		45,497	–	12,133	–	–	57,630
Depreciation rates (% per annum)		–	1 & 10	10 - 20	10 - 20	5 - 10	

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

18.2 Fair value of the investment properties located in Karachi and Lahore, valued amounting to Rs. 204.06 million (2021: Rs. 205.26 million), which is determined by external valuer on the basis of market value.

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

Particulars	Location	Area	
Building			
Office premises	Saddar, Karachi	4,854.2	Sq feet
Building	Ferozpur, Lahore	35,839.8	Sq feet
Land			
Freehold land	Gawadar	3.0	Acre
Freehold land	Ferozpur, Lahore	5.1	Acre

Rupees in '000	Note	**2022**	2021
19. LONG TERM INVESTMENTS			
Subsidiary companies - at cost	19.1	555,001	525,001
Associated companies - at cost	19.2	1,286,401	1,286,401
Other long term investments	19.3	521,202	657,523
		2,362,604	2,468,925

19.1 Subsidiary companies - at cost

2022	2021		Note	**2022**	2021
Number of shares				Rupees in '000	
		Unquoted			
55,500,000	52,500,000	CS Capital (Private) Limited	19.1.1	555,000	525,000
		(Chief Executive Officer -			
		Ms. Hajerah Ahsan Saleem)			
2	2	Crescent Continental Gas Pipelines	19.1.2		
		Limited (US $ 1 each)		-	-
100	100	Solution de Energy (Private) Limited	19.1.3	1	1
		(Chief Executive Officer -			
		Mr. Muhammad Saad Thaniana)			
				555,001	525,001

19.1.1 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.

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

19.1.3 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

2022	2021		Note	2022	2021
Number of shares				Rupees in '000	
		Quoted			
60,663,775	60,663,775	Altern Energy Limited	19.2.1	595,293	595,293
		(Chief Executive Officer - Mr . Umer Shehzad Sheikh)			
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	1,286,401

19.2.1 The Company holds 16.69% (2021: 16.69%) shareholding in Altern Energy Limited and has representation on its Board of Directors. The Company directly and / or indirectly has significant influence as per requirement of IAS 28 'Investments in Associates', therefore it has been treated as an associate as per IAS 28.

19.2.2 The Company holds 21.93% (2021: 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	2022	2021
19.2.3 Market value of investments in associates is as follows :		
Altern Energy Limited	957,881	1,546,926
Shakarganj Limited	1,096,363	1,302,479
	2,054,244	2,849,405

Rupees in '000	2022	2021
19.2.4 Percentage of holding of equity in associates is as follows :		
Altern Energy Limited	16.69	16.69
Shakarganj Limited	21.93	21.93

19.2.5 The latest financial statements / condensed interim financial information of associated companies as at 30 June 2022 are not presently available. The following is summarized financial information of associated companies as at 31 March 2022 and for the period ended 31 March 2022 based on respective unaudited condensed interim financial information prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim reporting:

		Statement of financial position						Profit of loss			
		Non current assets	Current assets	Non current liabilities	Current liabilities	Attributable to NCI	Attributable to owners of the investee company	Revenues	Profit/ (loss) after tax	Other comprehen-sive income/ (loss)	Total comprehen-sive income/ (loss)
Rupees in '000	Note	(As at 31 March)						(For the twelve months period ended 31 March)			
2022											
Altern Energy Limited	19.2.5.1	13,365,738	13,328,189	1,083,423	3,141,369	9,035,471	13,433,664	14,730,032	1,928,368	7,725	1,936,093
Shakarganj Limited		23,099,370	5,230,081	4,200,827	11,475,121	1,517,007	11,136,496	28,517,311	(703,426)	5,865,059	5,161,633
2021											
Altern Energy Limited		14,878,119	20,736,624	22,667	3,506,489	12,421,177	19,664,410	9,013,855	4,637,112	2,329	4,639,441
Shakarganj Limited		16,602,360	4,453,075	2,654,513	10,785,509	1,467,077	6,148,336	25,203,082	(1,429,376)	(146,376)	(1,575,752)

19.2.5.1 These figures are based on the latest available unaudited condensed interim consolidated financial information as at 31 March 2021 of Altern Energy Limited including its wholly owned subsidiary company Power Management (Private) Limited and Rousch (Pakistan) Power Limited, subsidiary of Power Management Company holding 59.98% shares.

Rupees in '000	Note	**2022**	2021
19.3 Other long term investments			
Fair value through other comprehensive income (FVOCI)	19.3.1	10,173	12,992
Fair value through profit or loss (FVTPL)	19.3.2	511,029	644,531
		521,202	657,523

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.

2022	2021		**2022**	2021
Number of shares		Name of investee company	Rupees in '000	
		Quoted		
565,473	452,379	The Crescent Textile Mills Limited	10,173	12,345
–	113,094	The Crescent Textile Mills Limited - Letter of rights	–	647
			10,173	12,992

19.3.1.1 The Company has irrevocably designated at initial application of IFRS 9 to recognize 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)

2022	2021		Note	2022	2021
Number of shares				Rupees in '000	
		Unquoted			
14,110,817	14,110,817	Shakarganj Food Products Limited		304,779	446,325
8,250,000	6,875,000	Central Depository Company of Pakistan Limited (CDC)		206,250	198,206
2,403,725	2,403,725	Crescent Bahuman Limited - Related party	19.3.2.1	24,037	24,037
1,047,000	1,047,000	Crescent Industrial Chemicals Limited	19.3.2.2	10,470	10,470
				545,536	679,038
		Less: Provision for impairment		(34,507)	(34,507)
				511,029	644,531

19.3.2.1 The chief executive of Crescent Bahuman Limited is Mr. Nasir Shafi. The break-up value of shares of the investee company is Rs. 11.28 per share (2021: Rs. 10 per share), calculated on the basis of audited annual financial statements for the year ended 30 June 2021. This investment had been fully charged to profit or loss in earlier periods.

19.3.2.2 This investment had been fully charged to profit or loss in earlier periods.

Rupees in '000	2022	2021
20. LONG TERM DEPOSITS		
Security deposits		
- leasing companies	18,119	12,569
- others	10,981	10,952
	29,100	23,521

Rupees in '000	Note	2022	2021

21. DEFERRED TAXATION - NET

Deferred tax credits / (debits) arising in respect of :			
Taxable temporary differences			
Accelerated tax depreciation / amortization		225,351	192,255
Lease obligations		9,750	5,997
Fair value adjustment in unquoted investment through reserves		30,119	30,119
Employee benefits - Defined benefit plan		–	21,622
Unrealized gain on fair value through profit or loss investments		27,746	59,559
		292,966	309,552
Deductible temporary differences			
Employee benefits - Defined benefit plan		(73,975)	–
Provision for slow moving stores, spares and loose tools		(29,626)	(24,497)
Provisions for doubtful trade debts, doubtful advances and others		(95,331)	(79,405)
Discounting on long term deposit		(1,735)	(7,726)
Realized loss on fair value through profit or loss investments		(3,562)	–
Unrealized gain on fair value through OCI		(28)	–
Deferred income		(226)	(3,849)
Provisions for impairment of fixed assets		(6,804)	(5,980)
Provision of Gas Infrastructure Development Cess		(5,344)	(4,696)
Excess of minimum tax over normal tax	21.2	(286,289)	(200,480)
Tax losses	21.2	(586,168)	(403,801)
Provision for diminution in the value of investments		(8,540)	(7,505)
		(1,097,628)	(737,939)
		(804,662)	(428,387)

21.1 Break up of deferred tax (reversal) / charge is as following:			
Profit or loss		(281,586)	(34,032)
Other comprehensive income		(95,625)	68,253
Set-off of losses with the Subsidiay Company		936	54
		(376,275)	34,275

21.2 The accumulated tax losses and excess minimum tax over normal tax of the Company as at 30 June 2022 aggregated Rs. 2,307.557 million (2021: 2,083.728 million) in respect of which the Company has recognized deferred tax asset amounting to Rs. 952.099 million (2021: Rs. 604.281 million). The existing unutilised tax loss mainly attributable to tax depreciation which can be utilised for an indefinite period and unadjusted business losses which can be utilised for maximum six years against future taxable profits. The Company carries out periodic assessment to determine the benefit of the loss and minumum tax that the Company would be able to set off against the taxable profits and tax liability in future years. The amount of this benefit has been determined based on the projected taxable profits of the Company for future years and the expected applicable tax rate. The determination of projected taxable profits are most sensitive to key assumptions such as volume of bare pipe sales and availability of uninterrupted electricity connection for billet segment throughout the year.

21.3 In accordance with the Finance Act, 2022 super tax at the rate of 4% for tax year 2022 and onwards has been imposed on the Company in addition to the corporate tax rate of 29% upto 30 June 2021. Accordingly the Company has recorded deferred tax at 33%.

Rupees in '000	Note	**2022**	2021
22. STORES, SPARES AND LOOSE TOOLS			
Stores		29,056	29,410
Spare parts		227,913	214,899
Loose tools		3,557	3,615
		260,526	247,924
Less: Provision for slow moving items	22.1	(89,780)	(84,472)
		170,746	163,452

22.1 Movement in provision for slow moving items			
Opening balance		84,472	73,472
Provision made during the year		5,308	11,000
Closing balance		89,780	84,472

23. STOCK-IN-TRADE			
Raw materials			
Hot rolled steel coils (HR Coils)		261,583	303,715
Coating materials		46,205	96,903
Steel scrap		43,308	174,883
Others		132,806	85,261
Raw cotton		230,531	241,380
Stock-in-transit		280,917	168,850
	23.2	995,350	1,070,992
Work-in-process	23.2 & 32.1	19,076	25,797
Finished goods - net	23.2 & 32.1	167,556	135,235
Scrap / cotton waste		8,114	4,505
		194,746	165,537
		1,190,096	1,236,529

23.1 Stock amounting to Rs. 0.158 million (2021: Rs. 0.108 million) is held by third party.

23.2 Stock-in-trade as at 30 June 2022 includes items valued at net realisable value (NRV). Reversal in respect of stock written back to NRV was amounting to Rs. 14.897 million (2021: Reversal of Rs. 26.825 million) has been recognized in cost of goods sold.

Rupees in '000	Cost	NRV
Raw materials	1,000,453	995,350
Work-in-process	19,076	19,076
Finished goods	179,119	175,670
	1,198,648	1,190,096

Rupees in '000	Note	**2022**	2021

24. TRADE DEBTS

	Note	2022	2021
Secured			
Considered good		40,867	24,826
Unsecured			
Considered good	24.1	134,347	112,247
Considered doubtful		19,553	23,214
		153,900	135,461
Impairment loss on trade debts		(19,553)	(23,214)
	24.2	175,214	137,073

24.1 This includes amount due from Shakarganj Limited amounting to Rs. Nil (2021: Rs. 33.711 million).

Rupees in '000	Note	**2022**	2021
24.2 The aging of amount due from related parties:			
Past due 30 - 180 days		-	3,682
Past due 180 days		-	30,029
		-	33,711
24.3 Movement in impairment loss on trade debts			
Opening balance		23,214	30,706
(Reversal) / charge of impairment made during the year	37	(3,661)	74
Written off during the year against provision		-	(7,566)
Closing balance		19,553	23,214

25. LOANS AND ADVANCES

	Note	2022	2021
Unsecured			
Loan to related party - considered good			
Solution de Energy (Private) Limited	25.1	96,793	94,208
Advances - considered good			
Staff		1,684	516
Suppliers for goods and services		65,409	40,181
Others		1,316	1,366
Advances - considered doubtful			
Suppliers for goods and services		47	47
Provision for doubtful advances		(47)	(47)
		-	-
		165,202	136,271

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 was Rs. 96.208 million (2021: Rs. 94.208 million). The loan is repayable on demand.

Rupees in '000	Note	2022	2021
26. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposits			
- leasing companies		3,494	11,406
- Ijarah financing arrangement		–	219,364
Security deposits - others		11,754	48,442
Prepayments		9,987	10,606
		25,235	289,818
27. SHORT TERM INVESTMENTS			
Amortised cost	27.1	159,360	–
Fair value through profit or loss (FVTPL)	27.2	259,873	221,885
		419,233	221,885

27.1 These represent investments in term deposits receipt carrying markup of 10% to 15% maturing upto 23 February 2023.

27.2 Fair value through profit or loss (FVTPL)

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

2022	2021		Note	2022	2021
Number of shares/units		Name of investee company		Rupees in '000	
4,720,613	4,125,363	Quoted - Investments	27.2.1	259,873	221,885
		Unquoted			
1,996	1,996	Innovative Investment Bank Limited		2,777	2,777
		Less: Provision for impairment		(2,777)	(2,777)
				–	–
			27.2.3	259,873	221,885

27.2.1 Quoted - Investments

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

2022	2021	Name of investee company	2022	2021
Number of shares / units			Rupees in '000	
-	1,000	Attock Refinery Limited	-	256
181,250	13,200	Avanceon Limited	14,121	1,210
-	44,000	Byco Petroleum Limited	-	511
201,000	208,000	D.G. Khan Cement Company Limited	12,563	24,527
350,000	222,000	Engro Fertilizer Limited	31,024	15,600
102,500	102,500	Fauji Fertilizer Company Limited	11,298	10,875
8,000	10,000	Ferozsons Laboratories Limited	2,151	3,528
1,705,000	1,705,000	HBL Growth Fund - Class A	8,781	14,152
500,673	500,673	HBL Investment Fund - Class A	1,001	1,552
-	100,000	Image Pakistan Limited	-	2,675
137,700	137,700	International Industries Limited	14,284	29,057
63,000	63,000	International Steels Limited	3,740	5,885
74,100	70,000	Interloop Limited	4,520	4,902
26,490	26,490	Jubilee Spinning and Weaving Mills Limited	81	90
200,000	-	Kot Addu Power Company Limited	5,506	-
14,000	14,000	Lucky Cement Limited	6,427	12,088
15,000	5,000	Mari Petroleum Company Limited	26,096	7,622
200,000	51,500	Meezan Bank Limited	22,594	5,944
-	4,000	National Refinery Limited	-	2,093
-	100,000	Nishat Power Limited	-	1,965
72,700	72,700	Oil and Gas Development Company Limited	5,719	6,909
-	9,000	Pak Elektron Limited	-	316
50,000	25,500	Pakistan Oilfields Limited	20,291	10,043
155,800	155,800	Pakistan Petroleum Limited	10,518	13,528
101,800	101,800	Pakistan State Oil Company Limited	17,493	22,829
-	100,000	Power Cement Limited	-	961
2,600	-	Systems Limited	858	-
50,000	5,000	Tariq Glass Limited	5,191	532
400,000	275,000	The Hub Power Company Limited	27,268	21,909
109,000	2,500	TRG Pakistan Limited - Class 'A'	8,429	416
			259,954	221,975
		Less: Provision for impairment	(81)	(90)
4,720,613	4,125,363		259,873	221,885

27.2.2 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	**2022**	2021
Name of investee company		
Altern Energy Limited (Long term investment)	786,263	1,488,435
The Crescent Textile Mills Limited (Long term investment)	8,138	12,345
Avanceon Limited	11,297	–
D.G. Khan Cement Company Limited	9,375	17,688
Engro Fertilizer Limited	28,542	14,054
Fauji Fertilizer Company Limited	11,298	4,244
Ferozsons Laboratories Limtied	2,151	–
HBL Investment Fund - Class A	1,000	1,550
HBL Growth Fund - Class A	4,390	7,076
Interloop Limited	4,398	–
International Industries Limited	14,284	27,369
International Steels Limited	3,740	5,885
Lucky Cement Limited	6,427	–
Mari Petroleum Company Limited	8,699	–
Meezan Bank Limited	18,554	2,885
Nishat Power Limited	–	1,965
Oil and Gas Development Company Limited	5,719	6,909
Pakistan Oilfields Limited	15,827	1,969
Pakistan Petroleum Limited	10,518	13,528
Pakistan State Oil Company Limited	17,493	22,604
Tariq Glass Industries Limited	5,190	–
The Hub Power Company Limited	18,747	9,162
	992,050	1,637,668

27.2.3 This represents investment in ordinary shares of listed companies and units 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 (2021: 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.

Rupees in '000	Note	2022	2021

28. OTHER RECEIVABLES

Dividend receivable		886	886
Provision there against		(886)	(886)
		–	–
Receivable against sale of investment		–	260
Claim receivable		461	843
Due from related parties	28.1	21,906	19,259
Sales tax refundable	28.2	75,589	80,767
Margin on letter of guarantee		15,350	15,359
Receivable from staff retirement benefits funds	44	12,242	239,843
Others		2,977	1,932
		128,525	358,263

28.1 Due from related parties

Shakarganj Limited	–	1,376
CS Capital (Private) Limited	4,780	2,156
Solution de Energy (Private) Limited	11,947	11,852
The Crescent Textile Mills Limited	386	244
Shakarganj Food Products Limited	3,893	2,631
Crescent Socks (Private) Limited	900	1,000
	21,906	19,259

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

Rupees in '000	2022	2021
Shakarganj Limited	–	1,376
CS Capital (Private) Limited	4,780	2,453
Solution de Energy (Private) Limited	11,947	11,852
The Crescent Textile Mills Limited	386	337
Shakarganj Food Products Limited	3,893	9,172
Crescent Socks (Private) Limited	1,500	1,000
	22,506	26,190

28.1.2 The aging of amount due from related parties:

Not yet due	990	2,367
Past due 1 - 30 days	840	935
Past due 30 - 180 days	3,603	3,003
Past due 180 days	16,473	12,954
	21,906	19,259

28.2 Sales tax refundable

28.2.1 This includes payment made to Punjab Revenue Aurthority (PRA) 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 the Company's favour.

28.2.2 During the year ended 30 June 2020, order under section 11 of the Sales Tax Act, 1990 has been issued through which a demand of Rs. 1.83 million was raised in respect of alleged short deposit of sales tax to Hadeed (Billet) Division [before amalgamation, it was Crescent Hadeed (Private) Limited)]. An appeal was preferred with the Comissioner Appeals which was decided in the Company's favour; however, an appeal against the order of the Comissioner Appeals has been filed by the Tax Department at the Appellate Tribunal which is pending adjudication.

28.2.3 During the year ended 30 June 2021, sales tax audit under section 11 of the Sales Tax Act, 1990 has been conducted and order raising demand of Rs. 1.01 million has been issued in respect of Hadeed (Billet) Division [before amalgamation, it was Crescent Hadeed (Private) Limited)]. An appeal has been preferred with the Comissioner Appeals which is pending adjudication.

28.2.4 During the year ended 30 June 2021, orders have been issued under the Sales Tax Act, 1990, where demands aggregating Rs. 0.828 million have been raised in respect of Hadeed (Billet) Division [(before amalgamation, it was Crescent Hadeed (Private) Limited)]. Appeals were preferred with the Comissioner Appeals which were decided partly in our favour and partly in the department's favour. Further appeals have been filed at the tribunal by both parties which are pending adjudication.

Rupees in '000	**2022**	2021
29. TAXATION - NET		
Advance taxation	3,577,907	3,771,784
Provision for taxation	(2,886,724)	(2,656,706)
	691,183	1,115,078

29.1 The income tax assessments of the Company have been finalized up to and including Tax Year 2021, 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:

(a) Income tax assessment for Tax Year 2006 has been amended by the Additional Commissioner Inland Revenue (ACIR) by making amendments to reassess loss from Rs 410.588 million to Rs 296.866 million. The Company being dissatisfied, contested the same before Commissioner Inland Reveue Appeals (CIRA), filed an appeal before Appellate Tribunal Inland Revenue which dismissed the appeal in entirety. Department has now filed case in the Lahore High Court (LHC) challenging the tribunal's decision, which pending to be heard.

(b) Income tax assessments of the Company for the Tax Years 2013 and 2016 have been amended by the Commissioner Inland Revenue (CIR) whereby, tax demands of Rs. 95.94 million and Rs. 143.8 million have been raised respectively. Appeals had been preferred with the Commissioner Appeals where most of the issues were decided in favour of the Company whereas for remaining issues, appeals were prefered before the Appellate Tribunal Inland Revenue by both FBR and the Company. Company's appeals have been decided in our favour by the tribunal. Department has filed references in Lahore High Court against the decsions of Apellate Tribunal in respect of both years. A cross appeal in Tax Year 2016 was filed by the tax department at the ATIR which awaits adjudication.

(c) 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 the Company's favour in case of Tax Year 2009 and the case was remanded back to the assessing officer for Tax Year 2011. The Company filed appeal with the Appellate Tribunal for Tax Year 2009 which is pending adjudication where as for Tax Year 2011, set aside proceedings have been initiated which have been duly responded to.

(d) 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.

(e) During the year ended 30 June 2021, order under section 122(5A) has been passed by the Commissioner Inland Revenue in respect of Crescent Hadeed (Private) Limited (previously wholly owned subsidiary - now amalgamated with and into the Company) where expenses to the tune of Rs. 9.5 million have been disallowed. Appeal was preferred with the Commissioner Appeals which was decided against the company. The company has now preferred appeal with the ATIR which is pending adjudication.

(f) During the year ended 30 June 2018, 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 was preferred with the Commissioner Inland Revenue Appeals where majority of issues were decided in company's favour along with rectification of original order. Appeal has been preferred with the Appellate Tribunal Inland Revenue for remaining issues which is pending adjudication.

(g) Order in respect of Crescent Hadeed (Private) Limited (previously wholly owned subsidiary - now amalgamated with and into the Company) for the tax year 2017 under section 214D of the Income Tax Ordinance, 2001 was issued whereby tax demand of Rs. 27.31 million was raised against the company. The order was challenged at the Commissioner Appeals where the appeal was rejected. The Company has now preferred an appeal with the ATIR which is pending adjudication.

(h) During the year ended 30 June 2021, Orders under section 161/205 of the Income Tax Ordinance 2001 were issued by the Assistant Commissioner Inland Revenue in respect of Tax Years 2016 through 2019 whereby demands aggregating Rs. 1 million (approximately) were raised for CS Energy (Private) Limited (previously wholly owned subsidiary - now amalgamated with and into the Company). Associated expense has been recognized accordingly in these financial statements.

No provision has been made in these financial statements in respect of demands raised by tax authorities for 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	2022	2021
30. CASH AND BANK BALANCES			
With banks			
- in savings account	30.1	1,951	1,128
- in current accounts		4,229	2,460
	30.2	6,180	3,588
Cash in hand		490	365
		6,670	3,953

30.1 Mark-up rate on saving account is 6% to 12.25% (2021: 5% to 5.2%) per annum.

30.2 This includes balances amounting to Rs. 0.067 million (2021: Rs. 0.1 million) with Shariah compliant banks.

Rupees in '000	Note	2022	2021
31. SALES - NET			
Local sales			
Bare pipes	31.1	1,241,016	2,949,164
Pipe coating		50,920	36,671
Coated pipe		82,003	36,131
Cotton yarn / raw cotton / polyster		3,125,181	2,315,465
Electricty sales		278,794	188,758
Steam sales		349,853	348,468
Steel Billets		2,857,534	2,249,718
Others	31.2	225,872	126,532
Scrap / waste		89,257	243,892
		8,300,430	8,494,799
Sales tax		(1,210,522)	(1,235,543)
		7,089,908	7,259,256

31.1 This is presented net of liquidated damages amounting to Rs. 25.232 million (2021: Rs. 6.678 million).

31.2 This represents revenue earned from manufacturing of metal structures by cutting, bending and assembling processes.

31.3 Revenue is disaggregated by operating segments under note 43. Additionally revenue by major customers is disclosed in note 43.4.

Rupees in '000	Note	2022	2021
32. COST OF SALES			
Steel segment	32.1	1,526,159	2,314,735
Cotton segment	32.1	2,419,791	1,788,529
Energy segment	32.1	747,986	636,722
Hadeed (Billet) segment	32.1	2,461,269	2,022,537
		7,155,205	6,762,523

Rupees in '000	Note	Steel segment 2022	Steel segment 2021	Cotton segment 2022	Cotton segment 2021	Energy segment 2022	Energy segment 2021	Hadeed (Billet) segment 2022	Hadeed (Billet) segment 2021	Total 2022	Total 2021
32.1 Cost of sales											
Raw materials consumed		1,123,799	1,837,425	1,901,415	1,249,261	669,680	564,343	2,155,464	1,668,773	5,850,358	5,319,802
Cost of raw cotton / polyester sold		-	-	36,765	50,860	-	-	-	-	36,765	50,860
Packing materials consumed		-	-	24,152	20,804	-	-	-	-	24,152	20,804
Store and spares consumed		36,097	39,655	24,141	23,655	6,518	6,115	53,024	46,396	119,780	115,821
Fuel, power and electricity		36,636	51,119	242,171	236,935	340	79	2,592	1,810	281,739	289,943
Salaries, wages and other benefits	32.2	140,984	128,920	176,068	145,451	7,760	3,116	36,235	38,378	361,047	315,865
Insurance		5,772	4,185	2,813	2,767	1,317	1,170	1,561	1,412	11,463	9,534
Commission		-	-	7,952	7,702	-	-	-	-	7,952	7,702
Repairs and maintenance		4,700	3,696	3,789	2,888	557	34	1,067	1,381	10,113	7,999
Depreciation	16.1.2	55,417	56,544	20,365	26,374	60,270	60,348	49,336	51,546	185,388	194,812
Rental under Ijarah financing		87,985	33,707	-	-	-	-	-	-	87,985	33,707
Other expenses		32,323	75,216	8,909	5,706	1,544	1,517	161,287	213,544	204,063	295,983
		1,523,713	2,230,467	2,448,540	1,772,403	747,986	636,722	2,460,566	2,023,240	7,180,805	6,662,832
Opening stock of work-in-process		15,591	39,329	10,206	7,179	-	-	-	-	25,797	46,508
Closing stock of work-in-process	23	(5,171)	(15,591)	(13,905)	(10,206)	-	-	-	-	(19,076)	(25,797)
		10,420	23,738	(3,699)	(3,027)	-	-	-	-	6,721	20,711
Cost of goods manufactured		1,534,133	2,254,205	2,444,841	1,769,376	747,986	636,722	2,460,566	2,023,240	7,187,526	6,683,543
Opening stock of finished goods		109,291	169,821	25,241	44,394	-	-	703	-	135,235	214,215
Closing stock of finished goods - net	23	(117,265)	(109,291)	(50,291)	(25,241)	-	-	-	(703)	(167,556)	(135,235)
		(7,974)	60,530	(25,050)	19,153	-	-	703	(703)	(32,321)	78,980
		1,526,159	2,314,735	2,419,791	1,788,529	747,986	636,722	2,461,269	2,022,537	7,155,205	6,762,523
32.2 Detail of salaries, wages and other benefits											
Salaries, wages and other benefits	32.2.1	128,365	117,009	172,276	142,041	7,760	3,099	35,562	37,748	343,963	299,897
Pension fund	32.2.2	5,965	5,682	1,312	1,190	-	-	-	-	7,277	6,872
Gratuity fund	32.2.2	2,485	2,365	90	78	-	-	-	-	2,575	2,443
Provident fund contributions		4,169	3,864	2,390	2,142	-	17	673	630	7,232	6,653
		140,984	128,920	176,068	145,451	7,760	3,116	36,235	38,378	361,047	315,865

32.2.1 This includes contribution amounting to Rs. 0.024 million (2021: Rs. 0.066 million) to Staff Benevolent Fund ("the Fund"). The Fund has been established as separate legal entity under the Trust Act, 1882 and registered under Income Tax Ordinance, 2001. The objective of the Fund is to provide at the discretion of the trustees, post retirement medical cover / facilities for retired employees and other hardship cases of extraordinary nature of existing employees of the Company. The Company does not have any right in the residual interest of the Fund.

Rupees in '000	2022 Pension	2022 Gratuity	2021 Pension	2021 Gratuity
32.2.2 Staff retirement benefits				
Current service costs	55,996	(3,136)	6,309	4,419
Interest costs	161,736	(6,066)	17,374	7,307
Return on plan assets, excluding interest income	(210,455)	11,777	(16,811)	(9,283)
Past service cost recognized	-		-	-
	7,277	2,575	6,872	2,443

33. INCOME FROM INVESTMENTS - NET

Rupees in '000	Note	2022	2021
Dividend income	33.1	1,155,840	19,338
Realized (loss) / gain on sale of FVTPL investments - net	33.1	(2,472)	6,603
Unrealized (loss) / gain on FVTPL investments - net	33.1	(186,628)	200,710
Rental income from investment properties	33.2	3,263	5,907
		970,003	232,558

33.1 Break up of dividend income, realized loss and unrealized loss is as follows:

Rupees in '000	Dividend income	Unrealized loss	Realized loss
Shariah compliant investee companies	18,322	(44,735)	(2,237)
Non - Shariah compliant investee companies	1,137,518	(141,893)	(235)
	1,155,840	(186,628)	(2,472)

33.1.1 Unrealized loss amounting to Rs. 5.053 million on this investment was recognized in the other comprehensive income during the year.

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

33.1.3 This includes dividend income amounting to Rs. 1,122.279 million generated from the Company's investment in Altern Energy Limited.

33.2 Direct operating expenses incurred against rental income from investment properties amounted to Rs. 1.587 million (2021: Rs. 6.47 million).

34. DISTRIBUTION AND SELLING EXPENSES

Rupees in '000	Note	Steel segment 2022	Steel segment 2021	Cotton segment 2022	Cotton segment 2021	Hadeed (Billet) segment 2022	Hadeed (Billet) segment 2021	Total 2022	Total 2021
Salaries, wages and other benefits	34.1	5,300	4,639	1,933	1,529	947	390	8,180	6,558
Travelling, conveyance and entertainment		137	112	16	36	5	24	158	172
Depreciation	16.1.2	704	872	-	-	-	149	704	1,021
Insurance		14	7	-	-	-	8	14	15
Postage, telephone and telegram		75	98	63	48	18	14	156	160
Advertisement		439	216	-	-	-	-	439	216
Bid bond expenses		517	323	-	-	-	-	517	323
Legal and professional charges		578	3,157	-	-	-	-	578	3,157
Others		2,826	1,562	1,617	1,498	364	298	4,807	3,358
		10,590	10,986	3,629	3,111	1,334	883	15,553	14,980

34.1 Detail of salaries, wages and other benefits

Rupees in '000	Note	Steel segment 2022	Steel segment 2021	Cotton segment 2022	Cotton segment 2021	Hadeed (Billet) segment 2022	Hadeed (Billet) segment 2021	Total 2022	Total 2021
Salaries, wages and other benefits		4,480	3,974	1,635	1,493	798	357	6,913	5,824
Pension fund	34.1.1	437	425	155	24	79	12	671	461
Gratuity fund	34.1.1	182	39	65	10	32	5	279	54
Provident fund contributions		201	201	78	2	38	16	317	219
		5,300	4,639	1,933	1,529	947	390	8,180	6,558

Rupees in '000	2022 Pension	2022 Gratuity	2021 Pension	2021 Gratuity
34.1.1 Staff retirement benefits				
Current service costs	5,163	(340)	423	347
Interest costs	14,911	(657)	1,164	435
Return on plan assets, excluding interest income	(19,403)	1,276	(1,126)	(728)
	671	279	461	54

35. ADMINISTRATIVE EXPENSES

Rupees in '000	Note	Steel segment 2022	Steel segment 2021	Cotton segment 2022	Cotton segment 2021	Energy segment 2022	Energy segment 2021	Hadeed (Billet) segment 2022	Hadeed (Billet) segment 2021	IID segment 2022	IID segment 2021	Total 2022	Total 2021
Salaries, wages and other benefits	35.1	102,268	91,753	25,139	20,784	3,464	2,537	13,993	10,352	10,068	7,875	154,932	133,301
Rents, rates and taxes		2,815	2,399	683	457	92	94	574	667	418	3,258	4,582	6,875
Travelling, conveyance and entertainment		3,646	2,111	780	449	96	54	594	420	232	140	5,348	3,174
Fuel and power		11,069	9,056	1,732	1,332	668	632	3,752	2,323	602	491	17,823	13,834
Postage, telephone and telegram		1,677	2,057	308	434	42	61	122	130	112	130	2,261	2,812
Insurance		1,607	1,732	311	314	42	36	113	70	124	189	2,197	2,341
Repairs and maintenance		9,582	7,402	959	598	178	122	1,097	418	522	398	12,338	8,938
Auditors' remuneration	35.2	3,658	3,201	724	614	75	66	137	132	313	263	4,907	4,276
Legal, professional and corporate service charges		15,119	17,129	3,740	4,152	427	157	762	248	2,052	4,012	22,100	25,698
Advertisement		1,586	619	10	26	22	15	33	20	86	34	1,737	714
Donations	35.3	54,104	10,876	128	58	758	203	1,116	295	2,908	581	59,014	12,013
Depreciation	16.1.2 & 18.1	13,005	14,102	2,085	2,296	298	322	1,773	1,912	2,092	2,113	19,253	20,745
Amortization of intangible assets	17.1	1,722	707	363	150	46	21	46	21	91	37	2,268	936
Printing, stationery and office supplies		2,593	1,895	623	463	46	13	94	23	234	165	3,590	2,559
Newspapers, subscriptions and periodicals		366	253	791	644	635	593	11	14	33	27	1,836	1,531
Others		7,479	4,150	2,021	863	290	88	1,334	804	519	217	11,643	6,122
		232,296	169,442	40,397	33,634	7,179	5,014	25,551	17,849	20,406	19,930	325,829	245,869
35.1 Detail of salaries, wages and other benefits													
Salaries, wages and other benefits		110,941	81,046	25,859	18,404	3,003	2,135	13,064	9,583	9,718	6,774	162,585	117,942
Pension fund	35.1.1	(5,385)	7,161	(1,099)	1,493	242	211	429	373	92	699	(5,721)	9,937
Gratuity fund	35.1.1	(7,196)	40	(494)	122	101	88	179	155	(120)	73	(7,530)	478
Provident fund contributions		3,908	3,506	873	765	118	103	321	241	378	329	5,598	4,944
		102,268	91,753	25,139	20,784	3,464	2,537	13,993	10,352	10,068	7,875	154,932	133,301

Rupees in '000	2022 Pension	2022 Gratuity	2021 Pension	2021 Gratuity
35.1.1 Staff retirement benefits				
Current service costs	(44,017)	9,171	9,123	614
Interest costs	(127,136)	17,740	25,123	1,152
Return on plan assets, excluding interest income	165,432	(34,441)	(24,309)	(1,288)
	(5,721)	(7,530)	9,937	478

Rupees in '000	Note	A. F. Ferguson & Co. **2022**	KPMG Taseer Hadi & Co. 2021
35.2 Auditors' remuneration			
Audit fee		2,674	2,250
Certifications, tax and other assurance services		1,385	1,330
Out of pocket expenses		505	405
Sales tax		343	291
	35.2.1	4,907	4,276

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, taxation services and audit of reconciliation statement of nominee shareholding of Central Depository Company.

Taxation services for current year are provided by M/s A.F.Ferguson & Co., who are also the statutory auditors of the Company.

35.3 Donations

Donations include the following in which a director is interested:

Rupees in '000 Name of director	Interest in donee	Name and address of the donee	Amount donated **2022**	 2021
Mr. Ahsan M. Saleem	Director	The Citizens Foundation		
		Plot No. 20, Sector - 14,		
		New Brookes Chowrangi,		
		Korangi Industrial Area, Karachi	44,401	10,668
	Chairman	Indus Valley School of Arts and Architecture		
		ST-33, Block 2, Scheme 5, Clifton, Karachi.	2,500	-
	Director	Pakistan Centre for Philanthropy		
		RDF Centre,31 mauve area G9/1, G	3,000	-
		9/1 G-9, Islamabad.		
			49,901	10,668

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.

Rupees in '000	Note	**2022**	2021
36. OTHER OPERATING EXPENSES			
Exchange loss		47,700	–
Impairment loss on trade debts		–	74
Provision for :			
- Workers' Profit Participation Fund	12.5	10,494	13,543
- Workers' Welfare Fund		–	2,830
- Slow moving stores, spares and loose tools - net		5,308	11,000
		63,502	27,447

Rupees in '000	2022	2021
37. OTHER INCOME		
Income from financial assets		
Return on deposits - from conventional banking	3,623	532
Unwinding of discount on long term deposit	21,760	22,528
	25,383	23,060
Income from non-financial assets		
Exchange gain	–	18,135
Gain on disposal of operating fixed assets	3,202	6,447
Gain on disposal of investment property	–	128,201
Deferred income amortized	8,981	9,066
Insurance commission	2,072	–
Liabilities written-back	9,397	3,465
Reversal of impairment of trade debts	3,661	–
Rent income	8,075	6,505
Others	680	1,449
	36,068	173,268
	61,451	196,328

38. FINANCE COSTS

Mark - up on short term loans - Shariah arrangement	58,122	41,986
Interest on Non - Shariah arrangement		
- finance lease obligations	9,385	7,665
- long term loans	21,840	27,432
- running finances	97,358	84,913
- short term loans	53,716	41,724
Discounting of long term deposit	375	2,392
Bank charges	5,357	4,669
	246,153	210,781

39. TAXATION

Current		
- for the year	232,736	114,456
- for prior years	(2,718)	(5,742)
	230,018	108,714
Deferred	(281,586)	(34,032)
	(51,568)	74,682

39.1 Relationship between taxation expense and accounting profit

Profit before taxation	315,120	426,542
Tax at the applicable rate of 29% (2021: 29%)	91,385	123,697
Tax effect of inadmissible expenses / losses	16,593	12,744
Tax effect of income taxed at a lower rate	(222,098)	(56,017)
Tax effect arising due to super tax	65,270	–
Prior year tax effect	(2,718)	(5,742)
	(51,568)	74,682

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

Rupees in '000	2021	2020	2019
Tax provision including effects of prior years	111,738	81,427	63,513
Tax assessed / return filed	111,738	81,427	63,513

40. BASIC AND DILUTED EARNINGS PER SHARE

Rupees in '000	**2022**	2021
Profit for the year	366,688	351,860
	(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	4.72	4.53

41. CASH GENERATED FROM OPERATIONS

Rupees in '000	Note	**2022**	2021
Profit before taxation		315,120	426,542
Adjustments for non cash charges and other items:			
Depreciation on operating fixed assets and investment properties		205,345	216,578
Amortization of intangible assets	17	2,268	936
(Reversal) / charge for the year on staff retirement benefit funds	44.1.7	(2,448)	20,245
Dividend income	33.1	(1,155,840)	(19,338)
Unrealized loss / (gain) on FVTPL investments - net	33.1	186,628	(200,710)
Loss / (gain) on sale of FVTPL investments - net	33.1	2,472	(6,603)
Provision for slow moving stores, spares and loose tools	36	5,308	11,000
Reversal of impairment loss on trade debts - net	37	(3,661)	74
Provision for Workers' Welfare Fund	36	-	2,830
Provision for Workers' Profit Participation Fund	36	10,494	13,543
Return on deposits	37	(3,623)	(532)
Gain on disposal of operating fixed assets	37	(3,202)	(6,447)
Gain on disposal of investment property	37	-	(128,201)
Deferred income amortized	37	(8,981)	(9,066)
Discounting of long term deposit	38	375	2,392
Unwinding of discount on long term deposit	37	(21,760)	(22,528)
Liabilities written off	37	(9,397)	(3,465)
Finance costs	38	245,778	208,389
Working capital changes		372,848	722,162
		137,724	1,227,801
Changes in:			
- Stores, spares and loose tools		(12,602)	(5,220)
- Stock-in-trade		46,433	894,212
- Trade debts		(34,480)	88,652
- Advances		(28,932)	8,954
- Trade deposits and short term prepayments		8,682	(27,067)
- Other receivables		2,137	76,151
- Trade and other payables		391,610	(313,520)
		372,848	722,162

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

Rupees in '000	Note	Long term loans	Lease liabilities (Including mark-up accrued)	Short term borrowings	Dividend payable	Total
	Note	9	10 & 13	14		
Opening balance as at 30 June 2021		286,714	111,058	851,441	25,628	1,274,841
Proceeds from long term loans		21,379	-	-	-	21,379
Repayment of long term loans		(150,839)	-	-	-	(150,839)
Proceeds short term borrowings		-	-	3,882,217	-	3,882,217
Repayment of short term borrowings		-	-	(4,337,342)	-	(4,337,342)
Dividend paid		-	-	-	(14)	(14)
Lease payments		-	(44,895)	-	-	(44,895)
		(129,460)	(44,895)	(455,125)	(14)	(629,494)
Lease liabilities entered during the year		-	13,433	-	-	13,433
Interest accrued on lease obligation		-	9,385	-	-	9,385
Discounting effect		5,913	-	-	-	5,913
Lease deposit matured		-	-	-	-	-
		5,913	22,818	-	-	28,731
Closing balance as at 30 June 2022		163,167	88,981	396,316	25,614	674,078

42. CASH AND CASH EQUIVALENTS

Rupees in '000	Note	2022	2021
Running finances under mark-up arrangements	14.1	(416,331)	(663,486)
Term deposit receipt	27	75,000	-
Cash and bank balances	30	6,670	3,953
		(334,661)	(659,533)

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 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 compliant businesses except mentioned in note 33 to these financial statements. 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 segments:

Rupees in '000	Steel segment	Cotton segment	Energy segment	Hadeed (Billet) segment	IID segment	Inter-segments elimination / adjustments	Total
For the year ended 30 June 2022							
Sales	1,391,681	2,695,372	705,488	2,465,550	-	(168,183)	7,089,908
Cost of sales	1,526,159	2,419,791	747,986	2,629,452	-	(168,183)	7,155,205
Gross (loss) / profit	(134,478)	275,581	(42,498)	(163,902)	-	-	(65,297)
Income from investments - net	-	-	-	-	970,003	-	970,003
	(134,478)	275,581	(42,498)	(163,902)	970,003	-	904,706
Distribution and selling expenses	10,590	3,629	-	1,334	-	-	15,553
Administrative expenses	232,296	40,397	7,179	25,551	20,406	-	325,829
Other operating expenses	34,718	17,027	(247)	12,004	-	-	63,502
	277,604	61,053	6,932	38,889	20,406	-	404,884
	(412,082)	214,528	(49,430)	(202,791)	949,597	-	499,822
Other income	40,092	15,626	761	4,972	-	-	61,451
Operating (loss) / profit before finance costs	(371,990)	230,154	(48,669)	(197,819)	949,597	-	561,273
Finance costs	177,916	30,764	-	37,473	-	-	246,153
(Loss) / profit before taxation	(549,906)	199,390	(48,669)	(235,292)	949,597	-	315,120
Taxation							(51,568)
Profit for the year							366,688
For the year ended 30 June 2021							
Sales	2,740,146	2,000,060	640,353	2,065,139	-	(186,442)	7,259,256
Cost of sales	2,319,948	1,788,573	636,722	2,203,722	-	(186,442)	6,762,523
Gross profit / (loss)	420,198	211,487	3,631	(138,583)	-	-	496,733
Income from investments - net	-	-	-	-	232,558	-	232,558
	420,198	211,487	3,631	(138,583)	232,558	-	729,291
Distribution and selling expenses	10,986	3,111	-	883	-	-	14,980
Administrative expenses	169,442	33,634	5,014	17,849	19,930	-	245,869
Other operating expenses	16,744	8,466	805	1,432	-	-	27,447
	197,172	45,211	5,819	20,164	19,930	-	288,296
	223,026	166,276	(2,188)	(158,747)	212,628	-	440,995
Other income	34,114	17,367	3,288	13,358	128,201	-	196,328
Operating profit / (loss) before finance costs	257,140	183,643	1,100	(145,389)	340,829	-	637,323
Finance costs	172,061	12,513	-	26,207	-	-	210,781
Profit / (loss) before taxation	85,079	171,130	1,100	(171,596)	340,829	-	426,542
Taxation							74,682
Profit for the year							351,860

43.2.1 Revenue reported above represents revenue generated from external customers and inter-segment sales of electricity by Energy Segment to Hadeed (Billet) Segment of Rs. 168.183 million (2021: Rs. 181.185 million), Rs. Nil (2021: Rs. 5.213) of scrap sales by Steel Segment to Hadeed (Billet) Segment and Rs. Nil (2021: Rs. 0.044) of scrap sales by Steel Segment to Cotton Segment.

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, Energy, Hadeed (Billet) 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. 1,176.179 million (2021: Rs. 2,666.242 million) of total Steel segment revenue of Rs. 1,391.681 million (2021: Rs. 2,740.146 million). Revenue from major customers of Cotton segment represents an aggregate amount of Rs. 1,101.296 million (2021: Rs. 742.924 million) of total Cotton segment revenue of Rs. 2,695.372 million (2021: Rs. 2,000 million). Revenue from major customers of Energy segment represents an aggregate amount of Rs. 537.305 million (2021: 534.017 million) of total Energy segment revenue of Rs. 705.488 million (2021: 640.353 million). Revenue from major customers of Hadeed (Billet) segment represents an aggregate amount of Rs. 2,440.542 million (2021: 2,033.24 million) of total Hadeed (Billet) segment revenue of Rs. 2,465.55 million (2021: 2,065.139 million).

43.5 Geographical information

43.5.1 All Company's revenue from external customers by geographical location is within Pakistan.

43.5.2 All non-current assets of the Company as at 30 June 2022 and 2021 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	Energy segment	Hadeed (Billet) segment	IID segment	Total
As at 30 June 2022						
Segment assets for reportable segments	1,799,290	511,016	526,950	913,292	2,702,988	6,453,536
Unallocated corporate assets						1,991,600
Total assets as per unconsolidated statement of financial position						8,445,136
Segment liabilities for reportable segments	877,422	185,161	42,645	152,113	3,603	1,260,944
Unallocated corporate liabilities and deferred income						1,085,781
Total liabilities as per unconsolidated statement of financial position						2,346,725

Rupees in '000	Steel segment	Cotton segment	Energy segment	Hadeed (Billet) segment	IID segment	Total
As at 30 June 2021						
Segment assets for reportable segments	1,982,178	539,559	624,501	927,419	2,778,857	6,852,514
Unallocated corporate assets						1,853,050
Total assets as per unconsolidated statement of financial position						8,705,564
Segment liabilities for reportable segments	568,762	164,977	32,263	52,840	3,312	822,154
Unallocated corporate liabilities and deferred income						1,912,586
Total liabilities as per unconsolidated statement of financial position						2,734,740

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	Energy segment	Hadeed (Billet) segment	IID segment	Total
For the year ended 30 June 2022						
Capital expenditure	298,862	5,916	-	800	-	305,578
Depreciation and amortization	70,848	22,813	60,614	51,155	2,183	207,613
Non-cash items other than depreciation and amortization - net	144,046	19,211	3,947	38,535	(956,274)	(750,535)
For the year ended 30 June 2021						
Capital expenditure	50,272	13,440	-	1,850	-	65,562
Depreciation and amortization	72,225	28,820	60,691	53,628	2,150	217,514
Non-cash items other than depreciation and amortization - net	172,999	7,655	(2,184)	28,184	(345,071)	(138,417)

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 2022. The projected unit credit method, using the following significant assumptions, has been used for the actuarial valuation:

	2022		2021	
	Pension	Gratuity	Pension	Gratuity
Financial assumptions				
- Discount rate used for interest cost				
in profit or loss charge	10.00%	10.00%	9.25%	8.50%
- Discount rate used for year end obligation	13.25%	13.25%	10.00%	10.00%
- Expected rate of increase in salaries	13.25%	13.25%	10.00%	10.00%
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:

		2022			2021		
Rupees in '000	Note	Pension	Gratuity	Total	Pension	Gratuity	Total
Present value of defined benefit obligations	44.1.4	569,457	127,084	696,541	500,963	111,286	612,249
Fair value of plan assets	44.1.5	(495,895)	(139,326)	(635,221)	(640,770)	(211,322)	(852,092)
(Asset) / liability recognized in unconsolidated statement of financial position		73,562	(12,242)	61,320	(139,807)	(100,036)	(239,843)
44.1.3 Movement in the net defined benefit liability / (asset)							
Opening balance		(139,807)	(100,036)	(239,843)	23,713	(24,995)	(1,282)
Net benefit cost charged to profit or loss	44.1.7	2,227	(4,676)	(2,449)	17,270	2,975	20,245
Remeasurements recognized in other comprehensive income	44.1.8	229,822	99,823	329,645	(163,939)	(71,417)	(235,356)
Contributions by the Company	44.1.5	(18,680)	(7,353)	(26,033)	(16,851)	(6,599)	(23,450)
Closing balance		73,562	(12,242)	61,320	(139,807)	(100,036)	(239,843)
44.1.4 Movement in the present value of defined benefit obligations							
Present value of defined benefit obligations - 1 July		500,963	111,286	612,249	477,700	107,085	584,785
Current service cost		17,142	5,695	22,837	15,855	5,380	21,235
Interest cost		49,512	11,016	60,528	43,661	8,894	52,555
Benefits paid during the year		(11,692)	(2,256)	(13,948)	(11,390)	(4,903)	(16,293)
Remeasurement:							
Actuarial loss from change in financial assumption		12,351	59	12,410	8,577	25	8,602
Experience adjustments		1,181	1,284	2,465	(33,440)	(5,195)	(38,635)
Present value of defined benefit obligations - 30 June		569,457	127,084	696,541	500,963	111,286	612,249

Rupees in '000	2022 Pension	2022 Gratuity	2022 Total	2021 Pension	2021 Gratuity	2021 Total
44.1.5 Movement in the fair value of plan assets are as follows						
Fair value of plan assets - 1 July	640,770	211,322	852,092	453,987	132,080	586,067
Contributions by the Company	18,680	7,353	26,033	16,851	6,599	23,450
Interest income on plan assets	64,427	21,387	85,814	42,246	11,299	53,545
Benefits paid during the year	(11,692)	(2,256)	(13,948)	(11,390)	(4,903)	(16,293)
Return on plan assets, excluding interest income	(216,290)	(98,480)	(314,770)	139,076	66,247	205,323
Fair value of plan assets - 30 June	495,895	139,326	635,221	640,770	211,322	852,092
44.1.6 Actual return on plan assets	(151,865)	(77,093)	(228,958)	181,322	77,546	258,868

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

Rupees in '000	2022 Pension	2022 Gratuity	2022 Total	2021 Pension	2021 Gratuity	2021 Total
Current service cost	17,142	5,695	22,837	15,855	5,380	21,235
Interest cost	49,512	11,016	60,528	43,661	8,894	52,555
Interest income on plan assets	(64,427)	(21,387)	(85,814)	(42,246)	(11,299)	(53,545)
Charge recognized in profit or loss	2,227	(4,676)	(2,449)	17,270	2,975	20,245

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

Rupees in '000	2022 Pension	2022 Gratuity	2022 Total	2021 Pension	2021 Gratuity	2021 Total
Remeasurement (gain) of experience adjustments	1,181	1,284	2,465	(33,440)	(5,195)	(38,635)
Remeasurement:						
Actuarial losses from change in financial assumption	12,351	59	12,410	8,577	25	8,602
Experience adjustments	1,181	1,284	2,465	(33,440)	(5,195)	(38,635)
Return on plan assets, excluding interest income	216,290	98,480	314,770	(139,076)	(66,247)	(205,323)
Remeasurement income recognized in the other comprehensive income	229,822	99,823	329,645	(163,939)	(71,417)	(235,356)

	2022			2021		
Rupees in '000	Pension	Gratuity	Total	Pension	Gratuity	Total
44.1.9 Total defined benefit cost recognized in profit or loss and other comprehensive income	232,051	95,147	327,198	(146,669)	(68,442)	(215,111)
Weighted average duration of the defined benefit obligation (years)	11	3		11	3	
Analysis of present value of defined benefit obligation						
Type of Members:						
Pensioners	35	-		33	-	
Beneficiaries	74	75		75	75	
Vested / Non-Vested						
Vested benefits	521,274	111,770	633,044	464,034	93,382	557,416
Non - vested benefits	48,183	15,314	63,497	36,930	17,904	54,834
	569,457	127,084	696,541	500,964	111,286	612,250
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	86,721	7,717	94,438	62,455	4,756	67,211
Debt instruments						
AA+	170,539	36,692	207,231	62,974	28,302	91,276
AA	-	-	-	96,343	-	96,343
A1+	3,061	-	3,061	-	-	-
	173,600	36,692	210,292	159,317	28,302	187,619
Equity instruments						
Automobile Assembling	-	-	-	205	-	205
Automobile Parts and Accessories	-	-	-	96	-	96
Cement	6,467	-	6,467	9,555	-	9,555
Chemicals	782	-	782	235	-	235
Commercial Banks	955	-	955	444	-	444
Engineering	168,706	80,083	248,789	339,480	161,395	500,875
Fertilizer	6,188	325	6,513	7,270	316	7,586
Insurance	55	-	55	69	-	69
Oil and Gas Exploration Companies	8,185	2,886	11,071	9,438	2,931	12,369
Oil and Gas Marketing Companies	777	-	777	83	-	83
Paper and Board	-	-	-	9	-	9
Pharmaceuticals	35	-	35	177	-	177
Power Generation and Distribution	17,171	6,817	23,988	20,638	7,931	28,569
Sugar and Allied Industries	4,639	1,366	6,005	5,511	1,589	7,100
Technology and Communication	1,041	-	1,041	301	-	301
Textile Composite	2,148	-	2,148	3,086	-	3,086
	217,149	91,477	308,626	396,597	174,162	570,759
Mutual funds						
Income Fund	18,423	3,440	21,863	22,401	4,102	26,503
	495,893	139,326	635,219	640,770	211,322	852,092

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.

Rupees in '000	Pension	Gratuity
Discount rate +1%	512,648	123,902
Discount rate -1%	638,485	130,806
Long term pension / salary increase +1%	581,796	130,790
Long term pension / salary decrease -1%	558,736	123,859
Long term pension increase +1%	630,673	-
Long term pension decrease -1%	516,879	-

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 2022 was Rs. 13.147 million (2021: Rs. 11.816 million). Reporting year end of Provident Fund Financial Statements is 31 December and 30 June for Steel & IID Division, and Cotton & Hadeed Division, respectively.

The investments out of the provident funds have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the conditions specified there under.

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:

45. FINANCIAL RISK MANAGEMENT (continued)

Rupees in '000	30 June 2022								
	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									
Recurring fair value measurements									
Investments									
- Listed equity securities	419,233	10,173	-	-	429,406	429,406	-	-	429,406
- unlisted equity securities	511,029	-	-	-	511,029	-	206,250	304,779	511,029
	930,262	10,173	-	-	940,435	429,406	206,250	304,779	940,435
Financial assets not measured at fair value									
Deposits	-	-	44,348	-	44,348	-	-	-	-
Trade debts	-	-	175,214	-	175,214	-	-	-	-
Loan to subsidiary	-	-	96,793	-	96,793	-	-	-	-
Other receivables	-	-	40,694	-	40,694	-	-	-	-
Bank balances	-	-	6,180	-	6,180	-	-	-	-
	-	-	363,229	-	363,229	-	-	-	-
Financial liabilities not measured at fair value									
Long term loans	-	-	-	163,167	163,167	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	88,981	88,981	-	-	-	-
Trade and other payables	-	-	-	830,857	830,857	-	-	-	-
Mark-up accrued	-	-	-	37,134	37,134	-	-	-	-
Short term borrowings	-	-	-	812,647	812,647	-	-	-	-
Unclaimed dividend	-	-	-	25,614	25,614	-	-	-	-
	-	-	-	1,958,400	1,958,400	-	-	-	-

45. FINANCIAL RISK MANAGEMENT (continued)

Rupees in '000	30 June 2021								
	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									
Recurring fair value measurements									
Investments									
- Listed equity securities	221,885	12,992	-	-	234,877	234,877	-	-	234,877
- Unlisted equity securities	644,531	-	-	-	644,531	-	-	644,531	644,531
	866,416	12,992	-	-	879,408	234,877	-	644,531	879,408
Financial assets not measured at fair value									
Deposits	-	-	302,733	-	302,733	-	-	-	-
Trade debts	-	-	137,073	-	137,073	-	-	-	-
Loan to subsidiary	-	-	94,208	-	94,208	-	-	-	-
Other receivables	-	-	37,653	-	37,653	-	-	-	-
Bank balances	-	-	3,588	-	3,588	-	-	-	-
Cash	-	-	365	-	365	-	-	-	-
	-	-	575,620	-	575,620	-	-	-	-
Financial liabilities not measured at fair value									
Long term loans	-	-	-	286,714	286,714	-	-	-	-
Lease liabilities	-	-	-	110,923	110,923	-	-	-	-
Trade and other payables	-	-	-	451,020	451,020	-	-	-	-
Mark-up accrued	-	-	-	28,087	28,087	-	-	-	-
Short term borrowings	-	-	-	1,514,927	1,514,927	-	-	-	-
Unclaimed dividend	-	-	-	25,628	25,628	-	-	-	-
	-	-	-	2,417,299	2,417,299	-	-	-	-

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.

45. FINANCIAL RISK MANAGEMENT (continued)

Investment property fair values 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 by professional valuers in measuring Level 3 fair values at 30 June 2022 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 free 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 free 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)

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 2021	
- Shakarganj Food Products Limited	446,325
- Central Depository Company of Pakistan Limited (CDC)	198,206
	644,531
Fair value recognized in profit or loss during the year	
- Shakarganj Food Products Limited	(141,546)
- CDC - Transfer out of level 3 to level 2	(198,206)
	(339,752)
Balance at 30 June 2022	
- Shakarganj Food Products Limited	304,779
	304,779

Sensitivity Analysis

For the fair value of unquoted equity investment, reasonably possible changes at 30 June 2022 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)	30,478	(30,478)
- Terminal growth rate (100 bps)	20,726	(17,970)
- Weighted Average Cost of Capital (100 bps)	(29,048)	33,603

Transfer out of level 3

As at 30 June 2022, FVTPL unlisted equity security with a carrying amount of Rs. 206.25 million was transferred from level 3 to level 2 because of recent transactions for sale / purchase of share by other shareholders. Although the price is not quoted in active market, the sale / purchase transactions were reported to Pakistan Stock Exchange (PSX). Therefore, it was used as level 2 fair value measurement.

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	**2022**	2021
Deposits	44,348	302,733
Trade debts	175,214	137,073
Loan to subsidiary	96,793	94,208
Other receivables	40,694	37,653
Bank balances	6,180	3,588
	363,229	575,255

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	**2022**	2021
Steel segment	81,044	67,015
Cotton segment	4,296	12,981
Energy segment	4,636	41,083
Hadeed (Billet) segment	85,238	15,994
	175,214	137,073
The aging of trade debts at the balance sheet date is		
Not past due	38,937	35,697
Past due 1 - 30 days	81,878	50,682
Past due 30 - 180 days	34,915	6,802
Past due 180 days	39,037	67,106
	194,767	160,287
Less: Impaired	19,553	23,214
	175,214	137,073

The movement in the allowance for impairment in respect of trade debts and advances is given in note 24.3 and note 25 respectively.

The expected loss rates are based on the payment profiles of sales over a period of 60 month before 30 June 2022 and the corresponding historical credit losses experienced within this period. The historical loss rate are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the GDP and the unemployment rate of Pakistan in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

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 A-1.

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

	Rankings		Ranking	**2022**	2021
	Short term	Long term	Agency	Rupee in '000	
Mutual Funds					
HBL Growth Fund (A)	MFR 2-Star	-	VIS	8,781	14,152
HBL Investment Fund (A)	MFR 2-Star	-	VIS	1,001	1,552
				9,782	15,704

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	**2022**							
	Carrying amount	On demand	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years	Over five years
Financial liabilities								
Long term loans	163,167	-	163,167	78,671	61,081	3,136	10,264	10,015
Lease liabilities	88,981	-	99,706	18,490	15,864	17,331	-	-
Trade and other payables	830,857	-	830,857	830,857	-	-	-	-
Unclaimed dividend	25,614	25,614	-	-	-	-	-	-
Mark-up accrued	37,134	-	37,134	37,134	-	-	-	-
Short term borrowings	812,647	812,647	-	-	`	-	-	
	1,958,400	838,261	1,130,864	965,152	76,945	20,467	10,264	10,015

Rupees in '000	2021							
	Carrying amount	On demand	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years	Over five years
Financial liabilities								
Long term loan	286,714	-	321,089	93,037	86,767	119,095	9,722	12,468
Lease liabilities	110,923	-	128,775	20,419	23,829	46,302	38,225	-
Trade and other payables	451,020	-	451,020	451,020	-	-	-	-
Unclaimed dividend	25,628	25,628	-	-	-	-	-	-
Mark-up accrued	28,087	-	28,087	28,087	-	-	-	-
Short term borrowings	1,514,927	1,514,927	-	-	-	-	-	-
	2,417,299	1,540,555	928,971	592,563	110,596	165,397	47,947	12,468

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) and Euros. The Company's exposure to foreign currency risk for these currencies is as follows:

	2022	
Rupees in '000	USD	Euro
Foreign creditors	–	–
Outstanding letters of credit	1,243,850	68,064
Net exposure	1,243,850	68,064

	2021	
Rupees in '000	USD	Euro
Foreign creditors	–	–
Outstanding letters of credit	5,465,635	21,060
Net exposure	5,465,635	21,060

The following significant exchange rate has been applied:

	Average rate		Reporting date rate	
	2022	2021	**2022**	2021
USD to PKR	178.93	160.30	204.85	157.54
Euro to PKR	236.35	191.13	213.81	187.27

Sensitivity analysis

At the reporting date, if the PKR had strengthened by 10% against the USD and Euro 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	**2022**	2021
USD	22,257	87,614
Euro	1,609	403
	23,866	88,017

The weakening of the PKR against USD and Euro 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:

	2022	2021	**2022**	2021
	Effective interest (Percentage)		Carrying amount (Rupees in '000)	
Financial liabilities				
Variable rate instruments:				
Long term loans	8.49 - 15.16	8.19 - 10.16	163,167	286,714
Lease Liabilities	11.51 - 18.87	6.16 - 17.6	88,981	110,923
Short term borrowings	8.31 - 16.31	8.12 - 10.54	812,647	1,514,927

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 2021.

	Profit and loss 100 bp	
Rupees in '000	Increase	Decrease
As at 30 June 2022		
Cash flow sensitivity - Variable rate financial liabilities	(10,648)	10,648
As at 30 June 2021		
Cash flow sensitivity - Variable rate financial liabilities	(19,126)	19,126

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 and increase / decrease surplus on re-measurement of investments in case of Fair Value through other comprehensive income investments as follows:

Rupees in '000	2022	2021
Effect on profit	41,923	22,189
Effect on equity	1,017	1,299
Effect on investments	42,940	23,488

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	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Managerial remuneration	34,085	27,006	-	-	91,705	79,367	125,790	106,373
Fees	-	-	4,375	4,380	-	-	4,375	4,380
Contributions to								
- Gratuity fund	1,483	1,379	-	-	2,941	2,660	4,424	4,039
- Pension fund	3,560	3,312	-	-	8,158	7,390	11,718	10,702
- Provident fund	1,695	1,656	-	-	3,678	3,695	5,373	5,351
Others	7,383	8,281	-	-	3,467	4,822	10,850	13,103
	48,206	41,634	4,375	4,380	109,949	97,934	162,530	143,948
Number of persons	1	1	7	7	17	19	25	27

47.1 During the year remuneration paid to the non-executive Chairman of the Board of Directors amounted to Rs. 1.8 million (2021: Rs. 1.625 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				**2022**	2021
Name	Nature of relationship	Basis of relationship	Nature of transaction		
CS Capital (Private) Limited	Subsidiary company	100% Holding	Reimbursable expenses	2,006	1,442
			Right shares subscribed	30,000	-
Solution de Energy (Private) Limited	Subsidiary company	100% holding	Reimbursable expenses	95	65
			Loan given	2,585	3,000
Altern Energy Limited	Associated company	16.69% holding	Dividend Income	1,122,280	-
			Dividend received	1,122,280	-

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

Rupees in '000				**2022**	2021
Name	Nature of relationship	Basis of relationship	Nature of transaction		
Shakarganj Limited	Associated company	21.93% holding	Payments received	130,916	41,109
			Payments made against services received	23,762	18,528
			Sales of electricity and steam	537,305	459,167
			Sales of finished goods	-	352
			Sales of raw cotton / polyester	45,270	59,611
			Purchase of raw material	608,946	483,977
			Advance against purchase of raw material	138,320	36,000
			Reimbursable expenses	12,284	13,586
Crescent Socks (Private) Limited	Related party	Subsidiary Company's associate	Rental income	900	1,400
			Payments received against services rendered	800	400
Shakarganj Food Products Limited	Related party	Subsidiary Company's related party	Reimbursable expenses	2,484	-
			Services rendered	3,031	2,642
			Rent	3,494	3,901
			Payments received	2,000	11,170
The Crescent Textile Mills Limited	Related party	Major Shareholder	Rent	4,580	2,286
			Payments received against services rendered	6,214	2,491
			Reimbursable expenses	1,776	449
Premier Insurance Company	Related party	Common directorship	Insurance premium	8,217	9,582
			Insurance premium paid	8,116	9,519
The Citizens' Foundation	Related party	Common directorship	Donation given	44,401	10,668
Indus Valley School of Arts and Architecture	Related party	Common directorship	Donation given	2,500	-
Pakistan Centre For Philanthropy	Related party	Common directorship	Donation given	3,000	-
Crescent Cotton Products - Staff Provident Fund	Retirement benefit fund	Employees benefit fund	Contribution made	2,397	2,314
Crescent Steel and Allied Products Limited - Gratuity Fund	Retirement benefit fund	Employees benefit fund	Contribution made	7,353	6,623
Crescent Steel and Allied Products Limited - Pension Fund	Retirement benefit fund	Employees benefit fund	Contribution made	18,680	16,906

Rupees in '000				**2022**	2021
Name	Nature of relationship	Basis of relationship	Nature of transaction		
Crescent Steel and Allied Products Limited - Staff Provident Fund	Retirement benefit fund	Employees benefit fund	Contribution made	9,976	8,846
Crescent Hadeed (Private) Limited - Staff Provident Fund	Retirement benefit fund	Employees benefit fund	Contribution made	772	656
CSAP - Staff Benevolent Fund	Staff welfare fund	Employees Welfare fund	Contribution made	24	66
Key management personnel	Related parties	Executives	Remuneration and benefits	157,720	135,868
Chairman of the Board	Related party	Chairman	Honorarium	1,800	1,625
Directors and their spouse	Related parties	Directors	Meeting fee	2,575	2,750

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

48.2 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.

48.3 Outstanding balances and other information with respect to related parties as at 30 June 2022 and 2021 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 28.1), 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 2021.

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	Note	**2022**	2021
Total debt	49.1.1	1,064,795	1,912,564
Less: Cash and bank balances		6,670	3,953
Net debt		1,058,125	1,908,611
Total equity	49.1.2	6,098,411	5,970,824
Total capital		7,156,536	7,879,435
Gearing ratio		14.8%	24.2%

49.1.1 Total debt is defined as long term, lease liabilities and short term borrowings (excluding derivatives), as described in notes 9, 10 and 14 to these unconsolidated 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 (2021: 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 5,082 tons (2021: 15,400 tons) line pipes of varied sizes and thickness. Actual production is equivalent to 28,205 tons (2021: 52,113 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 shot blasting and coating of line pipes with single layer FBE and multilayer polyolefin coatings on pipe sizes ranging from 114 mm to 1,524 mm outside diameter, which is being upgraded to coat pipe sizes up to 2134 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 95,377 meters (2021: 30,451 meters) of different diameter pipes and 96,677 square meters surface area was achieved during the year (2021: 23,138 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 1,092 shifts is 9,197,007 kilogram (2021: 9,197,007 kilograms). Actual production converted into 20s count was 8,546,895 kilograms for 1,092 shifts (2021: 8,790,199 kilograms for 921 shifts).

50.3 Energy segment

The plant's installed production capacity was 118,856 MWh (2021: 118,856 MWh) and the actual production achieved during the year was 23,679 MWh (2021: 26,207 MWh). Reason for underutilization was that no power was supplied to FESCO and power generation was restricted to actual demand of the two customers, Hadeed (Billet) segment (internal customer) and Shakarganj Limited (external customer).

50.4 Hadeed segment

The designed capacity of Plant is 85,000 mtons (2021: 85,000 mtons) of billets per annum, but the total production during FY21-22 was 17,707.08 mtons (2021: 20,949.62 mtons) of billets. Unit operated only for about five months on self-generated (Inter division) power supply that was only commpatible during crushing season of three months and two months on bagasse (purchased) on off and on basis. Production was suspended for rest eight months period because of no alternative power supply arranagments.

51. COMPARATIVE INFORMATION

The corresponding figures have been rearranged and reclassified, wherever considered necessary for the purpose of better presentation.

52. GENERAL

52.1 Number of employees

The total number of employees including contractual employees of the Company as at 30 June 2022 were 769 (2021: 765) and weighted average number of employees were 767 (2021: 766).

The number of factory employees including contractual employees of the Company as at 30 June 2022 were 691 (2021: 683) and weighted average number of employees were 688 (2021: 685).

53. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue in the Board of Directors meeting held on 24 August 2022.

Chief Executive | Director | Chief Financial Officer

CRESCENT STEEL AND ALLIED PRODUCTS LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

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 2022. The Group comprises of CSAPL and its 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.

The Directors' Report giving commentary on the performance of CSAPL for the year ended 30 June 2022 has been presented separately.

GROUP RESULTS

The consolidated financial results of the Group are summarized below:

Rupees in '000	**2022**	2021
(Loss) / Profit for the year before taxation	(787,378)	925,545
Taxation income / (charge)	140,089	(134,324)
(Loss) / Profit after taxation	(647,289)	791,221
Total other comprehensive (loss) / income for the year	(296,562)	168,936
Basic / diluted (loss) / earnings per share	Rs. (8.34)	Rs. 10.19

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 2022, which gives information on the state of the Group's affairs, operational performance of CSAPL and its subsidiary companies, future prospects of profits along with other requisite information. The contents of the said review shall be read along with this report, Chairman's Review and our report on unconsolidated financial statements 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
24 August 2022

Nadeem Maqbool
Director

ڈائریکٹرز رپورٹ - یکجا

کریسنٹ اسٹیل اینڈ الائیڈ پروڈکٹس لمیٹڈ(CSAPL) کے ڈائریکٹرز انتہائی مسرت کے ساتھ آپکی خدمت میں گروپ کی رپورٹ بمعہ آڈٹ شدہ مالیاتی دستاویزات برائے مالی سال اختتامیہ 30 جون 2022 پیش کر رہے ہیں۔گروپ سی ایس اے پی ایل اور مکمل طور پر اس کی ذیلی کمپنیوں: سی ایس کیپٹل (پرائیویٹ) لمیٹڈ، سولوشن ڈی انرجی (پرائیویٹ) لمیٹڈ اور کریسنٹ کانٹینینٹل گیس پائپ لائنز لمیٹڈ (CCGPL) پر مشتمل ہے۔ سی سی جی پی ایل کسی بھی قسم کے کاروباری افعال سرانجام نہیں دے رہی ہے، لہذا کوئی مالیاتی دستاویزات بھی تیار نہیں کئے جا رہے ہیں۔

سی ایس اے پی ایل کی کارکردگی کے بارے میں ڈائریکٹرز رپورٹ برائے مالی سال اختتامیہ 30 جون 2022 کو علیحدہ سے پیش کیا گیا ہے۔

گروپ کے نتائج

گروپ کے یکجا مالیاتی نتائج کا خلاصہ ذیل میں پیش کیا جا رہا ہے:

	2022	2021
		روپے ہزاروں میں
(نقصان)/ منافع برائے سال قبل از ٹیکس	(787,378)	925,545
انکم ٹیکس/ (چارج)	140,089	(134,324)
(نقصان)/ منافع بعد از ٹیکس	(647,289)	791,221
کل دیگر جامع (نقصان)/ آمدن برائے مالی سال	(296,562)	168,936
بنیادی/ تحلیلی (نقصان)/ آمدن فی حصص	Rs. (8.34)	10.19

ترتیب حصص داری

ترتیب حصص داری اور اس سے متعلق اضافی معلومات کو رپورٹ ہذا کے ساتھ علیحدہ سے منسلک کر دیا گیا ہے۔

اہم تبدیلیاں اور وعدے

زیر نظر مالی سال، جس سے اس بیلنس شیٹ پہ کا تعلق ہے، کے اختتام اور ڈائریکٹرز رپورٹ پیش کئے جانے کی تاریخ تک نا ہی ایسی کوئی اہم تبدیلی واقع ہوئی ہے اور نہ ہی کوئی وعدے کئے گئے جن کی وجہ سے کمپنی کی مالیاتی پوزیشن متاثر ہو سکے۔

چیف ایگزیکیٹیو کا جائزہ

ڈائریکٹرز کی جانب سے چیف ایگزیکیٹیو کے جائزے برائے مالی سال اختتامیہ 30 جون 2022 کے مندرجات کی توثیق کی گئی ہے، جس سے گروپ کے معاملات کے احوال کے بارے میں معلومات ملتی ہیں، سی ایس اے پی ایل اور اسکی ذیلی کمپنیوں کی آپریشنل کارکردگی کا اندازہ ہوتا ہے اور دیگر مطلوبہ معلومات کے ساتھ ساتھ مستقبل میں ہونے والے منافع کا اندازہ بھی ہوتا ہے۔مزکورہ جائزے کے مندرجات کو رپورٹ ہذا، چیئرمین کے جائزے اور مالیاتی دستاویزات سے متعلق ہماری غیر یکجا رپورٹ کے ساتھ ملا کر پڑھا جائے گا اور اسے کمپنیز ایکٹ 2017 کے سیکشن 227 اور پاکستان اسٹاک ایکسچینج (PSX) کی رول بک کے تحت کوڈ آف کارپوریٹ گورننس کے قواعد کے مطابق ڈائریکٹرز رپورٹ کا لازمی حصہ بنایا جائے گا۔

بحکم بورڈ

احسان ایم سلیم	ندیم مقبول
چیف ایگزیکیٹیو آفیسر	ڈائریکٹر
24 اگست 2022	

KEY PERFORMANCE INDICATORS

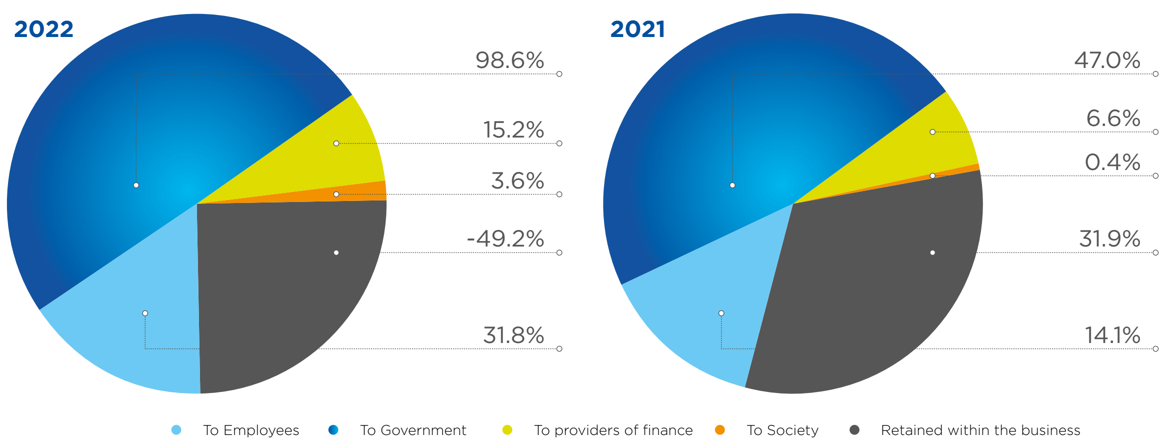
Based on results of the Group as presented in the Consolidated Financial Statements

Indicator	Value	Unit
Sales Revenue	7,089.9	(PKR in million)
Loss Before Tax	787.4	(PKR in million)
Gross Loss ratio	0.9	Percentage
Net Loss margin	9.1	Percentage
LBITDA	325.6	(PKR in million)
Loss Per Share (Basic and diluted)	8.34	(PKR per share)
Total Assets	9,469	(PKR in million)
Shareholders' Equity	7,024.6	(PKR in million)
Capital Expenditure	94.5	(PKR in million)
Break-up Value	90.48	(PKR per share)
Cash Dividend (Including final proposed)	-	(PKR per share)
Return on Capital Employed	7.2	Percentage
Gearing ratio	13.6	Percentage
Current ratio	1.4:1	Ratio
Price Earnings ratio	-	Times
Share Price	41.67	(PKR per share)

STATEMENT OF VALUE ADDITION

	2022		2021	
	Rupees in '000	%	Rupees in '000	%
WEALTH GENERATED				
Total revenue	8,241,184	100.0%	9,430,855	100%
Bought-in-material and services	(6,587,632)	79.9%	(6,180,580)	65.5%
	1,653,552	20.1%	3,250,275	34.5%
WEALTH DISTRIBUTED				
To Employees				
Salaries, wages and other benefits	525,810	31.8%	457,030	14.1%
To Government				
Income tax, sales tax, custom duties, WWF and WPPF	1,630,649	98.6%	1,530,593	47.0%
To Shareholders				
Dividend	-	0.0%	-	0.0%
To Providers of Finance				
Finance costs	251,742	15.2%	213,407	6.6%
To Society				
Donation towards education, health and environment	59,014	3.6%	12,013	0.4%
Retained within the business for future growth				
Depreciation, amortization and retained earnings	(813,663)	-49.2%	1,037,232	31.9%
	1,653,552	100.0%	3,250,375	100.0%

Distribution of Wealth



SUMMARY DATA AND PERFORMANCE INDICATORS

For The Current And Past Six Financial Years

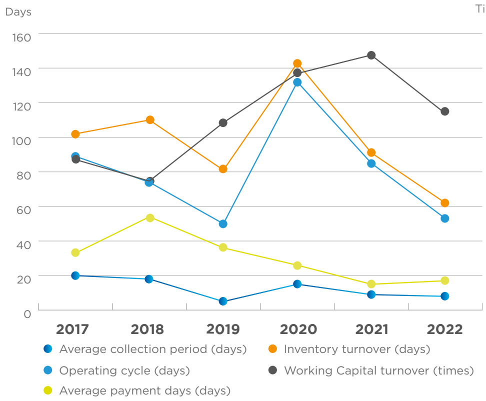
Performance Indicators	2022	2021	2020	2019	2018	2017	2016
A - Profitability Ratios							
(Loss) / earnings before interest, taxation, depreciation and amortization [(LBITDA) / EBITDA] (Rs. in millions)	(325.6)	1,358.8	260.9	189.0	635.7	2,008.4	1,914.4
(Loss) / profit before taxation and depreciation (Rs. in millions)	(579.6)	1,144.5	(54.4)	(131.5)	368.1	1,798.5	1,653.4
Gross (loss) / profit ratio (%)	(0.9)	6.8	1.3	(1.8)	5.4	13.7	26.6
Operating (loss) / profit margin to sales (net) (%)	(8.9)	10.3	(3.7)	(6.5)	3.3	10.0	18.6
Net (loss) / profit margin to sales (net) (%)	(9.1)	10.9	(0.5)	(6.1)	(0.6)	9.7	14.8
(LBITDA) / EBITDA margin to sales (net) (%)	(4.6)	18.7	6.8	2.8	6.4	16.3	25.3
Operating leverage ratio	63.0	37.6	3.8	3.6	4.0	0.0	2.6
Return on equity (%)	(9.2)	9.9	(0.3)	(6.0)	(0.8)	13.8	15.3
Return on average equity (%)	(8.6)	10.6	(0.3)	(5.8)	(0.8)	14.9	17.7
Shareholders' funds (%)	74.2	73.9	62.0	69.6	63.1	58.1	63.9
Return on shareholders' funds (%)	(9.2)	9.9	(0.3)	(6.0)	(0.8)	13.8	15.3
Return on capital employed (RoCE) (%)	(7.2)	7.9	(0.2)	(4.4)	(0.6)	10.6	13.8
Return on average assets (%)	(6.4)	7.2	(0.2)	(3.8)	(0.5)	9.0	12.3
B - Liquidity Ratios							
Current ratio	1.4 : 1	1.5 : 1	1.1 : 1	1.2 : 1	1.4 : 1	1.5 : 1	1.6 : 1
Quick / Acid-test ratio	0.9 : 1	1 : 1	0.6 : 1	0.9 : 1	0.9 : 1	0.9 : 1	0.9 : 1
Cash to current liabilities (%)	(17.0)	(26.4)	(14.6)	(33.6)	(6.6)	(5.8)	(6.8)
Cash flows from operating activity (%)	3.3	39.8	(35.0)	(3.1)	38.1	(0.9)	(68.4)
Cash flows from operations to sales (%)	1.0	14.3	(36.6)	(1.2)	15.2	(0.4)	(31.0)
Working capital - Net current assets (Rs. in millions)	968.2	1,253.4	487.3	499.4	1,753.8	2,949.6	2,095.1
Working capital turnover (times)	6.4	8.3	7.7	6.1	4.2	4.9	5.0
Cash flows to capital expenditure (%)	78.6	1,525.2	(13,201.9)	(55.0)	576.4	(15.2)	(386.5)
Cash flows coverage ratio (%)	6.7	53.4	(45.8)	(3.8)	61.4	(1.4)	(80.4)
C - Activity / Turnover Ratios							
Debtors turnover ratio (times)	45.4	40.0	23.7	76.7	20.4	18.0	28.4
No. of days in receivables / Average collection period (days)	8	9	15	5	18	20	13
Inventory turnover ratio (times)	5.9	4.0	2.6	4.5	3.3	3.6	3.7
No. of days in inventory (days)	62	91	143	81	110	102	98
Creditors turnover ratio (times)	21.6	24.8	14.1	10.1	6.7	11.2	16.6
No. of days in creditors / Average payment period (days)	17	15	26	36	54	33	22
Property, plant and equipment turnover (times)	3.2	3.5	1.7	2.7	3.8	4.8	3.1
Total assets turnover (times)	0.7	0.7	0.3	0.7	0.8	0.8	0.7
Operating cycle (days)	53	85	132	50	74	89	89
D - Investment / Market Ratios							
Basic and diluted (loss) / earnings per share (Rs.)	(8.34)	10.19	(0.26)	(5.40)	(0.79)	15.29	15.05
Price earnings ratio (times)	-	8.2	-	-	-	15.6	7.6
Price to book ratio (times)	0.3	0.6	0.3	0.3	0.6	1.3	0.8
Dividend yield (%) *	-	-	-	-	2.2	2.2	4.4
Dividend payout ratio (%) *	-	-	-	-	(252.5)	34.3	34.6
Dividend cover ratio (times) *	-	-	-	-	(0.4)	2.9	3.0
Cash dividend (Rs. in millions) *	-	-	-	-	155.3	407.6	388.2
Cash dividend per share (Rs.) *	-	-	-	-	2.0	5.3	5.0
Market value per share (at the end of the year) (Rs.)	41.7	84.0	45.5	37.8	91.2	238.6	114.6
- Lowest during the year (Rs.)	34.0	45.8	27.8	27.4	89.8	116.0	54.6
- Highest during the year (Rs.)	93.3	96.4	58.7	101.9	229.4	283.1	134.8
Break-up value per share (Rs.)	90.5	102.7	90.3	89.6	98.1	110.8	94.3
Break-up value per share including RP investment at MV (Rs.)	91.5	101.0	92.9	96.2	121.4	148.7	93.6
E - Capital Structure Ratios							
Financial leverage ratio (%)	15.8	24.3	43.6	29.9	32.2	40.4	39.9
Long term debt to equity ratio (%) - Book value	1.7	2.5	3.6	4.0	4.6	4.5	6.4
Long term debt to equity ratio (%) - Market value	3.6	3.1	7.2	9.6	5.0	2.1	5.3
Weighted average of cost of debt (%)	8.5	8.5	12.2	12.3	8.0	8.4	8.4
Long term debt : Equity ratio	2 : 98	2 : 98	4 : 96	4 : 96	4 : 96	4 : 96	6 : 94
Total liabilities to total assets (%)	25.8	26.0	37.9	29.4	36.8	41.9	36.0
Gearing ratio (%)	13.6	19.5	30.2	22.8	22.8	28.3	28.0
Interest coverage (times)	(2.1)	5.3	0.1	(0.1)	1.6	8.8	6.9
F - Employee Productivity Ratio							
Revenue per employee (Rs. in millions)	9.3	9.5	4.9	9.1	12.6	25.5	8.5
No. of employees	769	765	778	755	789	481	891
Staff turnover ratio (%) **	111.1	89.9	90.1	102.2	97.7	140.7	63.6
G - Others							
Spares inventory as percentage of assets cost (%)	1.8	1.5	1.5	1.9	1.8	1.3	1.1
Maintenance cost as percentage of operating expenses (%)	8.3	7.6	6.9	8.2	14.5	15.4	10.5

Notes:

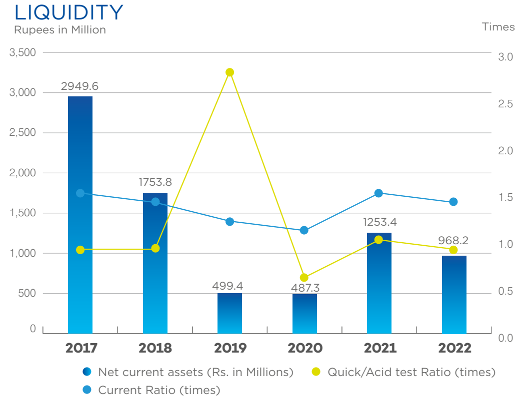
* This includes declaration of final cash dividend recommended by the Board of Directors subsequent to year end.

** Major contributor to high turnover rate is staff at the Cotton division's spinning unit.

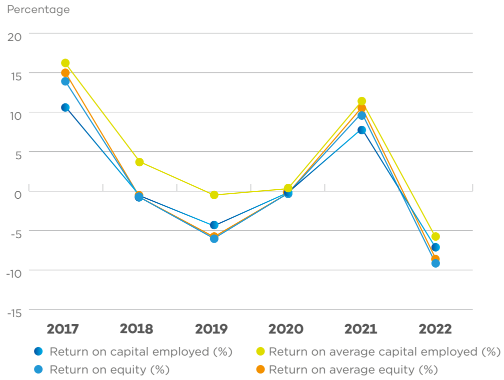
MANAGEMENT OF WORKING CAPITAL



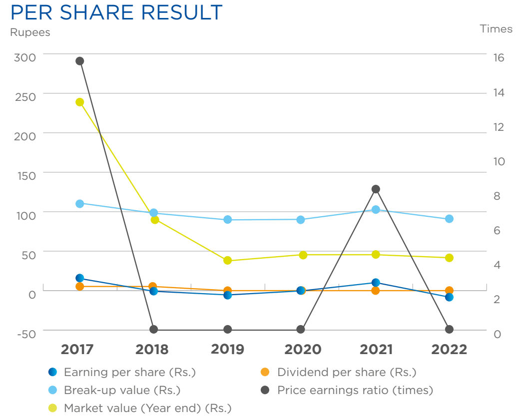
LIQUIDITY



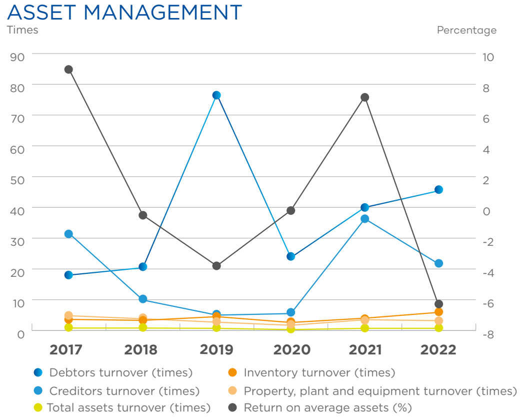
RETURN ON CAPITAL AND EQUITY



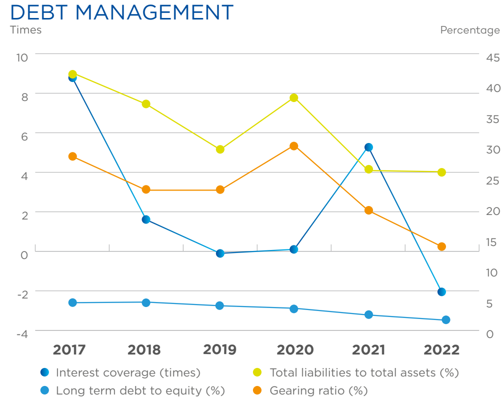
PER SHARE RESULT



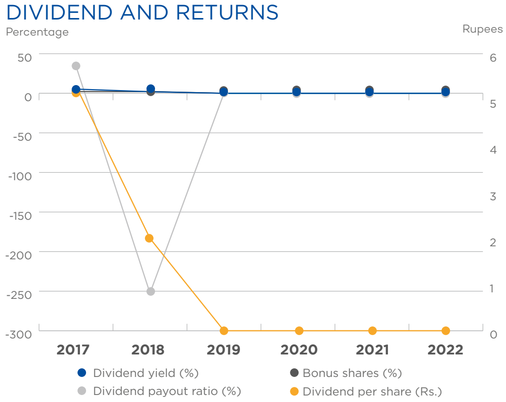
ASSET MANAGEMENT



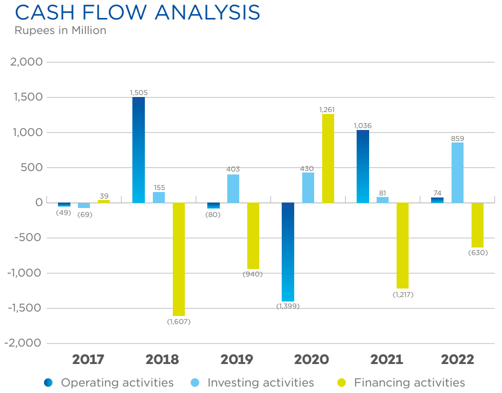
DEBT MANAGEMENT



DIVIDEND AND RETURNS



CASH FLOW ANALYSIS



VERTICAL ANALYSIS

of Consolidated Statement of Financial Position and Profit or Loss For The Last Six Financial Years

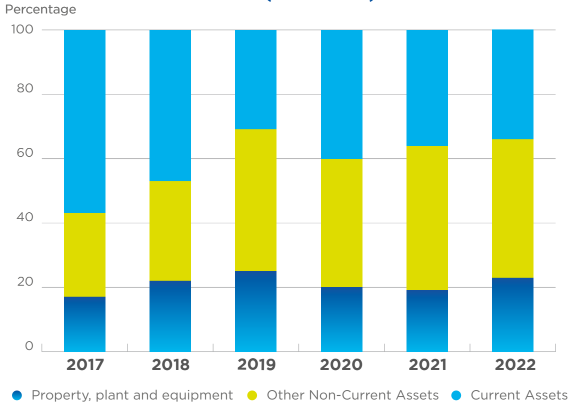
Rupees in million	2022	%	2021	%	2020	%	2019	%	2018	%	2017	%
Consolidated Statement of financial position												
Property, plant and equipment	2,108	22.4	1,928	17.9	2,107	18.7	2,495	24.9	2,596	21.5	2,565	17.3
Right-of-use-assets	110	1.2	132	1.2	169	1.4	-	-	-	-	-	-
Intangible assets	154	1.6	153	1.4	146	1.3	144	1.4	137	1.1	129	0.9
Investment properties	83	0.9	87	0.8	51	0.5	55	0.5	49	0.4	54	0.4
Investment in equity accounted investees	2,332	24.6	3,429	31.8	3,087	27.3	3,267	32.7	3,088	25.6	3,292	22.2
Other long term investments	756	8.0	976	9.1	731	6.5	689	6.9	263	2.2	221	1.5
Long term deposits	29	0.3	24	0.2	225	2.0	236	2.4	217	1.8	194	1.3
Deferred taxation - net	676	7.1	193	1.8	291	2.6	-	-	-	-	-	-
Stores, spares and loose tools	171	1.8	163	1.5	169	1.5	186	1.9	212	1.8	191	1.3
Stock-in-trade	1,190	12.5	1,237	11.6	2,131	18.9	821	8.2	2,268	18.8	3,385	22.9
Trade debts	175	1.8	137	1.3	226	2.0	96	1.0	82	0.7	891	6.0
Advances	68	0.7	42	0.4	54	0.5	34	0.3	30	0.2	21	0.1
Trade deposits and short term prepayments	28	0.3	293	2.7	66	0.6	50	0.5	72	0.6	57	0.4
Short term investments	780	8.2	522	4.8	340	3.0	405	4.0	1,055	8.7	1,201	8.1
Other receivables	112	1.2	345	3.2	207	1.8	233	2.4	631	5.3	1,774	11.9
Taxation - net	690	7.3	1,114	10.3	1,272	11.3	1,260	12.6	1,165	9.7	749	5.1
Cash and bank balances	7	0.1	4	-	24	0.2	30	0.3	194	1.6	86	0.6
Total assets	**9,469**	**100**	10,779	100	11,296	100	10,001	100	12,059	100	14,810	100
Issued, subscribed and paid-up capital	776	8.2	776	7.2	776	6.9	776	7.8	776	6.4	776	5.2
Capital reserves	1,051	11.1	1,050	9.7	1,092	9.7	1,083	10.8	1,159	9.6	1,243	8.4
Revenue reserves	5,197	55.0	6,142	57.0	5,140	45.5	5,097	51.0	5,678	47.1	6,582	44.4
Shareholders' equity	**7,024**	**74.3**	7,968	73.9	7,008	62.1	6,956	69.6	7,613	63.1	8,601	58.0
Long term loans	50	0.5	128	1.2	190	1.7	177	1.8	227.0	1.9	322	2.2
Lease liabilities	67	0.7	75	0.7	65	0.6	103	1.0	127	1.1	64	0.4
Deferred income	1	-	4	-	7	0.1	7	0.1	8	0.1	7	-
Deferred taxation	-	-	-	-	-	-	42	0.4	129	1.1	410	2.8
Deferred liability - staff retirement benefits	74	0.8	-	-	24	0.1	101	1	-	-	-	-
Trade and other payables	1,184	12.4	803	7.4	1,115	9.9	739	7.4	1,805	14.9	2,145	14.6
Unpaid dividend	-	-	-	-	-	-	-	-	-	-	116	0.8
Unclaimed dividend	26	0.3	26	0.2	26	0.2	27	0.3	22	0.2	22	0.1
Mark-up accrued	39	0.4	29	0.3	55	0.5	44	0.4	24	0.2	32	0.2
Short term borrowings	861	9.1	1,542	14.4	2,704	23.9	1,638	16.4	1,956	16.2	2,904	19.6
Current portion of long term loans	113	1.2	159	1.5	49	0.4	110	1.1	97	0.8	141	1.0
Current portion of lease liabilities	22	0.2	36	0.3	47	0.4	51	0.5	46	0.4	42	0.3
Current portion of deferred income	8	0.1	9	0.1	6	0.1	6	0.1	5	-	4	-
Total equity and liabilities	**9,469**	**100**	10,779	100	11,296	100	10,001	100	12,059	100	14,810	100
Consolidated Profit or Loss Account												
Sales - net	7,090	100.0	7,259	100	3,822	100	6,854	100	9,930	100	12,285	100
Cost of sales	7,155	100.9	6,763	93.2	3,771	98.7	6,978	101.8	9,390	94.6	10,598	86.3
Gross (loss) / profit	**(65)**	**(0.9)**	496	6.8	51	1.3	(124)	(1.8)	540	5.4	1,687	13.7
(loss) / Income from investments - net	(206)	(2.9)	356	4.9	62	1.6	(68)	(1.0)	(41)	(0.4)	205	1.7
Distribution and selling expenses	16	0.2	15	0.2	13	0.3	16	0.2	19	0.2	32	0.3
Administrative expenses	332	4.7	251	3.5	250	6.5	212	3.1	199	2.0	307	2.5
Other operating expenses	64	0.9	27	0.4	26	0.7	71	1.0	107	1.1	429	3.5
Other income	61	0.9	196	2.7	35	0.9	48	0.7	153	1.5	104	0.8
Operating (loss) / profit before finance costs	**(622)**	**(8.7)**	755	10.3	(141)	(3.7)	(443)	(6.4)	327	3.2	1,228	9.9
Finance costs	252	3.6	213	2.9	315	8.2	318	4.6	264	2.7	205	1.7
Share of profit in equity accounted investees - net of taxation	86	1.2	383	5.3	173	4.5	397	5.8	85	0.9	569	4.6
(Loss) / profit before taxation	**(788)**	**(11.1)**	925	12.7	(283)	(7.4)	(364)	(5.2)	148	1.4	1,592	12.8
Taxation	140	2.0	(134)	(1.8)	263	6.9	(55)	(0.8)	(209)	(2.1)	(405)	(3.3)
(Loss) / profit for the year	**(648)**	**(9.1)**	791	10.9	(20)	(0.5)	(419)	(6.0)	(61)	(0.7)	1,187	9.5

HORIZONTAL ANALYSIS

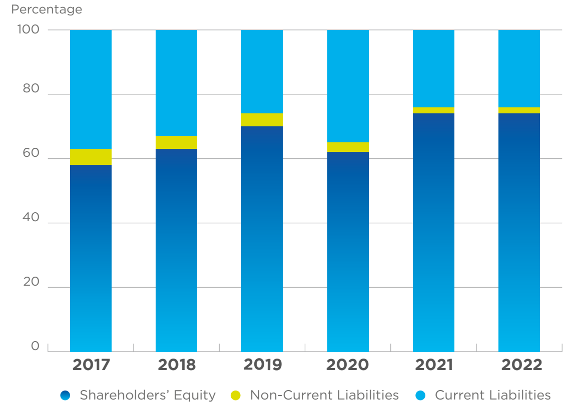
of Consolidated Statement of Financial Position and Profit or Loss For The Last Six Financial Years

Rupees in million	2022	%	2021	%	2020	%	2019	%	2018	%	2017	%
Consolidated Statement of financial position												
Property, plant and equipment	2,108	9.3	1,928	(8.5)	2,107	(15.6)	2,495	(3.9)	2,596	1.2	2,565	3.9
Right-of-use-assets	110	(16.7)	132	(21.9)	169	100.0	-	-	-	-	-	-
Intangible assets	154	0.7	153	4.8	146	1.4	144	5.1	137	6.2	129	14.2
Investment properties	83	(4.6)	87	70.6	51	(7.3)	55	12.2	49	(9.3)	54	(10.0)
Investment in equity accounted investees	2,332	(32.0)	3,429	11.1	3,087	(5.5)	3,267	5.8	3,088	(6.2)	3,292	14.2
Other long term investments	756	(22.5)	976	33.5	731	6.1	689	162.0	263	19.0	221	-
Long term deposits	29	20.8	24	(89.3)	225	(4.7)	236	8.8	217	11.9	194	2.6
Deferred taxation - net	676	250.3	193	(33.7)	291	100.0	-	-	-	-	-	-
Stores, spares and loose tools	171	4.9	163	(3.6)	169	(9.1)	186	(12.3)	212	11.0	191	46.9
Stock-in-trade	1,190	(3.8)	1,237	(42.0)	2,131	159.6	821	(63.8)	2,268	(33.0)	3,385	33.7
Trade debts	175	27.7	137	(39.4)	226	135.4	96	17.1	82	(90.8)	891	88.8
Advances	68	61.9	42	(22.2)	54	58.8	34	13.3	30	42.9	21	(53.3)
Trade deposits and short term prepayments	28	(90.4)	293	343.9	66	32.0	50	(30.6)	72	26.3	57	50.0
Short term investments	780	49.4	522	53.5	340	(16.0)	405	(61.6)	1,055	(12.2)	1,201	36.6
Other receivables	112	(67.5)	345	66.7	207	(11.2)	233	(63.1)	631	(64.4)	1,774	121.8
Taxation - net	690	(38.1)	1,114	(12.4)	1,272	1.0	1,260	8.2	1,165	55.5	749	35.0
Cash and bank balances	7	75.0	4	(83.3)	24	(20.0)	30	(84.5)	194	125.6	86	16.2
Total assets	**9,469**	**(12.2)**	10,779	(4.6)	11,296	12.9	10,001	(17.1)	12,059	(18.6)	14,810	29.3
Issued, subscribed and paid-up capital	776	-	776	-	776	-	776	-	776	-	776	-
Capital reserves	1,051	0.1	1,050	(3.8)	1,092	0.8	1,083	(6.6)	1,159	(6.8)	1,243	9.1
Revenue reserves	5,197	(15.4)	6,142	19.5	5,140	0.8	5,097	(10.2)	5,678	(13.7)	6,582	21.8
Shareholders' equity	**7,024**	**(11.8)**	7,968	13.7	7,008	0.7	6,956	(8.6)	7,613	(11.5)	8,601	17.5
Long term loans	50	(60.9)	128	(32.6)	190	7.3	177	(22.0)	227	(29.5)	322	(18.3)
Lease liabilities	67	(10.7)	75	15.4	65	(36.9)	103	(18.9)	127	98.4	64	(16.9)
Deferred income	1	(75.0)	4	(42.9)	7	-	7	(12.5)	8	14.3	7	(22.2)
Deferred taxation - net	-	-	-	-	-	(100.0)	42	(67.4)	129	(68.5)	410	79.0
Deferred liability - staff retirement benefits	74	100.0	-	(100.0)	24	(76.2)	101	100.0	-	-	-	-
Trade and other payables	1,184	47.4	803	(28.0)	1,115	50.9	739	(59.1)	1,805	(15.9)	2,145	163.2
Unpaid dividend	-	-	-	-	-	-	-	-	-	(100.0)	116	-
Unclaimed dividend	26	-	26	-	26	(3.7)	27	22.7	22	-	22	(4.3)
Mark-up accrued	39	34.5	29	(47.3)	55	25.0	44	83.3	24	(25.0)	32	39.1
Short term borrowings	861	(44.2)	1,542	(43.0)	2,704	65.1	1,638	(16.3)	1,956	(32.6)	2,904	27.4
Current portion of long term loans	113	(28.9)	159	224.5	49	(55.5)	110	13.4	97	(31.2)	141	29.4
Current portion of lease liabilities	22	(38.9)	36	(23.4)	47	(7.8)	51	10.9	46	9.5	42	(28.8)
Current portion of deferred income	8	(11.1)	9	50.0	6	-	6	20.0	5	25.0	4	(20.0)
Total equity and liabilities	**9,469**	**(12.2)**	10,779	(4.6)	11,296	12.9	10,001	(17.1)	12,059	(18.6)	14,810	29.3
Consolidated Profit or Loss Account												
Sales - net	7,090	(2.3)	7,259	89.9	3,822	(44.2)	6,854	(31.0)	9,930	(19.2)	12,285	62.2
Cost of sales	7,155	5.8	6,763	79.3	3,771	(46.0)	6,978	(25.7)	9,390	(11.4)	10,598	90.6
Gross (loss) / profit	**(65)**	**(113.1)**	496	872.5	51	141.1	(124)	(123.0)	540	(68.0)	1,687	(16.3)
Income / (loss) from investments - net	(206)	(157.9)	356	474.2	62	191.2	(68)	(65.9)	(41)	(120.0)	205	101.0
Distribution and selling expenses	16	6.7	15	15.4	13	(18.8)	16	(15.8)	19	(40.6)	32	100.0
Administrative expenses	332	32.3	251	0.4	250	17.9	212	6.5	199	(35.2)	307	2.7
Other operating expenses	64	137.0	27	3.8	26	(63.4)	71	(33.6)	107	(75.1)	429	0.5
Other income	61	(68.9)	196	460.0	35	(27.1)	48	(68.6)	153	47.1	104	246.7
Operating (loss) / profit before finance costs	(622)	(182.4)	755	635.5	(141)	68.2	(443)	(235.5)	327	(73.4)	1,228	(12.7)
Finance costs	252	18.3	213	(32.4)	315	(0.9)	318	20.5	264	28.8	205	(19.3)
Share of profit in equity accounted investees - net of taxation	86	(77.5)	383	121.4	173	(56.4)	397	367.1	85	(85.1)	569	64.0
(Loss) / profit before taxation	**(788)**	**(185.2)**	925	426.9	(283)	22.3	(364)	(345.9)	148	(90.7)	1,592	6.2
Taxation	140	204.5	(134)	(151.0)	263	578.2	(55)	73.7	(209)	48.4	(405)	(7.4)
(Loss) / profit for the year	**(648)**	**(181.9)**	791	4,055.0	(20)	95.2	(419)	(586.9)	(61)	(105.0)	1,187	5.8

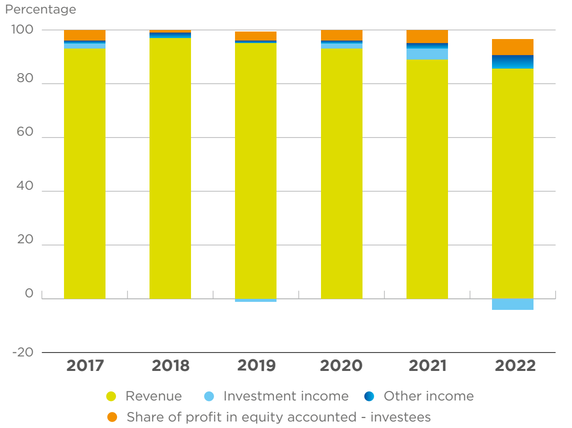
CONSOLIDATED STATEMENT OF FINANCIAL POSITION ANALYSIS (ASSETS)



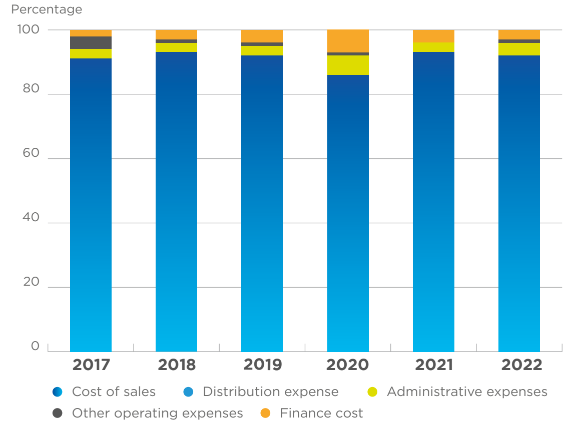
CONSOLIDATED STATEMENT OF FINANCIAL POSITION ANALYSIS (EQUITY AND LIABILITIES)



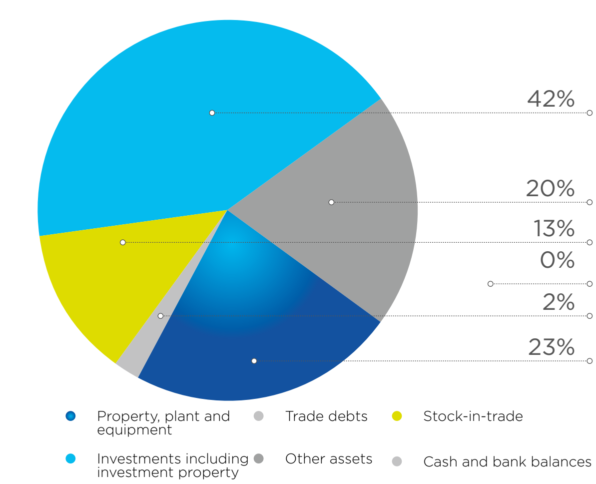
CONSOLIDATED PROFIT OR LOSS ANALYSIS (REVENUE AND INCOME)



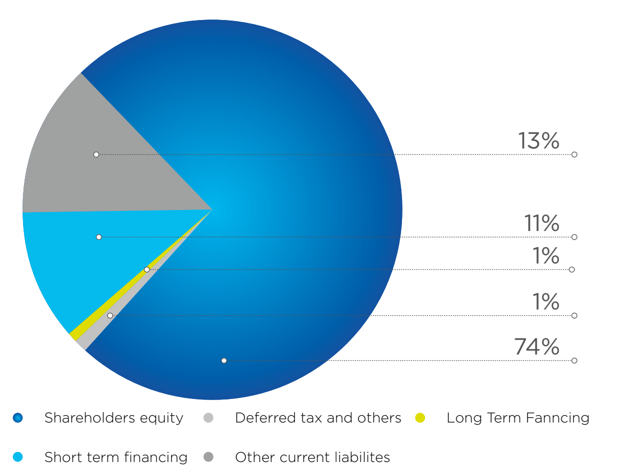
CONSOLIDATED PROFIT OR LOSS ANALYSIS (EXPENSES)



TOTAL ASSETS AS OF 30 JUNE 2022



TOTAL EQUITY AND LIABILITIES AS OF 30 JUNE 2022



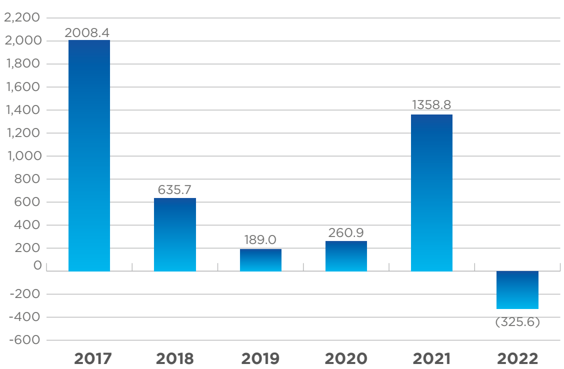
KEY OPERATING AND FINANCIAL DATA

For The Current And Past Six Financial Years

Rupees in millions	**2022**	2021	2020	2019	2018	2017	2016
A - Summary of Consolidated Profit or Loss Account							
Sales - net	7,089.9	7,259.3	3,822.2	6,853.6	9,929.8	12,285.5	7,575.4
Cost of sales	7,155.3	6,762.5	3,771.3	6,977.7	9,390.1	10,598.0	5,559.6
Gross (loss) / profit	**(65.4)**	496.8	50.9	(124.1)	539.7	1,687.5	2,015.8
(loss) / Income from investments - net	(206.4)	356.4	62.1	(68.0)	(41.1)	204.8	102.5
Distribution, selling and administrative expenses	347.6	266.4	263.3	228.2	218.2	339.5	315.2
Other operating expenses	63.5	27.3	25.9	71.2	107.3	429.3	426.8
Other income	61.5	196.3	35.4	48.0	153.3	103.7	29.8
Operating (loss) / profit before finance costs	**(621.4)**	755.8	(140.8)	(443.5)	326.4	1,227.2	1,406.1
Finance costs	251.7	213.4	315.1	317.8	264.0	204.6	253.9
Share of profit in equity accounted investees - net of taxation	85.7	383.3	173.5	396.8	85.0	569.3	347.1
(Loss) / profit before taxation	**(787.4)**	925.7	(282.4)	(364.5)	147.4	1,591.9	1,499.3
Taxation	140.1	(134.3)	262.6	(54.7)	(208.9)	(404.9)	(377.1)
(Loss) / profit for the year	**(647.3)**	791.4	(19.8)	(419.2)	(61.5)	1,187.0	1,122.2
B - Summary of Consolidated Statement of Financial Position							
Current assets	3,221.2	3,857.2	4,489.1	3,115.0	5,708.2	8,354.7	5,524.1
Stock-in-trade	1,190.1	1,236.5	2,130.7	821.4	2,268.1	3,384.8	2,531.2
Trade debts	175.2	137.1	225.8	96.4	82.3	890.8	472.1
Current liabilities	2,253.0	2,603.8	4,001.8	2,615.6	3,954.4	5,405.1	3,429.0
Trade and other payables	1,184.4	802.9	1,115.3	739.1	1,805.2	2,144.8	815.0
Unpaid dividend	-	-	-	-	-	116.4	116.0
Unclaimed dividend	25.6	25.6	26.4	26.5	21.5	21.6	23.0
Property, plant and equipment	2,217.2	2,059.7	2,275.3	2,495.0	2,596.0	2,565.4	2,467.8
Total assets	9,469.0	10,778.9	11,296.0	10,000.9	12,059.0	14,810.2	11,457.3
Long term financing (excluding current maturity)	117.1	202.2	255.2	280.2	354.2	386.1	471.4
Deferred income (including current maturity)	8.7	13.3	13.3	13.3	13.5	11.6	13.3
Deferred liabilities	73.6	-	23.7	142.1	128.7	410.3	228.5
Short term financing (including current maturity of long-term financing)	996.2	1,737.7	2,798.7	1,799.7	2,098.7	3,086.4	2,446.9
Reserves	6,248.2	7,192.1	6,231.9	6,179.8	6,837.4	7,825.0	6,542.9
Shareholders' equity	7,024.6	7,968.4	7,008.3	6,956.1	7,613.7	8,601.4	7,319.2
C - Summary of Consolidated Cash Flow Statement							
Cash and cash equivalents at the beginning of the year	(686.5)	(586.0)	(877.6)	(260.3)	(313.0)	(233.4)	(200.4)
Net cash generated from / (used in) operating activities	74.2	1,035.6	(1,399.4)	(79.9)	1,505.1	(48.8)	(2,345.1)
Net cash generated from / (used in) investing activities	858.9	80.6	429.9	402.8	154.6	(69.4)	(534.1)
Net cash (used in) / generated from financing activities	(629.5)	(1,216.7)	1,261.1	(940.2)	(1,607.0)	38.6	2,846.2
Net (decrease) / increase in cash and cash equivalents	303.6	(100.5)	291.6	(617.3)	52.7	(79.6)	(33.0)
Cash and cash equivalents at the end of the year	(382.9)	(686.5)	(586.0)	(877.6)	(260.3)	(313.0)	(233.4)
D - Other Data (Rupees in millions)							
Depreciation and amortization	210.1	219.9	228.2	235.7	224.3	211.8	161.2
Capital expenditure	94.4	67.9	10.6	145.4	261.1	320.1	606.8
No. of ordinary shares (no. of shares in millions)	77.6	77.6	77.6	77.6	77.6	77.6	77.6
Payments to National Exchequer	1,630.6	1,530.6	1,051.9	645.7	2,610.7	3,018.3	2,296.1

EARNINGS / (LOSS) BEFORE INTEREST, TAXATION, DEPRECIATION AND AMORTIZATION [EBITDA / (LBITDA)]

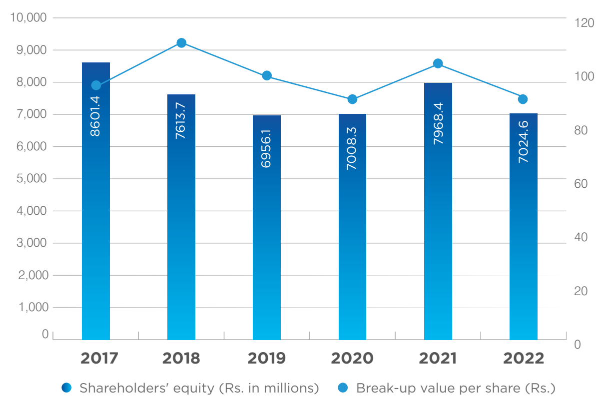
Rupees in Million



SHAREHOLDERS' EQUITY AND BREAK-UP VALUE PER SHARE

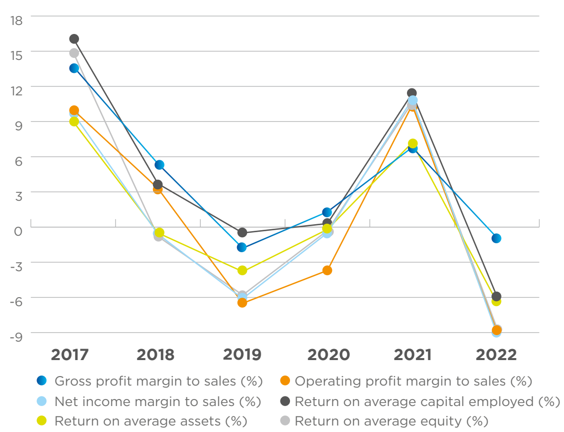
Rupees in Million

Rs. per share



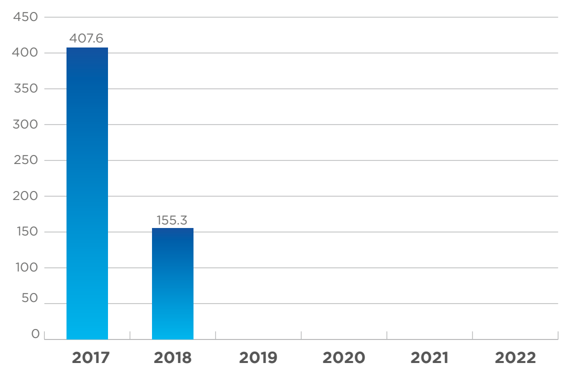
PROFITABILITY AND RETURN

Percentage



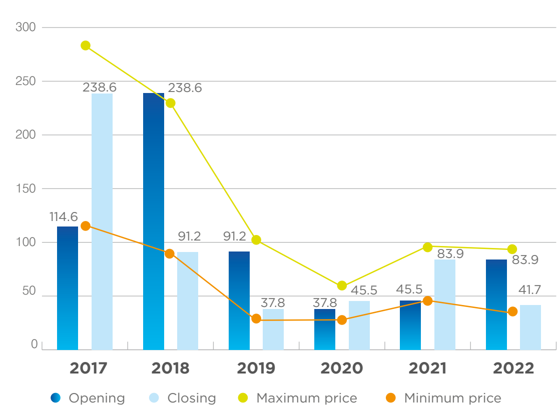
DIVIDEND (INCLUDING FINAL PROPOSED)

Rupees in Million



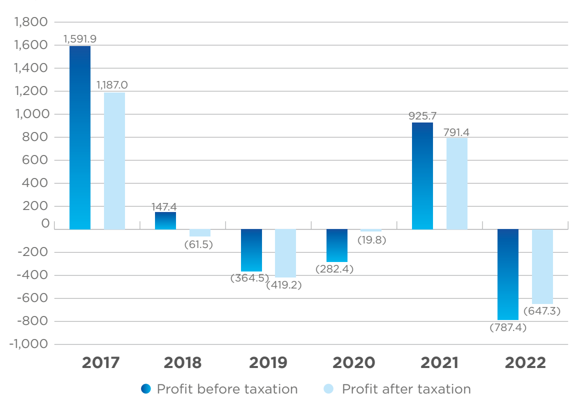
MOVEMENT IN STOCK PRICES

Price



PROFIT BEFORE AND AFTER TAXATION

Rupees in Million



OTHER PERFORMANCE INDICATORS

for the current and past financial year

	2022	2021
Production per employee		
- Steel Division (Rs. in tons per employee)	159.4	82.8
- Cotton Division (Rs. in Kgs per employee)	17,695.4	18,544.7
- CS Hadeed Division (Rs. in mtons per employee)	491.9	748.2
Plant availability (%)		
Steel division	47.7	96.3
CS Hadeed division	126.5	104.5
Cotton division	97.8	98.3
CS Energy division	106.5	100.5
Customer satisfaction index (%)	92.6	94.0

COMMENTS ON CONSOLIDATED ANALYSIS SIX YEARS

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

CONSOLIDATED PROFIT OR LOSS:

The difference between the results of unconsolidated and consolidated financial statements mainly represents unrecorded amount of share of profits from equity accounted investments and recorded amount of dividend received from equity accounted investments. Share of profit had decreased from Rs. 569 million in 2017 to Rs. 86 million in 2022, however during the financial year 2022, dividend amounting to Rs. 1,183 million was received from Altern Energy Limited (equity accounted investee) and was recorded in stand-alone financial statements as dividend income but not reflected in the consolidated profit or loss.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION:

With respect to statement of financial position, carrying amount of property plant and equipment increased by 9.3% from last year mainly due to capitalization of spiral pipe machine amounted to Rs. 240 million compensated by depreciation of Rs. 205 million during the year. The spiral pipe machine was acquired by way of Ijarah financial arrangement in year 2016.

Furthermore, investments in equity accounted investments decreased by 29.2% from Rs. 3,292 million in 2017 to Rs. 2,332 million in 2022 mainly due to receipt of dividends net off recognition of share of profits/ losses.

Total assets of the Group significantly decreased to Rs. 9,469 million in 2022 from Rs. 14,810 million in 2017 which is mainly due to reduction in stock-in-trade, trade debts, investment in equity accounted investments and other receivables.

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INDEPENDENT AUDITOR'S REPORT

To the members of Crescent Steel and Allied Products Limited

Opinion

We have audited the annexed consolidated financial statements of Crescent Steel and Allied Products Limited (the Holding Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 30 June 2022, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, 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 2022, 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
(i)	**Deferred tax asset**	
	(Refer notes 4, 6.17 and 22 to the annexed consolidated financial statements) As at 30 June 2022, included in the balance of deferred tax asset (net) are amounts of Rs. 586.168 million and Rs. 286.289 million representing deferred tax asset recognised on account of tax losses and excess of minimum tax over normal tax respectively.	Our audit procedures, amongst others, included the following: • Obtained an understanding of the management's process of preparation of forecast of tax profitability, tax liability and deferred tax calculation;

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Tel: +92 (21) 32426682-6 / 32426711-5; Fax: +92 (21) 32415007 / 32427938 / 32424740; <www.pwc.com/pk>

KARACHI LAHORE ISLAMABAD

S. No.	Key audit matters	How the matter was addressed in our audit
	Recognition of deferred tax asset on account of tax losses and minimum tax over normal tax requires management to estimate the Holding Company's future taxable income and tax liability. This process relies on the assessment of the Holding Company's profitability forecast, which in turn is based on certain assumptions. As preparing of profitability forecast and assessment of the realisability of recognised deferred tax asset requires significant management judgment, we considered this to be a key audit matter.	• Discussed with the management, the significant assumptions used in preparing the tax profitability forecast and assessed its reasonableness; • Checked the appropriateness of tax rates applied in view of the local tax legislation; • Checked mathematical accuracy of the calculations; and • Assessed whether the related disclosures made in the annexed consolidated financial statements are in accordance with the accounting and reporting standards as applicable in Pakistan.
(ii)	**Dividend received from an equity accounted investment**	
	(Refer note 19 to the consolidated financial statements) During the year dividend amounting to Rs. 1,183.399 million has been received from the Group's investment in Altern Energy Limited, an equity accounted investment in the annexed consolidated financial statements. This dividend receipt has a significant impact on the carrying value of the Group's investment in Altern Energy Limited as at 30 June 2022. This dividend receipt being the significant transaction that occurred during the year remained our focus area in the audit, hence a key audit matter.	Our audit procedures, amongst others, included the following: • Recalculated the Group's entitlement for this dividend receipt from the supporting documents. • Agreed the receipt to the bank statement; and • Assessed whether the related disclosures made in the annexed consolidated financial statements are in accordance with the accounting and reporting standards as applicable in Pakistan.

Information Other than the Consolidated and Unconsolidated Financial Statements and Auditor's Reports 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 and unconsolidated financial statements and our auditor's reports 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 the 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 the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of 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 are 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 Khurshid Hasan.

A. F. Ferguson & Co
Chartered Accountants
Karachi
Date: 5 October 2022

UDIN: AR202210160tJQ7bMVpl

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

Rupees in '000	Note	2022	2021
EQUITY AND LIABILITIES			
EQUITY			
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 reserve	8	1,050,980	1,050,164
Revenue reserves	8	5,197,264	6,141,931
		7,024,569	7,968,420
LIABILITIES			
Non-current liabilities			
Long term loans	9	50,382	127,676
Lease liabilities	10	66,759	74,570
Deferred income	11	686	4,450
Deferred liability - staff retirement benefits	46	73,562	–
		191,389	206,696
Current liabilities			
Trade and other payables	12	1,184,353	802,890
Unclaimed dividend		25,614	25,628
Mark-up accrued	13	38,824	28,723
Short term borrowings	14	861,162	1,542,306
Current portion of long term loans	9	112,785	159,038
Current portion of lease liabilities	10	22,222	36,353
Current portion of deferred income	11	8,042	8,823
		2,253,002	2,603,761
		2,444,391	2,810,457
Contingencies and commitments	15		
Total equity and liabilities		9,468,960	10,778,877

Rupees in '000	Note	2022	2021
ASSETS			
Non-current assets			
Property, plant and equipment	16	2,107,634	1,928,051
Right-of-use-assets	16	109,556	131,603
Intangible assets	17	154,101	153,255
Investment properties	18	82,789	86,540
Investment in equity accounted investees	19	2,332,187	3,429,031
Other long term investments	20	756,132	976,589
Long term deposits	21	29,100	23,521
Deferred taxation - net	22	676,230	193,045
		6,247,729	6,921,635
Current assets			
Stores, spares and loose tools	23	170,746	163,452
Stock-in-trade	24	1,190,096	1,236,529
Trade debts	25	175,214	137,073
Advances	26	68,409	42,064
Trade deposits and short term prepayments	27	28,280	292,863
Short term investments	28	779,945	521,641
Other receivables	29	111,934	345,422
Taxation - net	30	689,800	1,113,985
Cash and bank balances	31	6,807	4,213
		3,221,231	3,857,242
Total assets		9,468,960	10,778,877

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

Chief Executive

Director

Chief Financial Officer

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2022

Rupees in '000	Note	2022	2021
Sales	32	8,300,430	8,494,799
Less: Sales tax		1,210,522	1,235,543
		7,089,908	7,259,256
Cost of sales	33	7,155,205	6,762,523
Gross (loss) / profit		(65,297)	496,733
(Loss) / income from investments - net	34	(206,436)	356,380
		(271,733)	853,113
Distribution and selling expenses	35	15,553	14,980
Administrative expenses	36	332,038	251,410
Other operating expenses	37	63,502	27,447
		411,093	293,837
		(682,826)	559,276
Other income	38	61,451	196,328
Operating (loss) / profit before finance costs		(621,375)	755,604
Finance costs	39	251,742	213,407
Share of profit in equity accounted investees - net of taxation	40	85,739	383,348
(Loss) / profit before taxation		(787,378)	925,545
Taxation	41	140,089	(134,324)
(Loss) / profit for the year		(647,289)	791,221
Other comprehensive (loss) / income			
Items that may be reclassified subsequently to profit or loss			
Proportionate share of other comprehensive income / (loss) of equity accounted investee		816	(41,458)
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) - net of tax		(63,330)	43,291
(Loss) / gain on remeasurement of staff retirement benefit plans - net of tax		(234,048)	167,103
Other comprehensive (loss) / income for the year		(296,562)	168,936
Total comprehensive (loss) / income for the year		(943,851)	960,157
		(Rupees)	
Basic and diluted (loss) / earnings per share	42	(8.34)	10.19

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

Chief Executive

Director

Chief Financial Officer

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2022

Rupees in '000	Note	**2022**	2021
Cash flows from operating activities			
Cash generated from operations	43	144,556	1,232,504
Tax refund received		185,021	47,096
Finance costs paid		(221,397)	(229,560)
Contribution to gratuity and pension funds		(26,033)	(23,450)
Contribution to Workers' Profit Participation Fund		(11,003)	(12,700)
Long term deposits - net		3,082	21,669
Net cash generated from operating activities		74,226	1,035,559
Cash flows from investing activities			
Capital expenditure		(91,637)	(59,376)
Acquisition of intangible assets		(2,825)	(8,463)
Proceeds from disposal of operating fixed assets			
and investment property		15,026	177,328
Investments - net		(317,438)	(66,790)
Dividend income received		1,252,132	37,329
Interest income received		3,623	532
Net cash generated from investing activities		858,881	80,560
Cash flows from financing activities			
(Repayment of) / proceeds from long term loans - net	43.1	(129,460)	56,105
Payments against finance lease obligations - net	43.1	(44,895)	(30,387)
Repayment of from short term loans obtained - net	43.1	(455,125)	(1,241,602)
Dividends paid	43.1	(14)	(815)
Net cash used in from financing activities	43.1	(629,494)	(1,216,699)
Net increase / (decrease) in cash and cash equivalents		303,613	(100,580)
Cash and cash equivalents at beginning of the year		(686,652)	(586,072)
Cash and cash equivalents at end of the year	44	(383,039)	(686,652)

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

Chief Executive

Director

Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2022

Rupees in '000	Issued, subscribed and paid-up capital	Capital reserves: Share premium	Capital reserves: Others*	Total capital reserves	Revenue reserves: Fair value reserve	Revenue reserves: General reserve	Revenue reserves: Unappropriated profit / (loss)	Total revenue reserves	Total
Balance as at 1 July 2020	776,325	1,020,908	70,714	1,091,622	28,772	3,642,000	1,469,544	5,140,316	7,008,263
Total comprehensive income for the year ended 30 June 2021									
Profit for the year	-	-	-	-	-	-	791,221	791,221	791,221
Other comprehensive (loss) / income for the year	-	-	(41,458)	(41,458)	43,291	-	167,103	210,394	168,936
Total comprehensive income for the year	-	-	(41,458)	(41,458)	43,291	-	958,324	1,001,615	960,157
Balance as at 30 June 2021	776,325	1,020,908	29,256	1,050,164	72,063	3,642,000	2,427,868	6,141,931	7,968,420
Total comprehensive loss for the year ended 30 June 2022									
Loss for the year	-	-	-	-	-	-	(647,289)	(647,289)	(647,289)
Other comprehensive income / (loss) for the year	-	-	816	816	(63,330)	-	(234,048)	(297,378)	(296,562)
Total comprehensive loss for the year	-	-	816	816	(63,330)	-	(881,337)	(944,667)	(943,851)
Balance as at 30 June 2022	776,325	1,020,908	30,072	1,050,980	8,733	3,642,000	1,546,531	5,197,264	7,024,569

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

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

Chief Executive | Director | Chief Financial Officer

1. THE GROUP AND ITS OPERATIONS

The Group consists of Crescent Steel and Allied Products Limited ('the Holding Company') and its wholly owned subsidiary companies namely; CS Capital (Private) Limited, Solution de Energy (Private) Limited and Crescent Continental Gas Pipelines Limited.

1.1 Crescent Steel and Allied Products Limited ('the Holding Company')

1.1.1 The Holding Company was incorporated on 1 August 1983 as a public limited company in Pakistan under the repealed Companies Act, 1913 (now Companies Act, 2017) and is quoted on the Pakistan Stock Exchange. The registered offices of the Holding Company and its subsidiary companies are located at E-floor, IT Tower, 73-E/1, Hali Road, Gulberg-III, Lahore, whereas their principal offices are situated at 9th floor Sidco Avenue Centre 264 R. A. Lines, Karachi.

1.1.2 The Holding Company's steel segment is manufacturing large diameter spiral arc welded steel line pipes at 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 Dalowal, District Faisalabad, Punjab.

1.1.3 The Holding Company is running cotton spinning unit at Jaranwala, District Faisalabad, Punjab. 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.

1.1.4 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.

1.1.5 The Holding Company's Hadeed (Billet) Segment is to cater to the growing demand of steel products and is in line with the Company's vision to organically expand in the steel long products business. The billets manufactured are used by re-rolling mills to manufacture bars and other steel long products for use in the construction and engineering sectors. The plant of the Holding Company located at Bhone, District Jhang, Punjab.

1.1.6 The Holding 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 Pakistan Electric Power Company (PEPCO) / Distribution Companies (DISCOs) under an agreement with the Government of Pakistan or to any other consumer as permitted. The generation plant use bagasse in the combustion process to produce power and processed steam. The plant of the Holding Company is located at Bhone, district Jhang, Punjab.

1.2 CS Capital (Private) Limited

CS Capital (Private) Limited was incorporated on 5 November 2010 as a private limited company in Pakistan under the repealed Companies Ordinance, 1984 (now the Companies Act 2017) 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.

1.3 Solution de Energy (Private) Limited

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 (the agreement) between executed on 8 October 2013 between

Management de Consortium Capital (MdeCC), a partnership concern and the Holding Company. During the year ended 30 June 2019, the Agreement was dissolved and the Holding Company and MdeCC entered into a management contract, whereby MdeCC is responsible for managing the project.

The head office of this Subsidiary Company is located at principal office of the Holding Company. The principal activity of this Subsidiary Company is to build, own, operate and maintain 100 MW 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 had been granted Letter of Interest (LOI) by the Punjab Power Development Board (PPDB) on 10 February 2014. Further, the Subsidiary Company has been allocated land from PPDB and the interconnectivity study report was vetted and approved by National Transmission & Despatch Company (NTDC) during the year ended 30 June 2018. Further, the Subsidiary Company has been granted electricity generation license from National Electric Power Regulatory Authority (NEPRA) for its 100 MW Solar Power Plant on 29 April 2020. During the year ended 30 June 2021, the Subsidiary Company has submitted the tariff petition to NEPRA on 22 July 2020.

1.4 Crescent Continental Gas Pipelines Limited

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

2. SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS DURING THE YEAR

The Group's net sales aggregated to Rs. 7.089 billion (2021: Rs. 7.259 billion), out of which 19.6 percent was generated from Steel division, 38 percent from Cotton division and rest 42.4 percent i.e. Rs. 3.003 billion were from other divisions.

Steel division net sales for 2022 amounted to Rs. 1.392 billion (2021: Rs. 2.740 billion), which pertains mainly to sale of bare pipe orders from Sui Southern Gas Company Limited (SSGCL).

Cotton division net sales for 2022 amounted to Rs. 2.695 billion (2021: Rs. 2 billion).

During the year, KSE-100 index benchmark decreased by 13.1 percent closing at 41,541 points. During the year, dividend amounting to Rs. 1.183 billion has been received from the Group's investment in Altern Energy Limited, an equity accounted investment in the annexed consolidated financial statements. This dividend receipt has a significant impact on the carrying value of the Group's investment in Altern Energy Limited as at 30 June 2022.

During the year, the Holding Company has subscribed for right shares offered by CS Capital (Private) Limited (100% subsidiary) amounting to Rs. 30 million divided into 3,000,000 ordinary shares of Rs. 10 each at par.

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 and Solution de Energy (Private) Limited for the year ended 30 June 2022. 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 19 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) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFASs) issued by Institute of Chartered Accountants of Pakistan (ICAP) 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 otherwise stated.

3.4 Functional and presentation currency

These consolidated financial statements are presented in Pakistan Rupees which is also the Group's functional and presentation currency. Amounts have been rounded to the nearest thousand of Pakistan Rupees.

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 recognized 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 recognized in these 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 6.2)
- Intangible assets (refer note 6.3)
- Investment property (refer note 6.4)
- Investments (refer notes 6.5.2 and 6.6)

- Stores, spares and loose tools and stock-in-trade (refer notes 6.8 and 6.9)
- Employees benefits (refer note 6.12)
- Leases (refer note 6.14)
- Taxation (refer note 6.17)
- Provisions (refer note 6.21)
- Impairment (refer notes 6.2, 6.3, 6.4, 6.5.2 and 6.22)
- Contingencies (refer note 6.27)

5. NEW STANDARDS, AMENDMENTS TO ACCOUNTING AND REPORTING STANDARDS AND NEW INTERPRETATIONS

5.1 Amendments to accounting and reporting standards and interpretations which are effective during the year:

There were certain amendments to the accounting and reporting standards which became mandatory for the Group during the year. However, the amendments did not have any significant impact on the financial reporting of the Group and, therefore, have not been disclosed in these consolidated financial statements.

5.2 Amendments to published accounting and reporting standards that are not yet effective:

There are certain amendments to the accounting and reporting standards that will be mandatory for the Group's annual accounting periods beginning on or after 1 July 2022. However, these amendments will not have any significant impact on the financial reporting of the Group and, therefore, have not been disclosed in these consolidated financial statements.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these consolidated financial statements are the same as those applied in earlier periods presented.

6.1 Basis of consolidation

Subsidiaries

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

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

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

Investments in associates

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

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. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognized in previous years.

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.

6.2 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 expenditure

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 the consolidated profit or loss on a straight line basis at the rates specified in note 16.1 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.

Right-of-use assets

The Right of use assets is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The ROUA is adjusted for certain remeasurements of the lease liability.

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

Capital work in progress

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

Impairment

The carrying amount of property, plant and equipment is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the assets recoverable amount is estimated. The recoverable amount is the greater of its value in use and fair value less cost to sell. An impairment is recognized if the carrying amount exceeds its estimated recoverable amount.

6.3 Intangible assets

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

Subsequent expenditure

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

Amortization

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

Research and development expenditures

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in consolidated profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalized includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use and capitalized borrowing costs. Other development expenditure is recognized in consolidated profit or loss as incurred. Capitalized development expenditure is stated at cost less accumulated amortization and accumulated impairment loss, if any. However, during the year expenses incurred in respect of the project have been capitalized (Refer note 17).

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.

6.4 Investment properties

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 consolidated profit or loss 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 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.

6.5 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.

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 assets

Classification

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

- Amortized cost;
- Fair value through other comprehensive income (FVOCI) - Debt investment;
- Fair value through other comprehensive income (FVOCI) - Equity investment; or
- Fair value through profit and loss (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 other comprehensive income. 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 as 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 recognized in consolidated profit or loss. Any gain or loss on derecognition is recognized 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 recognized in consolidated profit or loss. Other net gains and losses are recognized 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 recognized in consolidated profit or loss. Net gains and losses (unrealised and realised), including any interest or dividend income, are recognized 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 recognized 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 consolidated statement of financial position. The resultant gains and losses from derivatives held for trading purposes are recognized in consolidated profit or loss. No derivative is designated as hedging instrument by the Group.

6.5.3 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 derecognizes 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 derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized 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.

6.6 Investment in commodities

Investment in commodities is initially recognized 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 recognized in consolidated profit or loss.

6.7 Non-current assets held for sale

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

6.8 Stores, spares and loose tools

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

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

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

6.9 Stock-in-trade

Stock-in-trade is stated at the lower of cost less impairment loss, if any and net realizable value. Cost is arrived at on a weighted average basis. 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.

6.10 Trade debts and other receivables

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

6.11 Cash and cash equivalents

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

6.12 Employee benefits

6.12.1 Compensated absences

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

6.12.2 Post retirement benefits

6.12.2.1 Defined contribution plan - Provident fund

The Holding Company operates a provident fund scheme for its permanent employees. Equal monthly contributions are made by the 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.

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 consolidated statement of 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.

6.12.3 Staff benevolent fund

The Holding Company has established staff benevolent fund as a separate legal entity under the Trust Act, 1882 and registered under Income Tax Ordinance, 2001. The objective of this 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. Contributions to the fund are recognized as an expense in the consolidated statement of profit or loss when they are incurred.

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

Lease are recognized as Right-of-use (RoU) asset and a lease liability at the lease commencement date except for short term or low value leases.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

For sale and lease back if the Group has obtained control of the underlying asset and the transfer is classified as a sale in accordance with IFRS 15 and measures a right-of-use asset arising from the leaseback as the proportion of the previous carrying amount of the asset that relates to the right-of-use retained. The gain (or loss) recognized is limited to the proportion of the total gain (or loss) that relates to the rights transferred.

If the consideration for the sale is not equal to the fair value of the asset, any resulting difference represents either a prepayment of lease payments (if the purchase price is below market terms) or an additional financing (if the purchase price is above market terms).

If the transfer is not a sale (that is, the Group does not obtain control of the asset in accordance with IFRS 15), it does not derecognize the transferred asset and accounts for the cash received as a financial liability.

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" as issued by Institute of Chartered Accountants of Pakistan (ICAP). The assets are not recognized on the Holding Company's statement of financial position 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 Government grants

Government grants are transfers of resources to an entity by a government entity in return for compliance with certain past or future conditions related to the entity's operating activities. The definition of "Government" refers to Governments, Government agencies and similar bodies, whether local, national or international.

The Group recognizes government grants when there is reasonable assurance that grants will be received and the Group will be able to comply with conditions associated with grants.

Government grants are recognized at fair value, as deferred income, when there is reasonable assurance that the grants will be received and the Group will be able to comply with the conditions associated with the grants.

Grants that compensate the Group for expenses incurred, are recognized on a systematic basis in the income for the year in which the related expenses are recognized. Grants that compensate for the cost of an asset are recognized in income on a systematic basis over the expected useful life of the related asset.

A loan is initially recognized and subsequently measured in accordance with IFRS 9. IFRS 9 requires loans at below-market rates to be initially measured at their fair value - e.g. the present value of the expected future cash flows discounted at a market-related interest rate. The benefit that is the Government grant is measured as the difference between the fair value of the loan on initial recognition and the amount received, which is accounted for according to the nature of the grant.

6.17 Taxation

Group taxation

The Holding company has opted for Group taxation under section 59AA of the Income Tax Ordinance, 2001 along with its subsidiary CS Capital (Private) Limited. Both 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 recognized 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 recognized in the Holding Company and the amounts paid to or receivable from the Holding 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.

6.18 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, cotton and electricity products which generally include single performance obligation. Management has concluded that revenue from sale of goods be recognized 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 recognized 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 recognized 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 consolidated statement of 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 statement of 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 statement of 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 statement of 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 consolidated profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the Consolidated profit or loss attributable to ordinary shareholder's of Holding Company and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

6.27 Contingencies

Contingencies are disclosed when Group has possible obligation that arises from past event and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of entity, or a present obligation that arises from past event but is not recognized because it is not probable that an outflow of resourses embodying economic benefit will be required to settle the obligation or, when amount of obligation cannot be measured with sufficient reliability.

7. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2022	2021		**2022**	2021
Number of shares			Rupees in '000	
37,756,686	37,756,686	Ordinary shares of Rs. 10 each fully paid in cash	377,567	377,567
39,875,805	39,875,805	Ordinary shares of Rs. 10 each issued as bonus shares	398,758	398,758
77,632,491	77,632,491		776,325	776,325

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

	2022		2021	
	Percentage of holding	Number of shares	Percentage of holding	Number of shares
Crescent Steel and Allied Products Limited - Gratuity Fund	2.48%	1,921,832	2.48%	1,921,832
Crescent Steel and Allied Products Limited - Pension Fund	5.20%	4,038,578	5.20%	4,037,680
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
Premier Insurance Limited	0.18%	141,500	0.18%	141,500
The Cresent Textile Mills Limited	11.00%	8,538,303	11.00%	8,538,303
Shakarganj Limited	0.23%	180,000	0.23%	180,000
Suraj Cotton Mills Limited	1.57%	1,222,000	1.57%	1,222,000

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

8. RESERVES

8.1 Capital Reserve

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;
- in providing for the premium payable on the redemption of any redeemable preference shares of the Holding Company; and
- to issue bonus shares to its members.

8.2 Revenue Reserves

Fair value reserve

This reserve has been maintained by the Holding Company for the purposes of cumulative changes in fair value in investments classified as FVOCI.

General reserve

The balance in general reserve has been accumulated by way of transfer from unappropriated profit on a yearly basis.

Rupees in '000	Note	2022	2021
9. LONG TERM LOANS			
Secured - Under non-shariah arrangement			
Allied Bank Limited	9.1	72,350	158,608
Habib Metropolitan Bank Limited	9.2 & 9.4	55,945	107,680
JS Bank Limited	9.3 & 9.4	34,872	20,426
		163,167	286,714
Less: Current portion shown under current liabilities		112,785	159,038
		50,382	127,676

9.1 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. 13.908 million (2021: 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; however, due to COVID-19 the bank has allowed one year more grace period, repayable in 12 equal quarterly installments starting after twelve months from the date of disbursement. During the year, the Holding Company has made repayment of Rs. 72.350 million (2021: Rs. 18.088 million). Mark-up is payable at the rate of 3 months KIBOR plus 1.5% per annum.

During the year ended 30 June 2022, mark-up on such arrangements was ranged between 8.88% to 9.86% (2021: 8.19% to 10.04%). These facilities are secured against first joint pari passu hypothecation / equitable mortgage on plant, machinery and property of the Holding Company.

9.2 During the year ended 30 June 2020, the Holding Company entered into new loan arrangement with Habib Metropolitan Bank Limited under the State Bank of Pakistan's (SBP) "Refinance Scheme for Payment of Wages & Salaries to the Workers and Employees of Business Concern". The Holding Company has obtained the said loan at subsidized rate in six tranches, one tranche in May 2020, one tranche in June 2020, one tranche in July 2020, two tranches in September 2020 and one tranche in October 2020. The term of the loan is 2.5 years from the date of disbursement with a grace period of 6 months, repayable in 8 equal quarterly installments starting from March 2021. Mark-up is payable at the concessional rate of 2.5% per annum.

The effective interest on such arrangement ranged from 8.68% to 10.16% per annum (2021: 8.68% to 10.16% per annum).

9.3 During the year ended 30 June 2021, the Holding Company entered into a loan arrangement with JS Bank Limited in which three tranches; two tranches in March 2021 and one tranche in April 2021 were disbursed. During the year, 2 tranches were received, one in July 2021 and one in December 2021. The tranches received in March 2021 were converted into the State Bank of Pakistan's (SBP) "SBP Financing Scheme for Renewable Energy" in the month of April 2021, remaining all tranches were converted during the year. The term of the loan is 10 years from the date of disbursement with a grace period of 3 months, repayable in monthly installments starting from June 2021. Mark-up is payable at the rate of 1 month KIBOR plus 1% per annum till approval of refinance from the SBP and after approval form the SBP, mark-up is payable at the concessional rate of 6% per annum.

The effective interest on such arrangement was 8.49% (2021: 8.49%) per annum.

9.4 The benefit of subsidized loans under 9.2 and 9.3 has been recognized as deferred income under note 11.

10. LEASE LIABILITIES

	Minimum lease payments		Future finance costs		Present value of minimum lease payments	
Rupees in '000	**2022**	2021	**2022**	2021	**2022**	2021
Not later than one year	26,189	44,608	3,967	8,255	22,222	36,353
Later than one year and not later than five years	73,517	84,167	6,758	9,597	66,759	74,570
	99,706	128,775	10,725	17,852	88,981	110,923
Less: Current portion shown under current liabilities					22,222	36,353
					66,759	74,570

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 arrangments is from three to five years (2021: three to five years) and the liability is payable by the month ranging from six to sixty months (2021: six to sixty months). The periodic lease payments include built-in rates of mark-up ranging between 11.51% to 18.87% (2021: 6.16% to 17.60%) per annum. Included in the gross present value of minimum lease payments, is a sum aggregating Rs. 71.715 million (2021: Rs. 98.342 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.

Rupees in '000	Note	**2022**	2021
11. DEFERRED INCOME			
Opening balance		13,273	13,268
Addition during the year:			
- related to government grant (concessional rate loans)		4,436	9,071
Income recognized during the year	38	(8,981)	(9,066)
		8,728	13,273
Less: Current portion shown under current liabilities		(8,042)	(8,823)
Closing balance		686	4,450

Rupees in '000	Note	2022	2021
12. TRADE AND OTHER PAYABLES			
Trade creditors		116,917	135,275
Bills payable		288,726	–
Commission payable		1,922	2,250
Accrued liabilities	12.1	405,949	323,729
Advances from customers	12.2	23,705	24,787
Infrastructure fee, sales tax and damages	12.3	272,530	253,264
Due to related parties	12.4	9,739	1,133
Payable to provident fund		2,313	2,199
Contribution payable to staff retirement benefit funds		2,296	2,057
Retention money		111	111
Sales tax payable		–	9,039
Withholding tax payable		1,738	2,974
Workers' Profit Participation Fund	12.5	2,395	2,904
Workers' Welfare Fund		6,944	6,944
Others	12.6	49,068	36,224
		1,184,353	802,890
12.1 Accrued liabilities			
Salaries, wages and other benefits		34,602	9,434
Accrual for 10-C bonus		4,179	6,222
Compensated absences		16,882	14,404
Liquidated damages	12.1.1	183,198	159,941
Others	12.1.2	167,088	133,728
		405,949	323,729

12.1.1 These pertains to accruals on account of liquidated damages claimed by customers on delayed supply of bare pipes and coated pipes. The Holding Company is in process of negotiating this matter and expects that this matter may be resolved. However, on prudent basis full accrual has been recognized.

12.1.2 This includes liability against Gas Infrastructure Development Cess of Rs. 29.451 million (2021: Rs. 29.451 million).

12.3 Movement in infrastructure fee, sales tax and damages

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 2021	204,601	3,242	45,421	253,264
Accrual for the year	19,266	-	-	19,266
Closing balance as at 30 June 2022	223,867	3,242	45,421	272,530

12.3.1 This relates to amount recognized on account of infrastructure fee / cess levied by the Government of Sindh (GoS) through Sindh Finance Act, 1994, and its subsequent versions including the Sindh Development and Maintenance of Infrastructure Cess Act, 2017 (the Act). The Act validates the fees / cess levied through the earlier versions of the law and continues the levy.

The Holding Company contested this issue of levy and charging of fee/cess in the Sindh High Court (SHC) where the appeal was partly accepted and it was held in judgment dated 15 September 2008 that the levy and collection of infrastructure fee prior to 28 December 2006 was illegal and ultra vires and after that it is legal. The Holding Company filed an appeal in the Supreme Court of Pakistan (SCP) against this judgment. Additionally, the GoS also filed appeal against the part of judgment 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 (a new version) came into existence which was not subject matter in the appeal. Therefore, the decision thereon be first obtained from the SHC before approaching the SCP with the right to appeal. Accordingly, a petition was filed in the SHC in respect of the above view. During the pendency of the appeal, an interim arrangement was agreed whereby bank guarantee furnished for consignments cleared up to 27 December 2006 were returned. Bank guarantees were furnished for 50% of the levy on the consignments released subsequent to 28 December 2006 while payment was made against the balance 50% amount.

After promulgation of the Act, 2017, the Holding Company instituted legal proceedings against the levy in the SHC, where interim stay was granted on similar terms of payment of 50% of the amount of cess to the GoS and on furnishing of bank guarantees for remaining 50%. Under the arrangement if the Holding Company succeeded in the petition, GoS would refund the amount subject to their right to appeal before SCP.

The petitions pending against all the versions of this law have been decided by the SHC by a consolidated judgment dated 4 June 2021 whereby the SHC has declared that the first four versions of the law upto the Sindh Finance (Second Amendment) Ordinance, 2001, were illegal and ultra vires as also held in the 2008 judgement of the SHC, to the extent of the petitioners who had litigated and were appellants in the earlier round for whom the applicability has attained finality and is a past and closed transaction. The 2021 judgement has validated the recovery of cess / fee effective from 28 December 2006, through the subsequent versions of the law.

The Holding Company has filed an appeal in the SCP which has allowed stay conditional on settlement of due levy during the interim period through bank guarantees equivalent to the amount of levy. However, the management has decided to continue the previous practice of providing 50% guarantees and 50% payment after consultation with legal counsel.

Till 30 June 2022, the Holding Company has provided bank guarantees amounting to Rs. 183.04 million (2021: Rs. 166.54 million) in favour of Excise and Taxation Department, GoS.

Amount charged for the year 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 consolidated statement of profit or loss. On a prudent basis, full provision has been recognized in this respect in these consolidated financial statements.

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 on delayed supply of bare pipes and coated pipes. On a prudent basis full provision has been recognized.

Rupees in '000	Note	2022	2021
12.4 Due to related parties			
Premier Insurance Company Limited		454	353
CSAP - Staff Benevolent Fund		2	2
Shakarganj Food Products Limited		-	778
Shakarganj Limited		9,283	-
		9,739	1,133
12.5 Workers' Profit Participation Fund			
Opening balance		2,904	2,061
Allocation for the year	37	10,494	13,543
		13,398	15,604
Amount paid to the trustees of the fund		(11,003)	(12,700)
Closing balance		2,395	2,904

12.6 This includes security deposits repayable / adjustable upon termination or completion of Group's agreement with tenants. As the requirements of section 217 of the Companies Act, 2017, these have been utilized for Group's business purposes as mutually agreed in accordance with the requirements.

13. MARK-UP ACCRUED

Rupees in '000	Note	2022	2021
Mark-up accrued on :			
- Lease obligations		-	135
- Long term loans		3,385	4,409
- Running finance and short term loans	13.1	35,439	24,179
		38,824	28,723

13.1 This includes mark-up accrued amounting to Rs. 13.484 million (2021: Rs. 9.153 million) on shariah based finance arrangement.

14. SHORT TERM BORROWINGS

Rupees in '000	Note	2022	2021
Secured from banking companies			
Running finances under mark-up arrangements	14.1	464,846	690,865
Short term loans	14.2 &14.4	396,316	851,441
		861,162	1,542,306

14.1 Running finance facility / money market facilities are available from conventional side of various commercial banks under mark-up arrangements amounted to Rs. 1,350 million (2021: Rs. 1,300 million) out of which Rs. 300 million (2021: Rs. 300 million), Rs. 100 million (2021: Rs. 150 million) and Rs. 300 million (2021: Rs. 300 million) 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 8.31% to 16.31% (2021: 8.12% to 10.54%) per annum.

14.2 Short term loans financing available from various commercial banks under mark-up arrangements amounted to Rs. 3,950 million (2021: Rs. 3,850 million) out of which Rs. 3,150 million (2021: Rs. 3,150 million), Rs. 350 million (2021: Rs. 305 million) and Rs. 205 million (2021: Rs. 350 million) is interchangeable with letters of credit, letter of guarantee and short term running finance facilities respectively. During the year, mark-up on such arrangements ranged between 8.31% to 16.31% (2021: 8.12% to 10.54%) per annum.

14.3 The facilities for opening letters of credit amounted to Rs. 4,750 million (2021: Rs. 4,750 million) out of which Rs. 300 million (2021: Rs. 300 million), Rs. 3,150 million (2021: Rs. 3,150 million) and Rs. 205 million (2021: Rs. 305 million) are interchangeable with short term running finance, short term loans and letter of guarantee facility respectively as mentioned in notes 14.1 and 14.2 above. The facility for letters of guarantee as at 30 June 2022 amounted to Rs. 2,042.9 million (2021: Rs. 1,859 million). Amounts unutilized for letters of credit and guarantees as at 30 June 2022 were Rs. 4,507.62 million and Rs. 470.032 million (2021: Rs. 3,884.903 million and Rs. 329.442 million), respectively.

14.4 This includes an amount of Rs. 396.316 million (2021: Rs. 424.181 million) outstanding against Islamic mode of financing. The Holding company is currently availing Islamic mode of financing from the Al Baraka Bank Limited, Dubai Islamic Bank Limited and Bank Islami Pakistan Limited. Facilities availed during the year includes letter of credit, bank guarantees, Wakala, Murabaha, Istisna and Ijarah financing.

14.5 The above facilities are expiring on various dates with maturity period upto 31 March 2023. These facilities 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 (refer note 28.2.2), and lien over import / export documents.

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 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.

15.1.2 During 2015-2016, a show cause notice was received from Sindh Revenue Board (SRB) 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 SHC against the SRB and GoS in which SHC granted interim relief to the Holding Company.

Subsequently, the writ was decided in light of SCP's orders in similar writs where SCP 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 SHC in a civil suit as well as at the Appellate forums of the tax authority, where the cases are pending adjudication.

No provision has been recognized in these 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.

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 Holding Company has challenged the cancellation and filed a suit in the SHC. The SHC 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 in these consolidated financial statements.

15.2 Commitments

15.2.1 During 2015-2016, the Holding Company entered into Ijarah financing arrangement amounting to Rs. 600 million with Bank Islami Pakistan Limited (BIPL) for acquisition of Spiral Pipe (SP) machine. As per requirement of IFAS-2 Ijarah financing has been treated as an operating lease. During the year ended 30 June 2020, BIPL deferred the principal payments of rentals for one year as per the directives issued by State Bank of Pakistan vide its circular no. 12 dated 26 March 2020 which ended during the month of March 2021.

As at 30 June 2022, amount of lease rental outstanding under the agreement are Rs. Nil (2021: Rs. 87.985 million), which is payable in average quarterly installments of Rs. Nil (2021: Rs. 22.867 million) each.

Details of future Ijarah payment under the arrangement are as follows:

Rupees in '000	**2022**	2021
Not later than one year	–	327,985
Security deposit under arrangement	–	(240,000)
	–	87,985

15.2.2 Aggregate amount of guarantees issued by conventional side of banks on behalf of the Group against various contracts aggregated to Rs. 1,572.868 million (2021: Rs. 1,528.009 million). This includes guarantee issued by Islamic banks amounting to Rs. 214.58 million (2021: Rs. 219.58 million).

15.2.3 Commitments in respect of capital expenditure contracted for by the Group as at 30 June 2022 amounted to Rs. 14.619 million (2021: Rs. 8.455 million).

15.2.4 Commitments under letters of credit as at 30 June 2022 amounted to Rs. 242.385 million (2021: Rs. 865 million).

Rupees in '000	Note	**2022**	2021
16. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	16.1	1,922,295	1,810,826
Capital work-in-progress	16.4	185,339	117,225
		2,107,634	1,928,051
Right-of-use-assets	16.1	109,556	131,603
		2,217,190	2,059,654

16.1 Operating fixed assets and right-of-use assets

Description		Land		Buildings		Office	Plant	Electrical/	Furniture	Computers	Motor	Total	Right-of-use assets			Total
		Freehold	Leasehold including improvements	On freehold land	On leasehold land	premises	and machinery owned*	office equipment and installation	and fittings		vehicles owned	operating fixed assets	Plant and machinery	Motor vehicles	Total right-of-use assets	
Rupees in '000	Note															
Net book value as at 30 June 2022																
Balance as at 01 July 2021 (NBV)		249,226	34,255	400,236	5,946	4,406	1,067,689	7,158	9,638	7,995	24,277	1,810,826	102,133	29,470	131,603	1,942,429
Additions / transfers		-	-	-	-	-	240,920	1,639	390	4,133	55,555	302,637	7,359	6,074	13,433	316,070
Disposals (at NBV)	16.5 & 16.1.1	-	-	-	-	-	(6,100)	(1,239)	-	(69)	(4,416)	(11,824)	-	(10,490)	(10,490)	(22,314)
Depreciation charge	16.1.2	-	(1,686)	(25,203)	(2,933)	(900)	(128,470)	(3,797)	(1,889)	(3,678)	(10,788)	(179,344)	(18,238)	(6,752)	(24,990)	(204,334)
Balance as at 30 June 2022 (NBV)		249,226	32,569	375,033	3,013	3,506	1,174,039	3,761	8,139	8,381	64,628	1,922,295	91,254	18,302	109,556	2,031,851
Gross carrying value as at 30 June 2022																
Cost	16.2	249,226	43,065	663,290	96,545	27,481	3,000,352	72,162	35,384	70,997	119,794	4,378,296	182,136	68,621	250,757	4,629,053
Accumulated depreciation		-	(10,496)	(288,257)	(93,532)	(23,975)	(1,826,313)	(68,401)	(27,245)	(62,616)	(55,166)	(2,456,001)	(90,882)	(50,319)	(141,201)	(2,597,202)
Net book value		249,226	32,569	375,033	3,013	3,506	1,174,039	3,761	8,139	8,381	64,628	1,922,295	91,254	18,302	109,556	2,031,851
Net book value as at 30 June 2021																
Balance as at 01 July 2020 (NBV)		307,723	35,940	426,931	7,390	5,306	1,179,763	12,743	11,631	992	26,794	2,015,213	144,765	23,835	168,600	2,183,813
Additions / transfers		-	-	-	-	-	31,217	759	-	8,747	22,436	63,159	6,317	15,864	22,181	85,340
Disposals (at NBV)		-	-	-	-	-	(6,827)	-	-	(62)	(16,489)	(23,378)	(28,819)	(428)	(29,247)	(52,625)
Depreciation charge		-	(1,685)	(26,695)	(1,444)	(900)	(136,464)	(6,344)	(1,993)	(1,682)	(8,464)	(185,671)	(20,130)	(9,801)	(29,931)	(215,602)
Transfers to investment property		(58,497)	-	-	-	-	-	-	-	-	-	(58,497)	-	-	-	(58,497)
Balance as at 30 June 2021 (NBV)		249,226	34,255	400,236	5,946	4,406	1,067,689	7,158	9,638	7,995	24,277	1,810,826	102,133	29,470	131,603	1,942,429
Gross carrying value as at 30 June 2021																
Cost	16.2	249,226	43,066	663,289	96,545	27,481	2,772,070	74,041	34,993	67,236	75,547	4,103,494	174,776	73,037	247,813	4,351,307
Accumulated depreciation		-	(8,811)	(263,053)	(90,599)	(23,075)	(1,704,381)	(66,883)	(25,355)	(59,241)	(51,270)	(2,292,668)	(72,643)	(43,567)	(116,210)	(2,408,878)
Net book value		249,226	34,255	400,236	5,946	4,406	1,067,689	7,158	9,638	7,995	24,277	1,810,826	102,133	29,470	131,603	1,942,429
Depreciation rate (% per annum)		-	1 - 5	5 - 10	5 - 10	10	5 - 20	5 - 20	10	33.33	20		10	20		

* Net book value of plant and machinery (owned) includes an aggregate amount of Rs. 0.215 million (2021: Rs. 0.398 million) representing net book value of capitalized spares.

16.1.1 During the year asset having net book value Rs. 10.49 million (2021: Rs. 29.247 million) transferred from lease assets to own assets due to maturity of lease term.

Rupees in '000	Note	2022	2021
16.1.2 The depreciation charge for the year has been allocated as follows			
Cost of sales	33.1	185,388	194,812
Distribution and selling expenses	35	704	1,021
Administrative expenses	36	17,953	19,480
Intangible under development phase		289	289
		204,334	215,602

16.2 Property, plant and equipment as at 30 June 2022 include items having an aggregate cost of Rs. 1,430.009 million (2021: Rs. 1,500.528 million) that have been fully depreciated and are still in use by the Company.

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

Particulars	Location	Area	
Building			
Office premises	Saddar, Karachi	14,504.4	Sq feet
Building	Nooriabad, District Jamshoro	261,257.1	Sq feet
Building	Jaranwala, District Faisalabad	340,455.0	Sq feet
Building	Dalowal, District Faisalabad	30,484.0	Sq feet
Building	Bhone, District Jhang	78,098.0	Sq feet
Building	Bhone, District Jhang	7,515.0	Sq feet
Land			
Lease hold	Nooriabad, District Jamshoro	30.0	Acre
Freehold land	Dalowal, District Faisalabad	13.9	Acre
Freehold land	Jaranwala, District Faisalabad	35.5	Acre
Freehold land	Bhone, District Jhang	19.1	Acre

16.3.1 The fair value and forced sale value of land, building, plant and machinery approximates to Rs. 6,407.19 million and Rs. 5,137.32 million, respectively, which is determined by external valuer on the basis of market value.

Rupees in '000	Note	2022	2021
16.4 Capital work-in-progress			
Advances to contractors		62,135	62,135
Civil work	16.4.3 & 16.4.4	29,172	28,790
Plant and machinery	16.4.2	44,353	–
Others		49,679	26,300
	16.4.1	185,339	117,225

16.4.1 Following is the movement in capital work-in-progress during the year:

Rupees in '000	Land	Building	Plant	Others	Total
Balance as at 1 July 2021	48,580	2,345	26,300	40,000	117,225
Additions	–	382	67,732	–	68,114
Balance as at 30 June 2022	48,580	2,727	94,032	40,000	185,339

16.4.2 This includes transfer from trade deposits amounting to Rs. 28.625 million.

16.4.3 This includes an amount of Rs. 26.4 million (2021: Rs. 26.4 million) paid by the Holding Company to Pakistan Steel Mills Limited (PSML) against allotment of plot located in Karachi measuring 24,200 square yards, currently in possession of third party. However, third party has filed a case in SHC for declaration and injunction against said property. The Holding Company has filed a suit in SHC 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 SHC 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.

16.4.4 The Holding Company has recognized a provision for an amount of Rs. 20.619 million (2021: Rs. 20.619) against construction work at a site which has been halted.

16.5 The following assets were disposed off during the year:

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain	Mode of disposal	Particular of buyers
Rupees in '000							
Plant and machinery	12,000	5,900	6,100	6,100	-	Sales and Lease back	Pak Gulf Leasing Company
Electrical / Office Equipment and Installation	3,913	2,674	1,239	1,239	-	Sales and Leased back	Pak Gulf Leasing Company
Motor Vehicle	2,049	74	1,975	1,975	-	Sales and Leased back	Pak Gulf Leasing Company
Motor Vehicle	1,780	41	1,739	1,739	-	Sales and Leased back	Pak Gulf Leasing Company
Motor Vehicle	2,500	2,500	-	742	742	Sold under buyback option	Mr. Muhammad Saad Thaniana
Motor Vehicle	1,725	1,725	-	538	538	Sold under buyback option	Mr. Muhammad Saad Thaniana
Others	8,086	7,315	771	2,693	1,922	Various	Various
2022	32,053	20,229	11,824	15,026	3,202		
2021	107,275	83,897	23,378	29,825	6,447		

16.5.1 These include transfer to investment properties at net book value amounting to Rs. Nil (2021: Rs. 58.497 million).

17. INTANGIBLE ASSETS

The intangible assets under use includes various computer software. Movement during the year is as follows:

Rupees in '000	Note	**2022**	2021
- Under use	17.1	3,580	5,848
- Under project development	17.2	150,521	147,407
		154,101	153,255
17.1 Intangible assets - under use			
Net book value as at 1 July		5,848	888
Additions		–	5,896
Amortization	17.1.1	(2,268)	(936)
Net book value as at 30 June	17.1.2	3,580	5,848
Gross carrying value as at 30 June			
Cost		82,099	82,099
Accumulated amortization		(75,879)	(73,611)
Accumulated impairment loss		(2,640)	(2,640)
Net book value as at 30 June		3,580	5,848
Amortization rate (% per annum)		33.33	33.33

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

17.1.2 Intangible assets as at 30 June 2022 include items having an aggregate cost of Rs. 72.948 million (2021: Rs. 75.008 million) that have been fully amortized and are still in use of the Holding Company.

17.2 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.

18. INVESTMENT PROPERTIES

Description		Land		Buildings			
Rupees in '000	Note	Freehold	Leasehold including improvements	On freehold land	On leasehold land	Office premises	Total
Net book value as at 30 June 2022							
Balance as at 01 July 2021 (NBV)		45,497	27,860	12,133	1,050	–	86,540
Depreciation charge	18.1	–	(2,369)	(1,300)	(82)	–	(3,751)
Balance as at 30 June 2022 (NBV)		45,497	25,491	10,833	968	–	82,789
Gross carrying value as at 30 June 2022							
Cost	18.2	45,497	44,836	13,000	1,758	29,830	134,921
Accumulated depreciation		–	(19,345)	(2,167)	(790)	(29,830)	(52,132)
Net book value		45,497	25,491	10,833	968	–	82,789

Description Rupees in '000	Note	Land Freehold	Land Leasehold including improvements	Buildings On freehold land	Buildings On leasehold land	Office premises	Total
Net book value as at 30 June 2021							
Balance as at 01 July 2020 (NBV)		1,740	30,627	-	18,694	-	51,061
Additions / transfer		43,757	1,740	13,000	-	-	58,497
Disposals (at NBV)		-	(2,131)	-	(17,171)	-	(19,302)
Depreciation charge		-	(2,376)	(867)	(473)	-	(3,716)
Balance as at 30 June 2021 (NBV)		45,497	27,860	12,133	1,050	-	86,540
Gross carrying value as at 30 June 2021							
Cost		45,497	44,836	13,000	1,758	29,830	134,921
Accumulated depreciation		-	(16,976)	(867)	(708)	(29,830)	(48,381)
Net book value		45,497	27,860	12,133	1,050	-	86,540
Depreciation rate (% per annum)		-	1 & 10	5 - 10	10 - 20	5 - 10	

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

18.2 Fair value of the investment properties located in Karachi and Lahore, valued amounting to Rs. 404.06 million (2021: Rs. 370 million), which is determined by external valuer on the basis of market value.

18.3 Particulars of Group's immovable investment properties are as follows:

Particulars	Location	Area	
Building			
Office premises	Saddar, Karachi	4,854.2	Sq feet
Building	Port Qasim Authority, Karachi	415.6	Sq feet
Building	Ferozpur, Lahore	35,839.8	Sq feet
Land			
Freehold land	Ferozpur, Lahore	5.1	Acre
Freehold land	Gawadar	3.0	Acre
Leasehold land	Port Qasim Authority, Karachi	2.0	Acre

19. INVESTMENT IN EQUITY ACCOUNTED INVESTEES

2022 Number of shares	2021 Number of shares		Note	2022 Rupees in '000	2021 Rupees in '000
		Quoted			
63,967,500	63,967,500	Altern Energy Limited (Chief Executive Officer - Mr. Umer Shehzad Sheikh)	19.1	2,332,187	3,429,031
35,011,347	35,011,347	Shakarganj Limited (Chief Executive Officer - Mr. Anjum M. Saleem)	19.1	-	-
		Unquoted			
3,430,000	3,430,000	Crescent Socks (Private) Limited (Chief Executive Officer - Mr. Shahryar Mazhar)	19.1	-	-
				2,332,187	3,429,031

19.1 Movement of investment in equity accounted investees is as follows:

Description Rupees in '000	Note	30 June 2022 Altern Energy Limited	Shakarganj Limited	Crescent Socks (Private) Limited	Total
Opening balance as at 1 July 2021		3,429,031	–	–	3,429,031
Share of profit	19.1.1	85,739	–	–	85,739
Share of equity	19.1.1	816	–	–	816
Dividend received		(1,183,399)	–	–	(1,183,399)
Closing balance as at 30 June 2022		2,332,187	–	–	2,332,187

Description Rupees in '000	30 June 2021 Altern Energy Limited	Shakarganj Limited	Crescent Socks (Private) Limited	Total
Opening balance as at 1 July 2020	2,875,409	211,732	–	3,087,141
Share of profit / (loss)	553,376	(170,028)	–	383,348
Share of equity	246	(41,704)	–	(41,458)
Closing balance as at 30 June 2021	3,429,031	–	–	3,429,031

19.1.1 These figures are based on unaudited condensed interim financial information of these companies as at 31 March 2022. The latest financial statements / condensed interim financial information of these companies as at 30 June 2022 are not presently available.

19.1.2 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 13.03% (2021: 9.84%). Based on valuation the recoverable amount exceeds the carrying amount and accordingly, no impairment was recorded.

Rupees in '000	**2022**	2021
19.2 Market value of investments in associates is as follows:		
Quoted		
Altern Energy Limited	1,010,047	1,631,171
Shakarganj Limited	1,400,454	1,663,739
	2,410,501	3,294,910

Percentage of holding	Note	**2022**	2021
19.3 Percentage of holding of equity in associates is as follows			
Altern Energy Limited	19.3.1	17.60	17.60
Shakarganj Limited		28.01	28.01
Crescent Socks (Private) Limited		48.99	48.99

19.3.1 The Holding Company and the subsidiary companies hold 16.69% and 0.91% (2021: 16.69% and 0.91%) respectively i.e. aggregate holding of 17.6% (2021: 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.

19.4 The latest financial statements / condensed interim financial information of these associated companies as at 30 June 2022 are not presently available. The following is summarized financial information of material associated companies as at 31 March 2022 and for the twelve months ended 31 March 2022 based on their respective unaudited condensed interim financial information prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim reporting, modified for fair value and other adjustments and differences in Group's accounting policies:

	Altern Energy Limited		Shakarganj Limited	
Rupees in '000	**2022**	2021	**2022**	2021
For the twelve months ended 31 March				
Revenues	14,730,032	9,013,855	28,517,311	25,203,082
Profit / (loss) after tax	1,928,368	4,637,112	(703,426)	(1,429,376)
Other comprehensive income / (loss)	7,725	2,329	5,865,059	(146,376)
Total comprehensive income / (loss)	1,936,093	4,639,441	5,161,633	(1,575,752)
Attributable to non-controlling interests of associates	1,444,309	1,493,859	49,930	(184,330)
Attributable to owners of the investee company	491,784	3,145,582	5,111,703	(1,391,422)
	1,936,093	4,639,441	5,161,633	(1,575,752)
As at 31 March				
Non current assets	13,365,738	14,878,119	23,099,370	16,602,360
Current assets	13,328,189	20,736,624	5,230,081	4,453,075
Non current liabilities	(1,083,423)	(22,667)	(4,200,827)	(2,654,513)
Current liabilities	(3,141,369)	(3,506,489)	(11,475,121)	(10,785,509)
Net assets	22,469,135	32,085,587	12,653,503	7,615,413
Attributable to non-controlling interests of associates	9,035,471	12,421,177	1,517,007	1,467,077
Attributable to owners of the investee company	13,433,664	19,664,410	11,136,496	6,148,336
	22,469,135	32,085,587	12,653,503	7,615,413
Reconciliation to Carrying amounts:				
Opening net assets	32,085,587	27,446,146	7,615,413	7,478,815
Impact of net asset of associate' subsidiary	-	-	-	1,579,214
Profit / (loss) after tax	1,928,368	4,637,112	(703,426)	(1,429,376)
Other comprehensive income / (loss)	7,725	2,329	5,865,059	(146,376)
Reserves	-	-	(123,543)	133,136
Dividend paid	(11,552,545)	-	-	-
Closing net assets	22,469,135	32,085,587	12,653,503	7,615,413
Group's interest in net assets of investee at end of the period	2,364,092	3,460,936	3,119,232	1,722,094
Fair value and other adjustments	(31,905)	(31,905)	(8,832)	(8,832)
Effect of difference in Group's accounting policy	-	-	(3,226,283)	(1,812,437)
Losses in excess of investment	-	-	115,883	99,175
Carrying amount of interest in equity accounted investees at end of the year	2,332,187	3,429,031	-	-

19.4.1 These figures are based on the latest available unaudited condensed interim consolidated financial information as at 31 March 2022 of these associated companies including its subsidiary companies, in case of Altern Energy Limited, its wholly owned subsidiary company i.e. Power Management Company (Private) Limited and Rousch (Pakistan) Power Limited, subsidiary of Power Management Company (Private) Limited holding 59.98% shares and in case of Shakarganj Limited, its subsidiary company Shakarganj Food Products Limited where it holds 52.3%.

19.4.2 As at 30 June 2022, investment in Shakarganj Limited is carried at Rs. Nil (2021: Rs Nil) due to the fact that losses incurred by Shakarganj Limited in its consolidated statement of profit or loss and comprehensive income from the prior periods that resulted in Group's share of losses in investment in Shakarganj Limited exceeds the carrying value of investment. Therefore, carrying value of investment is restricted to Nil value as at 30 June 2022.

19.4.3 Altern Energy Limited and its subsidiaries, Power Management Company (Private) Limited and Rousch (Pakistan) Power Limited, are engaged in power generation activities. The registered office and principal office of the Altern Energy Limited is situated at Ferozepur Road, Lahore. Whereas, Shakarganj Limited (SL) is principally engaged in manufacture, purchase and sale of sugar, biofuel and yarn and its subsidiary. Shakarganj Food Products Limited has principal activity of manufacturing, processing and sale of food products. The registered office of SL is situated in Gulberg-III, Lahore.

Rupees in '000	Note	**2022**	2021
20. OTHER LONG TERM INVESTMENTS			
Fair value through other comprehensive income (FVOCI)	20.1	143,510	183,283
Fair value through profit or loss (FVTPL)	20.2	612,622	793,306
		756,132	976,589

20.1 Fair value through other comprehensive income (FVOCI)

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

2022	2021		Note	**2022**	2021
Number of shares		Name of investee company		Rupees in '000	
		Quoted			
7,977,178	6,381,743	The Crescent Textile Mills Limited	20.1.1	143,510	174,157
–	1,595,435	The Crescent Textile Mills Limited - Letter of rights		–	9,126
				143,510	183,283

20.1.1 The Group has irrevocably designated at initial application of IFRS 9 to recognize in this category. This is strategic investment and the 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.

20.2 Fair value through profit or loss (FVTPL)

2022	2021		Note	2022	2021
Number of shares				Rupees in '000	
		Unquoted			
18,814,423	18,814,423	Shakarganj Food Products Limited		406,372	595,100
8,250,000	6,875,000	Central Depository Company of Pakistan Limited (CDC)		206,250	198,206
2,403,725	2,403,725	Crescent Bahuman Limited - Related party	20.2.1	24,037	24,037
1,047,000	1,047,000	Crescent Industrial Chemicals Limited	20.2.2	10,470	10,470
				647,129	827,813
		Less: Provision for impairment		(34,507)	(34,507)
				612,622	793,306

20.2.1 The chief executive of Crescent Bahuman Limited is Mr. Nasir Shafi. The break-up value of shares of the investee company is Rs. 11.28 per share (2021: Rs. 10 per share), calculated on the basis of audited annual financial statements for the year ended 30 June 2021. This investment had been fully charged to consolidated statement of profit or loss in earlier periods.

20.2.2 This investment had been fully charged to consolidated statement of profit or loss in earlier periods.

Rupees in '000	2022	2021
21. LONG TERM DEPOSITS		
Security deposits		
- leasing companies	18,119	12,569
- others	10,981	10,952
	29,100	23,521

Rupees in '000	Note	2022	2021
22. DEFERRED TAXATION - NET			
Deferred tax credits / (debits) arising in respect of :			
Taxable temporary differences			
Accelerated tax depreciation / amortization		225,351	192,255
Lease obligations		9,732	5,997
Fair value adjustment in unquoted investment through reserves		45,006	30,119
Employee benefits - Defined benefit plan		–	21,622
Fair value adjustment in quoted investment through reserves		–	9,024
Unrealized gain on fair value through profit or loss investments		34,907	78,887
Share of profit from equity accounted investees		124,744	206,990
		439,740	544,894
Deductible temporary differences			
Employee benefits - Defined benefit plan		(73,975)	–
Provision for slow moving stores, spares and loose tools		(29,626)	(24,497)
Provisions for doubtful trade debts, doubtful advances and others		(95,331)	(79,405)
Discounting on long term deposit		(1,735)	(7,726)
Realized losses on fair value through profit or loss investments		(3,562)	–
Unrealized gain on fair value through OCI		(14,198)	–
Deferred income		(226)	(3,849)
Provisions for impairment of fixed assets		(6,804)	(5,980)
Provision of Gas Infrastructure Development Cess		(5,344)	(4,696)
Excess of minimum tax over normal tax	22.2	(286,289)	(200,480)
Tax loss	22.2	(586,168)	(403,801)
Provision for diminution in the value of investments		(12,712)	(7,505)
		(1,115,970)	(737,939)
		(676,230)	(193,045)

22.1 Break up of deferred tax (reversal) / charge is as following:			
Profit and loss		(380,189)	22,331
Other comprehensive income		(103,932)	75,376
Set-off of temporary differences with the Subsidiay Company		936	737
		(483,185)	98,444

22.2 The accumulated tax losses and excess minimum tax over normal tax of the Holding Company as at 30 June 2022 aggregated Rs. 2,307.557 million (2021: 2,083.728 million) in respect of which the Holding Company has recognized deferred tax asset amounting to Rs. 952.099 million (2021: Rs. 604.281 million). The existing unutilized tax loss mainly attributable to tax depreciation which can be utilized for an indefinite period and unadjusted business losses which can be utilized for maximum six years against future taxable profits. The Holding Company carries out periodic assessment to determine the benefit of the loss and minumum tax that the Holding Company would be able to set off against the taxable profits and tax liability in future years. The amount of this benefit has been determined based on the projected taxable profits of the Holding Company for future years and the expected applicable tax rate. The determination of projected taxable profits are most sensitive to key assumptions such as volume of bare pipe sales and availability of uninterrupted electricity connection for billet segment throughout the year.

22.3 In accordance with the Finance Act, 2022 super tax at the rate of 4% for tax year 2022 and onwards has been imposed on the Company in addition to the corporate tax rate of 29% upto 30 June 2021. Accordingly the Company has recorded deferred tax at 33%.

Rupees in '000	Note	**2022**	2021
23. STORES, SPARES AND LOOSE TOOLS			
Stores		29,056	29,410
Spare parts		227,913	214,899
Loose tools		3,557	3,615
		260,526	247,924
Less: Provision for slow moving items	23.1	(89,780)	(84,472)
		170,746	163,452
23.1 Movement in provision for slow moving items			
Opening balance		84,472	73,472
Provision made during the year		5,308	11,000
Closing balance		89,780	84,472
24. STOCK-IN-TRADE			
Raw materials - net			
Hot rolled steel coils (HR Coil)		261,583	303,715
Coating materials		46,205	96,903
Steel scrap		43,308	174,883
Others		132,806	85,261
Raw cotton		230,531	241,380
Stock-in-transit		280,917	168,850
	24.2	995,350	1,070,992
Work-in-process	24.2 & 33.1	19,076	25,797
Finished goods - net	24.2 & 33.1	167,556	135,235
Scrap / cotton waste		8,114	4,505
		194,746	165,537
		1,190,096	1,236,529

24.1 Stock amounitng to Rs. 0.158 million (2021: Rs. 0.108 million) is held by third party.

24.2 Stock-in-trade as at 30 June 2022 includes items valued at net realisable value (NRV). Reversal in respect of stock written back to NRV was amounting to Rs. 14.897 million (2021: Reversal of Rs. 26.825 million) has been recognized in cost of goods sold.

Rupees in '000	Cost	NRV
Raw material	1,000,453	995,350
Work-in-process	19,076	19,076
Finished goods	179,119	175,670
	1,198,648	1,190,096

Rupees in '000	Note	2022	2021
25. TRADE DEBTS			
Secured			
Considered good		40,867	24,826
Unsecured			
Considered good	25.1	134,347	112,247
Considered doubtful		19,553	23,214
		153,900	135,461
Impairment loss on trade debts	25.3	(19,553)	(23,214)
		175,214	137,073

25.1 This includes amount due from Shakarganj Limited amounting to Rs. Nil (2021: Rs. 33.711 million).

Rupees in '000	2022	2021
25.2 The aging of amount due from related parties:		
Past due 30 - 180 days	–	3,682
Past due 180 days	–	30,029
	–	33,711
25.3 Movement in impairment loss on trade debts		
Opening balance	23,214	30,706
(Reversal) / charge of impairment made during the year	(3,661)	74
Written off during the year against provision	–	(7,566)
Closing balance	19,553	23,214
26. ADVANCES		
Unsecured		
Advances - considered good		
Staff	1,684	516
Suppliers for goods and services	65,409	40,182
Others	1,316	1,366
Advances - considered doubtful		
Suppliers for goods and services	47	47
Provision for doubtful advances	(47)	(47)
	–	–
	68,409	42,064

Rupees in '000	Note	**2022**	2021

27. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	Note	2022	2021
Security deposits			
- leasing companies		3,494	11,406
- Ijarah financing arrangement		–	219,364
Security deposits - others	27.1	14,799	51,487
Prepayments		9,987	10,606
		28,280	292,863

27.1 These include cash margin on bank guarantees issued in favour of Punjab Power Development Board (PPDB) amounting to Rs. 3.045 million (2021: Rs. 3.045 million).

Rupees in '000	Note	**2022**	2021

28. SHORT TERM INVESTMENTS

	Note	2022	2021
Amortised cost	28.1	159,360	–
Fair value through profit or loss (FVTPL)	28.2	620,585	521,641
		779,945	521,641

28.1 These represent investment in term deposit receipt by Holding Company, carrying markup of 10% to 15% maturing upto 23 february 2023.

28.2 Fair value through profit or loss (FVTPL)

The Group holds investments in ordinary shares of Rs. 10 each in the following listed investee company.

2022	2021		Note	**2022**	2021
Number of shares		Name of investee company		Rupees in '000	
9,284,553	8,258,747	Quoted - Investments	28.2.1	620,585	521,641
		Unquoted			
1,996	1,996	Innovative Investment Bank Limited		2,777	2,777
		Less: Provision for impairment		(2,777)	(2,777)
				–	–
			28.2.3	620,585	521,641

28.2.1 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.

2022	2021	Name of investee company	2022	2021
Number of shares / units			Rupees in '000	
8,600	2,000	Attock Refinery Limited	2,763	512
438,750	200,400	Avanceon Limited	34,183	18,372
-	88,000	Byco Petroleum Limited	-	1,022
201,000	358,000	D.G. Khan Cement Company Limited	12,563	42,215
-	500	Engro Corporation Limited	-	147
470,000	255,550	Engro Fertilizer Limited	41,661	17,958
155,000	-	Engro Polymer and Chemical Limited	12,343	-
202,500	69,000	Fauji Cement Company Limited	1,417	1,587
100,000	199,000	Fauji Fertilizer Company Limited	22,320	21,114
12,000	15,000	Ferozsons Laboratories Limited	3,227	5,292
-	1,200	Glaxo SmithKline Pakistan Limited	-	300
2,405,000	2,405,000	HBL Growth Fund - Class A	12,386	19,962
764,673	764,673	HBL Investment Fund - Class A	1,529	2,370
-	200,000	Image Pakistan Limited	-	5,350
224,100	170,000	Interloop Limited	13,670	11,905
202,700	202,680	International Industries Limited	21,026	42,769
361,000	289,000	International Steels Limited	21,428	26,996
26,490	26,490	Jubilee Spinning and Weaving Mills Limited	81	90
400,000	-	Kot Addu Power Company Limited	11,012	-
500,000	500,000	Kohinoor Energy Limited	19,150	18,000
-	212,000	Loads Limited	-	4,581
34,000	19,000	Lucky Cement Limited	15,608	16,405
32,000	8,400	Mari Petroleum Company Limited	55,672	12,805
350,000	151,500	Meezan Bank Limited	39,542	17,485
22,800	5,062	Millat Tractors Limited	19,895	5,465
-	155,500	Nishat Mills Limited	-	14,508
-	205,000	Nishat Power Limited	-	4,028
-	8,000	National Refinery Limited	-	4,186
275,700	275,700	Oil and Gas Development Company Limited	21,689	26,200
-	18,000	Pak Elektron Limited	-	632
130,000	105,500	Pakistan Oilfields Limited	52,755	41,552
426,840	426,840	Pakistan Petroleum Limited	28,816	37,062
301,800	281,752	Pakistan State Oil Company Limited	51,861	63,183
-	200,000	Power Cement Limited	-	1,922
12,600	-	Systems Limited	4,355	-
243,000	10,000	Tariq Glass Industries Limited	25,225	1,064
25,000	-	Thal Limited	6,741	-
700,000	425,000	The Hub Power Company Limited	47,719	33,860
259,000	5,000	TRG Pakistan Limited	20,029	832
			620,666	521,731
		Less: Provision for impairment	(81)	(90)
9,284,553	8,258,747		620,585	521,641

28.2.2 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	**2022**	2021
Name of investee company		
Altern Energy Limited (Long term investment)	833,633	1,564,935
The Crescent Textile Mills Limited (Long term investment)	114,279	173,356
Avanceon Limited	27,346	11,598
D.G. Khan Cement Company Limited	9,375	17,688
Engro Fertilizer Limited	39,179	15,108
Engro Polymer and Chemicals Limited	12,342	–
Fauji Cement Company Limited	978	–
Ferozsons Laboratories Limited	3,227	–
Fauji Fertilizer Company Limited	22,320	13,581
HBL Growth Fund - Class A	4,390	2,368
HBL Investment Fund - Class A	1,528	7,076
Interloop Limited	10,864	–
International Industries Limited	21,026	39,393
International Steel Limited	5,343	26,902
Lucky Cement Limited	10,604	–
Kohat Cement Limited	–	–
Kohinoor Energy Limited	–	–
Mari Petroleum Company Limited	38,275	1,090
Meezan Bank Limited	35,501	13,358
Millat Tractors Limited	10,471	4,858
Nishat Mills Limited	–	13,995
Nishat Power Limited	–	4,028
Oil and Gas Development Company Limited	21,689	26,200
Pakistan Oilfields Limited	35,769	32,769
Pakistan Petroleum Limited	28,816	35,499
Pakistan State Oil Company Limited	48,416	62,958
Thal Limited	2,696	–
Tariq Glass Industries Limited	20,762	–
The Hub Power Company Limited	39,197	13,942
	1,398,026	2,080,702

28.2.3 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 (2021: Rs. Nil per share). 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.

Rupees in '000	Note	2022	2021
29. OTHER RECEIVABLES			
Dividend receivable		886	892
Provision there against		(886)	(886)
Dividend receivable		–	6
Receivable against investments	29.1	17,723	18,243
Provision there against		(17,723)	(17,723)
Receivable against sale of investments		–	520
Receivable against rent from investment property		–	643
Claim receivable		461	843
Due from related parties	29.2	5,179	5,251
Sales tax refundable	29.3	75,589	80,767
Margin on letter of guarantee		15,350	15,359
Receivable from staff retirement benefits funds	46.1.3	12,242	239,843
Others		3,113	2,190
		111,934	345,422

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.

Rupees in '000	2022	2021
29.2 Due from related parties		
Shakarganj Limited	–	1,376
The Crescent Textile Mills Limited	386	244
Shakarganj Food Products Limited	3,893	2,631
Crescent Socks (Private) Limited	900	1,000
	5,179	5,251

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

Rupees in '000	2022	2021
Shakarganj Limited	–	1,376
The Crescent Textile Mills Limited	386	337
Shakarganj Food Products Limited	3,893	9,172
Crescent Socks (Private) Limited	1,500	1,000
	5,779	11,885
29.2.2 The aging of amount due from related parties:		
Not yet due	990	2,252
Past due 1 - 30 days	722	756
Past due 30 - 180 days	2,398	2,241
Past due 180 days	1,069	2
	5,179	5,251

29.3 Sales tax refundable

29.3.1 This includes payment made to Punjab Revenue Aurthority (PRA) 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 the Holding Company's favour.

29.3.2 During the year ended 30 June 2020, order under section 11 of the Sales Tax Act, 1990 has been issued through which a demand of Rs. 1.83 million was raised in respect of alleged short deposit of sales tax to Hadeed (Billet) Division [before amalgamation, it was Crescent Hadeed (Private) Limited)]. An appeal was preferred with the Comissioner Appeals which was decided in the Company's favour; however, an appeal against the order of the Comissioner Appeals has been filed by the Tax Department at the Appellate Tribunal which is pending adjudication.

29.3.3 During the year ended 30 June 2021, sales tax audit under section 11 of the Sales Tax Act, 1990 has been conducted and order raising demand of Rs. 1.01 million has been issued in respect of Hadeed (Billet) Division (before amalgamation, it was Crescent Hadeed (Private) Limited). An appeal has been preferred with the Comissioner Appeals which is pending adjudication.

29.3.4 During the year ended 30 June 2021, orders have been issued under the Sales Tax Act, 1990, where demands aggregating Rs. 0.828 million have been raised in respect of Hadeed (Billet) Division [before amalgamation, it was Crescent Hadeed (Private) Limited]. Appeals were preferred with the Comissioner Appeals which were decided partly in our favour and partly in the department's favour. Further appeals have been filed at the tribunal by both parties which are pending adjudication.

Rupees in '000	**2022**	2021
30. TAXATION - NET		
Advance taxation	3,625,110	3,809,195
Provision for taxation	(2,935,310)	(2,695,210)
	689,800	1,113,985

30.1 The income tax assessments of the Holding Company have been finalized up to and including Tax Year 2021, 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:

(a) Income tax assessment for Tax Year 2006 has been amended by the Additional Commissioner Inland Revenue (ACIR) by making amendments to reassess loss from Rs. 410.588 million to Rs. 296.866 million. The Holding Company being dissatisfied, contested the same before Commissioner Inland Reveue Appeals (CIRA), filed an appeal before Appellate Tribunal Inland Revenue (ATIR) which dismissed the appeal in entirety. Department has now filed case in the Lahore High Court (LHC) challenging the tribunal's decision, which is pending to be heard.

(b) Income tax assessments of the Holding Company for the Tax Years 2013 and 2016 have been amended by the Commissioner Inland Revenue (CIR) whereby, tax demands of Rs. 95.94 million and Rs. 143.8 million have been raised respectively. Appeals had been preferred with the Commissioner Appeals where most of the issues were decided in favour of the Holding Company whereas for remaining issues, appeals were prefered before the ATIR by both FBR and the Holding Company. Holding Company's appeals have been decided in our favour by the tribunal. Department has filed references in Lahore High Court against the decisions of Apellate Tribunal in respect of both years. A cross appeal in Tax Year 2016 was filed by the tax department at the ATIR which awaits adjudication.

(c) The ACIR 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 Holding Company filed appeals with the Commissioner Inland Revenue (appeals) in which majority of the issues were decided in the Holding Company's favour in case of Tax Year 2009 and the case was remanded back to the assessing officer for Tax Year 2011. The Holding Company filed appeal with the Appellate Tribunal for Tax Year 2009 which is pending adjudication where as for Tax Year 2011, set aside proceedings have been initiated which have been duly responded to.

(d) 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 ATIR for remaining issues.

(e) During the year ended 30 June 2021, order under section 122(5A) has been passed by the Commissioner Inland Revenue in respect of Crescent Hadeed (Private) Limited (previously wholly owned subsidiary - now amalgamated with and into the Holding Company) where expenses to the tune of Rs. 9.5 million have been disallowed. Appeal was preferred with the Commissioner Appeals which was decided against the Holding Company. The Holding Company has now preferred appeal with the ATIR which is pending adjudication.

(f) During the year ended 30 June 2018, 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 was preferred with the Commissioner Inland Revenue Appeals where majority of issues were decided in Holding Company's favour along with rectification of original order. Appeal has been preferred with the ATIR for remaining issues which is pending adjudication.

(g) Order in respect of Crescent Hadeed (Private) Limited (previously wholly owned subsidiary - now amalgamated with and into the Holding Company) for the tax year 2017 under section 214D of the Income Tax Ordinance, 2001 was issued whereby tax demand of Rs. 27.31 million was raised against the Holding Company. The order was challenged at the Commissioner Appeals where the appeal was rejected. The Holding Company has now preferred an appeal with the ATIR which is pending adjudication.

(h) During the year ended 30 June 2021, Orders under section 161/205 of the Income Tax Ordinance 2001 were issued by the Assistant Commissioner Inland Revenue in respect of Tax Years 2016 through 2019 whereby demands aggregating Rs. 1 million (approximately) were raised for CS Energy (Private) Limited (previously wholly owned subsidiary - now amalgamated with and into the Holding Company). Associated expense has been recognized accordingly in these consolidated financial statements.

No provision has been made in these consolidated financial statements in respect of demands raised by tax authorities for 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	**2022**	2021

31. CASH AND BANK BALANCES

With banks			
- in saving account	31.1	1,951	1,128
- in current accounts		4,366	2,720
	31.2	6,317	3,848
Cash in hand		490	365
		6,807	4,213

31.1 Mark-up rate on saving account ranged between 6.00% to 12.25% (2021: 5.00% to 5.20%) per annum.

31.2 This includes balances amounting to Rs. 0.067 million (2021: Rs. 0.1 million) with Shariah compliant banks.

Rupees in '000	Note	**2022**	2021

32. SALES - NET

Local sales			
Bare pipes	32.1	1,241,016	2,949,164
Steel billets		2,857,534	2,249,718
Pipe coating		50,920	36,671
Coated pipe		82,003	36,131
Cotton yarn / raw cotton / polyester		3,125,181	2,315,465
Electricity sales		278,794	188,758
Steam sales		349,853	348,468
Others	32.2	225,872	126,532
Scrap / waste		89,257	243,892
		8,300,430	8,494,799
Sales tax		(1,210,522)	(1,235,543)
		7,089,908	7,259,256

32.1 This is presented net of liquidated damages amounting to Rs. 25.232 million (2021: 6.678 million).

32.2 This includes revenue earned from manufacturing of metal structures by cutting, bending and assembling process.

32.3 Revenue is disaggregated by operating segments under note 45. Additionally revenue by major customer is disclosed in note 45.4 to these consolidated financial statements.

Rupees in '000	Note	**2022**	2021

33. COST OF SALES

Steel segment	33.1	1,526,159	2,314,735
Cotton segment	33.1	2,419,791	1,788,529
Energy segment	33.1	747,986	636,722
Hadeed (Billet) segment	33.1	2,461,269	2,022,537
		7,155,205	6,762,523

		Steel segment		Cotton segment		Energy segment		Hadeed (Billet) segment		Total	
Rupees in '000	Note	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
33.1 Cost of sales											
Raw materials consumed		1,123,799	1,837,425	1,901,415	1,249,261	669,680	564,343	2,155,464	1,668,773	5,850,358	5,319,802
Cost of raw cotton / polyster sold		-	-	36,765	50,860	-	-	-	-	36,765	50,860
Packing materials consumed		-	-	24,152	20,804	-	-	-	-	24,152	20,804
Stores and spares consumed		36,097	39,655	24,141	23,655	6,518	6,115	53,024	46,396	119,780	115,821
Fuel, power and electricity		36,636	51,119	242,171	236,935	340	79	2,592	1,810	281,739	289,943
Salaries, wages and other benefits	33.2	140,984	128,920	176,068	145,451	7,760	3,116	36,235	38,378	361,047	315,865
Insurance		5,772	4,185	2,813	2,767	1,317	1,170	1,561	1,412	11,463	9,534
Commission		-	-	7,952	7,702	-	-	-	-	7,952	7,702
Repairs and maintenance		4,700	3,696	3,789	2,888	557	34	1,067	1,381	10,113	7,999
Depreciation	16.1.2	55,417	56,544	20,365	26,374	60,270	60,348	49,336	51,546	185,388	194,812
Rental under Ijarah financing		87,985	33,707	-	-	-	-	-	-	87,985	33,707
Other expenses		32,323	75,216	8,909	5,706	1,544	1,517	161,287	213,544	204,063	295,983
		1,523,713	2,230,467	2,448,540	1,772,403	747,986	636,722	2,460,566	2,023,240	7,180,805	6,662,832
Opening stock of work-in-process		15,591	39,329	10,206	7,179	-	-	-	-	25,797	46,508
Closing stock of work-in-process	24	(5,171)	(15,591)	(13,905)	(10,206)	-	-	-	-	(19,076)	(25,797)
		10,420	23,738	(3,699)	(3,027)	-	-	-	-	6,721	20,711
Cost of goods manufactured		1,534,133	2,254,205	2,444,841	1,769,376	747,986	636,722	2,460,566	2,023,240	7,187,526	6,683,543
Opening stock of finished goods		109,291	169,821	25,241	44,394	-	-	703	-	135,235	214,215
Closing stock of finished goods - net	24	(117,265)	(109,291)	(50,291)	(25,241)	-	-	-	(703)	(167,556)	(135,235)
		(7,974)	60,530	(25,050)	19,153	-	-	703	(703)	(32,321)	78,980
		1,526,159	2,314,735	2,419,791	1,788,529	747,986	636,722	2,461,269	2,022,537	7,155,205	6,762,523
33.2 Detail of salaries, wages and other benefits											
Salaries, wages and other benefits	33.2.1	128,365	117,009	172,276	142,041	7,760	3,099	35,562	37,748	343,963	299,897
Pension fund	33.2.2	5,965	5,682	1,312	1,190	-	-	-	-	7,277	6,872
Gratuity fund	33.2.2	2,485	2,365	90	78	-	-	-	-	2,575	2,443
Provident fund contributions		4,169	3,864	2,390	2,142	-	17	673	630	7,232	6,653
		140,984	128,920	176,068	145,451	7,760	3,116	36,235	38,378	361,047	315,865

33.2.1 This includes contribution amounting to Rs. 0.024 million (2021: Rs. 0.066 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.

Rupees in '000	2022 Pension	2022 Gratuity	2021 Pension	2021 Gratuity
33.2.2 Staff retirement benefits				
Current service costs	55,996	(3,136)	6,309	4,419
Interest costs	161,736	(6,066)	17,374	7,307
Expected return on plan assets	(210,455)	11,777	(16,811)	(9,283)
	7,277	2,575	6,872	2,443

Rupees in '000	Note	2022	2021

34. (LOSS) / INCOME FROM INVESTMENTS - NET

	Note	2022	2021
Dividend income	34.1	68,727	37,335
Realized (loss) / income on sale of FVTPL investments - net	34.1	(13,160)	13,637
Unrealized (loss) / gain on FVTPL investments - net	34.1	(269,766)	296,258
Rent from investment properties	34.2	7,763	9,150
		(206,436)	356,380

34.1 Break up of dividend income, realized loss and unrealized loss is as follows:

Rupees in '000	Dividend income	Unrealized loss	Realized loss
Shariah compliant investee companies	50,873	(11,579)	(122,813)
Non - Shariah compliant investee companies	17,854	(1,581)	(146,953)
	68,727	(13,160)	(269,766)

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. 4.6 million (2021: Rs. 9.2 million).

35. DISTRIBUTION AND SELLING EXPENSES

		Steel segment		Cotton segment		Hadeed (Billet) segment		Total	
Rupees in '000	Note	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Salaries, wages and other benefits	35.1	5,300	4,639	1,933	1,529	947	390	8,180	6,558
Travelling, conveyance and entertainment		137	112	16	36	5	24	158	172
Depreciation	16.1.2	704	872	-	-	-	149	704	1,021
Insurance		14	7	-	-	-	8	14	15
Postage, telephone and telegram		75	98	63	48	18	14	156	160
Advertisement		439	216	-	-	-	-	439	216
Bid bond expenses		517	323	-	-	-	-	517	323
Legal and professional charges		578	3,157	-	-	-	-	578	3,157
Others		2,826	1,562	1,617	1,498	364	298	4,807	3,358
		10,590	10,986	3,629	3,111	1,334	883	15,553	14,980

35.1 Detail of salaries, wages and other benefits

		Steel segment		Cotton segment		Hadeed (Billet) segment		Total	
Rupees in '000	Note	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Salaries, wages and other benefits		4,480	3,974	1,635	1,493	798	357	6,913	5,824
Pension fund	35.1.1	437	425	155	24	79	12	671	461
Gratuity fund	35.1.1	182	39	65	10	32	5	279	54
Provident fund contributions		201	201	78	2	38	16	317	219
		5,300	4,639	1,933	1,529	947	390	8,180	6,558

	2022		2021	
Rupees in '000	Pension	Gratuity	Pension	Gratuity
35.1.1 Staff retirement benefits				
Current service costs	5,163	(340)	423	347
Interest costs	14,911	(657)	1,164	435
Expected return on plan assets	(19,403)	1,276	(1,126)	(728)
	671	279	461	54

36. ADMINISTRATIVE EXPENSES

Rupees in '000	Note	Steel segment 2022	Steel segment 2021	Cotton segment 2022	Cotton segment 2021	Energy segment 2022	Energy segment 2021	Hadeed (Billet) segment 2022	Hadeed (Billet) segment 2021	IID segment 2022	IID segment 2021	Total 2022	Total 2021
Salaries, wages and other benefits	36.1	102,268	91,753	25,139	20,784	3,464	2,537	13,993	10,352	11,809	9,259	156,673	134,685
Rents, rates and taxes		2,815	2,399	683	457	92	94	574	667	726	3,535	4,890	7,152
Travelling, conveyance and entertainment		3,646	2,111	780	449	96	54	594	420	232	140	5,348	3,174
Fuel and power		11,069	9,056	1,732	1,332	668	632	3,752	2,323	602	491	17,823	13,834
Postage, telephone and telegram		1,677	2,057	308	434	42	61	122	130	112	130	2,261	2,812
Insurance		1,607	1,732	311	314	42	36	113	70	125	192	2,198	2,344
Repairs and maintenance		9,582	7,402	959	598	178	122	1,097	418	791	398	12,607	8,938
Auditors' remuneration	36.2	3,658	3,201	724	614	145	141	137	132	525	398	5,189	4,486
Legal, professional and corporate service charges		15,119	17,129	3,740	4,152	440	171	762	248	2,914	4,394	22,975	26,094
Advertisement		1,586	619	10	26	22	15	33	20	86	34	1,737	714
Donations	36.3	54,104	10,876	128	58	758	203	1,116	295	2,908	581	59,014	12,013
Depreciation	16.1.2 & 18.1	13,005	14,102	2,085	2,296	298	322	1,773	1,912	4,543	4,563	21,704	23,195
Amortization of intangible assets	17.1.1	1,722	707	363	150	46	21	46	21	91	37	2,268	936
Printing, stationery and office supplies		2,593	1,895	623	463	46	13	94	23	234	165	3,590	2,559
Newspapers, subscriptions and periodicals		366	253	791	644	635	593	11	14	33	27	1,836	1,531
Others		7,479	4,150	2,021	863	290	88	1,334	804	801	1,038	11,925	6,943
		232,296	169,442	40,397	33,634	7,262	5,103	25,551	17,849	26,532	25,382	332,038	251,410

36.1 Detail of salaries, wages and other benefits	Note	Steel segment 2022	Steel segment 2021	Cotton segment 2022	Cotton segment 2021	Energy segment 2022	Energy segment 2021	Hadeed (Billet) segment 2022	Hadeed (Billet) segment 2021	IID segment 2022	IID segment 2021	Total 2022	Total 2021
Salaries, wages and other benefits		110,941	81,046	25,859	18,404	3,003	2,135	13,064	9,583	11,459	8,158	164,326	119,326
Pension fund	36.1.1	(5,385)	7,161	(1,099)	1,493	242	211	429	373	92	699	(5,721)	9,937
Gratuity fund	36.1.1	(7,196)	40	(494)	122	101	88	179	155	(120)	73	(7,530)	478
Provident fund contributions		3,908	3,506	873	765	118	103	321	241	378	329	5,598	4,944
		102,268	91,753	25,139	20,784	3,464	2,537	13,993	10,352	11,809	9,259	156,673	134,685

Rupees in '000	2022 Pension	2022 Gratuity	2021 Pension	2021 Gratuity
36.1.1 Staff retirement benefits				
Current service costs	(44,017)	9,171	9,123	614
Interest costs	(127,136)	17,740	25,123	1,152
Expected return on plan assets	165,432	(34,441)	(24,309)	(1,288)
	(5,721)	(7,530)	9,937	478

Rupees in '000	Note	2022	2021
36.2 Auditors' remuneration			
Audit fee	36.2.1	2,851	2,415
Certifications and other assurance services		1,429	1,330
		4,280	3,745
Out of pocket expenses		549	436
Sales tax		360	305
		5,189	4,486

36.2.1 Audit fee includes services for audit of annual unconsolidated and consolidated financial statements including audit of annual individual financial statements of the subsidiary companies of the Group, 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, taxation services and certification of reconciliation statement of nominee shareholding of Central Depository Company.

Taxation services for current year are provided by M/S A.F.Ferguson & Co., who are also the statutory auditors of the Group.

36.3 Donations

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

Name of director	Interest in donee	Name and address of the donee	Amount donated 2022	Amount donated 2021
Rupees in '000				
Mr. Ahsan M. Saleem	Director	The Citizens Foundation		
		Plot No. 20, Sector - 14,		
		New Brookes Chowrangi,		
		Korangi Industrial Area, Karachi	44,401	10,668
	Chairman	Indus Valley School of Arts and Architecture		
		St-33, Block 2, Scheme 5, Clifton, Karachi.	2,500	-
	Director	Pakistan Centre for Philanthropy	3,000	-
		RDF Centre, 31 mauve area G9/1,		
		G9/1,G-9, Islamabad	49,901	10,668

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

Rupees in '000	Note	**2022**	2021

37. OTHER OPERATING EXPENSES

Exchange loss		47,700	–
Impairment loss on trade debts		–	74
Provision for:			
- Workers' Profit Participation Fund	12.5	10,494	13,543
- Workers' Welfare Fund		–	2,830
- slow moving stores, spares and loose tools - net		5,308	11,000
		63,502	27,447

38. OTHER INCOME

Income from financial assets			
Return on deposits - from conventional banking		3,623	532
Unwinding of discount on long term deposit		21,760	22,528
		25,383	23,060
Income from non-financial assets			
Gain on disposal of operating fixed assets		3,202	6,447
Gain on disposal of investment property		–	128,201
Deferred income amortized		8,981	9,066
Exchange gain		–	18,135
Insurance commission		2,072	–
Liabilities written back		9,397	3,465
Reversal of impairment of trade debts		3,661	–
Rent income		8,075	6,505
Others		680	1,449
		36,068	173,268
		61,451	196,328

39. FINANCE COSTS

Mark-up on short term loans - Shariah arrangement		58,122	41,986
Interest on - Non - Shariah arrangement			
- lease obligations		9,385	7,665
- long term loans		21,840	27,432
- running finances		102,910	87,533
- short term loans		53,716	41,724
Discounting on long term deposit		375	2,392
Bank charges		5,394	4,675
		251,742	213,407

Rupees in '000	2022	2021
40. SHARE OF PROFIT IN EQUITY ACCOUNTED INVESTEES - NET OF TAXATION		
Altern Energy Limited	85,739	553,376
Shakarganj Limited	–	(170,028)
	85,739	383,348
41. TAXATION		
Current		
- for the year	242,818	117,735
- for prior years	(2,718)	(5,742)
	240,100	111,993
Deferred	(380,189)	22,331
	(140,089)	134,324
41.1 Relationship between taxation expense and accounting (loss) / profit		
(Loss) / profit before taxation	(787,378)	925,545
Tax at the applicable rate of 29% (2021: 29%)	(228,340)	268,408
Tax effect of inadmissible expenses / losses	19,753	(96,327)
Tax effect of income taxed at a lower rate	5,946	(32,015)
Tax effect arising due to super tax	65,270	–
Prior year tax effect	(2,718)	(5,742)
	(140,089)	134,324

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

Rupees in '000	2021	2020	2019
Tax provision including effects of prior years	115,017	84,907	63,513
Tax assessed / return filed	115,017	84,907	63,513

Rupees in '000		**2022**	2021

42. BASIC AND DILUTED (LOSS) / EARNINGS PER SHARE

(Loss) / profit for the year	(647,289)	791,221
	(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) / earnings per share	(8.34)	10.19

43. CASH GENERATED FROM OPERATIONS

Rupees in '000	Note	**2022**	2021
(Loss) / profit before taxation		(787,378)	925,545
Adjustments for non cash charges and other items			
Depreciation on operating fixed assets and investment properties		207,796	219,028
Amortization of intangible assets	17.1	2,268	936
(Reversal) / Charge for the year on staff retirement benefit funds	46.1.7	(2,448)	20,245
Dividend income	34.1	(68,727)	(37,335)
Unrealized loss / (gain) on FVTPL investments - net	34.1	269,766	(296,258)
Loss / (gain) on sale of FVTPL investments - net	34.1	13,160	(13,637)
Provision for stores, spares and loose tools - net	23.1	5,308	11,000
Reversal of impairment loss on trade debts - net	37	(3,661)	74
Provision for Workers' Welfare Fund	37	–	2,830
Provision for Workers' Profit Participation Fund	37	10,494	13,543
Return on deposits	38	(3,623)	(532)
Gain on disposal of operating fixed assets	38	(3,202)	(6,447)
Deferred income	38	(8,981)	(9,066)
Discounting of long term deposit	39	375	2,392
Unwinding of discount on long term deposit	38	(21,760)	(22,528)
Liabilities written off	38	(9,397)	(3,465)
Finance costs	39	251,367	211,015
Share of profit from equity accounted investees - net of taxation	40	(85,739)	(383,348)
Working capital changes		378,938	726,713
		144,556	1,232,504
Change in:			
- Stores, spares and loose tools		(12,602)	(5,220)
- Stock-in-trade		46,433	894,212
- Trade debts		(34,480)	88,652
- Advances		(26,345)	11,953
- Trade deposits and short term prepayments		8,682	(27,067)
- Other receivables		5,881	76,836
- Trade and other payables		391,369	(312,653)
		378,938	726,713

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

Rupees in '000	Note	Long term loans	Lease liabilities (Including mark-up accrued)	Short term borrowings	Dividend payable	Total
	Note	9	10 & 13	14		
Opening balance as at 1 July 2021		286,714	111,058	851,441	25,628	1,274,841
Proceeds from long term loans		21,379	-	-	-	21,379
Repayment of long term loans		(150,839)	-	-	-	(150,839)
Proceeds from short term borrowings		-	-	3,882,217	-	3,882,217
Repayment of short term borrowings		-	-	(4,337,342)	-	(4,337,342)
Dividend paid		-	-	-	(14)	(14)
Lease payments		-	(44,895)	-	-	(44,895)
		(129,460)	(44,895)	(455,125)	(14)	(629,494)
Lease liabilities entered during the year						
- exceeding NBV		-	13,433	-	-	13,433
Interest accrued on lease obligation		-	9,385	-	-	9,385
Discounting effect		5,913	-	-	-	5,913
Lease deposit matured		-	-	-	-	-
		5,913	22,818	-	-	28,731
Closing balance as at 30 June 2022		163,167	88,981	396,316	25,614	674,078

44. CASH AND CASH EQUIVALENTS

Rupees in '000	Note	2022	2021
Running finances under mark-up arrangements	14	(464,846)	(690,865)
Term deposits receipt	28	75,000	-
Cash and bank balances	31	6,807	4,213
		(383,039)	(686,652)

45. SEGMENT REPORTING

45.1 Reportable segments

The Group's reportable segments are as follows:

- Steel segment - It comprises of manufacturing and coating of steel pipes (note 1.1.2).
- Cotton segment - It comprises of manufacturing of yarn (note 1.1.3).
- 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 1.1.4).
- Hadeed (Billet) segment - It comprises of manufacturing billets (note 1.1.5).
- Energy segment - It comprises generation and supply of electricity (note 1.1.6).

The Company's all segments are engaged in shariah complaint businesses except mentioned in note 34 to these consolidated financial statements. 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:

For the year ended 30 June 2022

Rupees in '000	Steel segment	Cotton segment	Energy segment	Hadeed (Billet) segment	IID segment	Inter-segments elimination / adjustments	Total
Sales	1,391,681	2,695,372	705,488	2,465,550	-	(168,183)	7,089,908
Cost of sales	1,526,159	2,419,791	747,986	2,629,452	-	(168,183)	7,155,205
Gross (loss) / profit	(134,478)	275,581	(42,498)	(163,902)	-	-	(65,297)
Loss from investments - net	-	-	-	-	(206,436)	-	(206,436)
	(134,478)	275,581	(42,498)	(163,902)	(206,436)	-	(271,733)
Distribution and selling expenses	10,590	3,629	-	1,334	-	-	15,553
Administrative expenses	232,296	40,397	7,262	25,551	26,532	-	332,038
Other operating expenses	34,718	17,027	(247)	12,004	-	-	63,502
	277,604	61,053	7,015	38,889	26,532	-	411,093
	(412,082)	214,528	(49,513)	(202,791)	(232,968)	-	(682,826)
Other income	40,092	15,626	761	4,972	-	-	61,451
Operating (loss) / profit before finance costs	(371,990)	230,154	(48,752)	(197,819)	(232,968)	-	(621,375)
Finance costs	177,916	30,764	1	37,473	5,588	-	251,742
Share of profit in equity accounted investees - net of taxation	-	-	-	-	85,739	-	85,739
(Loss) / profit before taxation	(549,906)	199,390	(48,753)	(235,292)	(152,817)	-	(787,378)
Taxation							(140,089)
Loss for the year							(647,289)

For the year ended 30 June 2021

Rupees in '000	Steel segment	Cotton segment	Energy segment	Hadeed (Billet) segment	IID segment	Inter-segments elimination / adjustments	Total
Sales	2,740,146	2,000,060	640,353	2,065,139	-	(186,442)	7,259,256
Cost of sales	2,319,948	1,788,573	636,722	2,203,722	-	(186,442)	6,762,523
Gross profit / (loss)	420,198	211,487	3,631	(138,583)	-	-	496,733
Income from investments - net	-	-	-	-	356,380	-	356,380
	420,198	211,487	3,631	(138,583)	356,380	-	853,113
Distribution and selling expenses	10,986	3,111	-	883	-	-	14,980
Administrative expenses	169,442	33,634	5,103	17,849	25,382	-	251,410
Other operating expenses	16,744	8,466	805	1,432	-	-	27,447
	197,172	45,211	5,908	20,164	25,382	-	293,837
	223,026	166,276	(2,277)	(158,747)	330,998	-	559,276
Other income	34,114	17,367	3,288	13,358	128,201	-	196,328
Operating profit / (loss) before finance costs	257,140	183,643	1,011	(145,389)	459,199	-	755,604
Finance costs	172,061	12,513	1	26,207	2,625	-	213,407
Share of profit in equity accounted investees - net of taxation	-	-	-	-	383,348	-	383,348
Profit / (loss) before taxation	85,079	171,130	1,010	(171,596)	839,922	-	925,545
Taxation							134,324
Profit for the year							791,221

45.2.1 Revenue reported above represents revenue generated from external customers and inter-segment sales of electricity by Energy Segment to Hadeed (Billet) Segment of Rs. 168.182 million (2021: Rs. 181.185 million), Rs. Nil (2021: Rs. 5.213 million) of scrap sales by Steel Segment to Hadeed (Billet) Segment and Rs. Nil (2021: Rs. 0.044 million) of scrap sales by Steel Segment to Cotton Segment.

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. 1,176.179 million (2021: Rs. 2,666.242 million) of total Steel segment revenue of Rs. 1,391.681 million (2021: Rs. 2,740.146 million). Revenue from major customers of Cotton segment represents an aggregate amount of Rs. 1,101.296 million (2021: Rs. 742.924 million) of total Cotton segment revenue of Rs. 2,695 million (2021: Rs. 2,000.060 million). Revenue from major customers of Energy segment represent an aggregate amount of Rs. 534.017 million (2021: Rs. 534.017 million) of total Energy segment revenue of Rs. 705.488 million (2021: Rs. 640.353 million). Revenue from major customers of Hadeed (Billet) segment represent an aggregate amount of Rs. 2,440.542 million (2021: 2,033.240 million) of total Hadeed (Billet) segment revenue of Rs. 2,465.550 million (2021: Rs. 2,065.139 million).

45.5 Geographical information

45.5.1 All Group's revenue from external customers by geographical location is within Pakistan.

45.5.2 All non-current assets of the Group as at 30 June 2022 and 2021 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	Energy segment	Hadeed (Billet) segment	IID segment	Total
As at 30 June 2022						
Segment assets for reportable segments	1,799,290	511,016	680,524	913,292	1,483,003	5,387,125
Investment in equity accounted investees	-	-	-	-	2,332,187	2,332,187
Unallocated corporate assets						1,749,649
Total assets as per consolidated statement of financial position						9,468,960
Segment liabilities for reportable segments	877,422	185,161	88,067	152,113	55,847	1,358,609
Unallocated corporate liabilities and deferred income						1,085,782
Total liabilities as per consolidated statement of financial position						2,444,391

Rupees in '000	Steel segment	Cotton segment	Energy segment	Hadeed (Billet) segment	IID segment	Total
As at 30 June 2021						
Segment assets for reportable segments	1,982,178	539,559	775,478	927,419	1,613,018	5,837,652
Investment in equity accounted investees	-	-	-	-	3,429,031	3,429,031
Unallocated corporate assets						1,512,194
Total assets as per consolidated statement of financial position						10,778,877
Segment liabilities for reportable segments	568,762	164,977	77,680	52,840	33,614	897,873
Unallocated corporate liabilities and deferred income						1,912,584
Total liabilities as per consolidated statement of financial position						2,810,457

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	Energy segment	Hadeed (Billet) segment	IID segment	Total
For the year ended 30 June 2022						
Capital expenditure	298,862	5,916	-	800	-	305,578
Depreciation and amortization	70,848	22,813	60,614	51,155	4,634	210,064
Non-cash items other than depreciation and amortization	144,046	29,705	(664)	43,147	134,020	350,254
For the year ended 30 June 2021						
Capital expenditure	52,549	13,440	-	1,850	-	67,839
Depreciation and amortization	72,225	28,820	60,691	53,628	4,600	219,964
Non-cash items other than depreciation and amortization	172,999	16,664	(2,183)	28,184	(855,382)	(639,718)

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 2022. The projected unit credit method, using the following significant assumptions, has been used for the actuarial valuation:

	2022		2021	
	Pension	Gratuity	Pension	Gratuity
Financial assumptions				
- Discount rate used for interest cost in profit or loss charge	10.00%	10.00%	9.25%	8.50%
- Discount rate used for year end obligation	13.25%	13.25%	10.00%	10.00%
- Expected rate of increase in salaries	13.25%	13.25%	10.00%	10.00%
Demographic assumptions				
- Retirement assumption	Age 58		Age 58	
- Expected mortality for active members	SLIC (2001-05)		SLIC (2001-05)	

46.1.2 The amounts recognized in consolidated statement of financial position are as follows:

		2022			2021		
Rupees in '000	Note	Pension	Gratuity	Total	Pension	Gratuity	Total
Present value of defined benefit obligations	46.1.4	569,457	127,084	696,541	500,963	111,286	612,249
Fair value of plan assets	46.1.5	(495,895)	(139,326)	(635,221)	(640,770)	(211,322)	(852,092)
Liability / (asset) recognized in consolidated statement of financial position		73,562	(12,242)	61,320	(139,807)	(100,036)	(239,843)
46.1.3 Movement in the net defined benefit liability / (asset)							
Opening balance		(139,807)	(100,036)	(239,843)	23,713	(24,995)	(1,282)
Net benefit cost / (income) charged to consolidated profit or loss	46.1.7	2,227	(4,676)	(2,449)	17,270	2,975	20,245
Remeasurements recognized in consolidated other comprehensive income	46.1.8	229,822	99,823	329,645	(163,939)	(71,417)	(235,356)
Contributions by the Holding Company	46.1.5	(18,680)	(7,353)	(26,033)	(16,851)	(6,599)	(23,450)
Closing balance		73,562	(12,242)	61,320	(139,807)	(100,036)	(239,843)
46.1.4 Movement in the present value of defined benefit obligations							
Opening balance		500,963	111,286	612,249	477,700	107,085	584,785
Current service costs		17,142	5,695	22,837	15,855	5,380	21,235
Interest costs		49,512	11,016	60,528	43,661	8,894	52,555
Benefits paid during the year		(11,692)	(2,256)	(13,948)	(11,390)	(4,903)	(16,293)
Remeasurement:							
Actuarial losses from changes in financial assumptions		12,351	59	12,410	8,577	25	8,602
Experience adjustments		1,181	1,284	2,465	(33,440)	(5,195)	(38,635)
Closing balance		569,457	127,084	696,541	500,963	111,286	612,249

	2022			2021		
Rupees in '000	Pension	Gratuity	Total	Pension	Gratuity	Total
46.1.5 Movement in the fair value of plan assets are as follows:						
Opening balance	640,770	211,322	852,092	453,987	132,080	586,067
Contributions by the Holding Company	18,680	7,353	26,033	16,851	6,599	23,450
Interest income on plan assets	64,427	21,387	85,814	42,246	11,299	53,545
Benefits paid during the year	(11,692)	(2,256)	(13,948)	(11,390)	(4,903)	(16,293)
Return on plan assets, excluding interest income	(216,290)	(98,480)	(314,770)	139,076	66,247	205,323
Closing balance	495,895	139,326	635,221	640,770	211,322	852,092
46.1.6 Actual return on plan assets	(151,865)	(77,093)	(228,958)	181,322	77,546	258,868

46.1.7 Following amounts have been charged in the consolidated profit or loss in respect of these benefits

	2022			2021		
Rupees in '000	Pension	Gratuity	Total	Pension	Gratuity	Total
Current service costs	17,142	5,695	22,837	15,855	5,380	21,235
Interest costs	49,512	11,016	60,528	43,661	8,894	52,555
Expected return on plan assets	(64,427)	(21,387)	(85,814)	(42,246)	(11,299)	(53,545)
Charge / (income) recognized in consolidated profit or loss	2,227	(4,676)	(2,449)	17,270	2,975	20,245

46.1.8 Following amounts of remeasurements have been charged in consolidated other comprehensive income in respect of these benefits

	2022			2021		
Rupees in '000	Pension	Gratuity	Total	Pension	Gratuity	Total
Remeasurement loss / (gain) of experience adjustments	1,181	1,284	2,465	(33,440)	(5,195)	(38,635)
Remeasurement:						
Actuarial losses from changes in financial assumption	12,351	59	12,410	8,577	25	8,602
Experience adjustments	1,181	1,284	2,465	(33,440)	(5,195)	(38,635)
Remeasurement loss / (gain) of defined benefit obligation	13,532	1,343	14,875	(24,863)	(5,170)	(30,033)
Return on plan assets, excluding interest income	216,290	98,480	314,770	(139,076)	(66,247)	(205,323)
Remeasurement loss / (income) charged in consolidated other comprehensive income	229,822	99,823	329,645	(163,939)	(71,417)	(235,356)

	2022			2021		
Rupees in '000	Pension	Gratuity	Total	Pension	Gratuity	Total
46.1.9 Total defined benefit cost recognized in consolidated profit or loss / income) and other comprehensive income	232,049	95,147	327,196	(146,669)	(68,442)	(215,111)
Weighted average duration of the defined benefit obligation (years)	11	3		11	3	
Analysis of present value of defined benefit obligation						
Type of Members:						
Pensioners	35	-		33	-	
Beneficiaries	74	75		75	75	
Vested / Non-Vested						
Vested benefits	521,274	111,770	633,044	464,034	93,382	557,416
Non - vested benefits	48,183	15,314	63,497	36,930	17,904	54,834
	569,457	127,084	696,541	500,964	111,286	612,250
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	86,721	7,717	94,438	62,455	4,756	67,211
Debt instruments						
AA+	170,539	36,692	207,231	62,974	28,302	91,276
A+	-	-	-	-	-	-
A1+	3,061	-	3,061	96,343	-	96,343
	173,600	36,692	210,292	159,317	28,302	187,619
Equity instruments						
Automobile Assembling	-	-	-	205	-	205
Automobile Parts and Accessories	-	-	-	96	-	96
Cement	6,467	-	6,467	9,555	-	9,555
Chemicals	782	-	782	235	-	235
Commercial Banks	955	-	955	444	-	444
Engineering	168,706	80,083	248,789	339,480	161,395	500,875
Fertilizer	6,188	325	6,513	7,270	316	7,586
Insurance	55	-	55	69	-	69
Oil and Gas Exploration Companies	8,185	2,886	11,071	9,438	2,931	12,369
Oil and Gas Marketing Companies	777	-	777	83	-	83
Paper and Board	-	-	9	-	9	
Pharmaceuticals	35	-	35	177	-	177
Power Generation and Distribution	17,171	6,817	23,988	20,638	7,931	28,569
Sugar and Allied Industries	4,639	1,366	6,005	5,511	1,589	7,100
Technology and Communication	1,041	-	1,041	301	-	301
Textile Composite	2,148	-	2,148	3,086	-	3,086
	217,149	91,477	308,626	396,597	174,162	570,759
Mutual funds						
Income Fund	18,424	3,441	21,865	22,401	4,102	26,503
	495,894	139,327	635,221	640,770	211,322	852,092

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.

Rupees in '000	Pension	Gratuity
Discount rate +1%	512,648	123,902
Discount rate -1%	638,485	130,806
Long term pension / salary increase +1%	581,796	130,790
Long term pension / salary decrease -1%	558,736	123,859
Long term pension increase +1%	630,673	–
Long term pension decrease -1%	516,879	–

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 2022 was Rs. 13.147 million (2021: Rs. 11.816 million). Reporting year end of Provident Fund Financial Statements is 31 December and 30 June for Steel & IID Division, and Cotton & Hadeed Division, respectively.

Investments out of the provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified there under.

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. 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 2022								
	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									
Recurring fair value measurements									
Investments									
- Listed equity securities	620,585	143,510	-	-	764,095	764,095	-	-	764,095
- Unlisted equity securities	612,622	-	-	-	612,622	-	206,250	406,372	612,622
	1,233,207	143,510	-	-	1,376,717	764,095	206,250	406,372	1,376,717
Financial assets not measured at fair value									
Deposits	-	-	-	47,393	-	47,393	-	-	-
Trade debts		-	-	175,214	-	175,214	-	-	
Other receivables	-	-	-	24,103	-	24,103	-	-	-
Term deposit receipt	-	-	-	159,360	-	159,360	-	-	-
Bank balance	-	-	-	6,317	-	6,317	-	-	-
Cash balance	-	-	-	490	-	490	-	-	-
	-	-	-	412,877	-	412,877	-	-	-
Financial liabilities not measured at fair value									
Long term loans	-	-	-	163,167	163,167	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	88,981	88,981	-	-	-	-
Trade and other payables	-	-	-	877,041	877,041	-	-	-	-
Unclaimed dividend	-	-	-	25,614	25,614				
Mark-up accrued	-	-	-	38,824	38,824	-	-	-	-
Short term borrowings	-	-	-	861,162	861,162	-	-	-	-
	-	-	-	2,054,789	2,054,789	-	-	-	-

Rupees in '000	30 June 2021								
	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									
Recurring fair value measurements									
Investments									
- Listed equity securities	521,642	183,283	-	-	704,925	704,925	-	-	704,925
- Unlisted equity securities	793,306	-	-	-	793,306	-	-	793,306	793,306
	1,314,948	183,283	-	-	1,498,231	704,925	-	793,306	1,498,231
Financial assets not measured at fair value									
Deposits	-	-	305,778	-	305,778	-	-	-	-
Trade debts	-	-	137,073	-	137,073	-	-	-	-
Other receivables	-	-	24,812	-	24,812	-	-	-	-
Bank Balances	-	-	3,848	-	3,848	-	-	-	-
Cash	-	-	365	-	365	-	-	-	-
	-	-	471,876	-	471,876	-	-	-	-
Financial liabilities not measured at fair value									
Long term loans	-	-	-	286,714	286,714	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	110,923	110,923	-	-	-	-
Trade and other payables	-	-	-	498,722	498,722	-	-	-	-
Unclaimed dividend	-	-	-	25,628	25,628	-	-	-	-
Mark-up accrued	-	-	-	28,723	28,723	-	-	-	-
Short term borrowings	-	-	-	1,542,306	1,542,306	-	-	-	-
	-	-	-	2,493,016	2,493,016	-	-	-	-

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 properties' fair values 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 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 2022 for unquoted equity investment measured at fair value in these consolidated 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 free cash flows with terminal growth:	- Expected free cash flows	The estimated fair value would increase / (decrease) if:
	The valuation model considers the present value of expected free cash flows, discounted using Weighted Average Cost of Capital.	- Terminal growth rate	- The expected free cash flows were higher / (lower)
		- Weighted Average Cost of Capital	- The terminal growth rate were higher / (lower)
			- The Weighted Average Cost of Capital were lower / (higher).

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 2021	
- Shakarganj Food Products Limited	595,100
- Central Depository Company of Pakistan Limited	198,206
	793,306
Fair value recognized in profit or loss during the year	
- Shakarganj Food Products Limited	(141,546)
- CDC - Transfer from level 3 to level 2	(198,206)
	(339,752)
Balance at 30 June 2022	
- Shakarganj Food Products Limited	453,554
	453,554

Sensitivity Analysis

For the fair value of unquoted equity investment, reasonably possible changes at 30 June 2022 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)	71,115	(71,115)
- Terminal growth rate (100 bps)	48,361	(41,930)
- Weighted Average Cost of Capital (100 bps)	(67,779)	78,407

Transfer out of level 3

As at 30 June 2022, FVTPL unlisted equity security held by Holding Company with a carrying amount of Rs. 206.25 million was transferred from level 3 to level 2 because of recent transactions for sale / purchase of share by other shareholders. Although the price is not quoted in active market, the sale / purchase transactions were reported to Pakistan Stock Exchange (PSX). Therefore, it was used as level 2 fair value measurement.

48. FINANCIAL INSTRUMENTS

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of Group's risk management framework. The Board of Directors is also responsible for developing and monitoring the Group's risk management policies.

48.1 Credit risk

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

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

Rupees in '000	**2022**	2021
Deposits	47,393	305,778
Trade debts	175,214	137,073
Other receivables	24,103	24,812
Bank balances	6,317	3,848
	253,027	471,511

Trade and other receivables

To manage exposure to credit risk in respect of trade and other receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Sales tenders and credit terms are approved by the tender approval committee. Where considered necessary, advance payments are obtained from certain parties. Sales 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	**2022**	2021
Steel segment	81,044	67,015
Cotton segment	4,296	12,981
Energy segment	4,636	41,083
Hadeed (Billet) segment	85,238	15,994
	175,214	137,073
The aging of trade debts at balance sheet date is		
Not past due	38,937	35,697
Past due 1 - 30 days	81,878	50,682
Past due 30 - 180 days	34,915	6,802
Past due 180 days	39,037	67,106
	194,767	160,287
Less: Impaired	19,553	23,214
	175,214	137,073

The movement in the allowances for impairment in respect of trade debts and advances is given in note 25.3 and note 26 respectively.

The expected loss rates are based on the payment profiles of sales over a period of 60 months before 30 June 2022 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Holding Company has identified the GDP and the unemployment rate of Pakistan in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

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-1.

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

	Rankings		Ranking	**2022**	2021
	Short term	Long term	Agency	Rupee in '000	
Mutual Funds					
HBL Growth Fund (A)	MFR 2-Star	-	VIS	12,386	19,962
HBL Investment Fund (A)	MFR 2-Star	-	VIS	1,529	2,370
				13,915	22,332

Deposits

The Group 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 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	**2022**							
	Carrying amount	On demand	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years	Over five years
Financial liabilities								
Long term loans	163,167	-	163,167	78,671	61,081	3,136	10,264	10,015
Lease liabilities	88,981	-	99,706	18,490	15,864	17,331	48,021	-
Trade and other payables	877,041	-	877,041	877,041	-	-	-	-
Unclaimed dividend	25,614	25,614	-	-	-	-	-	-
Mark-up accrued	38,824	-	38,824	38,824	-	-	-	-
Short term borrowings	861,162	861,162	-	-	-	-	-	-
	2,054,789	886,776	1,178,738	1,013,026	76,945	20,467	58,285	10,015

Rupees in '000	2021							
	Carrying amount	On demand	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years	Over five years
Financial liabilities								
Long term loan	286,714	-	321,089	93,037	86,767	119,095	9,722	12,468
Lease liabilities	110,923	-	128,775	20,419	23,829	46,302	38,225	-
Trade and other payables	498,722	-	498,722	498,722	-	-	-	-
Unclaimed dividend	25,628	25,628	-	-	-	-	-	-
Mark-up accrued	28,723	-	28,723	28,723	-	-	-	-
Short term borrowings	1,542,306	1,542,306	-	-	-	-	-	-
	2,493,016	1,567,934	977,309	640,901	110,596	165,397	47,947	12,468

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) and Euros. The Group's exposure to foreign currency risk for these currencies is as follows :

	2022	
Rupees in '000	USD	Euro
Foreign creditors	–	–
Outstanding letters of credit	1,243,850	68,064
Net exposure	1,243,850	68,064

	2021	
Rupees in '000	USD	Euro
Foreign creditors	–	–
Outstanding letters of credit	5,465,635	21,060
Net exposure	5,465,635	21,060

The following significant exchange rate has been applied:

	Average rate		Reporting date rate	
	2022	2021	**2022**	2021
USD to PKR	178.93	160.30	204.85	157.54
Euro to PKR	236.35	191.13	213.81	187.27

Sensitivity analysis

At the reporting date, if the PKR had strengthened by 10% against the USD and Euro 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	**2022**	2021
USD	22,257	87,614
Euro	1,609	403
	23,866	88,017

The weakening of the PKR against USD and Euro would have had an equal but opposite impact on the post tax profits.

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

48.3.2 Interest rate risk

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

	2022	2021	**2022**	2021
	Effective interest (Percentage)		Carrying amount (Rupees in '000)	
Financial liabilities				
Variable rate instruments:				
Long term loan	8.49 - 15.16	8.19 - 10.16	163,167	171,280
Lease liabilities	11.51 - 18.87	6.16 - 17.6	88,981	110,923
Short term borrowings	8.31 - 16.31	8.12 - 10.54	861,162	1,542,306

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore a change in interest rates at the reporting date would not affect consolidated profit 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 loss 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 2021.

	Profit and loss 100 bp	
Rupees in '000	Increase	Decrease
As at 30 June 2022		
Cash flow sensitivity - Variable rate financial liabilities	(11,133)	11,133
As at 30 June 2021		
Cash flow sensitivity - Variable rate financial liabilities	(19,399)	19,399

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

48.3.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). Other price risk arises from the Group's investment in units of mutual funds and ordinary shares of listed companies. To manage its price risk arising from aforesaid investments, the Group diversifies its portfolio and continuously monitors developments in equity markets. In addition the Group actively monitors the key factors that affect stock price movement.

A 10% increase / decrease in redemption and share prices at year end would have decreased / increased the Company's gain / loss in case of Fair value through profit or loss and increase / decrease surplus on re-measurement of investments in case of Fair Value through other comprehensive income investments as follows:

Rupees in '000	**2022**	2021
Effect on profit	62,059	43,697
Effect on equity	14,351	18,328
Effect on investments	76,410	62,025

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	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Managerial remuneration	34,085	27,006	-	-	91,705	79,367	125,790	106,373
Fees	-	-	4,375	4,380	-	-	4,375	4,380
Contributions to								
- Gratuity fund	1,483	1,379	-	-	2,941	2,660	4,424	4,039
- Pension fund	3,560	3,312	-	-	8,158	7,390	11,718	10,702
- Provident fund	1,695	1,656	-	-	3,678	3,695	5,373	5,351
Others	7,383	8,281	-	-	3,467	4,822	10,850	13,103
	48,206	41,634	4,375	4,380	109,949	97,934	162,530	143,948
Number of persons	1	1	7	7	17	19	25	27

49.1 During the year remuneration paid to the non-executive Chairman of the Board of Directors amounted to Rs. 1.8 million (2021: Rs. 1.625 million).

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

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

50. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associated companies, directors of the Holding Company, companies in which directors also hold directorship, related group companies, key management personnel and staff retirement benefit funds. All transaction with related parties are under agreed terms / contractual arrangements. Transactions between the Holding Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note.

Transactions with related parties other than those disclosed elsewhere are as follows:

Rupees in '000				**2022**	2021
Name	Nature of relationship	Basis of relationship	Nature of transaction		
Altern Energy Limited	Associated company	17.60% holding	Dividend Income	1,183,165	-
			Dividend received	1,183,165	-
Shakarganj Limited	Associated company	28.01% holding	Payments received	130,916	41,109
			Payments made against services received	23,762	18,528
			Sales of electricity and steam	537,305	459,167
			Sales of finished goods	-	352
			Sales of raw cotton / polyester	45,201	59,611
			Purchase of raw material	608,946	483,977
			Advance against purchase of raw material	138,320	36,000
			Reimbursable expenses	12,284	13,586
Crescent Socks (Private) Limited	Related party	Subsidiary Company's associate	Rental income	900	1,400
			Payments received against services rendered	800	400
Shakarganj Food Products Limited	Related party	Subsidiary Company's related party	Reimbursable expenses	2,484	-
			Services rendered	3,031	2,642
			Rent	3,494	3,901
			Payments received	2,000	11,170
The Crescent Textile Mills Limited	Related party	Major Shareholder	Rent	4,580	2,286
			Payments received against services rendered	6,214	2,491
			Reimbursable expenses	1,776	449
Premier Insurance Limited	Related party	Common directorship	Insurance premium	8,217	9,582
			Insurance premium paid	8,116	9,519
The Citizens' Foundation	Related party	Common directorship	Donation given	44,401	10,668
Indus Valley School of Arts and Architecture	Related party	Common directorship	Donation given	2,500	-
Pakistan Centre For Philanthropy	Related party	Common directorship	Donation given	3,000	-
Crescent Cotton Products - Staff Provident Fund	Retirement benefit fund	Employees benefit fund	Contribution made	2,397	2,314
Crescent Steel and Allied Products Limited - Gratuity Fund	Retirement benefit fund	Employees benefit fund	Contribution made	7,353	6,623

Rupees in '000				2022	2021
Name	Nature of relationship	Basis of relationship	Nature of transaction		
Crescent Steel and Allied Products Limited - Pension Fund	Retirement benefit fund	Employees benefit fund	Contribution made	18,680	16,906
Crescent Steel and Allied Products Limited - Staff Provident Fund	Retirement benefit fund	Employees benefit fund	Contribution made	9,976	8,846
Crescent Hadeed (Private) Limited - Staff Provident Fund	Retirement benefit fund	Employees benefit fund	Contribution made	772	656
CSAP - Staff Benevolent Fund	Staff welfare fund	Employees Welfare fund	Contribution made	24	66
Key management personnel	Related parties	Executives	Remuneration and benefits	157,720	135,868
Chairman of the Board	Related party	Chairman	Honorarium	1,800	1,625
Directors and their spouses	Related parties	Directors	Meeting fee	2,575	2,750

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

50.2 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.

50.3 Outstanding balances and other information with respect to related parties as at 30 June 2022 and 2021 are included in issued, subscribed and paid-up capital (note 7.1), trade and other payables (note 12.4), investment in equity accounted investees (note 19), 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 2021.

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	Note	**2022**	2021
Total debt	51.1.1	1,113,310	1,939,943
Less: Cash and bank balances		6,807	4,213
Net debt		1,106,503	1,935,730
Total equity	51.1.2	7,024,569	7,968,420
Total capital		8,131,072	9,904,150
Gearing ratio		13.6%	19.5%

51.1.1 Total debt is defined as long term and short term borrowings (excluding derivatives), as described in notes 9, 10 and 14 to these 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 (2021: 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 5,082 tons (2021: 15,400 tons) line pipes of varied sizes and thickness. Actual production is equivalent to 28,205 tons (2021: 52,113 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 shot blasting and coating of line pipes with single layer FBE and multilayer polyolefin coatings on pipe sizes ranging from 114 mm to 1,524 mm outside diameter, which is being upgraded to coat pipe sizes up to 2,134 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 95,377 meters (2021: 30,451 meters) of different diameter pipes and 96,677 square meters surface area was achieved during the year (2021: 23,138 square meters surface area). Reason for underutilization was lack of coating work orders in hand.

52.2 Cotton segment

Spinning unit 1

The plant capacity converted to 20s count polyester cotton yarn based on three shifts per day for 1,092 shifts is 9,197,007 kilogram (2021: 9,197,007 kilograms). Actual production converted into 20s count was 8,546,895 kilograms for 1,092 shifts (2021: 8,790,199 kilograms for 921 shifts).

52.3 Energy segment

The plant's installed production capacity was 118,856 MWh (2021: 118,856 MWh) and the actual production achieved during the year was 23,679 MWh (2021: 26,207 MWh). Reason for underutilization was that no power was supplied to FESCO and power generation was restricted to actual demand of the two customers, Hadeed (Billet) segment (internal customer) and Shakarganj Limited (external customer).

52.4 Hadeed segment

The designed capacity of Plant is 85,000 mtons (2021: 85,000 mtons) of billets per annum, but the total production during FY21-22 was 17,707.08 mtons (2021: 20,949.62 mtons) of billets. Unit operated only for about five months on self-generated (Inter division) power supply that was only compatible during crushing season of three months and two months on bagasse (purchased) on off and on basis. Production was suspended for rest eight months period because of no alternative power supply arranagments.

53. COMPARATIVE INFORMATION

The corresponding figures have been rearranged and reclassified, wherever considered necessary for the purpose of better presentation.

54. GENERAL

54.1 Number of employees

The total number of employees including contractual employees of the Group as at 30 June 2022 were 769 (2021: 765) and weighted average number of employees were 767 (2021: 766).

The number of factory employees including contractual employees of the Group as at 30 June 2022 were 691 (2021: 683) and weighted average number of employees were 688 (2021: 685).

55. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue in the Board of Directors meeting held on 24 August 2022.

Chief Executive	Director	Chief Financial Officer

GLOSSARY - LIST OF ABBREVIATIONS

ACIR	Additional Commissioner Inland Revenue	FDI	Foreign Direct Investment
AEL	Altern Energy Limited	FESCO	Faisalabad Electric Supply Company
API	American Petroleum Institute	FVOCI	Fair Value Through Other Comprehensive Income
APTMA	All Pakistan Textile Mills Association	FVTPL	Fair Value Through Profit or Loss
BCI	Better Cotton Initiative	GDP	Gross Domestic Product
BMR	Balancing, Modernization and Replacement	GIDC	Gross Infrastructure Development Cess
Board	Board of Directors	GoP	Government of Pakistan
BOI	Board of Investment	GoS	Government of Sindh
BU	Business Unit	HR	Human Resource
CCP	Crescent Cotton Products	HR Coil	HR Coil Hot Rolled Coil
CDC	Central Depository Company of Pakistan	HR&R	Human Resource and Remuneration
CEO	Chief Executive Officer	HSAW	Helical Sub-merged Arc Welded
CFO	Chief Financial Officer	HSE	Health, Safety and Environment
CIO	Chief Information Officer	IAS	International Accounting Standards
CIR	Commissioner Inland Revenue	IASB	International Accounting Standards Board
CIRA	Commissioner Inland Revenue Appeals	ICAP	Institute of Chartered Accountants of Pakistan
COVID-19	Coronavirus Disease of 2019	ICMAP	Institute of Cost and Management Accountants of Pakistan
CPEC	China Pakistan Economic Corridor	IFAS	Islamic Financial Accounting Standards
CSAPL	Crescent Steel and Allied Products Limited	IFRIC	International Financial Reporting Interpretation Committee
CSCL	CS Capital (Private) Limited	HR Coil	HR Coil Hot Rolled Coil
CSR	Corporate Social Responsibility	HR&R	Human Resource and Remuneration
Dia	Diameter	HSAW	Helical Sub-merged Arc Welded
DISCOS	Distribution Companies	HSE	Health, Safety and Environment
DRP	Disaster Recovery Plan	IAS	International Accounting Standards
DSC	Differential Scanning Calorimeter	IASB	International Accounting Standards Board
E&P	Exploration and Production	ICAP	Institute of Chartered Accountants of Pakistan
EBIT	Earnings before Interest and Taxation	ICMAP	Institute of Cost and Management Accountants of Pakistan
EBITDA	Earnings before Interest, Taxation Depreciation and Amortization	IFAS	Islamic Financial Accounting Standards
		IFRIC	International Financial Reporting Interpretation Committee
ECL	Expected Credit Loss	IFRS	International Financial Reporting Standards
EDB	Engineering Development Board of Pakistan	IID	Investment and Infrastructure Development
EOBI	Employees' Old Age Benefit Institute	ISO	International Organization for Standards
EPS	Earning Per Share	IT	Information Technology
ERP	Enterprise Resource Planning	KG	Kilo Gram
ERS	Expeditious Refund System	KIBOR	Karachi Interbank Offer Rate
FBR	Federal Board of Revenue	Lbs	Pounds
FCF	Free Cash Flow	LC	Letter of Credit
FCSS	Free Cash Flows to Firm Method	LED	Light Emitting Diode

LHC	Lahore High Court	PSML	Pakistan Steel Mills Limited
LNG	Liquefied Natural Gas	PSX	Pakistan Stock Exchange
LRQA	Lloyd`s Register Quality Assurance	QMS	Quality Management System
LSM	Large Scale Manufacturing	RoU	Right of Use Asset
MFI	Melt Flow Index	SBP	State Bank of Pakistan
MT	Management Trainee	SCP	Supreme Court of Pakistan
Mtons	Metric tons	SdeE	Solution de Energy (Private) Limited
MWh	Megawatt-Hour	SECP	Securities and Exchange Commission of Pakistan
NBV	Net Book Value	SHC	Sindh High Court
NRV	Net Realisable Value	SITE	Sindh Industrial Trade Estate
OCI	Other Comprehensive Income	SMEDA	Small and Medium Enterprise Development Authority
OHSAS	Occupational Health and Safety Advisory Services	SP	Spiral Pipe
OPS	Ounce Per Spindle	SRB	Sindh Board of Revenue
OSH&E	Occupational Safety, Health and Environment	TCF	The Citizens Foundation
PEPCO	Pakistan Electric Power Company	THF	The Health Foundation
PICG	Pakistan Institute of Corporate Governance	USD	United States Dollars
PKR	Pakistani Rupee	USDA	United States Department of Agriculture
PNAC	Pakistan National Accreditation Council	WPPF	Workers' Profit Participation Fund
PPA	Power Purchase Agreement	WWF	Workers' Welfare Fund
PRA	Punjab Revenue Authority	YoY	Year on Year
PSDP	Public Sector Development Programme		

FORM OF PROXY
38th ANNUAL GENERAL MEETING

I/We ____s/o__________________________

r/o______________, 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 #__________________________________ hereby appoint__________________________s/o____ r/o ______________________ 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 Thursday, 27 October 2022 at 12:00 noon, Lahore, at the Grand Marquee, 12-Babar Block, New Garden Town, Lahore and through video-link and any adjournment thereof.

At witness my/our hand this_______________day of __________________2022.

1. Name ______________________________
   CNIC ______________________________
   Address ______________________________
   ____

2. Name ______________________________
   CNIC ______________________________
   Address ______________________________
   ____

Please affix here Revenue Stamps of Rs. 50/-

____
Members' Signature

Note:

1. A member entitled to attend and vote at a General Meeting is entitled to appoint another member as proxy.
2. The instrument appointing a Proxy validly filled and signed together with the Power of Attorney, if any, under which it is signed or a notarially certified copy thereof, should be deposited at the Registered Office or the office of the Share Registrar 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 guidelines as laid down in circular # 1 dated 26 January 2000 of the Securities & Exchange Commission of Pakistan for appointing Proxies.
4. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
5. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
6. The members who are registered after the necessary verification shall be provided a video-link of the meeting by the Company on the same email address that they emailed the company with.
7. In case of a corporate entity, the Board of Directors' resolution/power of attorney with specimen signatures and email details of the representative and a copy of CNIC shall be submitted along with proxy form to the Company.

پراکسی فارم

38واں سالانہ اجلاس

میں مسمی / مسماۃ ______ بن / بنت ______ ساکن / ساکنہ ______
بحیثیت رکن (ممبر) کریسنٹ اسٹیل اینڈ الائیڈ پروڈکٹس لمیٹڈ
اورحامل ______ حصص بحوالہ فولیونمبر ______ / سی ڈی سی شراکت داری شناختی نمبر ______ اور ذیلی اکاؤنٹ نمبر ______
/ سی ڈی سی انویسٹرا کاؤنٹ نمبر ______ بذریعہ ہذا مسمی/مسماۃ ______ بن/بنت ______
ساکن/ساکنہ ______ حامل فولیونمبر ______ / سی ڈی سی شراکت داری شناختی نمبر ______
اور ذیلی اکاؤنٹ نمبر ______ سی ڈی سی انویسٹرا کاؤنٹ نمبر ______ کو اپنی جانب سے پراکسی مقرر کرتا ہوں/ کرتی ہوں کہ بروز جمعرات مؤرخہ 27 اکتوبر 2022 بوقت دوپہر 12 بجے بمقام گرینڈ مارکی، 12- بابر بلاک، نیو گارڈن ٹاؤن، لاہور پر یا بذریعہ ویڈیو لنک کے طریقے سے کریسنٹ اسٹیل اینڈ الائیڈ پروڈکٹس لمیٹڈ کے سالانہ اجلاس عام میں میری جانب سے شرکت کرے، اپنی رائے کا اظہار کرے اور میری جانب سے حق رائے دہی استعمال کرے۔

مؤرخہ ______ 2022 کو میرے/ہمارے دستخط سے جاری ہوا۔

نام ______

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر ______

پتہ ______

______

برائے مہربانی یہاں 50 روپے والی ریونیو اسٹیمپ چسپاں کریں

______
دستخط ممبر

نام ______

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر ______

پتہ ______

______

نوٹس:

1۔ کوئی بھی ممبر جو کہ اجلاس میں شرکت کرنے اور حق رائے دہی استعمال کرنے کا استحقاق رکھتا ہو اپنی جگہ کسی اور ممبر کو اپنا پراکسی مقرر کر سکتا ہے۔
2۔ پراکسی مقرر کرنے کیلئے باقاعدہ پر شدہ اور دستخط شدہ دستاویز اور اگر لازم ہو تو پاور اٹارنی کے ساتھ جو دستخط شدہ ہو یا نوٹری سے توثیق شدہ ہو اور اس کی نقل کمپنی کے حصص رجسٹرار کورپ ٹیک ایسوسی ایٹس (پرائیویٹ) لمیٹڈ E-503، جوہر ٹاؤن، لاہور کے پاس اجلاس منعقد ہونے سے کم از کم 48 گھنٹے قبل جمع کروا دی جائے۔
3۔ سی ڈی سی اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر کو سرکلر نمبر 1 مؤرخہ 26 جنوری 2000 از سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان برائے پراکسی میں مزکور ہدایات پر بھی عمل کرنا ہوگا۔
4۔ پراکسی فارم پر دو افراد کی جانب سے گواہی ہونا لازم ہے جن کے نام، پتے اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبر بھی فارم پر درج کرنا لازم ہے۔
5۔ پراکسی فارم کے ساتھ مستفید مالک اور پراکسی کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول منسلک کرنا لازم ہے۔
6۔ لازمی توثیق کے بعد رجسٹرڈ ہونے والے ممبران کو کمپنی کے اجلاس کے سلسلے میں اسی ای میل پر ایک ویڈیو لنک فراہم کیا جائے گا جو کہ ان کی جانب سے کمپنی کو فراہم کیا گیا تھا۔
7۔ بصورت کارپوریٹ ادارہ، بورڈ آف ڈائریکٹرز کی قرارداد بمعہ نمونہ دستخط اور ای میل تفصیلات بابت نمائندہ اور کمپیوٹرائزڈ قومی شناختی کارڈ کی نقل کمپنی کو فراہم کیا جانا لازم ہے۔

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 the 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/We 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. Father's / 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

جنابِ عالی:

میں/ہم بذریعہ ہذا کریسنٹ اسٹیل اینڈ الائیڈ پراڈکٹس لمیٹڈ (''کمپنی'') کا/کے شیئر ہولڈر (ہولڈرز) ہونے کے ناطے کمپنی کے آڈٹ شدہ مالیاتی اسٹیٹمنٹس بمع سالانہ اجلاسِ عام کے نوٹس کی، ذیل میں دیئے گئے ای میل کے ذریعے الیکٹرانک ٹرانسمیشن کی اجازت اور اختیار دیتا ہوں/دیتی ہوں اور اپنے ای میل ایڈریس میں کسی تبدیلی کی کمپنی کو فوری طور پر اطلاع دینے کا وعدہ کرتا ہوں/کرتی ہوں۔

میں سمجھتا ہوں کہ کمپنی کے آڈٹ شدہ مالیاتی اسٹیٹمنٹس بمع سالانہ اجلاسِ عام کے نوٹس کی ای میل کے ذریعے ٹرانسمیشن سے ان تقاضوں کی تکمیل ہوگی جن کا کمپنیز ایکٹ، 2017ء کی دفعات کے تحت ذکر کیا گیا ہے۔

1۔ شیئر ہولڈر (ہولڈرز) کا نام ____________________

2۔ والد/شوہر کا نام ____________________

3۔ سی این آئی سی ____________________

4۔ این ٹی این ____________________

5۔ پارٹیسپنٹ آئی ڈی/فولیو نمبر ____________________

6۔ ای میل ایڈریس ____________________

7۔ فون نمبر: ____________________

8۔ میلنگ ایڈریس: ____________________

تاریخ: __________

____
دستخط
(کارپوریٹ شیئر ہولڈرز کی صورت میں،
مجاز دستخط کنندہ لازمی دستخط کرے)

STANDARD REQUEST FORM FOR HARD COPIES OF ANNUAL AUDITED ACCOUNTS

Name of member: ____

CNIC No/Passport No: ____

Folio/CDC Participant ID/Sub a/c/Investor a/c: ______________________________

Registered Address: ____

I/We hereby request you to provide me/us a hard copy of the Annual Report of Crescent Steel & Allied Products Limited for the year ended 30 June 2022 at my above mentioned registered address instead of CD/DVD/USB.

I/We 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 Acting Company Secretary or Independent Share Registrar of the Company:

Acting 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
(Share Registrar)
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 مالیاتی اسٹیٹمنٹس کی ہارڈ کاپیز

ممبر کا نام: ____________________

سی این آئی سی نمبر/ پاسپورٹ نمبر ____________________

فولیو/سی ڈی سی پارٹیسپنٹ 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 2022 کو ختم ہونے والے سال کی سالانہ رپورٹ کی ہارڈ کاپی، سی ڈی/ڈی وی ڈی/یو ایس بی کے بجائے میرے مذکورہ بالا رجسٹرڈ پتے پر فراہم کی جائے۔

میں وعدہ کرتا ہوں کہ میں مذکورہ بالا معلومات میں کسی تبدیلی کی اطلاع نظر ثانی شدہ معیاری درخواست فارم کے ذریعے دوں گا/دیں گے۔

تاریخ ____________

____
ممبر کے دستخط

نوٹ: یہ معیاری درخواست فارم کمپنی ایکٹنگ سیکرٹری یا کمپنی کے انڈیپنڈنٹ شیئر رجسٹرار، کسی کے بھی درج ذیل پتے پر بھیجا جا سکتا ہے۔

ایکٹنگ کمپنی سیکرٹری

کریسنٹ اسٹیل اینڈ الائیڈ پراڈکٹس لمیٹڈ

9th فلور، سڈکو ایونیو سنٹر، 264 آر.اے لائنز، کراچی

ای میل: company.secretary@crescent.com.pk

چیف ایگزیکٹو

میسرز کارپ ٹیک ایسوسی ایٹس (پرائیویٹ) لمیٹڈ

انڈیپنڈنٹ شیئر رجسٹرار آف کریسنٹ اسٹیل اینڈ الائیڈ پراڈکٹس لمیٹڈ

503-E، جوہر ٹاؤن، لاہور

ای میل: info@corptec.com.pk

اگر کوئی ممبر مستقبل کے تمام سالانہ آڈٹ شدہ مالیاتی اسٹیٹمنٹس 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 Acting Company Secretary/Share Registrar,

I, ______________________________, holding CNIC No. ______________________ __, being the registered shareholder of the Company under folio no. _____________________, state that pursuant to 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 address 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 Acting Company Secretary or Independent Share Registrar of the Company:

Acting 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
(Share Registrar)
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 ایکٹنگ کمپنی سیکرٹری/شیئر رجسٹرار،

میں ____________ حامل سی این آئی سی نمبر ____________ فولیو نمبر ____________ کے تحت کمپنی کے رجسٹرڈ شیئر ہولڈر ہونے کی حیثیت سے بیان کرتا ہوں/کرتی ہوں کہ لسٹیڈ کمپنیوں کی طرف سے ڈیویڈنڈ کی ادائیگیوں سے متعلق کمپنیز ایکٹ، 2017ء کے سیکشن 242 کی متعلقہ دفعات کی رُو سے موجودہ اور مستقبل کے کیش ڈیویڈنڈز کی الیکٹرانک طریقے سے براہِ راست میرے بینک اکاؤنٹ میں وصولی کے لئے 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/دوں گی۔

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 پارٹیسپنٹ کے ذریعے سنٹرل ڈیپازٹری سسٹم میں اپنے بینک اکاؤنٹ کی مذکورہ بالا معلومات کو اپ ڈیٹ کروں گا/کروں گی۔

تاریخ ____________

____
ممبر کے دستخط

نوٹ: یہ معیاری درخواست فارم کمپنی ایکٹنگ سیکرٹری یا کمپنی کے انڈیپنڈنٹ شیئر رجسٹرار، کسی کے بھی درج ذیل پتے پر بھیجا جاسکتا ہے۔

ایکٹنگ کمپنی سیکرٹری

کریسنٹ اسٹیل اینڈ الائیڈ پراڈکٹس لمیٹڈ
9th فلور، سڈکو ایوینیو سنٹر، 264 آر اے لائنز کراچی
ای میل: company.secretary@crescent.com.pk

چیف ایگزیکٹو

میسرز کارپ ٹیک ایسوسی ایٹس (پرائیویٹ) لمیٹڈ
انڈیپنڈنٹ شیئر رجسٹرار آف کریسنٹ اسٹیل اینڈ الائیڈ پراڈکٹس لمیٹڈ
E-503، جوہر ٹاؤن، لاہور
ای میل: info@corptec.com.pk

FORM FOR VIDEO CONFERENCE FACILITY

The Acting 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 27 October 2022.

Date: __________________

____
Member's signature

Note:
This Standard Request Form may be sent at either of the following addresses of the Acting Company Secretary or Independent Share Registrar of the Company:

Acting 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
(Share Registrar)
503-E, Johar Town, Lahore
Email: info@corptec.com.pk

کریسنٹ اسٹیل اینڈ الائیڈ پراڈکٹس لمیٹڈ
ای۔فارم برائے ویڈیو کانفرنس سہولت

دی ایکٹنگ کمپنی سیکرٹری/شیئر رجسٹرار،

__________ سے تعلق رکھنے والا/ والے، میں/ہم __________ حامل __________ عام حصص فولیو نمبر (نمبرز) __________/سی ڈی سی پارٹیسپنٹ ID نمبر __________ اور سب اکاؤنٹ نمبر __________ سی ڈی سی انویسٹر اکاؤنٹ ID نمبر __________ کے تحت کمپنی کے رجسٹرڈ شیئر ہولڈر (ہولڈرز) کی حیثیت سے 27 اکتوبر 2022 کو منعقد ہونے والے کمپنی کے سالانہ اجلاسِ عام کے لئے __________ میں ویڈیو کانفرنس سہولت کی درخواست کرتا ہوں/کرتے ہیں۔

تاریخ __________

____
ممبر کے دستخط

نوٹ: یہ معیاری درخواست فارم کمپنی ایکٹنگ سیکرٹری یا کمپنی کے انڈیپنڈنٹ شیئر رجسٹرار، کسی کے بھی درج ذیل پتے پر بھیجا جاسکتا ہے۔

ایکٹنگ کمپنی سیکرٹری

کریسنٹ اسٹیل اینڈ الائیڈ پراڈکس لمیٹڈ

9th فلور، سڈکو ایوینو سنٹر، 264 آر اے لائنز، کراچی

ای میل: company.secretary@crescent.com.pk

چیف ایگزیکٹو

میسرز کارپ ٹیک ایسوسی ایٹس (پرائیویٹ) لمیٹڈ

انڈیپنڈنٹ شیئر رجسٹرار آف کریسنٹ اسٹیل اینڈ الائیڈ پراڈکٹس لمیٹڈ

503-E، جوہر ٹاؤن، لاہور

ای میل: info@corptec.com.pk