ANNUAL REPORT 2023

Crescent Steel and Allied Products Limited

CANVAS OF CHANGE

UNFOLDING ART MOVEMENTS

CANVAS OF CHANGE

This year's theme explores the interplay between art and society, demonstrating how art movements have consistently mirrored the evolving faces of culture and community across centuries.

From the Renaissance to modern street art, these expressions echo historical events and serve as poignant commentaries on societal issues.

This journey through time transports us through various epochs, each art movement encapsulating its era's prevailing values, challenges, and aspirations, offering a glimpse into the narrative of human progress.

Exploring the "Canvas of Change," we discover artistic expressions and the desire for and commitment to progress and innovation. We embrace the ever-evolving narrative of human development, offering a glimpse into the limitless potential for positive change in our company and the world."

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ABOUT THE REPORT

This report consolidates our financial and corporate responsibility reporting into one comprehensive annual report that provides a detailed and focused overview on our operational performance across all key areas of our business, alongside the detailed annual financial reporting. This is the first edition of our consolidated annual report.

This continues to cover all areas in previous editions of our separate reporting on corporate responsibility performance - spanning 10 years - and seeks to integrate our reporting for stakeholders into one comprehensive report.

OUR PRIORITIES AND LEARNING FROM STAKEHOLDERS

We are responsible corporate citizens and strive to build and enhance value for all stakeholders. This includes maximizing returns for our shareholders and practicing our business in a sustainable way to optimise value creation both across our business operations and in the communities where we operate.

We regularly collect key stakeholder feedback, both formally and informally, to determine where we stand and to ensure that we build a sustainable business with lasting positive impacts in all areas of our operations.

SCOPE AND BOUNDARY

This report covers the performance of all business operations across five distinct Business Units and two wholly owned subsidiaries for both financial and non-financial information. Audited standalone financial statements present a detailed overview of all Business Units while consolidated financial statements present detailed Group level financial information that includes two wholly owned subsidiaries and the impacts of equity accounted associate companies.

REPORTING PERIOD COVERED

This report covers the fiscal year 2023; content that describes efforts outside this period is indicated in the respective sections.

REPORTING FRAMEWORK

The report follows IFAC's International Financial Reporting Standards (IFRS), reporting requirements of the Companies Act (2017), the Global Reporting Initiative's (GRI) Standards (2021), and ICAP's Best Corporate and Sustainability Report Evaluation Criteria.

Where disclosure standards have not been defined, they have been reported on management approach and benchmarked on globally accepted methodologies and assumptions. The report also draws from guidelines of the Integrated Reporting Framework and showcases our contribution to the UN Sustainable Development Goals.

DATA COLLECTION

While we started formally reporting on our corporate responsibility performance in 2013, we have always been reporting detailed financial performance alongside voluntary disclosures on corporate responsibility performance since we commenced commercial production in 1987.

We have a robust enterprise level accounting system, and our financials are closed every month. A management report covering financial and operational performance is circulated to key management every month. Quarterly financial information is circulated to the Board and shareholders through the stock exchange as per applicable rules. Financial Statements and quarterly reports are also available on the Company's website for all stakeholders. Financial Statements are audited by an external auditor on a half-year and annual basis.

For non-financial data collection, we built an in-house data gathering portal which is based on a comprehensive sustainability manual. The manual draws guidelines on disclosures from Global Reporting Initiatives reporting guidelines, which we augment periodically to remain updated with GRI's latest guidelines as well as to strengthen our internal and external reporting mechanisms.

All material topics, which are of interest to various stakeholders, and which reflect significant impacts of our activities on the economy, environment, and society are included in this report.

To ensure accuracy and transparency in reporting, we have engaged our Internal Auditors to have corporate responsibility disclosures reviewed; however, this remains a pending action to date on account of capacity gaps in sustainability reporting consulting and assurance landscape in Pakistan; as such at times there are errors in reporting which are duly restated with requisite disclaimers. The online PDF version can be accessed at

https://crescent.com.pk/investor-relations/financial-and-sustainability-reports

Editorial Policy	Our Annual Report is a way for us to share information on our financial, operational and sustainability related activities and performance with stakeholders. This year's report reviews the progress and results achieved in the fiscal year 2023.
Organization	Crescent Steel and Allied Products Limited and its subsidiary companies. The significant locations of operations are Nooriabad, Jaranwala, Bhone and Dalowal in Pakistan, with the head office situated in Karachi.
Referenced Reporting Guidelines	• IFAC's International Financial Reporting Standards (IFRS) • Global Reporting Initiative (GRI) Standards
Reporting Cycle	Annual; (July 01, 2022, to June 30, 2023)
Reporting Period	Financial year 2023 (July 01, 2022, to June 30, 2023)
Date of the Previous Report	Annual Report 2022 issued on October 06, 2022. Corporate Responsibility Report 2022, issued on June 06, 2023
Date of Previous Report Audit (Internal/External)	The Company's financial statements are audited by the external auditors; GRI and other non-financial disclosures have not been audited internally or externally; these have however undergone management review. Any restatements are duly disclosed.
Point of Contact and Feedback	For queries and clarifications on this report, please contact us at: info@crescent.com.pk
Available Online	The report is available online at https://crescent.com.pk/uploads/media/annual-report-2023

[2] Consolidated financial reporting reflects equity accounting impacts on the balance sheet – these would otherwise reflect on the Company P&L in standalone reporting.

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

COMPANY SECRETARY

Azeem Sarwar

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 Commercial Operations

Iqbal Abdulla - 2014*
IT Advisor

Mushtaque Ahmed - 1985*
Head of Manufacturing - Steel Division

HEAD OF INTERNAL AUDIT

Muhammad Shakeeb Ullah Khan - 2021*

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

* Year of Joining

SHARIAH COMPLIANT

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

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

**Registered Office and Principal office are same as Holding Company

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

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. Azeem Sarwar
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 2023 go to:
https://crescent.com.pk/uploads/media/annual-report-2023

OUR PERFORMANCE OVER THE YEARS

ECONOMIC

2023

- EPS: Rs. 2.28
- ROE: 2.9%
- Total sales of Rs. 4,516 million with a gross margin of 17.2%
- Profit before taxation, Rs. 234.3 million with a margin of 5.2%
- Taxes of Rs. 57.4 million, 24.3% of PBT Income from investments Rs. 208 million and ROI on weighted average investments is 6.7 %
- Remuneration to employees constitutes 9.3% of revenues
- Goods and services purchased constitute 71.7% of Sales
- Bare Pipe Production: 42,888 MT
- Line Pipe Coating: 51,795 meters
- Yarn Production: 1,726 MT
- Dividend from strategic Investment: 163.4 million
- 133.44 KM of quality line pipes supplied on time, for national energy infrastructure projects

2022

- EPS: Rs. 4.72
- ROE: 6.1%
- Total sales of Rs. 7,089 million with a gross loss margin of 0.9%
- Profit before taxation, Rs. 234.3 million with a profit margin of 4.4%
- Tax reversal of Rs. 140 million, 18% of LBT.
- Income from investments Rs. 970 million and ROI on weighted average investments is 34.9%
- Remuneration to employees constitutes 5.6% of revenues
- Goods and services purchased constitute 92.9% of Sales
- Bare Pipe Production: 5,082 MT
- Line Pipe Coating: 95,377 meters
- Yarn Production: 5,687.5 MT
- Steel Billets Production: 17,707 MT
- Dividend from strategic Investment: 1,183.4 million
- 92.04 KM of quality line pipes supplied on time, for national energy infrastructure projects

PEOPLE

2023

- 16 students supported through tertiary education sponsorships in Pakistan
- 1,831 hours volunteered
- 434 employees across locations where we operate
- 50% employees in formal training programs; average training of 5.42 hours per employee across all tiers
- 333+ local, 43+ foreign contractors, service providers and suppliers engaged
- Employee Satisfaction Index: 3.73

2022

- 13 students supported through tertiary education sponsorships in Pakistan
- 1,749 hours volunteered
- 769 employees across locations where we operate
- 21% employees in formal training programs; average training of 3.90 hours per employee across all tiers
- 2,096 + local, 81+ foreign contractors, service providers and suppliers engaged
- Employee Satisfaction Index: 3.77

COMMUNITY

2023

- Rs. 13.89 million donated to support causes working in education during the year
- Rs. 27.49 million in community investments, a decrease of 53% from the prior year, constituting 11.74% of PBT.
- 16,500 ml of blood collected from donors during the year. 33 employees participated in the blood drive held at the Head Office

2022

- Rs. 50.4 million donated to support causes working in education during the year
- Rs. 58.96 million in community investments, an increase of 346% from the prior year, constituting 18.71% of PBT.
- 18,500 ml of blood collected from donors during the year. 37 employees participated in blood drive held at the Head Office

ENVIRONMENT

2023

- Energy consumption:(GJ) 73,390; Self-generated:(GJ) 50,543 National grid: (GJ) 22,487
- GHG emission decreased by 6,936 tonnes of CO_2 against a decrease of 36% in sales
- Emissions intensity ratio 0.00014 MT CO_2 / sales
- 9,891 trees planted to reduce our carbon footprint by 58.45 tons annually

2022

- Energy consumption:(GJ) 210,820; Self-generated:(GJ) 102,480 National grid: (GJ) 108,340
- Energy Supplied outside the business: (GJ) 43,158
- GHG emission decreased by 1,932 tonnes of CO_2 against a decrease of 2% in sales
- Emissions intensity ratio 0.00016 MT CO_2 / sales
- 13,142 trees planted to reduce our carbon footprint by 78 MT annually

RECOGNITION

2023

- Our Company was presented with a Joint Gold Award in the category of Diversified Holdings by South Asian Federation of Accountants (SAFA) under the 'Best Presented Annual Report Awards' for 2021.

2022

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

MEMBERSHIP OF ASSOCIATIONS

- Pakistan Centre for Philanthropy
- Management Association of Pakistan
- Pakistan Engineering Council
- Pakistan Steel Line Pipe Industry Association
- International Cotton Association Limited
- Employer's Federation of Pakistan
- Pakistan Steel Melter's Association
- The Federation of Pakistan Chambers of Commerce & Industry
- Karachi Chamber of Commerce and Industry
- All Pakistan Textile Mills Associations
- Pakistan Institute of Corporate Governance

EXTERNAL INITIATIVES

- API Specification Q1 and API 5L
- ISO 9001:2015, 14001:2015 , ISO 45001:2018
- Global Reporting Initiative (GRI) and Sustainability Reporting Standards

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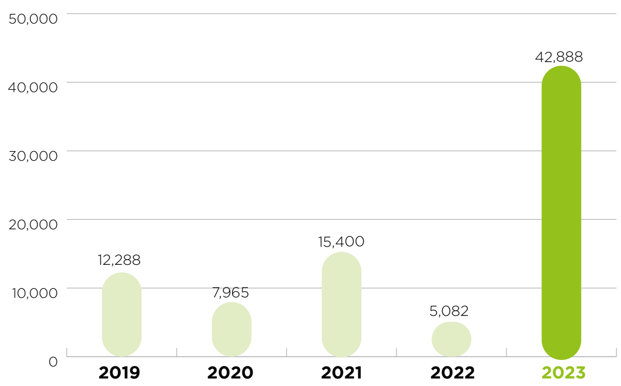
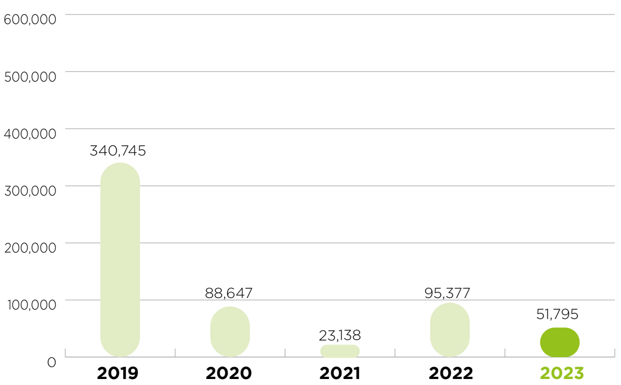
- Rs. 411.69 million donated to support The Citizens Foundation to educate Pakistan since 1995 at an average of Rs. 14.70 million per year. This translates to an average of 3.77% of PBT for the period.
- ROE over 10 years is 7.6%
- Sales growth of 19.5% over the last 10 years
- 53,200+ trees planted since 2008, reducing 315 tonnes of CO_2, which is equivalent to burning approximately 41,525 gallons of gasoline.

OPERATIONAL PERFORMANCE

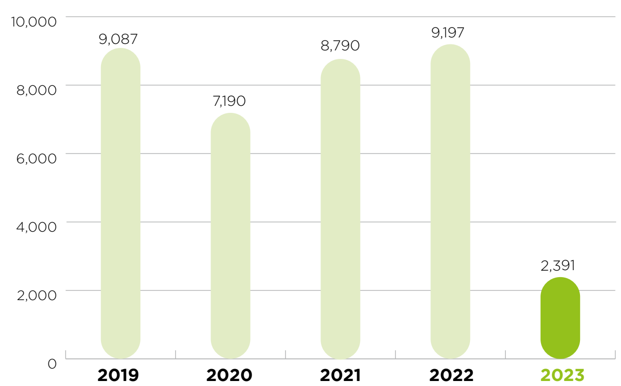
Steel Pipes (MT)



Line Pipe Coating (Meters)

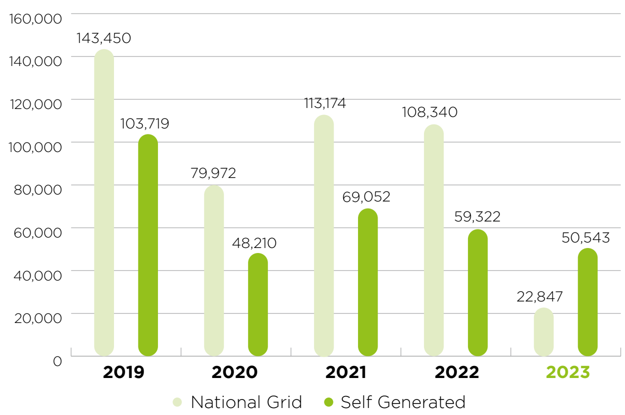


Yarn ('000 Kgs)

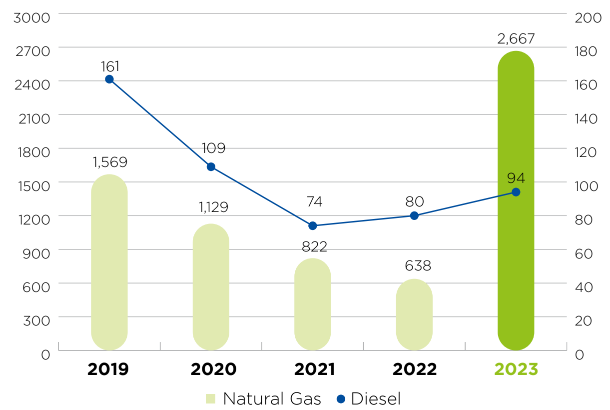


ENVIRONMENT PERFORMANCE HIGHLIGHT

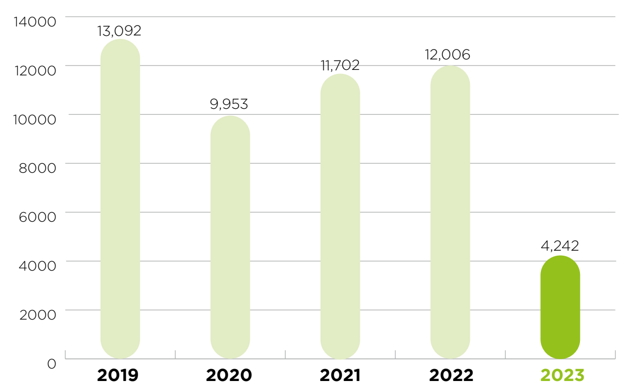
National Grid and Self Generated Energy (GJ)



Direct GHG Emissions in CO_2 Equivalent (MT)

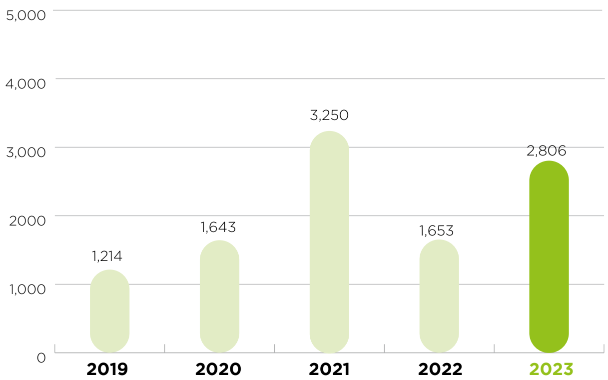


Indirect GHG Emissions in CO_2 Equivalent (MT)

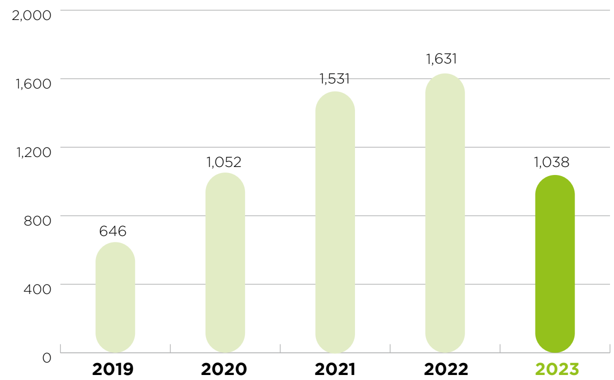


WEALTH GENERATED AND DISTRIBUTED

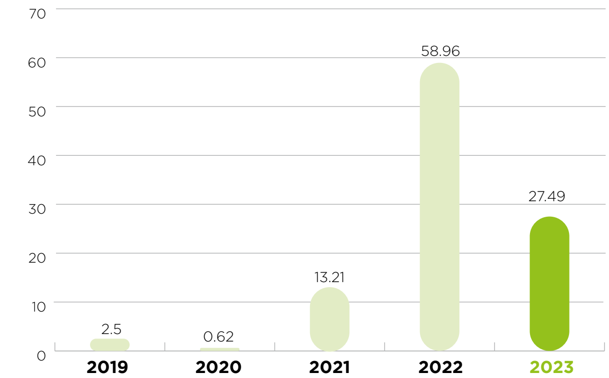
Net Wealth Generated
Rs. in million



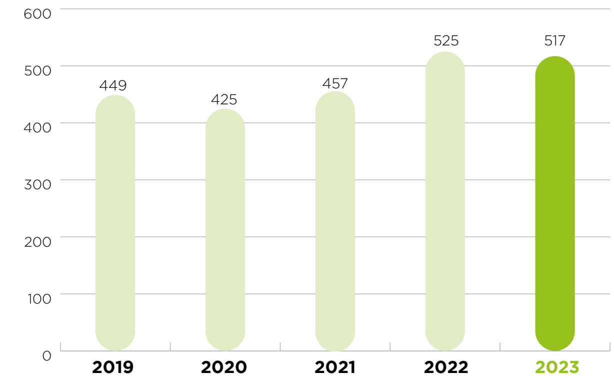
Contibution to Exchequer
Rs. in million



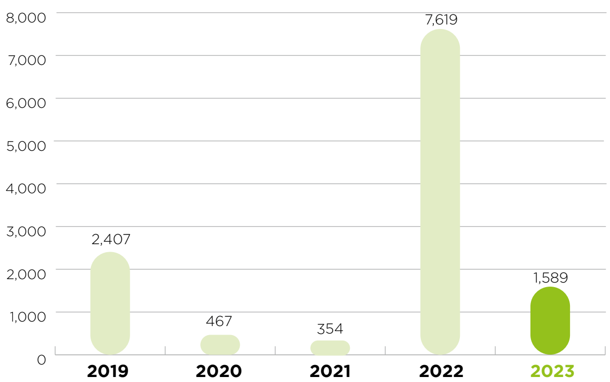
Social Investments
Rs. in million



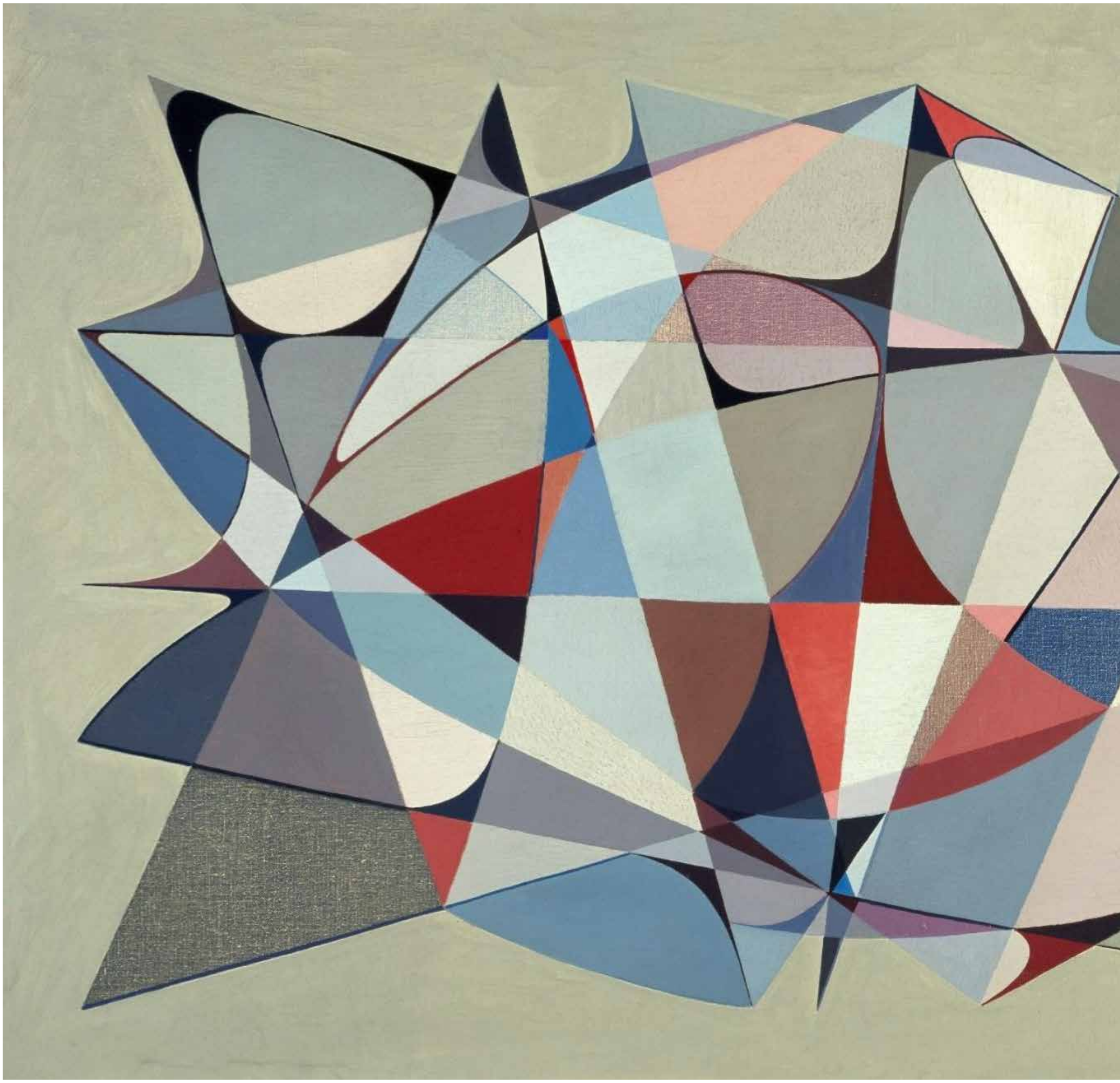
Contribution to Employees
Rs. in million



Training Expense
Rs. in thousands



CONSTRUCTIVISM 1919–1932



Source: https://artsandculture.google.com/asset/inven%C3%A7%C3%A3o-baiana-no-1/kQG9rLI8Q_iNvA

Avant-garde tendency in 20th-century painting, sculpture, photography, design and architecture, with associated developments in literature, theatre and film. The term was first coined by artists in Russia in early 1921 and achieved wide international currency in the 1920s. Russian Constructivism refers specifically to a group of artists who sought to move beyond the autonomous art object, extending the formal language of abstract art into practical design work.

SAMSON FLEXOR

Title: Invenção baiana no. 1

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

DEAR SHAREHOLDERS,

I take pleasure in presenting the annual report for the Fiscal Year 2023, which integrates our sustainability, statutory and financial reporting. The report is supplemented with audited Financial Statements (Separate and Consolidated) for the year ended June 30, 2023.

The last few years have presented the most challenging operating environments – bringing with it back-to-back political, economic and humanitarian crises, both global and national. The dynamics of trade, in particular for energy and steel markets remained volatile amidst global geo-political and economic turmoil. On the domestic side, Pakistan slid into a deeper crisis. The beginning of the year was marked by unprecedented flooding that caused heavy losses to both lives and infrastructure – at the same time Pakistan witnessed a huge influx of Afghan refugees. The displacement of millions and destruction of infrastructure induced by extreme climate events, coupled with unprecedented political and economic challenges are making the operating environment increasingly difficult.

We find ourselves confronting this new reality, adapting our supply chain and our commercial strategy to an unprecedented level of volatility, uncertainty, and low demand.

Record global inflation, triggered central banks across the world and in Pakistan to raise policy rates; domestically policy rates were taken up by an aggregate 825 bps to 22% against an average FY23 CPI Inflation reading of 29.4%. At the same time, administrative constraints on imports continued to add pressure on both finances and operations. FX reserves dipped to all-time low of under USD 3 billion during February 2023 and remained under pressure throughout the fiscal year, despite these import curtailment measures. The PKR depreciated 39.8% against the greenback to close the year at an all-time high of PKR 288.59/USD. – this significantly increased input costs, and consequently increased our exposure on projects we had bid for in an environment of increasing cost of funds.

Despite these challenges, the past fiscal year was a pivotal one. Crisis and turmoil allowed us to see more clearly, the essential vital role we play in building national infrastructure and, in contributing to development throughout Pakistan.

On an overall basis Crescent Steel did well from a growth perspective. We were able to secure a sizeable order book and enhance manufacturing capacity at our line pipe unit on the back of the demand triggered by K-IV Greater Karachi Bulk Water Supply Project. This includes upgrades to our finishing line and coating plant that enhance our product offering up to diameter sizes of 100 and 84 inches, respectively.

The K-IV project will transport potable water from Keenjhar Lake to three reservoirs in Karachi. Designed in two phases; phase-I is planned for transmission of 260 MGD, through a 110 KM pipeline route. Production on this order is expected to be completed by the end of the calendar year 2023. Given the nature of supply for this project, as one of the largest water pipeline projects in the world, in terms of steel tonnage, on the highest global standards for pipeline manufacturing, coating and construction, the success of this project positions us as among global leaders in the API, large diameter line pipe manufacturing segment.

During the year we manufactured, coated and supplied 84-inch steel line pipes, as per API 5L specifications – a first for Pakistan and a landmark achievement for the domestic engineering industry. At the close of the outgoing fiscal year, we had delivered more than 43 KM (35,960 tons) against the pipe manufacturing contract awarded to us for the K-IV Project Phase-I.

The Company posted sales of Rs. 4,515 million (FY22: Rs. 7,090 million), down 36.3% YoY; 75.3% constitute sales attributable to the Steel Division. It is important to note, that line pipe sales to China Harbour Engineering Company – Al Fajr International Joint Venture (CHEC – AFI) were on conversion basis i.e. buyer supplied HRC raw material – as such for comparable sales, deemed revenue of the Company may considered at Rs. 11,685.2 million. Of this, Rs. 2,984 million or 53.6% constitute payments to suppliers. Rs. 27 million or 11.7% of PBT was donated towards various causes that we support. Of the community investments we made, 90.4% constitute support for causes working in the education sector. Our contribution to the exchequer and economy stood at Rs. 1,947 million (FY22: Rs. 2,467 million), while Rs. 3236 million constituted payments to lenders. The Company's gearing ratio remained conservative at 24.9%, increasing YoY on the back of higher working capital needs and funding needs for capacity augmentation. During the year cash flow from financing activities stood at PKR Rs. 912 million or 20.2% of sales while the weighted average cost of borrowing stood at 23.0%.

During the year we produced 42,888 MT / 133 KMs of bare pipe and applied 305,098 sq.m. of line pipe coatings covering 46 KMs of bare pipes at our pipe manufacturing facility in Nooriabad. The fabrication facility located in Faisalabad enabled us in indigenously managing significant modifications to our finishing line and coating plant, in order to execute the K-IV Project.

Standalone EBIT at Rs. 594.2 million (FY22: Rs. 561 million) represents a margin on net sales of 13.2% (FY22: 7.9%) while underlying EBITDA stood at Rs. 826 million (FY22: Rs. 769 million); a margin of 18.3% (FY22: 10.8%). RoCE declined to 2.3% (FY22: 4.9%).

On a standalone basis, Crescent Steel closed the year with a profit after tax of Rs. 177 million (FY22: Rs. 367 million). Gross profit margins improved to positive 17.2% at Rs. 776 million (FY22: negative 0.9%; negative Rs. 65 million) while operating profit margins stood at Rs. 515 million or 11.40%.

On a consolidated basis, the Group posted profit after tax of Rs. 591 million (FY 22: Loss after tax of Rs. 647 million). The consolidated PBT is primarily attributable to a Rs. 616 million share of profit from equity accounted investees and steel division profits. On a consolidated basis underlying EBIT stood at Rs. 447 million (FY22: LBIT of Rs. 621 million) representing a positive margin on net sales of 9.9 %, while EBITDA stood at Rs. 1,298 million – a margin of 28.7% on net sales. Consolidated ROCE stood at 6.7 %, compared to negative 7.2% last year. Similarly, consolidated ROE of 8.0% was higher than last year's figure of negative 9.2%.

Consequently, Standalone Earnings per share (EPS) for FY23 stood at Rs. 2.28 as against EPS of Rs. 4.72 in FY22 while on a consolidated basis FY23 EPS stood at Rs. 7.61 (FY22: EPS of Rs. 8.34).

We were not able to distribute profits again this year primarily on account of high cashflow requirements – a mix of both working capital needs as well as requirements to place 100% cash margins against import requirements for most of the outgoing year. Operating cash flow margin stood at negative 8.0% for the period under review.

We draw comfort from a strong balance sheet footing of Rs. 9,948 million (FY22: Rs. 8,445 million) which continues to support our business through a difficult operating environment. Despite extremely volatile conditions especially over the last few years, the Company book value has grown at a CAGR of 6.9% since 1987 from Rs. 7.11 to Rs. 78.86 (adjusted for gains on strategic investments held at cost, the indicative break-up value is Rs. 89.08 per share) as on June 30, 2023. The share continues to trade at a huge discount; the price as on June 30, 2023 stood at Rs. 21.50 per share.

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 ancillary manufacturing facilities and a huge increase in input costs that remained largely unhedged.

Having stated some fiscal facts, in the remainder of this note I will discuss Company operations.

Reflecting on Crescent Steel's journey over the past year, I am reminded of the driving force behind our decisions and actions – our purpose. Our purpose serves as the link between our business strategy and our commitment to remaining competitive and, our responsibility as a corporate citizen in contributing to greater economic, environmental, and social prosperity.

Incorporated in 1983, we commenced commercial production in 1987 with an API licensed line pipe manufacturing unit about 100 KM from Karachi, in Nooriabad. Today, we operate four distinct businesses, in the engineering, textile, power, and capital markets sectors.

Our flagship operations manufacture and coat large diameter steel line pipes, used for hydrocarbons transportation in the energy cycle. Pipes transport oil and gas, safely across rivers and mountains, through towns and villages. Communities and the environment rely on long-term integrity of pipelines, to ensure their well-being. Large diameter steel pipes are also used for transportation of water and wastewater systems, and for piling in the construction of ports, jetties and buildings.

Our yarn business contributes to the agricultural economy by generating demand for cotton and empowering farmers across Pakistan; investments in alternate power enable us to be energy independent and support the national grid; capital market investments reflect our conviction in the growth of Pakistan's corporate sector and, our billet manufacturing unit is well positioned to provide sustainable sources of steel to Pakistan's engineering sector.

Our businesses continue to provide equal opportunity employment to hundreds of people in Pakistan.

We have made a clear prioritization of where we want to grow and remained focused on business where we can leverage inherent strengths. Our strategic thrust continues to remain in the engineering sector. Specifically, challenges of the last few years have helped us prioritise and refocus our efforts in this segment and at the same time pushed us to make difficult decisions on liberalising value stuck in unproductive assets.

We made a conscious decision to allocate capital to our pipe manufacturing unit for optimal asset utilization and in doing so, we did not have enough space to allocate resources to underperforming units.

Planned projects to augment the country's pipeline infrastructure – particularly for the transportation of imported fuels - and much-needed water and sanitation projects are, therefore, material for both, our business as well as for sustained growth and development in Pakistan.

We understand that our industry and Company can have a profound impact on people's lives.

Energy and water security are essential to economic and social development and have a profound impact on lives everywhere. These projects 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. Our Company has contributed 35.0% of the national gas transmission infrastructure, contributing significantly to national infrastructure development.

We produced and supplied 42,888 tons of steel line pipe in diameter sizes ranging from 16 inches to 84 inches, as against 5,082 tons in FY22. On a notional basis, this works out to 68,095 tons on an installed notional capacity of 200,000 tons. Line pipe coatings saw a significant increase at 305,098 sq. meters on an installed notional capacity of 600,000 sq. meters and as against 96,667 sq. meters in FY22. A total of 133 KMs of line pipe was dispatched during FY23.

Much of this [35,960 tons i.e., 83.1% of Steel Division Production] was produced on conversion basis for China Harbour Engineering Company (CHEC), the Chinese Company that has been awarded the K-IV pipeline project. In addition to placing a sizeable order with us, they have partnered with us to establish a pipe manufacturing and coating facility within our premises at Nooriabad. The operations and quality management at the facility will be entirely managed, under contract, by us. Production for this is projected to continue during the first half of FY24.

Partnering with CHEC – AFI on this project has been extremely rewarding for us as it allowed us to showcase our engineering capability, and the strength and quality of our teams – we have executed approximately 50% of the order placed on us with a 0% rejection rate. It is a testament to quality being fundamental to how we do business at Crescent Steel. This project enabled us to keep our pipe and coating plant operational at a utilization rate 34.0% and 51.1%. The grid tied 561.2 KWh solar plant we installed in FY23, generated Rs. 36 million in energy savings.

Our successes mean a durable and sustainable, energy and water infrastructure for Pakistan.

Revenues from the Steel Division stood at Rs. 3,396 million (FY22: Rs. 1,392 million) – generating gross profit of Rs. 978 million i.e. 28.80% (FY22: GL of Rs. 134 million i.e. -9.7%). Adjusting for deemed revenue of approximately Rs. 7,169 million, deemed sales are estimated at Rs. 10,565 million, representing a gross margin of 9.25%. Margins, therefore, remained under pressure due to rising operating costs and a steep PKR devaluation.

The Division posted a profit before tax (PBT) for the year of Rs. 307 million (FY22: LBT of Rs. 550 million), contributing 130.8% to the EPS of Rs. 2.28/share, which was eroded by operating losses from other business units.

Over the last few years, demand for line pipes remained low as planned projects for the supply of imported RLNG and national infrastructure augmentation were put on hold. Given current circumstances and the stresses in the energy sector, select urgent projects have been awarded in H2FY23 while others have been tendered for, we expect more to follow over FY 24, triggering about 350 KMs in line pipe demand in the medium term.

Our pipe manufacturing business caters to local demand for steel line pipes; which is imported at very high freight costs as final products to meet local demand-supply gaps.

Our business is tightly linked with development; as with all development, it goes through cycles of feast and famine. To buffer the periods of famine, we have built a strong corporate structure, including ancillary revenue wallets and cash flow buffers.

Through our portfolio management division, we remain active investors in Pakistan capital markets. Markets remained volatile due to mounting uncertainty and political noise throughout the outgoing fiscal year. Although on an overall basis the local bourse lost only 0.2%, in USD terms devaluation eroded 34.4% of the market capitalization and volumes hit an all-time low with daily traded volumes down 34.2%. During the year foreign selling stood at USD 2.3 billion. This was driven by growing economic and political uncertainty, rising interest rates/fixed income yields, rupee devaluation and worsening macroeconomic fundamentals. Expectations from the corporate sector remained low and continued to add pressure on KSE-100 performance.

The division continued to provide working capital and cashflow support to our core business, generating Rs. 97 million in cash flow support through investment income (mainly constituting dividends) and, Rs. 1,173 million through the pledge of assets for funded and non-funded limits.

The portfolio (on a consolidated basis) holds Rs. 750 million or 16.5% in trading investments while Rs. 2,916 million or 64.2% make up strategic investments that include a 17.6% stake in Altern Energy Limited. Portfolio dividend yield stood at 12.2% against the KSE-100 dividend yield of 9.3% and the portfolio PE stood at 5.2 times. The division posted a PBT of Rs. 648 million. The PBT includes Rs. 616 million in share of profit from equity accounted investee, and unrealized losses of Rs. 45 million, contributing 92.8% to the consolidated EPS of Rs. 7.61.

The KSE-100 index is currently trading at a historic low PE of 2.26 times and a forward PE of 3.65 times compared to the regional average of 16.24 times and a 15-year historical PE of 8.96 times. The local bourse and our portfolio is well positioned to post a strong recovery in the medium term, as things begin to settle on the economic front.

We also operate a 19,680 spindle cotton-spinning unit that goes by Crescent Cotton Products and has a capacity to produce 9.2 million Kgs per annum. The unit is capable of producing high quality yarn for supply to the manufacturers of textile products.

Cotton crop production was affected by the floods and heavy rains with an estimated 30% of the cotton crop damaged. As a result there was a shortage in availability of cotton locally with domestic production at 5.4 million bales as against a targeted 7.4 million bales. Profitability was also adversely affected by the withdrawal of tariff subsidies previously available to the textile sector. This coupled with the general increase in input costs, as explained above, eroded margins to a point where it was no longer feasible to operate the plant. We also faced increased working capital requirements at the Steel division.

Capacity utilization at the Cotton Division stood at 26% with production for the year at 2.4 million Kgs as against 8.5 million Kgs in FY22 (converted to 20/1 count). The division posted sales of Rs. 1,010 million at a gross loss of Rs. 64 million i.e. a negative 6.3% margin on sales. This is against sales of Rs. 2,695 million in FY22 and an associated Gross Profit of Rs. 276 million and GP margin of 10.2%. The unit posted a LBT of Rs. 127.1 million (FY22: PBT of Rs. 199 million) on account of plant idling of 91 days that resulted in unabsorbed fixed costs.

Our business unit in secondary steel manufacturing, operating as Crescent Hadeed, manufactures high quality steel billets by processing steel scrap through induction melting and continuous casting process. Our billets are used as inputs by steel re-rolling operations to produce a range of steel construction products. We feel there is ample room for growth in this sector as Pakistan's per capita consumption of steel ~ 49 Kgs is significantly lower than the world average and regional peers; of this Pakistan produces only ~ 17 Kgs per capita indicating significant room for growth in this segment.

Adjacent to this unit is a 16.5 MW bagasse-fired thermal co-generation plant, that generates and supplies energy and steam; the plant is augmented with a 15 MW condensing turbine that converts low pressure steam to power. The division also holds investments in a 100 MW solar park through a wholly owned subsidiary, Solution de Energy (Private) Limited. The project aims to develop, own, operate, and maintain a 100 MW solar power project in Solar Power Park, established by the Government of Punjab in the Cholistan desert. The Company has been granted an electricity generation license from the National Electric Power Regulatory Authority (NEPRA) for its 100MW Solar Power Plant.

Both, the steel long products and bagasse fired thermal co-generation unit remained closed during the entirety of fiscal year 2023. Collectively, the units posted a gross loss of Rs. 98 million.

We employ a diverse workforce with varying skill sets across 6 locations; on average, we had 602 people in employment during the outgoing fiscal year, receiving compensation and benefits of Rs. 515 million during the year. We closed the fiscal year with a workforce of 434 (FY22: 769).

From our earliest beginnings, our commitment has always been to deliver quality products responsibly, efficiently, and economically, and in doing so to make positive contributions to our community, provide fair returns to our shareholders and a desirable workplace for employees.

As a long-term industrial concern, our values are rooted in sustainable principles. Since we opened our first mill in Nooriabad in the 1980s to the start-up of our state-of-the-art steel melt shop in Bhone in 2016, with all our acquisitions and expansions during this time, we have grown with the communities where we work and live, have remained invested in the overall well-being of Pakistan, minimizing our environmental footprint and being a reliable partner for suppliers and customers.

I am proud that our entire leadership team displays an unwavering commitment to ethical business practices that are insisted upon by managers and the leadership team. Our Core Values and Governing Principles articulate our collective belief that all aspects of our Company's business should be conducted based on standards of honesty, openness, fair play, and decency. These principles were adopted before any Code of Corporate Governance was mandated on a publicly listed

Company and before the Company was listed in 1987. They still serve as Crescent Steel's North Star, informing our thinking, behaviors, and expectations around doing what is right and responsible for our business and for all Crescent Steel stakeholders.

This demands the highest ethical standards, a culture of care embodied by safety first, a commitment to environmental stewardship, strong relationships with all our stakeholders, and the discipline and focus to stay the course in good times and bad. At Crescent Steel, we are proud of what we have been able to accomplish over the last 35+ years, and we look forward to the opportunities in front of us to continue to make a lasting difference.

LOOKING AHEAD

In the upcoming fiscal year, we expect to execute the remainder of our order for the K-IV project, as well as orders in hand for the gas utilities in H1FY24. We have been evaluated as the lowest financial bidder in a number of gas transmission projects and expect these to be executed in the second half of the upcoming year.

We also expect tendering of up to 120 KM for assorted sizes large diameter pipes within the first half of FY24, with expected execution to begin Q4FY24. In the water sector we expect that projects allied with K-IV will continue to keep us occupied over the next three years, including the K-IV Augmentation Project and the K-IV Project, Phase-II. We also expect that capital markets will perform well in the medium term and plan to remain invested in strong Pakistan corporates– our investment portfolio is strong and supports our cashflow and collateral needs – this fiscal year as the government moves to rationalize anomalies in the power sector, we expect healthy payouts from this sector to add to our bottom line and cashflows.

I know that Crescent Steel is a strong Company – one that can absorb shocks and deliver in difficult times, from a long-term viewpoint.

We have faced some extraordinary challenges across our all-business segments; however, as a Group we stayed true to our mission and guiding principles. We put in place the building blocks to ensure that 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 on 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 times.

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
August 09, 2023

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.

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 behaviors.

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 must 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 program 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 a fixed salary as determined by the Board; the 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 the Director's fee for attending Board meetings which is also fixed considering 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 safeguarding 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 the CEO.

GOVERNANCE AND NOMINATION COMMITTEE

The role of the 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 the 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 the 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 being 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 is 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.

GROUP STRUCTURE

Our Business Operations are structured as separate Business Units and as subsidiary units within Crescent Steel.

The Company operates in five divisions: Steel and Engineering, Crescent Cotton Products, Investment and Infrastructure Development (IID), CS Energy and Crescent Hadeed. The Company also has two wholly owned subsidiaries: CS Capital (Private) Limited and Solution De Energy (Private) Limited. CS Capital forms part of the IID Division as a standalone investment holding company while Solution De Energy holds strategic investments in a 100 MW Solar Park Project and forms part of the CS Energy Division.

Additionally, the Company holds strategic investments in energy through minority stake in Altern Energy Limited (17.6% Significant influence) which translates into investments in energy of 53 MW. As such, the Company's aggregate investments in power production, including its own source power, stand at 184.5 MW.

Crescent Steel and Allied Products Limited

BUSINESS DIVISIONS

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

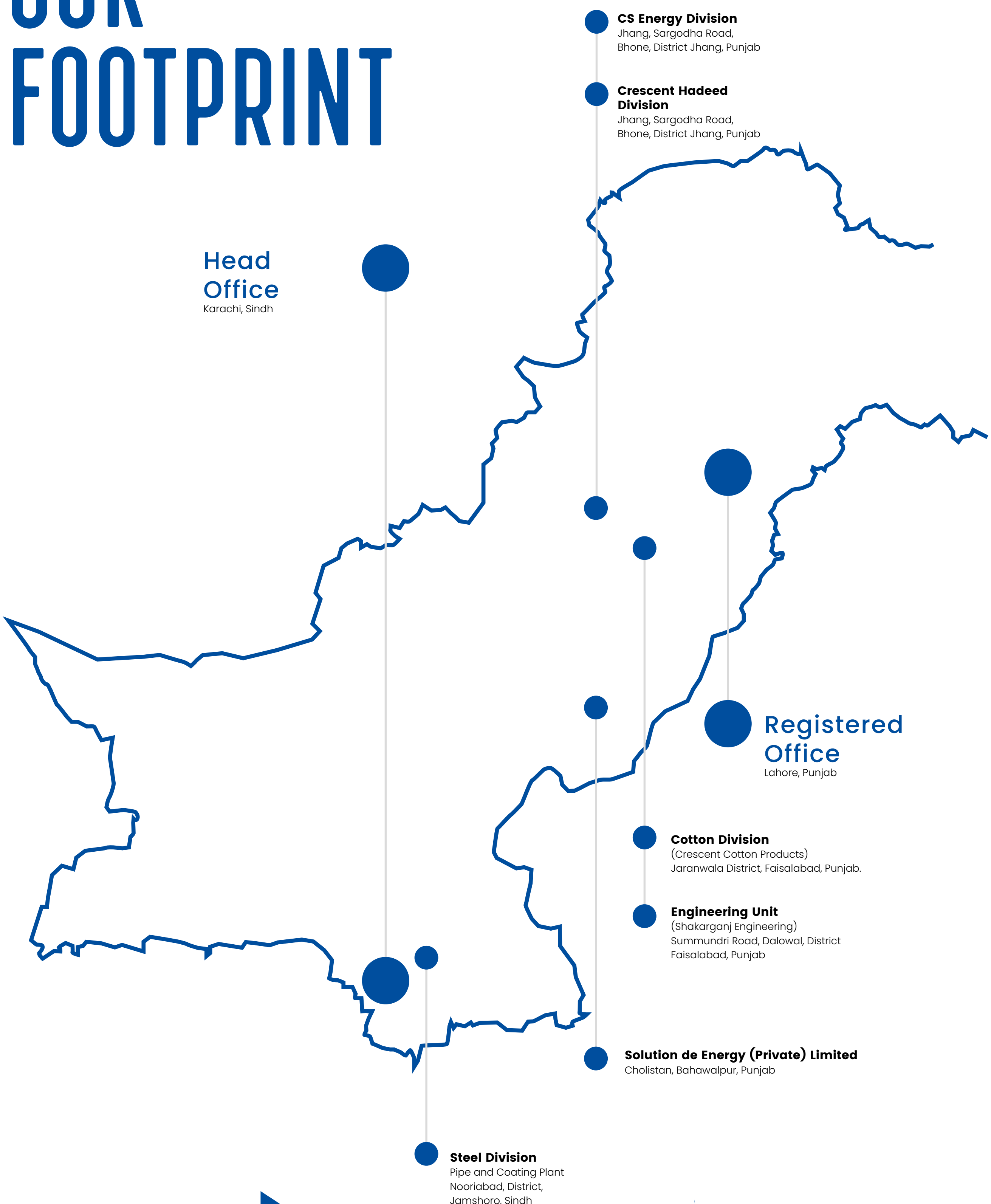
SUBSIDIARIES

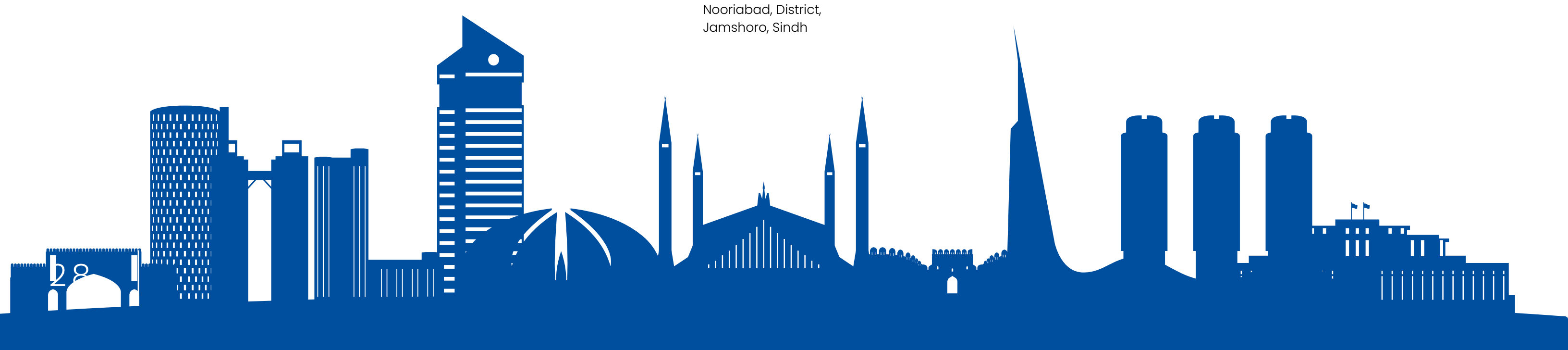
CS Capital (Private) Limited	100% Owned
Solution de Energy (Private) Limited	100% Owned

STRATEGIC INVESTMENTS

Shakarganj Limited	28.1 Stake
Altern Energy Limited	17.6 Stake
Shakarganj Food Products Limited	10.1 Stake

OUR FOOTPRINT





AWARDS AND ACCOLADES

SOUTH ASIAN FEDERATION OF ACCOUNTANTS: ANNUAL REPORT AWARDS 2021

Our Company was presented with a Joint Gold Award in the category of Diversified Holdings by South Asian Federation of Accountants (SAFA) under the 'Best Presented Annual Report Awards' for 2021.

OUR HISTORY (1983-2023)

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

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 implementation of Oracle E-Business suite
- 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)

2011-2022

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)

2023

- Joint Gold award in the category of Diversified Holdings by South Asian Federation of Accountants (SAFA) under the 'Best Presented Annual Report Awards' for 2021
- Enhanced pipe hydrostatic testing capacity to up to 100" in pipe diameters
- Enhanced coating capability of pipe from 64" to 84" diameters
- Installed Solar Power system at Nooriabad of 561.2 KW

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

OUR BUSINESSES

The success and growth of our business benefits all along the value chain: the government, our suppliers, our customers, their customers, service providers, utilities, infrastructure owners, investors, and more.

Crescent Steel incorporated in 1983 as a steel line pipe manufacturing business, today is a conglomerate listed on the Pakistan Stock Exchange with diversified business units operating in four defined sectors; engineering, textiles, capital markets, and power. The Company's operations are spread across six campuses in Sindh and Punjab with headquarters in Karachi and a liaison office in Lahore.

STEEL DIVISION

The Steel Division operates three plants across two campuses, a Pipe Manufacturing and Coating Plant in Nooriabad, Sindh and, a Machinery Fabrication Plant (Shakarganj Engineering) in Dalowal, Punjab. The pipe plant operates two Spiral Pipe (SP) production lines, specializing in large-diameter spiral submerged arc welded steel line pipes. The Coating Plant applies flow-efficient and anti-corrosion, external and internal pipe coatings on steel line pipes. The unit is also capable of applying weight coatings. Shakarganj Engineering fabricates machinery and equipment for the Sugar, Cement, Power and Engineering industries, including our own manufacturing units.

LINE PIPE MANUFACTURING

The Spiral Pipe Plant has the capability of manufacturing high-quality steel pipes in the diameter range of 8 inches –120 inches (219 mm – 3,048 mm) with wall thickness up to 25 mm and material grades up to API 5L X-100. The unit's pipe production capacity is 200,000 MTs per annum.

The notional annual capacity for production based on a single shift of eight hours is 66,700 MT. Both SP lines are capable of operating for 24 hours at an annual plant capacity of 200,000 MT per annum. The notional pipe size is taken as a diameter size of 30 inches with 1/2 inch thickness for SP-1600 and a diameter of 40 inches with 5/8 inch thickness for SP-2003.

The actual production achieved during the year was 42,888 MT (FY22: 5,082 MT) of line pipes in varied sizes and thicknesses, in 664 extended shifts i.e. total production of 5,312 hours. Actual production is equivalent to 68,095 MT [FY22: 28,205.6 MT] when translated to the notional pipe sizes. Hot-rolled coils (HRC) are processed and converted into Submerged Arc Welded Helical Seam Line Pipes. If required, internal and/or external coatings of high-density polyethene are applied and line pipes are supplied primarily to public utility companies for use in the national oil and gas transmission network and, to other customers.

SUPPLY CHAIN BARE LINE PIPES

HR Coils and consumables are imported from steel manufacturers and inspected for specs and quality parameters.

Crescent Steel procures and processes HR Coils that pass quality testing, to manufacture steel line pipes

LINE PIPE COATINGS

Crescent Steel is one of the first in the country to introduce anti-corrosion and flow efficiency internal and external pipe coatings with a state-of-the-art external coating line in 1992.

External coatings include Multi-Layer Polyolefin and Polypropylene Coating, Single layer Fusion Bonded Epoxy Coating, Tape Coating, and Liquid Epoxy Coating while internal coatings include Anti- Corrosion Epoxy Coatings, Flow Efficiency Coating (FEC) and Cement Lining.

We carry the capability to coat steel line pipes ranging from 4 inches – 84 inches (114 mm – 2,134 mm), tape coatings on pipe diameters above 60 inches (1,524 mm) and internal epoxy coatings on diameters ranging from 8 inches – 60 inches (219 mm – 1,524 mm).

The annual notional capacity of the plant works out to 600,000 square meters based on 14-inch diameter pipes operating single ten-hour shifts. We coated 51,795 meters [FY22: 95,377 meters] of pipes in varying sizes. 305,098 square meters surface area [FY22: 96,677 square meters surface area] was achieved during the year over 1623 hours of production, translating into a capacity utilisation of 51.1%.

ENGINEERING UNIT

SUPPLY CHAIN INDUSTRIAL EQUIPMENT

The Engineering Unit established in 2005 and located in Dalowal, Punjab was acquired by Crescent Steel in 2009.

The workshop fabricates machinery and spare parts on design specifications it owns, or as provided by the customers, for various local industries especially in the food and cement sectors. The raw material, mainly metal sheets, is procured and converted into industrial equipment.

This unit was leveraged in the commissioning of our steel melting, billet manufacturing unit, and supplied

The engineering unit workshop fabricates and mills industrial machinery and equipment as per design specifications

SUPPLY CHAIN INTERNAL AND EXTERNAL PIPE COATINGS

Crescent Steel receives bare pipes from clients/Crescent Steel's line pipe manufacturing unit.

External and/or internal coating is applied to bare pipes and pipes are tested for quality.

Coated pipes help improve flow efficiency, reduce material and energy use, enhance durability, and help manage future costs better.

Metal sheets and other raw material is procured

Fabricated equipment is used by customers in the sugar, cement, and other industries.

key infrastructure and equipment to the plant including the fabricated components of the continuous casting machine, overhead cranes, vibro-feeders, and furnace hoods. Most recently, the unit has fabricated and supplied key components to our line pipe coating and manufacturing units enabling us to augment capacity for higher diameter sizes. The Following table shows the product range of our engineering unit:

Cane Shredders	Juice Heaters, Vapour Juice Heaters	Evaporators with Stainless Steel Multi jet Condensers
Batch and Continuous Vacuum	Crystallizer "U" shape & Vertical	Centrifugal Machines
Stainless Steel Spray Clusters for Spray Pond	Stainless Steel Deep Bed Filters	Hydraulic Tilting Trolleys for Cane
Perforated Plates and Vibro Screens for Paper Plants	High Voltage Transformer Tanks	High-Pressure Boilers
Fabrication and Erection of Steel Structure of Hood Duct Line with Chimney for Air Pollution Control	Fabrication and Erection of Steel Structure of Continuous Casting Machine with Ladle and Tundish	Fabrication and Erection of Steel Structure of Hood Duct Line with Chimney for Air Pollution Control
Compact Imported Type Vibratory Scrap Feeders for Steel Plants	Fabrication and Erection of Steel Furnace with Structure and Chimney having 275 Feet Height for Glass Factory.	Fabrication of Furnaces for Pipe Coating Plants Diabolo Rollers with structure for Pipe Plant.
Cane Shredders	Juice Heaters, Vapour Juice Heaters	Evaporators with Stainless Steel Multi jet Condensers

CRESCENT HADEED DIVISION – BILLET MANUFACTURING UNIT

The unit manufactures G-40 and G-60 steel billets in ASTM 615 standards specifications, through a steel induction melting and continuous casting process.

Re-rolling mills use our billets to manufacture reinforced steel bars, angles, channels, sections, and other steel products for use in the construction and engineering sectors. The unit was set up with the mission to provide high-quality, sustainable steel construction materials for national infrastructure development requirements.

The plant operates in two shifts of 12 hours each with an annual production capacity of 85,000 MTs in various widths and a standard length of 6 meters.

The Company manufactured nil MTs in the current year [FY22: 17,707 MTs] of billets. Due to instability in the economic situation, difficulty to obtain Letters of Credit (LCs) from banks, and significant inventory shortages which resulted a negative impact on the supply chain and production activities the Company. We expect that it will remain in-operational over fiscal year 2024 as well.

SUPPLY CHAIN
STEEL LONG PRODUCTS

Steel scrap and alloys are imported/procured locally for melting and processing

Secure reliable power sourced from CS Energy

Billets are produced through a steel melting and ladle refining process. These billets are sold to rerolling mills and converted to rebar

Re-rollers convert the billets into rebar and other long products.

Rebar/long, products are used in the construction of buildings, dams, bridges, housing, and other infrastructure development projects.

CRESCENT COTTON PRODUCTS

Crescent Cotton Products, acquired in 2000, is the textile division of the Company, located in Jaranwala, Punjab. The unit is registered with the Ministry of Textile Industry Pakistan and is a member of the All Pakistan Textile Mills Association (APTMA).

Specializing in producing high-quality cotton/synthetic and blended carded yarn equipped with Slub, Siro and Compact attachments CCP operates 19,680 spindles and has a production capacity of 385 bags per day.

The unit is equipped with modern high-tech European and Japanese machinery ensuring high-quality yarn processing, in counts from 10s to 31s. The plant capacity converted to 20s count polyester cotton yarn based on three 8-hour shifts per day, for 1,092 shifts is 9,197,007 kilogram. Actual production converted into 20s count was 2,391,228 kilograms for 310 shifts [FY22: 8,546,895 kilograms for 1,092 shifts] –a capacity utilisation of 26.00%.

The Supply chain for cotton apparel is complex. Farmers grow and harvest cotton. Raw cotton is sold by farmers to the ginning industry where cotton lint is separated from seeds and trash. Ginned Cotton is sold through agents in the local and international markets to spinning mills. We obtain cotton lint in bulk from cotton agents and convert it to yarn based on global standards and purchase synthetic polyester staple fibre (PSF) from local and foreign producers. The fibre is produced through a continuous polymerization process and is available in different cut lengths from 32 mm to 51 mm, procured as per requirements. Viscose is imported from different countries including Indonesia, China, and India or purchased from local producers and stockists.

The yarn we produce at Crescent Cotton Products is sold to fabric Manufacturers who weave or knit the yarn into the fabric and sell it for further processing to garment manufacturers.

SUPPLY CHAIN COTTON YARN

Farmers grow and harvest cotton crop. Raw cotton balls are picked and sold to ginners

Ginners separate lint from seeds and other materials

Middle market of lint cotton (agents / intermediaries)

Crescent Cotton Products procures cotton and synthetic fiber from local agents/manufacturers and international suppliers. The cotton and synthetic fiber is mixed and spun into various counts

Yarn is sold to weaving and knitting units that convert yarn into fabric

Fabric is dyed or printed for finishing

Crescent Cotton Products purchases fabric for onward exports to garment manufacturers

Garment manufacturers design and manufacture the fabric into finished product

Retailers / whole sellers sell garments

Consumers use final product

CS ENERGY – ENERGY DIVISION

The primary function of this unit is to generate and supply electricity for own source consumption and to customers and 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 our billet-manufacturing unit throughout the year. The thermal co-gen plant uses bagasse in the combustion process to produce power and process steam. Bagasse, a by-product of sugar cane processing, is an alternate and renewable source of power. CS Energy purchases bagasse and uses it as a fuel to generate electricity and steam. The condensing turbine processes surplus steam to generate energy.

The primary function of the unit is to produce, distribute, sell, and supply electricity to the Hadeed Division and authorized distribution companies but in the current economic conditions of the country Hadeed Division remains closed due to economic conditions. During the year nil MT of bagasse [FY22: 123,719 MT], Nil MT of water [FY22: 217,272 MT] and nil MT of steam [FY22: 208,635 MT] were used for the generation of nil MWh of renewable power [FY22: 24,724 MWh] of which nil MWh [FY22: 12,171 MWh] was supplied to Crescent Hadeed division.

Sugar mills procure and process sugarcane

Bagasse is produced as a by-product

CS Energy buys bagasse and produces electricity and steam

SUPPLY CHAIN ENERGY

Sugarcane grown and harvested by local farmers

Steam is supplied to Shakarganj and power is supplied to Cresccent Hadeed, Shakarganj, and FESCO

SOLAR ENERGY INVESTMENTS

Solution de Energy is a wholly owned subsidiary of Crescent Steel.

The principal activity of the Company is to build, own, operate and maintain a 100MW solar power project in Solar Power Park, being established by the Government of Punjab in the Cholistan desert.

The project aims to generate, accumulate, distribute, sell and supply electricity/power to Pakistan Electric Power Company (PEPCO) / Distribution Companies (DISCOS) under the agreement with the Government of Pakistan or to any other consumer as permitted.

The Company has been granted an electricity generation license from National Electric Power Regulatory Authority (NEPRA) for its 100MW Solar Power Plant.

MATERIALITY

ASSESSMENT METHODOLOGY

We use the Global Reporting Initiative (GRI) reporting framework to inform our definition of sustainability and materiality and to identify issues material to our business. We conduct a materiality assessment using a self-developed materiality assessment toolkit that ranks issues in terms of significance (significant, high, medium, and low) and relevance (yes or no).

We aim to understand which corporate responsibility issues will most likely affect Crescent Steel's business strategy.

We use the following indicators to select issues that will have the greatest impact:

- Relevance of the issue
- Impact on the Company and Business
- Importance and relevance to stakeholders

We rank the list of sustainability issues (which have been derived from the GRI standards 2021 in terms of relevance and significance to Crescent Steel and its stakeholder groups (ranking for stakeholder groups is based on management's best estimates), assess Crescent Steel's performance and strategy plan on these issues and, estimate the impact of non-performance in these areas.

As a Company operating multiple business units across four distinct sectors, impact is financially linked to Company sales. Consolidated scores on each aspect form a materiality matrix. The matrix provides an initial understanding of issues of primary importance today and those that Crescent Steel considers an opportunity and a responsibility in the future.

Ranking corporate social responsibility issues (derived from the GRI's standards2021) by individual business units and service area leaders enables us to assess Crescent Steel's performance and develop future strategic plans related to these issues while simultaneously monitoring the current progress. The matrix provides us with an overview, enabling greater visibility on future opportunities and emphasizing areas of importance in the context of what is material to the sustainability of our business today.

REVIEW AND IDENTIFICATION

We last reviewed our materiality assessment formally in FY20 to evaluate changing economic, environmental, and social impacts and to recognize stakeholder expectations regarding our performance, strengths, and weaknesses. This year we mapped our last materiality review to updated GRI - standards 2021 and checked for any changes to material issues. We have moved from an annual review of our materiality assessment to doing it once every three years. Our triennial materiality review, which includes examining each sustainability aspect according to its level of risk to the Company, the level of stakeholder interest and its relevance, has identified 16 key sustainability issues in economic, environmental, and social aspects. All deserve focus, but seven priority issues were carried forward to 2024-2026; these are defined in material aspects and their boundaries, later on in this section.

ECONOMIC

Economic Performance
Indirect Economic Impact
Procurement Practices
Tax

ENVIRONMENTAL

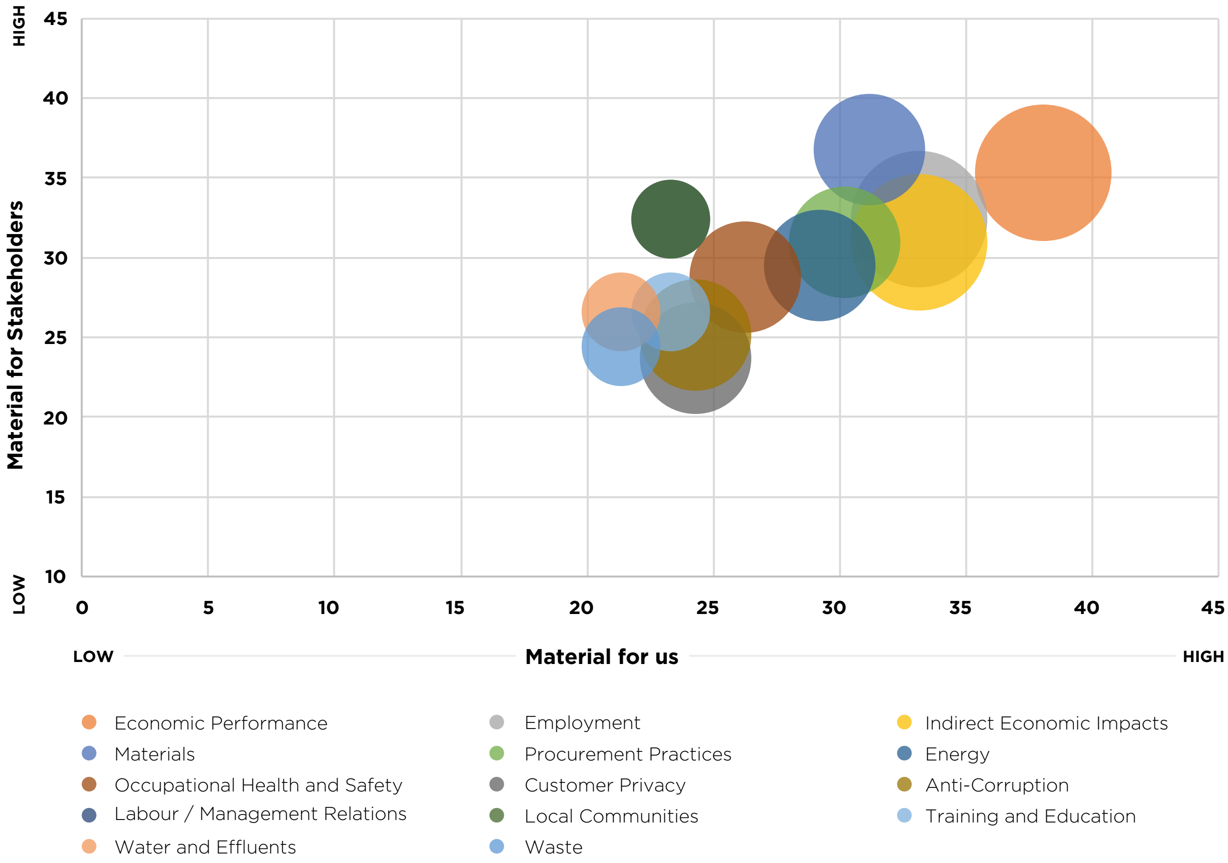
Materials
Energy
Water and Effluents
Waste

SOCIAL

Employment
Occupational Health and Safety
Customer Privacy
Anti Corruption
Labour / Management Relations
Local Communities
Training and Education
Compliance

The outcome of this analysis can be seen in the graph.

MATERIALITY MATRIX



MATERIAL ASPECT AND BOUNDARY IDENTIFICATION

The impact of every material aspect, inside and outside the organization is measured based on management's best estimate and analysis using the materiality toolkit. These impacts are being reported for the seven items we consider material to our business sustainability over the next three years.

Moreover, the concerns of stakeholders and limits of the boundary for disclosures are considered in accordance with GRI industrial characteristics and industry experiences. The reporting principles of GRI Standard - GRI 101 Foundation 2021, have been utilized to report on the significance and distinguishing limits for material issues.

We continuously identify and survey any threats to our businesses. We consider the opinions and advice of our stakeholders seriously, to understand, fully, the importance of the sustainability of our operations.
The company uses GRI standards and concepts of materiality to report on any material information. Understanding and setting a threshold for our material aspects play an important role in the interest of our business and stakeholders. Regular performance reviews, integrated monitoring of processes, and persistent consultation from our stakeholders are all pivotal for the evaluation of material aspects

Topic Specific Disclosures	Material Aspect	Material Issue	GRI Indicator	Boundary (Within / Outside)
Economic	Economic Performance 2016	Revenue generation through sales and distribution of wealth to internal and external stakeholders.	GRI 201	CSAPL, Community, Shareholders, Government
	Procurement Practices 2016	The company's strategic direction enhances business opportunities through local suppliers contributing to economic development.	GRI 204	CSAPL, Suppliers, Community, Government
	Indirect Economic Impacts 2016	Corporate Responsibility, Performance i.e. Cash, Kind and Time contributions/ Community Investments. Focus areas i.e. Education, Health and Environment.	GRI 203	CSAPL, Community, Government
Environmental	Energy 2016	Environmental impacts in view of the use of non-renewable resources for energy production.	GRI 302	CSAPL, Community
	Materials 2016	Depleting raw material resources affects finite resources.	GRI 301	CSAPL Suppliers, Community
Environmental	Employment 2016	Compliance with laws and regulations leads towards better productivity in line with a diversified workforce.	GRI 401	CSAPL, Community
	Occupational Health and Safety 2018	The productivity of an organization is directly related to workers' health and safety to deliver the best product to the consumer.	GRI 403	CSAPL, Community

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 always updated and remains relevant.

As part of our planned annual business strategy reviews, we reviewed the corporate strategy FY2024 – FY2026 to new business and environmental challenges. Overall, the economic conditions are extremely challenging in the short-term but 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 – H³** has been maintained for 2024-2026. 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 sustainable growth.
- Delivering growth and development in natural gas, LNG, and water/sewerage management and to bring innovation in construction applications – through our contribution to infrastructure development.
- A strong, high performance corporate culture.
- 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
- Review our asset base for asset optimization strategies at our disposal in the immediate term.

FULFILLMENT (SHORT TERM - CONTINUOUS) Practices for delivering on current sustainability commitments.	NURTURING COMMITMENT	OUTLINING THE PLAN	**FORMAL** Practices that establish rules and procedures
INFORMAL Practices that affect value and behaviors	DRIVING FOR TRANSFORMATION	INTEGRATING CAPACITY TO TRANSFORM	**INNOVATION** (LONG TERM) Practices that move the company further along the path to sustainability by doing things differently or better

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 - Return on Equity - Net Margins - Market price per share - Book value per share	- 5 years average: • Earnings per share Rs. 2.63 • Dividend per share Rs. Nil • Return on Equity 3.4% - Net margin of 3.9% - Market price per share Rs. 21.5 - Book value per share Rs. 78.9 - Stakeholder engagement 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 fiscal 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 25.3% - 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 specialized 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: 95.0% • CS Hadeed (Billet) division: Nil • Cotton division: 29.9% • CS Energy division: Nil - Capacity Utilization • Steel division: • Pipe plant – 34.2% • Coating plant – 51.1% • Hadeed (Billet) division: Nil • Cotton division: 26.0% • CS Energy division: Nil Customer Satisfaction Score: 97.5%

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 in safe practices and wellbeing.

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 resolute 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 has been no material change in the Company's objective, strategies, and critical performance indicators from the previous year. Also, there are no significant plans for corporate restructuring, business expansion or discontinuance of operations.

	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 11.7% 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 1,831 hours (FY22: 1,757 hours) to structured community programs throughout the year. - Supported thirteen students at universities in Pakistan including four under the Scholarship Plan for the Children of our Employees. Thirty-seven students have been supported in full or in part for tertiary programs. - Built 22 TCF schooling units (17 primary and 5 secondary school units) and continues to support fifteen schooling units (12 primary and three secondary school units)
	Human Capital Social & Relationship Capital	- Internal & External Training - Education programs for employees - Employee turnover ratio - Employees Satisfaction Survey	- More than 60% of management staff at the Company was reviewed in the Organization Talent Review exercise to identify Hi-Potential people. - 219 (FY22: 161) employees has been trained for a total of 2,354 (FY22: 3,002) hours during the year. - Employees turnover ratio of 56%. High overall turnover is due to temporary shutdown at the spinning unit alongside industry dynamics with seasonal hiring. - Employees' Satisfaction Index of 3.73/5
	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 has been vaccinated including all third party staff.

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 placed strategically to increase the long-term wealth of each stakeholder. The said results are rigorously evaluated against the respective strategic objectives to confirm the achievement.

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

- Relationship capital with all value chain partners – customers, suppliers, financial institutions, the community where we operate, etc.
- Quality Focus approach
- Strong balance sheet footing.
- Strong management systems provide for governance and transparency.
- Business lines provide multiple/diverse avenues of revenue generation and buffer market shocks.
- Resilience, Reliability and Integrity.
- Environmental, social, and corporate governance - Brand Image/Equity.
- Culture of ownership.

WEAKNESSES

- Economies of scale.
- Transitioning to digitization
- 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

- Expanded Steel Division manufacturing capacity (Finish Line modifications) - water transmission projects
- Future projects: Infrastructure development, Energy/LNG projects, Water supply projects, Port Construction projects etc.
- Export of pipe opportunities to other countries like GCC and EU.
- K-IV project, the Greater Karachi Bulk Water Supply Scheme ancillary works - pipeline construction, testing, etc.
- Develop alternative energy sources through renewables i.e. solar, to reduce overall energy costs.

THREATS

- High production costs
- Policy level interventions affecting business as usual (import contraction, etc.)
- Eroding suppliers' trust due to prevailing domestic challenges in imports.
- Prevailing domestic economic conditions (exchange rate, interest rates, utility costs, etc.)
- Foreign companies putting down roots/ competing with us with our customers/ pushing us out of mega projects.

CHALLENGES AND INITIATIVES

CHALLENGES

Consider just some of the challenges we have witnessed over the past few years, a global pandemic, an extended war in Europe, extreme climate events, global geopolitical uncertainties, and rapid change in technology. Domestically, the clash of institutions and the branches of government, extreme climate events, rising food insecurity, high unemployment, high inflation, and low industrial output are just some of the challenges that have significantly disrupted business and have consequently dampened productivity. Despite external challenges, with varying impact on our businesses, we have improved performance in our core business and remain committed to our corporate strategy to ultimately deliver long-term and sustainable value to our stakeholders.

SUPPLY CHAIN

Global inflationary pressure and geopolitical challenges continue to impact supply chain; higher energy costs across Europe because of the continuing Russia-Ukraine conflict have triggered an increase in costs of importing consumables and spares/equipment as well as lead times. At the same time a decrease in demand for commodities such as iron and steel, cotton, and petrochemical products led to a steep and fast fall in commodity prices. This downward trend worked against businesses as the spread between input materials and finished goods pricing narrowed significantly. This was especially pronounced in our spinning business considering a procurement strategy based on a rolling three month inventory cycle; imported cotton prices declined by over 40% in a very short period, resulting in high inventory costs while the market for finished yarn reflected prevailing input 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. Demand planning and forecasting challenges persisted due to uncertainty on procurement lead times as a direct consequence of import curbs. Our domestic suppliers were equally affected by import curbs, currency devaluation and low demand and this led to increased pricing as well as significantly longer lead times – furthermore the local supply chain for commodities such as steel scrap is highly disorganized while domestic cotton output was plagued by challenges brought on by extreme climate events in growing regions.

CURRENCY DEVALUATION AND FX VOLATILITY

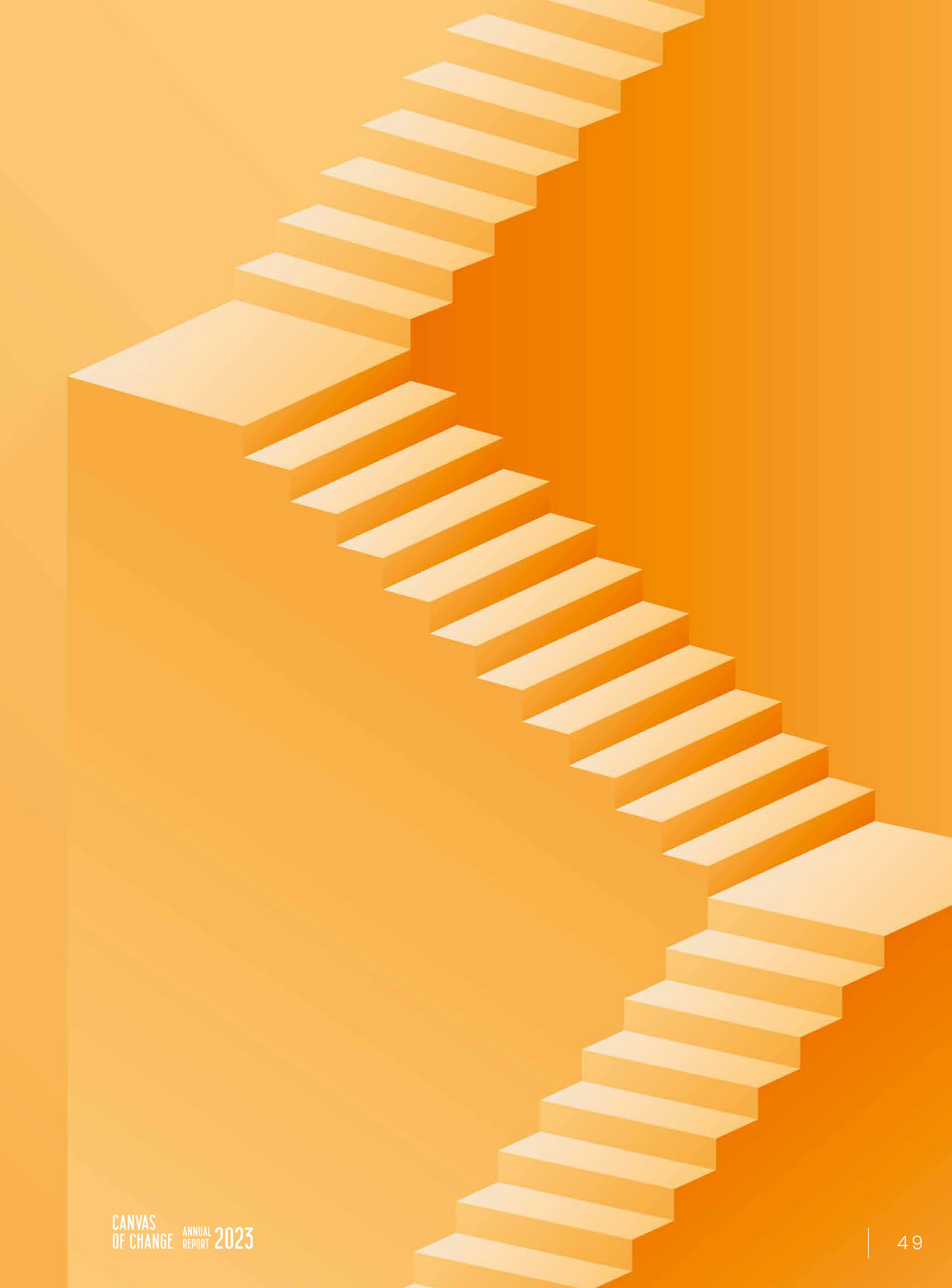
The Company imports most of its inventory in the form of raw materials, consumables, and spares; therefore, we are exposed to fluctuations in foreign currencies. The economic challenges facing the country, including depleting foreign exchange reserves, soaring current account deficits, higher inflation 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 are 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.

IMPORT COMPRESSION REGULATIONS

To control the outflow of FX, the State Bank of Pakistan has restricted commercial banks from processing import transactions. Throughout the FY various policies were enacted to curb imports; cash margin restrictions, import priority protocols, prior approvals for imports of plant, machinery, equipment and spares, extreme and regressive scrutiny requirements for imports from select origins, and others. While most of these policies were phased out during the FY, the SBP continued to curb imports through instructions to commercial banks and by setting arbitrary limits on the value of FX transactions a bank could process within a specified period. These unofficial and arbitrary measures have remained in place and operating letters of credit or advance payments for imports of critical materials remains a significant and serious challenge. Due to these curbs many European, North American and Japanese suppliers have refused to supply to Pakistan or demand advance payments, which are not possible. Many businesses, including our own, have suffered due to the absence of critical materials and equipment on account of these curbs. Furthermore, such policies have amplified black market transactions and smuggling; counter to the objective of these policies.

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.

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, domestic 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. 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.

HUMAN CAPITAL

With the serious cost of living crisis in Pakistan, attracting and retaining high performing talent has become a major challenge. The cost of human capital for the Company has increased by 21.72%, year on year, and as inflationary pressure continues to rise, businesses across the country will have to continue to increase salaries and wages even as revenue stagnates, and margins erode. This is further compounded by people from all walks of life emigrating for better opportunities; over the past year over half a million Pakistanis emigrated for work which included more than 350,000 unskilled workers.

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 upgraded our finishing and coating lines. Furthermore, to minimize energy costs, especially in idling periods, we have a grid-tied Solar Power System with a capacity of 565 kWh to offset our energy costs and have planned capacity enhancements during FY24.

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.

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.

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 implemented 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.

IMPRESSIONISM 1860.....

Term generally applied to a movement in art in France in the late 19th century. The movement gave rise to such ancillaries as American Impressionism. The primary use of the term Impressionist is for a group of French painters who worked between around 1860 and 1900, especially to describe their works of the later 1860s to mid-1880s. These artists include Frédéric Bazille, Paul Cézanne, Edgar Degas, Edouard Manet, Claude Monet, Berthe Morisot, Camille Pissarro, Auguste Renoir and Alfred Sisley, as well as Mary Cassatt, Gustave Caillebotte (who was also an important early collector), Eva Gonzalès, Armand Guillaumin and Stanislas Lépine. The movement was anti-academic in its formal aspects and involved the establishment of venues other than the official Salon for showing and selling paintings.

CLAUDE MONET

Title: Cliff Walk at Pourville

Source: https://artsandculture.google.com/asset/cliff-walk-at-pourville-claude-monet-french-1840%E2%80%931926/UQGnY73r2uCqBg

RISK AND OPPORTUNITY REPORT

The Company's Board of Directors are responsible for the establishment and oversight of an effective risk management framework. The overall responsibility of overseeing the risk management process lies with the Board of Directors, supported by the Board Risk Management Committee. They are also responsible for developing and monitoring a risk management policy to determine the Company's level of risk tolerance and guiding the management of identified risks.

We firmly believe that risk-taking is inherent in business growth, innovation, and value creation. 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. However, it must be approached with a clear understanding of our risk appetite and tolerance. Every business decision taken is with due consideration of the associated risks against the opportunities. We take measured risks as 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 underpins 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 Framework

Crescent Steel well defined risk management framework outlines the clear ownership of risks, its significance and the adequacy of controls implemented for mitigating the risks. Through this framework, risks that could potentially affect the achievement of strategic,
operational, financial and/or compliance objectives are prioritized according to their impact and likelihood and remedial actions are devised accordingly.

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

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.

Operational risk identification, management and reporting are achieved via a bottom-up approach which is as follows:

1. **Business Process Owners**

   Identifies risks, maintains risk registers, and devises mitigation plans. Priorities the implementation of action plans based on risk exposure.

2. **Internal Audit**

   Provides assurance on the exposure of risks, assesses the adequacy of internal controls and provides recommendations for enhancing the level of controls needed to mitigate the risks.

3. **Executive Management Team**

   Reviews the Company wide risks, assesses the extent of its exposure and finalizes the action plans for implementation.

4. **Board Risk Management Committee**

   Reviews the effectiveness of the ERM framework and assesses the significance of risks and their mitigation plans. Interim updates are provided to RMC on emerging/new risks and the implementation status of mitigation plans.

5. **Board of Directors**

   Overall responsibility for overseeing the risk management processes.

ROBUST ASSESSMENT OF PRINCIPAL RISKS

The Board of Directors have carried out 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.

Principal risks facing the business and mitigating strategies 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 by 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: Short to Medium-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. We regularly monitor the economic and legal impacts of government policies and political actions on the Company as well as the steel industry as a whole. 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.
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 imports a large component of its raw materials and where possible / feasible takes forward cover on these imports. However, due to SBP restrictions on forward cover may not be available, resulting in an increase in exposure. The Company also regularly updates its pricing models to reflect changes in exchange rates. The Company's centralized treasury function closely monitors and manages the exposure to foreign currency risk. The Company uses various available means, including dollar-based bidding for international tenders.

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	The company avails financing at competitive rates from varying financial institutions. Also, borrowings are based on floating rates to minimize interest rate risks.
RAW MATERIAL SOURCING / PRICING			
As the majority of our core business is tendered for, there is a lag between bidding for the works and sourcing the 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	The 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.
POLICY INDUCED IMPORT RESTRICTION			
The majority of our raw materials are imported and with the import reduction measures by Government to manage foreign exchange reserves of the Country, we are exposed to risk of sourcing required raw materials for the orders and potential late delivery penalties. **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	We constantly engaged with the Mistry of Industries and Production, State Bank of Pakistan and Engineering Development Board to voice our concerns around business continuity faced due policy induced measures. The Company evaluates and does local sources wherever possible to minimize dependency on imports. The Company uses available options for discussion with customers to avoid late delivery penalties due to situations beyond the entity's control and the force majeure options.

MAJOR BUSINESS RISKS	SOURCE / Type	CAPITAL AFFECTED	MITIGATING FACTORS / ACTIONS IN PLACE
DEPENDENCE ON SUPPLIERS / CUSTOMERS			
The risk of not identifying alternate suppliers for key raw materials may hamper business operations for our core segments. Also, dependence on a 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	The 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.
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.

MAJOR BUSINESS RISKS	SOURCE / Type	CAPITAL AFFECTED	MITIGATING FACTORS / ACTIONS IN PLACE
HEALTH, SAFETY AND ENVIRONMENT			
Risks 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 a 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	The 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. A significant portion of working capital requirements of the Company are 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 of 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 regulations 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	The Company closely monitors changes in the regulatory environment and adapts to all significant changes in a timely manner to prevent any breach of law. External experts are also engaged for consultations. 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	The Company's management values automation of operations and technological advancements. The Company has invested in modernization of production facilities utilizing latest technological developments for cost/output optimization. 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
RETENTION OF EMPLOYEES IN CRITICAL POSITION			
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	The Company's key focus remains on the training and development of its intellectual capital and to provide meaningful opportunities to foster a thriving work environment and a high-performance culture. The Company has a formal succession planning process aided by market competitive compensation.

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 other 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 MT annually (66,667 MT 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.

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. 582.6 million at the close of 2023.

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, units of mutual funds 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, increased by 93.6% as compared to last year at Rs. 2,061.2 million. Banks have issued corporate guarantees on behalf of the Company of up to Rs. 1,958 million in addition to letters of credit of up to Rs. 498.9 million against lien on shipping / title documents and charge on Crescent Steel's assets.

There was a significant increase in total borrowings, majorly due to issuance of SUKUK-Al-Istisna amounting to Rs. 800 million during the year. 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. 1,669.1 million, reserves of Rs. 5,343.1 and long-term debt (including current maturity) of Rs. 771.7 million at the close of 2023 with a long-term debt-equity ratio of 7:93 as compared to 2:98 in 2022. Gearing ratio was 24.9 as on 30 June 2023 as compared to 14.8 in 2022.

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 the year 2024. Our major Capital expenditures during the year 2023 mainly include up gradation of plant and machinery.

THE CAPITALS

AND VALUE CREATION

"We strive to develop a sustainable value chain by maximizing outputs from all forms of capital we deploy in our business process"

At Crescent, we focus on everything from the lens of value creation; we believe it enhances our financial health and competitive edge. We leverage capitals at our disposal to deliver sustainable performance and augment value for all stakeholders. In addition to the economic value we generate, it captures our inputs, outputs and impacts across the value chain which includes our customers, suppliers, employees, the community at large and the environment.

THE CAPITALS

Guided by the International Integrated Reporting Framework, we use the following forms of capitals to assess our position in industry, map the value creation in our business cycle and, the sustainability of our business operations.

FINANCIAL CAPITAL

Generating Funds

We generate our financial capital from current business operations and through financing from lending partners to support our working capital needs and to finance growth and investments in other forms of capital.

MANUFACTURED CAPITAL

Leveraging Infrastructure to ensure Quality Delivery

We continuously invest in our production units, our corporate offices and operational processes to ensure operational efficiency, workplace safety, product quality and reliability and, to grow responsibly.

HUMAN CAPITAL

Our Differentiator Strengthening Skill

We invest in skills development, collective knowledge, training, and organization health to drive performance excellence. Our operating ethos is focused on the safety, health, fair pay, competency enhancement and overall well-being of our employees.

SOCIAL AND RELATIONSHIP CAPITAL

Our Legacy as a Responsible Corporate Citizen

We believe in building long-term high impact relationships with stakeholders and ensure the impact of our operations is minimized in communities where we operate. We remain fully compliant with all applicable regulations, treat people fairly, are transparent in how we work and actively invest in causes we support.

INTELLECTUAL CAPITAL

Knowledge-Based Intangibles that Make us Competitive

We have a strong culture guided by our values that fosters learning and values performance. Our management and information systems are robust; we gather and incorporate regular feedback from stakeholder groups to position ourselves better and meet stakeholder needs; our internal controls and monitoring systems ensure the relevance and strength of our management systems.

NATURAL CAPITAL

Voluntary Commitment for Environmental Stewardship

We use raw materials, water and energy, and track our consumption and our contributions to GHG emissions. We seek to minimize the environmental impacts of our operations, such as discharge of emissions, wastewater, and effluents. We also actively advocate for environmental protection and care.

OUR APPROACH TO BUSINESS– CREATING VALUE

As a conglomerate with businesses diversified into four defined sectors; engineering, textiles, capital markets, and power, we are committed to offering high quality, value added products and to providing equal employment opportunities that contribute to sustainable economic and social value.

DRIVERS FOR SUSTAINABLE VALUE CREATION

Our priorities are areas where our business intersects most closely with society, and where we can create the most value and make the most difference. Our business model is structurally strong; we focus on operational quality and strive to create value by maintaining our leadership position, through innovation in production and processes, by leveraging the technical expertise of our people and the diversity of our portfolio of businesses. We have a strong corporate culture that underpins a strong commitment to the wellbeing of our people and the environment, institutional learning and continuous improvement through best practice benchmarking, knowledge sharing and technology. Our position as responsible corporate citizens with demonstrated ability to deliver consistent returns and a healthy balance sheet strengthens our access to capital and, to markets.

CREATING VALUE FOR SUSTAINABLE DEVELOPMENT

As a responsible corporate citizen, we map contribution to the following SDGs, with particular focus on SDG 4, 8 and 12.

Capitals Engaged	
Financial Capital	The financial assets available to Crescent Steel
Owner's Equity	Rs.7,426.1 million
Investments	Rs.4,545 million
Net Worth	Rs.7,426.1 million
Total Debt	Rs.1,597.3 million
Manufactured Capital	The raw materials, plant and machinery and infrastructure required to manufacture goods
5 Manufacturing Facilities	**Capacity**
2HSAW Steel Pipe manufacturing lines	200,000 Tonnes (Notional) Core Raw Material: Hot Rolled Coils
Coating Plant	600,000 square meters (Notional) of various line pipe coatings Core Raw Material: Epoxy, HDPE
Billet Manufacturing Plant and Steel Meltshop	85,000 tonnes Core Raw Material:Steel Scrap
Yarn Spinning Unit	19,680 spindles
Power Plant	15MW (Co-generation, thermal generation power plant) 16.5MW (condensing and extraction turbine) Core Raw Material: Bagasse
1 Container Yard	8,093.7 sq meter
Intellectual Capital	Organisational knowledge, licenses, systems, brand equity
Systems and Processes	Strong management systems, detailed procedures and a strong Internal Audit function
Tacit Knowledge and Knowledge Sharing	Strong knowledge base, legacy staff, sharing personal and professional experiences
Brand Value and Reputation	Customer focus, reliability and product quality
Company Culture and Values	Workplace environment, strong performance culture, open door policy, high levels of employee engagement and focus on core values in day to day work
Corporate Governance	Transparency, focus on corporate governance beyond regulatory requirements
Strategies	Ability to position ourselves in industry, strong management team
Human Capital	The Knowledge, skills and expertise of our people.
Number of Employees	434 (143 in management and 291 shop floor personnel)
Strong Leadership	Highly qualified management team
Highly Skilled Engineers Technical Staff	Technically strong team at manufacturing sites
Positive Employee Relations	- High performance culture - Regular communication - Open door policy - Annual Employee Opinion Survey - Annual engagement sessions with community partners - Reward programs - Competitive pay and benefits
Complex Supply Chain	- Strong supplier relationship management - Sourcing technically complex API grade steel and managing inland logistics - Quality Assurance and customer focus
Social and Relationship Capital	Crescent Steel's relationships with stakeholder groups
Collaborative Partnership	1. The Citizens Foundation 2. Indus Hospital 3. World Wide Fund for Nature - Pakistan 4. The Health Foundation 5. Citizens Police Liaison Committee 6. Make-a-Wish Foundation 7. The Hunar Foundation 8. ChildLife Foundation 9. Daachi Foundation 10. Karachi Relief Trust 11. Shaukat Khanum Memorial Cancer Hospital and Research Centre 12. Habib Public School Alumni Association 13. Sindh Institute of Urology and Transplantation 14. Layton Rahmatullah Benevolent Trust 15. The Robin Hood Army 16. Habib University 17. Patients Aid Foundation
Strong Customer and Industry Partnership	- Annual Voice of Customer Survey - Regular engagement with Engineering Development Board (EDB) - NSAC and other industry bodies - Strong partnership with Employers' Federation of Pakistan (EFP)
Engagement with Govt and Regulators	- Full compliance towards all legal and regulatory asks - Strong engagement with SECP - Engagement with relevant ministries and governement bodies when needed
Natural Capital	Natural resources used in the value chain
Energy and Fuel through Convential and Renewable Resources	1. National Grid 2. Bagasse 3. Gas 4. Steam 5. Solar
Energy Efficiency	- Energy efficient machinery, motors and electronics(including inverter HVAC and LED lighting) - Natural lighting interventions for conservation
Water	- Water treatment before discharge - Reusing water where possible - Sources include groundwater and municipal supply

OUR BUSINESS MODEL

Crescent Steel Competitive Advantage

BUSINESS CONTEXT

EXTERNAL VARIABLES IMPACTING VALUE

- Exchange rate volatility: PKR/USD
- Increasing inflationary pressures
- Rising cost of funds
- Volatility in the Pakistan Stock Exchange (PSX)
- CPEC associated energy and infrastructure projects
- National water and energy infrastructure projects and, infrastructure development in general
- Fluctuation in global commodities markets, especially steel (raw material) and political instability

OUR MATERIAL RISKS

- Rupee devaluation
- High inflation and high interest rate environment
- Policy hurdles in critical raw material imports
- Increase in raw material costs and other input costs
- Disruptions in planned infrastructure projects
- Geo political instability

MARKETING AND SALES

Relationship Management and Sales

Participation in Tenders

Market

Demand Planning

Development and Needs Assessment

PROCUREMENT

Raw Material Imports

Inbound Logistics

Relationship Management

Demand Planning

OUR PROFIT BLUEPRINT

REVENUES

- Sales of bare and coated line pipes
- Coating of customer supplied line pipes
- Manufacturing pipes with customer supplied HRC
- Sales of cotton and synthetic yarns
- Sale of power and steam to steel melt shop and utilities
- Sale of billets to distributors and rerolling mills
- Portfolio gains on trading, dividend income and returns from strategic investments
- Rental income and gains on real estate appreciation

COSTS

- Procurement of raw materials, consumables, machinery, spares and parts
- Purchase and maintenance of equipment and facilities
- Investments in management and employees
- Costs of financial capital
- Negative exchange rate impacts
- Taxation
- Supplier and support services costs
- Regulatory and compliance costs

Revenue **-36%** to Rs. 4.52bn − Cost of Sales **-48%** to Rs. 3.74bn = Gross profit **1,294%** to PKR 0.78bn + Income from investments – net **133%** to PKR 0.07bn − Distribution cost **319%** to PKR 0.07bn − Administrative expenses **18%** to PKR 0.39bn − Other operating expenses **-73%** to PKR 0.02bn + Other income **30%** to PKR 0.08bn

Our business operates five divisions in four distinct industry segments. The flagship unit manufactures and coats steel line pipes primarily for Oil and Gas transmission and as a result sales in this segment are subject to volatility in line with the pace of development projects - our buisnesses in other areas provide us buffer to periods of low business in our flagship operations.

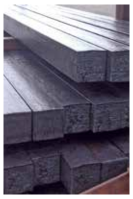
OUR PRODUCTS AND OUTPUTS

Spiral Welded Line Pipes and Line Pipe Coatings
Sectors Served
Oil, gas, (transmission) energy, water and sanitation

Steel scrap
Sectors served:
Engineering Steel remelting units

Quality Assurance Laboratory
Outputs:
Quality Reduced turnaround times

Bio-energy/ Renewable Energy and Steam
Sectors Served:
Manufacturing units



Steel Billets and Ancillary Waste
Sectors served:
Engineering, Steel Product manufacturers, metal recycling and consumption

PV and PC Yarn
Sectors served:
Textile Manufactures

MANUFACTURING AND PROCESSING

Production
Quality Control
Quality Assurance

DISTRIBUTION

Inspection
Outbound Logistics

CUSTOMER AND SUPPLIERS

- Reliable partner for quality line pipes and line pipe coatings for the oil, gas and water transportation and construction segments
- Supply of quality polyester cotton yarn to weaving and knitting units
- Income stream and strong partnerships with suppliers
- Supply of energy and steam to businesses including our own units
- Supply of quality steel billets for re-rolling/rebars
- Active investor in Pakistan

EMPLOYEES

- Comprehensive compensation and benefit plans
- Employee development
- Innovate and grow
- Employee Engagement

VALUE PROPOSITIONS

SHAREHOLDERS

- Consistently deliver value
- Reasonable returns from well managed operations, through acquisitions and organic growth

SOCIETY

- Contributing towards development through the supply of quality line pipes for energy and water infrastructure projects, billets for construction materials
- Contributing to an educated and skilled Pakistan
- Supporting healthcare access
- Advocating for environmental protection, conservation and climate action

Capitals Engaged	Impacts and Outcomes

Financial Capital

Delivering sustainable returns
- 10 Year ROE: 4.5%
- 2,806 million wealth distributed
- Turnover: Rs. 4,515.6 million
- Supplier payments: Rs. 3,239 million
- Finance Costs: Rs. 364.8 million

Manufactured Capital

Generating long term returns through investments in plant, machinery and equipment to maintain and enhance capacity and quality of output

- Bare Pipes produced: 42,888 tonnes at capacity utilisation of 34% and 133.44 KM of quality line pipes delivered to customers
- Coating application: 305,098 sq meter at capacity utilisation of 51.1%
- 540 units of various machinery and related fabrication
- 1,726 tonnes of Yarn produced at capacity utilisation of 26.0%

Natural Capital

Protecting the environment through reduced impacts
Our manufacturing operations produce air and other pollutants including waste which may lead to negative environmental impacts. Similarly energy is consumed in the sourcing, manufacturing and delivery of goods - we seek to reduce our impacts and have:

- Installed Energy Efficient Machinery and Equipment
- Installed Air Pollution Controls
- Reused 27.77 M Liters of Water
- Generated 50,543 GJ of Own Source Power
- Planted 9,891 + Trees and Mangroves Saplings
- Installed 584.2 Kwh of Solar Power Capacity

Human Capital

18% female representation across our corporate offices

Paid Rs 517 million in salaries and wages, 74% of PBT

Provided 2,354 hours of training to enhance workforce skills

A thriving culture for our people

Generating value through skilled, motivated and well cared for employees; ensuring fair labor practices

A safe working environment and conducive human resource management and compensation policies.

Investing in targeted training and development for technical and management personnel

Social and Relationship Capital

Creating value for the communities we operate in through investments in education, health and the environment
- Spent Rs 27.49 m in donations to causes we support
- 16,500 ml blood donated
- 1,831 hours of volunteering time contributed by employees
- 17 community partners engaged during the year
- Continued to support an educated Pakistan by supporting 1,292 TCF students and providing 16 higher education scholarships for TCF grads and children of our employees
- 5,292 people vaccinated against Hepatitis

Maintaining positive and productive relationships with employees, suppliers, shareholders and other stakeholders
- Employee Satisfaction Score: 3.73
- Customer Satisfaction Score: 93%
- Key Suppliers Evaluated: 100%

Intellectual Capital

Investments in innovative systems and resources; ensuring effective resource allocation i.e. placing the right roles by leveraging management systems and corporate culture

= Operating profit before finance costs **172%** to PKR 0.45bn − Finance costs **45%** to PKR 0.36bn + Share of profit in equity accounted investees - net of taxation **616%** to PKR 0.62bn = Profit before taxation **189%** to PKR 0.70bn − Taxation **-177%** to PKR -0.11bn = Profit for the year **191%** to PKR 0.59bn

OUR CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS

1 NO POVERTY

27.49
Million in wealth distribution

7 AFFORDABLE AND CLEAN ENERGY

1,735
GJ of renewable the power produced through solar panels

3 GOOD HEALTH AND WELL-BEING

16,500ml
of blood donated

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

133.44
KM of quality line pipes delivered

4 QUALITY EDUCATION

Supported
1,292
TCF students

11 SUSTAINABLE CITIES AND COMMUNITIES

9,891
trees and 1,000 mangrove saplings planted

5 GENDER EQUALITY

18%
female representation across our corporate offices

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

50,543
GJ of self-generated electricity, 42,888 MT of steel pipes

6 CLEAN WATER AND SANITATION

27.77
million Liters of water reused

MAPPING WITH SUSTAINABLE DEVELOPMENT GOALS (SDGS)

We map our contributions to the United Nations Sustainable Development Goals (SDGs) to remain aligned with these global targets at the organizational, team, and individual levels.

From the commencement of our operations in 1987 our commitment has always been to deliver quality products efficiently and economically minimizing the negative impacts of our operations, contributing to the communities where we operate, providing fair and consistent returns to shareholders and a desirable workplace for our employees where they are assessed and rewarded with fairness.

While our contributions span a range of UN SDGs, our primary focus remains on SDGs 4 (Quality Education), 8 (Decent Work and Economic Growth), and 12 (Responsible Consumption and Production).

SUSTAINABLE DEVELOPMENT GOALS	OUR (GOALS)/STRATEGY	HOW WE HAVE CONTRIBUTED OVER FISCAL YEAR 2023
1 NO POVERTY End poverty in all its forms everywhere	- To promote social entrepreneurship and tertiary education to enhance the employability of our people and of Pakistanis at large. -Empowering through education. -Contributing to social safety nets such as education for all, healthcare access and relief.	Donated Rs. 13,896,000 to community partners in education, namely TCF. Donated Rs. 1,369,000 to community partners in health for free healthcare access. Provided hardship support to our employees through the Benevolent Fund of Rs. 894,462.
2 ZERO HUNGER End hunger, achieve food security and improved nutrition and promote sustainable agriculture	Contribute towards food security and distribution programs/centers.	Our employees volunteered for iftar distribution drives organized by The Robin Hood Army. Through the drive, we were able to feed approximately 349 individuals at old age homes. All excess food from the Head Office Mess is distributed to the underprivileged in the surrounding area. During the year, a total of approximately 783 food packs were distributed.
3 GOOD HEALTH AND WELL-BEING Ensure healthy lives and promote well–being for all at all ages	Promote a healthy Pakistan by catering to the basic healthcare needs of the people through awareness campaigns and initiatives while contributing financial support leading to a hepatitis-free Pakistan.	With the help of the Health Foundation, 4,064 people were screened for hepatitis B and C and 237 new cases of hepatitis C were registered during the year. Donated 13,000 ml of blood through the Indus Hospital Blood Drive held during the year. Our employees from the Jaranwala factory donated a total of 3,500 ml of blood to the Social Security Hospital, Jaranwala In collaboration with the Indus Hospital and Health Network, an awareness session on breast cancer was organized for Crescent Steel employees. Contributed Rs. 880,000 to TCF flood relief appeal. The money was utilized to provide medicines and mospel to flood affectees. Sponsored treatment of patients at Jinnah Postgraduate Medical Centre (JPMC) in collaboration with the Patients' Aid Foundation.

SUSTAINABLE DEVELOPMENT GOALS	OUR (GOALS)/STRATEGY	HOW WE HAVE CONTRIBUTED OVER FISCAL YEAR 2023
Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	Our mandate is to build an educated Pakistan through a focus on primary education. We selectively support programs for tertiary education, especially when those resources may be absorbed into our businesses.	Contributed Rs. 10,000,000 as operational support for 4 school campuses built by us. The contribution helped educate 1,292 students. Provided financial support towards building a TCF Primary Morning Campus. The contribution will help educate 180 students once operational. Provided counselling to TCF students during Crescent Cares Week and the Rahbar Program. Manage a scholarship scheme for children of employees with 4 active scholars. Our contributions helped educate 1,292 TCF students in 2023. Continue to provide tertiary scholarships to 12 TCF alumni
Achieve gender equality and empower all women and girls	We are committed to providing equal opportunities and are gender-blind in our recruitment. We ensure that the workplace is rewarding, safe and comfortable for all employees, and go beyond the norm to provide flexibility to female employees as required.	In 2023, 18% of our employees across our corporate offices were females. 10% of the Executive Management Team and 8% of the management roles were filled by women. We have a dedicated space for mothers even though we do not have the depth that would require a full-scale day-care center with only one new mother in the Head Office. We offer equal pay and positively discriminate in favour of female employees, going beyond the norm to offer flexibility in work schedules and paid time off.
Ensure availability and sustainable management of water and sanitation for all	We aim to conserve, reuse and recycle water at every opportunity.	We reused 77.7% of water consumed in 2023 across all our campuses.
Ensure access to affordable, reliable, sustainable and modern energy for all	To manage our energy consumption, reduce our dependency on the national grid and mitigate the risk of recurring power outages.	We continue to conserve energy through various means and advocate to development of a culture of energy conservation in the organization.

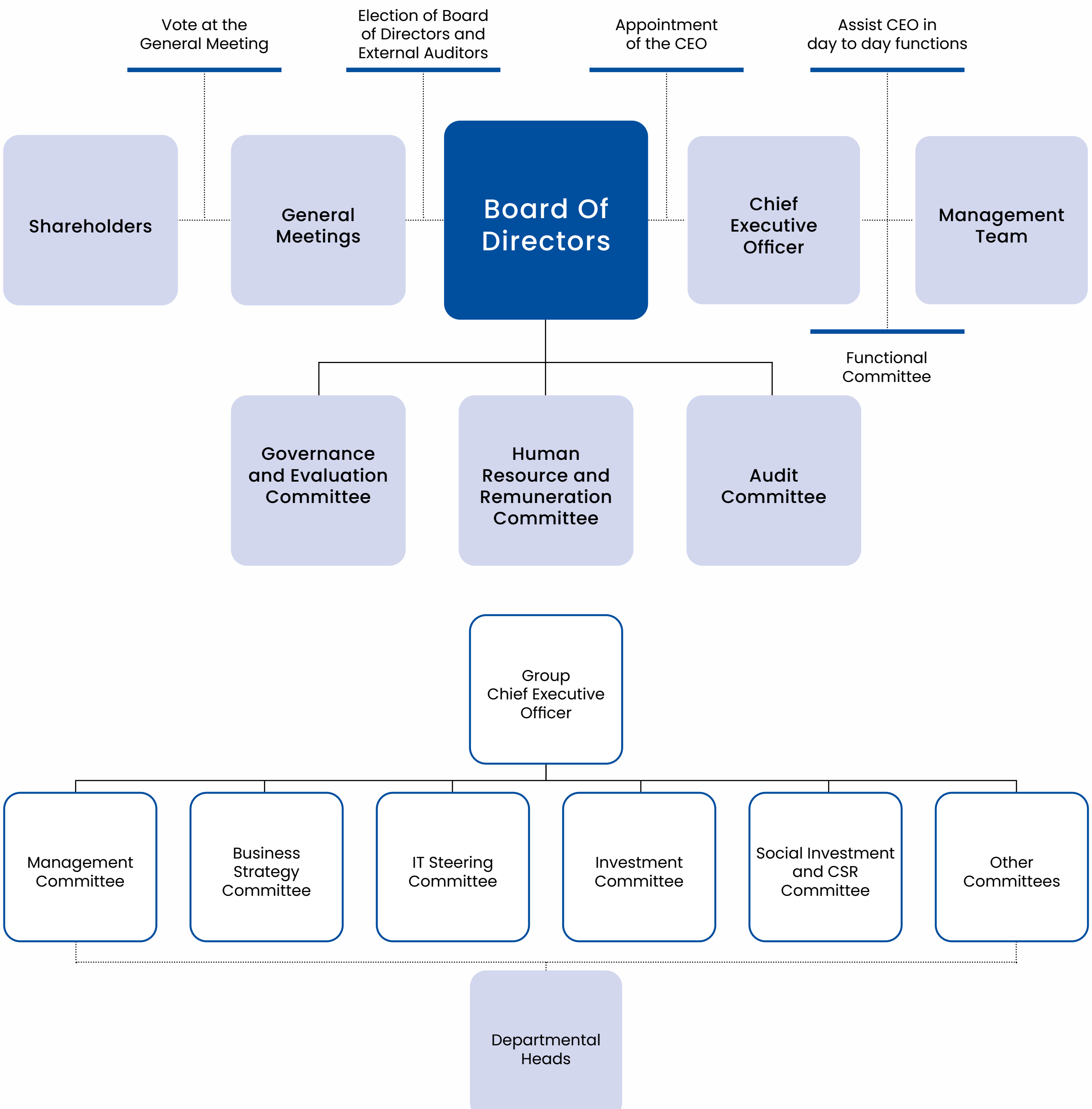
SUSTAINABLE DEVELOPMENT GOALS	OUR (GOALS)/STRATEGY	HOW WE HAVE CONTRIBUTED OVER FISCAL YEAR 2023
Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	We aim to provide equal growth opportunities to our people and encourage them to innovate, discuss and present new ideas.	We employ a staff of 434 people across our locations and strive to provide the right resources and an environment that supports their growth and development needs. We continue to retain standard certifications (ISO 14001:2015 and ISO 45001:2018) and encourage a strong safety-first culture with a mission-zero goal alignment We hold sessions to inform employees about better financial planning, savings and more. The average pay increase to eligible employees for FY22 stood at 21.72%, while variable payouts to management averaged 16.11% of annual gross salary. During the year, 6% of our total payroll comprised of overtime payments to workers.
Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	We support sustainability advancement and transformational change across our business and use the best technology to make our operations environment friendly.	All our emissions and discharges are compliant and within the prescribed limits set by the National Environmental Quality Standards (NEQS). As a part of our continued commitment to our stakeholders, we work hard to mitigate the environmental impact of our operations
Reduce inequality within and among countries	We provide equal opportunities to grow and encourage innovation, discuss, and suggest new ideas.	Our businesses continue to provide equal-opportunity employment to hundreds of citizens across Pakistan. Our priority towards society and people are effectively integrated with our business offering and how we work on a day-to-day basis. In 2023, 5% of our workforce consisted of minorities and for the Head Office minorities constitute 11% of the workforce. Sponsored the Daachi Foundation annual exhibition. The exhibition provided local Artisans an opportunity to showcase their work and opened entrepreneurship opportunities
Make cities and human settlements inclusive, safe, resilient and sustainable.	We strive to make a meaningful impact in the communities where we operate.	The line pipes we supply are used in hydrocarbon transmission to businesses and households across the country. This year we have supplied 133.44 KM of quality line pipes to major utilities in the country. We also ensure that we hire people from localities near our operations, as far as reasonably possible and in line with business requirements. Over the last year, 86% of new entrants represent rural communities and 74% of our total workforce is from rural Pakistan. Provided operational support to TCF for running 4 CSAPL-sponsored TCF campuses. Contributed to TCF flood relief appeal by donating Rs. 10,000,000. The money was partially utilized for the rehabilitation of homes and schools. Additionally, our employees contributed a total of 642 hours with the Karachi Relief Trust to help with the rehabilitation efforts.

SUSTAINABLE DEVELOPMENT GOALS	OUR (GOALS)/STRATEGY	HOW WE HAVE CONTRIBUTED OVER FISCAL YEAR 2023
Ensure sustainable consumption and production patterns	To minimize wastage resulting by reducing material consumption as far as reasonably possible.	Our products contribute significantly towards import substitution and towards a sustainable energy and water infrastructure for Pakistan. 35% of the natural gas transmission infrastructure have been produced by us. We seek to ensure that as far as possible we practice reuse, where reuse is not possible, we ensure proper disposal of waste matter in accordance with local regulations imposed on us and international best practices. Disposal methods include landfilling, recycling, and incineration. 53,120 plastic bags and drums were sold for recycling. 60 Kg tube lights and sodium discharge bulbs incinerated. 17 Kg of cotton dust and 108 MT of cotton waste sold for reuse. 12 bulbs and light were disposed of in land fill. All lights bulbs in Head Office are LED. At our Nooriabad plant, reduced energy consumption by 4.18kW in total by replacing 38 tube lights of 40 watt with 18 watt LED bulbs . Further, replaced 17 sodium discharge lights with 200 watt LED lights. This resulted in cumulative reduction of approximately 10,428 KWh this year. Cutting off logistic requirements by 50% resulting in reduction in consumption and emissions Integration of sustainability reporting with annual reporting cycle.
Conserve and sustainably use the oceans, seas and marine resources for sustainable development	We strive to conserve natural resources by partnering with WWF.	Mangrove forests serve as a valuable nursery for fish and other invertebrates. To date, we have planted 4,700 mangroves which have reduced our carbon footprint by 85.10 MT.
Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	We strive to support marine conservation and environmental advocacy activities.	During the year, we planted 9,891 trees. Over the years our plantation size has increased to over 53,200+ trees. These trees will help reduce our carbon footprint by 315 MT annually. Sponsored Mr. Saad Munawar in the Seven Summits project. One of his objectives for this project is to save the environment.
Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	We strive to promote sustainable business practices throughout our value chain.	Through our business, we increase stability, improve economic prospects, and contribute socially and economically towards the community. Close collaboration with Citizens-Police Liaison Committee (CPLC) in our efforts towards a peaceful and safe society.

CORPORATE GOVERNANCE

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

OUR GOVERNANCE STRUCTURE




What matters isn't if
people are good or bad

POST-IMPRESSIONISM

1886 – 1905

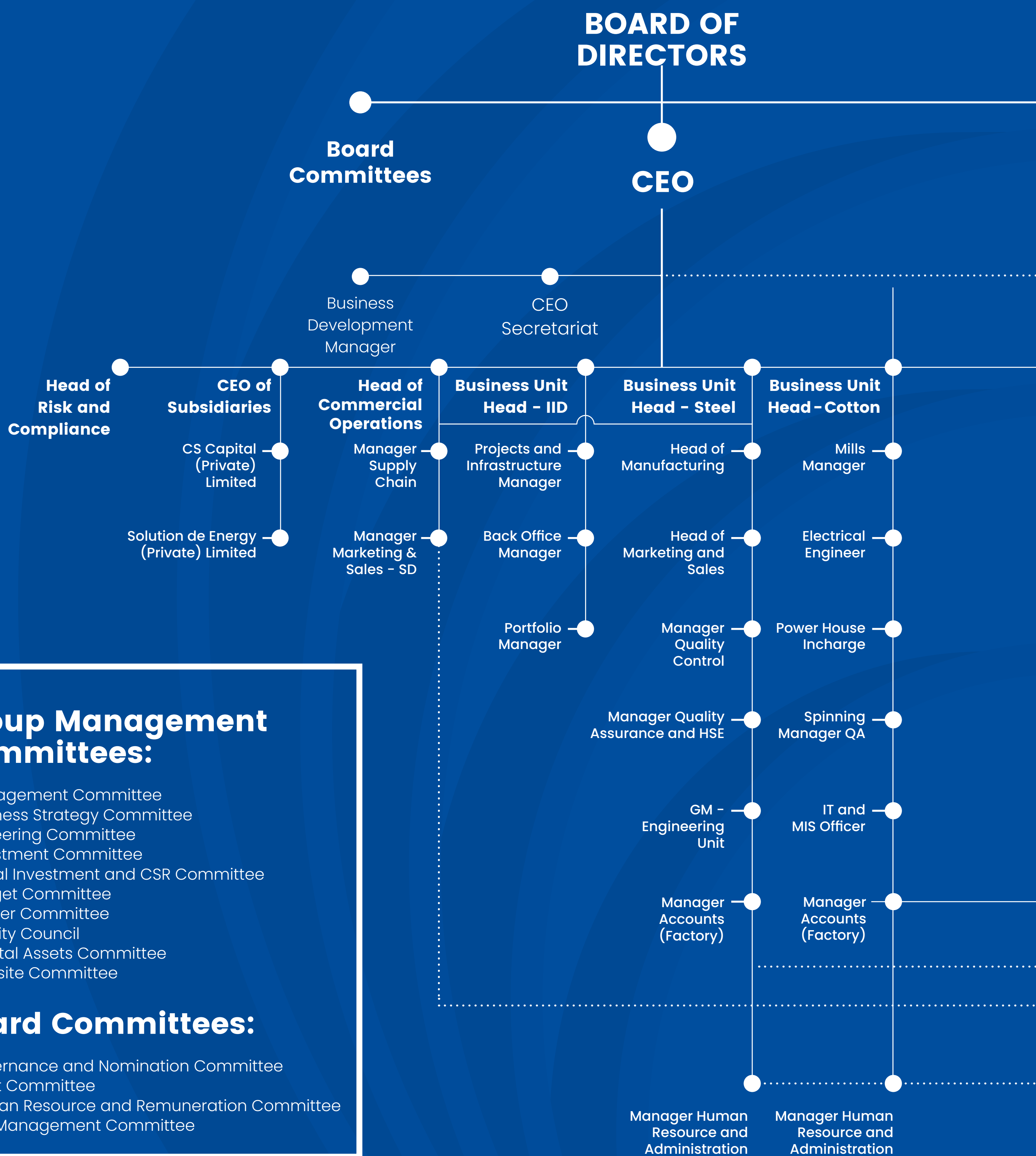
VINCENT VAN GOGH

Title: The Starry Night

Van Gogh's night sky is a field of roiling energy. Below the exploding stars, the village is a place of quiet order. Connecting earth and sky is the flamelike cypress, a tree traditionally associated with graveyards and mourning. But death was not ominous for van Gogh. "Looking at the stars always makes me dream," he said, "Why, I ask myself, shouldn't the shining dots of the sky be as accessible as the black dots on the map of France? Just as we take the train to get to Tarascon or Rouen, we take death to reach a star."

Source: https://artsandculture.google.com/asset/the-starry-night-vincent-van-gogh/bgEuwDxel93-Pg

MANAGEMENT STRUCTURE OF THE COMPANY

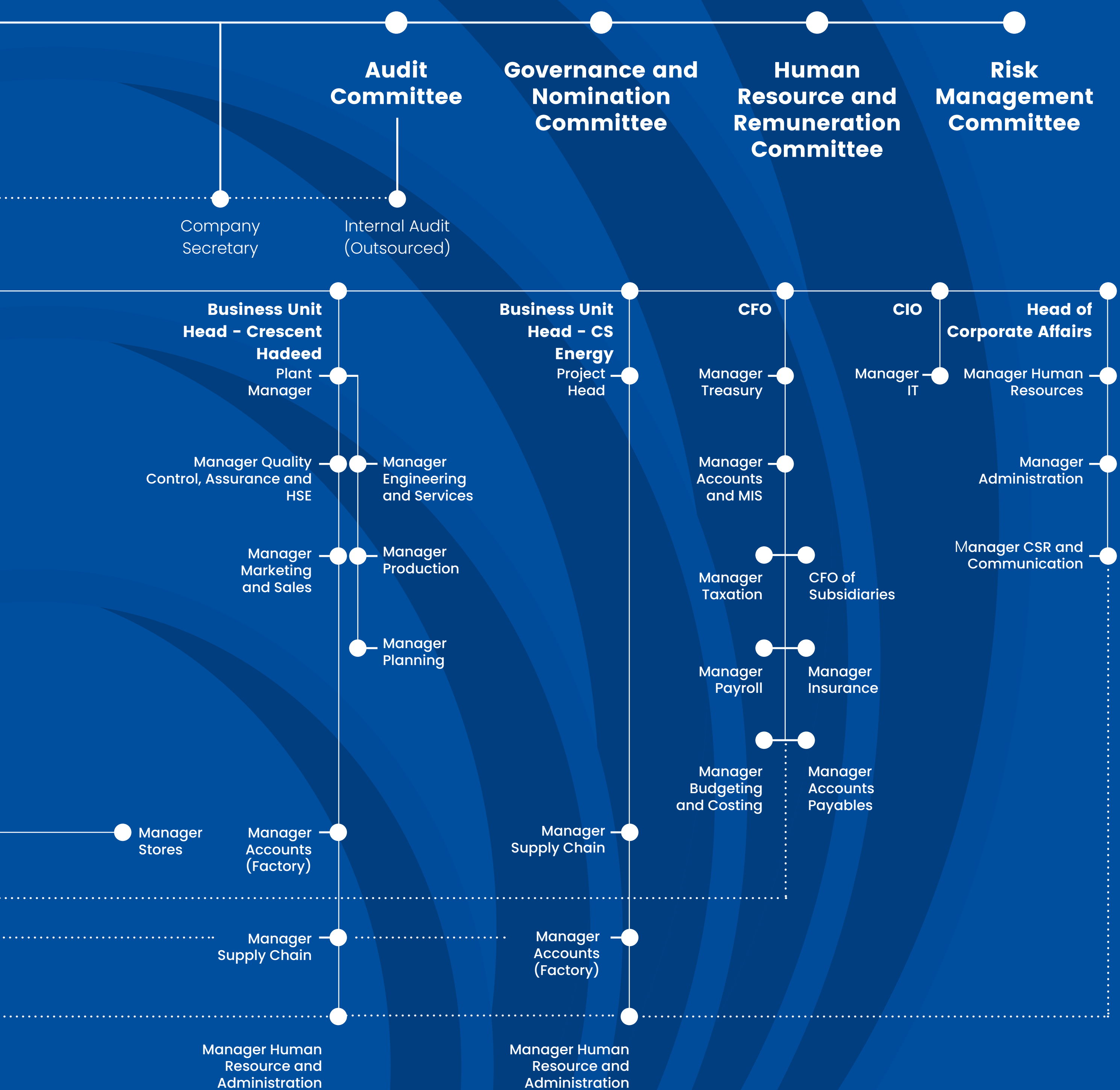


Group Management Committees:

- 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

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**

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 the effectiveness of the Board in achieving the Company's objectives.

This Annual Report provides information on our financial performance and non-financial metrics during the year.

BOARD PERFORMANCE

Crescent Steel has implemented a strong governance framework that supports effective and prudent management which is regarded as instrumental in achieving longterm success.

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 and advice to support the management to deal with and overcome difficult situations and evolving global and national challenges.

The Board of Directors lead and guide the Company through strategic planning with a focus on 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.

As Chairman of your Company, I will continue to be responsible for leading the Board, fostering a culture of openness and constructive debate during which all views are heard, and ensuring that the Board hears from an appropriate range of senior management. I will remain firmly committed to ensuring that your Company complies with all the relevant codes and regulations and that our management team continues to take decisions that will create value for you in the short, medium, and long term.

The Board of Directors has reviewed the Annual Report and Financial Statements, and are pleased to confirm that in its view, the Annual Report and the Financial Statement, taken as a whole, are fair, balanced and comprehensive.

The Board of directors met six times during the year to review the overall performance, appraise financial results, corporate strategy and annual budget, and the overall effectiveness of the role played by the Board in achieving the company's objectives. Meeting agendas and supporting papers were received in a timely manner for the Board meetings.

ANNUAL EVALUATION OF THE BOARD AND IT'S COMMITTEES

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 for FY 2022. 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 for 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
- Monitoring the organization's business activities
- Adequacy of financial resources management
- Providing effective fiscal oversight
- Acting 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 Company has a diverse and competent Board of Directors having adequate number of independent and non-executive directors, including a female director which holds to the Company's vision and mission with the ultimate goal of serving the interests of stakeholders. Our unwavering commitment to the Company's Values (Integrity, Ownership, Customer focus, Continuous improvement, and Community care) helps in fostering a conducive work environment for the Company's employees. The Company ensures that it has the best possible talent, from all backgrounds, driving growth and innovation. A concerted effort is made for everyone within the Company to strive and take pride in their work, with a strong belief in the Company's commitment to being trusted not to compromise.

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 the 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 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 HR&R Committee reviewed and recommended remunerations for key positions as recommended by the COCG, 2019. The HR&R Committee also 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 appropriate 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 an extremely difficult operating environment including unprecedented inflationary headwinds, import restrictions, supply chain disruption, a devaluing currency, a balance of payment crisis and increasing interest rates, I believe that the strategic direction of the Company for the next three years is on a sound footing. 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 likely challenges in the year ahead.

Ahmad Waqar
Chairman
August 09, 2023

BOARD OF DIRECTORS

AHMAD WAQAR
74

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
70

Masters in Economics

Joined Board: 01 August 1983

Chief Executive Officer and Managing Director (Masters in Economics)

Other current engagements:

Co-Founder & Chairman, The Citizens Foundation,
Founding Director, Pakistan Centre for Philanthropy
Trustee, Commecs Educational Trust

FARAH AYUB TARIN
68

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
64

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
63

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
74

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
84

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
51

M.Com., LL.B., LL.M., ACA (Eng. And Wales), FCA (Pak.), 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

STREET ART 1970.....

Street art is visual art created in public locations for public visibility. Street art is associated with the terms "independent art", "post-graffiti", "neo-graffiti", and guerrilla art.

BANKSY

Title: Love Is In The Air

Source: https://en.wikipedia.org/wiki/Banksy#/media/File:Bethlehem_Banksy.jpg


THE WORLD OF
MITYA
THE WORLD OF
MITYA

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 Directors, as Chairman and two members.

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	6	6	-	-	1	1	-	-	-	-
Mrs. Farah Ayub Tarin	6	4	-	-	1	1	-	-	-	-
Mr. Farrukh Viqaruddin Junaidy	6	6	4	3	-	-	-	-	-	-
Mr. Muhammad Kamran Saleem	6	5	-	-	-	-	-	-	-	-
Mr. Nadeem Maqbool	6	5	4	4	1	1	-	-	-	-
Mr. Nasir Shafi	6	6	4	4	1	1	-	-	-	-
Mr. S. M Ehtishamullah	6	5	4	4	–	–	-	-	-	-
Chief Executive Officer										
Mr. Ahsan M. Saleem	6	6	-	-	-	-	-	-	-	-

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 2023.

OPERATING RESULTS

The financial results of the Company are summarized below:

(Rupees in '000)	**2023**	2022
Profit for the year before taxation	234,281	315,120
Taxation	(57,424)	51,568
Profit after taxation	176,857	366,688
Total other comprehensive loss for the year	(155,836)	(239,101)
Basic and diluted earnings per share	Rs. 2.28	Rs. 4.72

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 2023 is 434 (2022: 769).

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. 238.472 million	31 December 2019
Gratuity Fund	Rs. 152.223 million	31 December 2021
Pension Fund	Rs. 417.637 million	31 December 2018
CCP Provident Fund	Rs. 40.066 million	30 June 2022

- During the year six (6) meetings of the Board of Directors, four (4) meetings of the Audit Committee were held, and one (1) meeting of the Human Resource and Remuneration 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.

During the year, Mr. Ahsan M. Saleem (Chief Executive Officer) acquired 470,000 shares of the Company. This information was also disclosed to Pakistan Stock Exchange and Securities and Exchange Commission of Pakistan in accordance with the requirements of PSX Rule Book and the Securities Act, 2015.

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

DIRECTORS

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.

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.

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 FY22 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 overboard 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 also entrusted to identify and participate in the selection of the Board members and overseeing a formal succession plan for the Board, CEO, CFO, and key senior management. 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 (CEO) performs his duties in accordance with the related laws. CEO oversees the business operations and implements the policies and strategies recommended and approved by the Board. The CEO also closely monitor the operating and financial results of the Company against plans and budgets on a consistent basis. Ensuring that effective reporting mechanisms exist within the organization to provide feedback at all levels of management. Also, ensuring that the Company complies with all relevant laws and corporate governance principles and that these principles are recommended and adopted by the Board to mitigate key risks.

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 year was a challenging year for the country mainly due to significant financial turmoil and the most substantial economic crisis that Pakistan have ever encountered. It began with unprecedented political instability, leading to falling foreign exchange reserves. Supply shortages of essential items and restriction on imports created further pressure on domestic prices. To stabilize the economic situation of the country, the Government made its utmost effort to resume the ongoing IMF program, implementing several policy actions including raising fuel and electricity prices, market determined exchange rate policy, imposing high taxation measures to improve tax collection and increasing the discount rate to decade high of 22% to combat inflationary pressure. These measures resulted in an unprecedented level of inflation, reaching a peak of 38% in May 2023.

Going into FY 2024, we have a healthy order book in the line pipe segment. We shall continue manufacturing for our order in hand of the K-IV project, the Greater Karachi Bulk Water Supply Scheme and shall conclude dispatches against the orders by the end of HY1FY24. 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.

Rising utilities costs, higher financing costs, higher employment costs, and additional taxation have increased input costs for manufacturing and have resultantly reduced customer demand. These measures have also impacted cash flows and agility of businesses. These challenges are expected to persist during FY2024 and will impede our ability to execute projects in hand, while influencing the velocity with which new projects are issued. 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	**Nadeem Maqbool**
Chief Executive Officer	Director

09 August 2023

مالی سال 2024 میں داخل ہوتے وقت پائپ لائن کے شعبے میں ہمارے پاس ایک اچھی آرڈر بک موجود ہے۔ہم K-IV یعنی گریٹر کراچی بلک واٹر سپلائی اسکیم کے سلسلے میں کمپنی کے پاس موجود آرڈرز کیلئے مینوفیکچرنگ جاری رکھیں گے اور مالی سال 2024 کی ششماہی کے اختتام تک ان آرڈرز پر کام مکمل کرلیں گے۔ ہماری جانب سے گیس پائپ لائن کی گنجائش میں اضافے کے پروجیکٹ کے سلسلے میں بھی ٹینڈر جمع کروایا گیا ہے جو کی تکمیل آخری مراحل میں ہے، اگر یہ معاہدے طے پا جاتے ہیں تو اس منصوبے پر مالی سال 2023 کی تیسری سہ ماہی میں کام شروع کر دیا جائے گا۔

یوٹیلیٹیز کی بڑھتی ہوئی قیمتیں، بلند تمویلی لاگت اور اضافی ٹیکسوں کی وجہ سے پیداواری لاگت میں کئی گناہ اضافہ ہو چکا ہے جس کے باعث صارفین کی جانب سے طلب میں کمی واقع ہوئی ہے۔ان حالات میں نقد رقوم کی ترسیل اور کاروبار کی سبک رفتاری پر بھی منفی اثرات مرتب ہوئے ہیں۔امید کی جاتی ہے کہ یہ مسائل مالی سال 2024 میں بھی جاری رہیں گے اور ہمارے پاس موجود پروجیکٹس کی رفتار میں سست روی کا باعث بنیں گے جس سے نئے پروجیکٹس کے جاری کئے جانے پر بھی منفی اثرات مرتب ہونگے۔ ہماری جانب سے پائپ لائن کے شعبے میں پیدا ہونے والی طلب کو پورا کرنے کیلئے بھرپور توجہ مرکوز رہے گی۔

میں اس موقع پر تمام شراکت داروں کا ان کی رہنمائی کیلئے بے حد ممنون ہوں اور امید کرتا ہوں کہ مستقبل میں بھی ان کی حمایت ہمارے شامل حال رہے گی۔

برائے و منجانب بورڈ

احسان ایم سلیم	ندیم مقبول
چیف ایگزیکیٹو آفیسر	ڈائریکٹر
9 اگست 2023	

ڈائریکٹروں کا مشاہرہ

کمپنیز ایکٹ 2017 کے سیکشن 170 کے تحت چیئرمین اور دیگر ڈائریکٹرز مشاہرے کا استحقاق رکھتے ہیں۔ جہاں تک مشاہرے کے اسکیل کا تعلق ہے کمپنی کے آرٹیکلز آف ایسوسی ایشن کے تحت بورڈ کی جانب سے اس کا تعین کیا جاتا ہے۔

چیئرمین، چیف ایگزیکٹیو اور غیر انتظامی ڈائریکٹرز (بشمول غیر جانبدار ڈائریکٹرز) کو ادا کئے جانے والے مشاہرے کی تفصیلات کا منسلکہ غیر مربوط مالیاتی دستاویزات کے نوٹ نمبر 47 میں بیان کردیا گیا ہے۔

چیئرمین اور چیف ایگزیکٹیو آفیسر کا کردار

چیئرمین اور چیف ایگزیکٹیو آفیسر کے اپنے علیحدہ علیحدہ کردار ہیں۔ کوڈ آف کارپوریٹ گورننس کے تحت چیئرمین کا تمام اختیارات حاصل ہیں اور وہ بورڈ کے اجلاسوں کی صدارت بھی کرتے ہیں۔ چیئرمین کا سب سے اہم کردار یہ ہے کہ وہ کمپنی کے بورڈ آف دائریکٹرز کی رہنمائی کریں۔ چیئرمین بورڈ کے سامنے جوابدہ ہیں چیف ایگزیکٹیو آفیسر کے ذریعے بورڈ اور کمپنی انتظامیہ کے مابین براہ راست رابطے کی ذمہ داری بھی سرانجام دیتے ہیں۔ چیئرمین کو یہ ذمہ داری بھی سونپی گئی ہے کہ بورڈ کے ممبران کے انتخاب کے سلسلے میں نشاندہی سے لے انتخاب تک اس عمل حصہ بنیں اور سی ای او اور سی ایف او اور دیگر اعلی انتظامی عہد؛وں؛ کے انتخاب؛ کے؛ بار؛ ے میں سک؛سیشن ن؛ ک؛ ے منصوبے؛ کی نگرانی کریں اور چیئرمین انتظامیہ سے آزاد ہیں اور وہ کسی مفاد، کاروباری امور اور ایسے کسی بھی تعلق سے آزاد ہیں جس کی وجہ سے ان کی آزاد رائے پر حرف آتا ہو۔

کمپنی کے چیف ایگزیکٹیو آفیسر قانون اور بورڈ کے تحت اپنی ذمہ داریاں نبھاتے ہیں۔ بورڈ کاروباری حکمت عملی کی سفارش اور اس کی نگرانی کرتا ہے اور کمپنی کے مجموعی انتظام، افعال اور کمپنی کو ہیشگی کی بنیاد پر چلانے کی ذمہ داری بھی انہی پر عائد ہوتی ہے۔ چیف ایگزیکٹیو آفیسر پر یہ ذمہ داری بھی عائد ہوتی ہے کہ کمپنی کے بجٹ اور منصوبوں کو مدنظر رکھتے ہوئے کمپنی کے مالیاتی اور انتظامی امور کی مستقلاً نگرانی کریں، اس بات کو یقینی بنائیں کہ کمپنی کے اندر ایک مربوط رپورٹنگ سسٹم اپنا وجود رکھتا ہے تا کہ کمپنی میں ہر سطح پر افراد سے رائے حاصل کی جا سکے۔ نیز اس بات کی یقین دہانی بھی کی جاتی ے کہ کمپنی کی جانب سے تمام متعلقہ قوانین اور کارپوریٹ گورننس کے اصولوں کی مکمل پاسداری کی جائے اور ان اصولوں پر عمل پیرا ہونے اور ان کے مطابق امور کاروبار چلانے کیلئے بورڈ کی جانب سے سفارش کی جاتی ہے تا کہ رسک کو کم سے کم کیا جاسکے۔

غیر مربوط مالیاتی دستاویزات

کوڈ آف کارپوریٹ گورننس 2019 کے ضابطہ 25 کے تحت چیف ایگزیکٹیو آفیسر اور چیف فنانشل آفیسر کی جانب سے غیر مربوط مالیاتی دستاویزات پیش کی گئی ہیں، جن پر ان کے دستخطوں سے توثیق بھی کی گئی ہے تا کہ بورڈ کی جانب سے اس کی منظوری حاصل کی جا سکے۔ آڈٹ کمیٹی کی جانب سے سفارش کے بعد، غور کئے جانے اور منظوری دیئے جانے کے بعد بورڈ کی جانب سے غیر مربوط مالیاتی دستاویزات کو صحیح قرار دیا گیا اور ان کے اجراء اور تقسیم کی منظوری دی گئی۔

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

آڈیٹرز

آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی اکاؤنٹنٹس کمپنی کے اگلے عام سالانہ اجلاس تک ریٹائر ہو رہے ہیں اور ان کی جانب سے ایک مرتبہ پھر اپنی خدمات پیش کی گئی ہیں۔ کمپنی کے بورڈ آف ڈائریکٹرز اور بورڈ کی آڈٹ کمیٹی کی جانب سے ان کی تعیناتی کی سفارش کی گئی ہے تا کہ اگلے عام سالانہ اجلاس میں حصص داران سے اس کی منظوری حاصل کی جا سکے۔

مستقبل پر نظر

ختم ہونے والا مالی سال ملک کے لیے مسائل سے بھرپور مالی سال تھا جس کی بنیادی وجہ معاشی ابتری تھی، پاکستان کو آج اتنے بڑے معاشی بحران کا کبھی بھی سامنا نہیں کرنا پڑا۔ اس مالی سال کا آغاز غیر معمولی سیاسی عدم استحکام سے ہوا، جس کے نتیجے میں زرمبادلہ کے ذخائر میں تیزی کے ساتھ کمی واقع ہوئی۔ ضروری اشیاء کی سپلائی میں کمی اور درآمدات پر لگائی جانے والی پابندی نے مقامی طور پر اشیاء کی قیمتوں میں ہوشربا اضافہ کردیا۔ ملک کی معاشی صورتحال کو مستحکم کرنے کے لیے حکومت نے آئی ایم ایف کے جاری پروگرام کو دوبارہ شروع کرنے کی بھرپور کوشش کی، جس میں ایندھن اور بجلی کی قیمتوں میں اضافہ، مارکیٹ کی طے شدہ شرح مبادلہ کی پالیسی، ٹیکس وصولی کو بہتر بنانے کے لیے مزید ٹیکسوں لگائے جانے جیسے اقدامات سمیت متعدد پالیسی اقدامات اٹھائے گئے۔ مہنگائی کے دباؤ کو کم کرنے کے لیۓ سکاؤنٹ ریٹ کو گزشتہ دس سال کی بلند ترین 22% کی شرح تک پہنچا دیا گیا، تاہم ان اقدامات کے نتیجے میں افراط زر مئی 2023 میں تاریخ کی بلند ترین سطح یعنی 38% کو چھونے لگی۔

فنڈ کا نام	سرمایہ کاری کی قدر	جدید ترین آڈٹ شدہ اکاؤنٹس کا عرصہ
پرووِیڈنٹ فنڈ	238.472ملین روپے	31دسمبر 2019
گریجویٹی فنڈ	152.223ملین روپے	31دسمبر 2021
پینشن فنڈ	417.637ملین روپے	31دسمبر 2018
سی سی پی پرووِیڈنٹ فنڈ	40.066ملین روپے	30جون 2022

- دوران سال بورڈ آف ڈائریکٹرز اور آڈٹ کمیٹی کے چھ(6) اور آڈٹ کمیٹی کے چار(4) اجلاس منعقد کئے گئے ، جبکہ انسانی وسائل اور ادائیگیوں کی کمیٹی کا ایک(1) اجلاس منعقد کیا گیا۔ تمام دائریکٹروں کی حاضری فرداً فرداً مسلک کردی گئی ہے۔

ترتیب حصص داری اور حصص کی خرید وفروخت

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

دوران سال جناب احسن ایم سلیم (چیف ایگزیکیٹیو آفیسر) نے کمپنی کے 470,000 حصص حاصل کئے۔ پاکستان اسٹاک ایکسچینج کی رول بک اور سیکیورٹیز ایکٹ 2015 کے تحت، یہ معلومات پاکستان اسٹاک اینڈ ایکسچینج اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے علم میں بھی لائی کا چکی ہیں۔

اس کے علاوہ کسی بھی ڈائریکٹر، چیف ایگزیکیٹیو آفیسر، چیف فنانشل آفیسر، کمپنی سیکرٹری، ایگزیکیٹیوز اوران کے ازواج یا نابالغ بچوں کی جانب سے اس عرصے کے دوران کمپنی حصص کی کوئی خرید وفروخت نہیں کی گئی۔

ڈائریکٹرز

بورڈ آف ڈائریکٹرز اور انکی کمیٹیوں کے امتزاج کے بارے میں تفصیلات کو اسٹیٹمنٹ آف کمپلائنس اور کوڈ آف کارپوریٹ گورننس کا حصہ بنادیا گیا ہے۔

دوران سال بورڈ میں کوئی اتفاقی آسامی پیدا نہیں ہوئی۔ موجودہ بورڈ بشمول چیف ایگزیکیٹیو آفیسر 30 جنوری 2024 تک اپنے عہدوں پر برقرار رہیں گے۔

پاکستان اسٹاک ایکسچینج کی رول بک کی مختلف شقوں کی رو سے، بورڈ کی جانب سے یہ معیار مقرر کردیا گیا ہے کہ تمام شعبوں کے انتظامی سربراہان کو "ایگزیکیٹیو" گردانا جائے گا۔ بورڈ کی جانب سے اس معیار پر نظرثانی کرلی گئی ہے اور کمپنی کے انتظامی ڈھانچے کو مدنظر رکھتے ہوئے اس پر اطمینان کا اظہار کیا گیا ہے۔

بورڈ آف ڈائریکٹرز اوراس کی کمیٹیوں کی کارکردگی کی جانچ

گورننس اینڈ نومینیشن کمیٹی کی جانب سے خود احتسابی کے مربوط نظام کے تحت بورڈ آف ڈائریکٹرز اوران کمیٹیوں کی کارکردگی کا جائزلیا گیا ہے۔

گورننس اینڈ نومینیشن کمیٹی کی جانب سے سفارش کئے جانے کے بعد بورڈ کی جانب سے کارکردگی برائے مالی سال 2022 کی جانچ کی منظوری دی جاچکی ہے۔

چیف ایگزیکیٹیو آفیسر کی کارکردگی کا جائزہ

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

کاردگی کی جانچ درج ذیل پیمانوں کے تحت کی گئی:

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

ڈائریکٹرز رپورٹ

انتہائی مسرت کے ساتھ ڈائریکٹروں کی جانب سے مالی سال اختتامیہ 30 جون 2023 سے متعلق رپورٹ بمعہ آڈٹ شدہ مالیاتی رپورٹس پیش کی جارہی ہیں۔

کاروباری نتائج

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

	2023	2022
	روپے ہزاروں میں	
منافع برائے مالی سال قبل از ٹیکس	234,281	315,120
ٹیکس	(57,424)	51,568
منافع بعد از ٹیکس	176,857	366,688
مجموعی دیگر جامع نقصان برائے مالی سال	(155,836)	(239,101)
بنیادی وتحلیلی آمدن فی حصص	2.28روپے	4.72روپے

کارپوریٹ اور مالیاتی رپورٹنگ سے متعلق بیان

- کمپنی کی انتظامیہ کی جانب سے تیار شدہ بوط غیر مرمالیاتی گوشوارے کمپنی کے تمام امور، آپریشنز کے نتائج، ترسیل نقد رقوم اور حصص میں ردوبدل سے متعلق معاملات کی صحیح صحیح ترجمانی کرتی ہیں۔
- کمپنی کی جانب سے متعلقہ ریکارڈ کو باقاعدہ قواعد کے مطابق کھاتوں میں درج کیا گیا ہے۔
- تمام تر مالیاتی گوشواروں کی تیاری کے سلسلے میں مناسب محاسبی پالیسیوں پر عمل کیا گیا ہے، نیز تمام تر مالیاتی تخمینے معقول اور قرین قیاس ہیں۔
- غیر یکجا مالیاتی دستاویزات کی تیاری کے سلسلے میں پاکستان میں مروجہ انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز (IFRS) کو زیر استعمال لایا گیا اور اس ضمن میں اگر کوئی روگردانی کی گئی ہے تو اس کی باقاعدہ وضاحت بھی کی گئی ہے۔
- اندرونی طور پر کنٹرول کا نظام انتہائی منظم اور جامع ہے اور اسے مؤثر انداز سے نافذ کیا گیا ہے اور اس پر مکمل نظر رکھی جاتی ہے۔ اندرونی کنٹرول کی کڑی نگرانی کا عمل ہمیشگی کی بنیاد پر جاری رہے گا جس کا بنیادی مقصد یہی ہے کہ کمپنی کے اندر کنٹرول کے نظام کو مزید مؤثر بنایا جائے۔
- ایسی کوئی وجہ نظر نہیں آتی جس کی بنیاد پر کمپنی کو ختم کرنے سے متعلق کوئی سوال پیدا ہوتا ہو کہ کمپنی اپنا وجود برقرار نہ رکھ پائے۔
- کارپوریٹ گورننس کی بہترین روایات پر عمل پیرا ہونے سے کسی بھی قسم کی کوئی قابل ذکر روگردانی نہیں کی گئی جیسا کہ اس سلسلے میں کوڈ آف کارپوریٹ گورننس 2019 ضوابط درج ہیں۔
- گزشتہ مالی سال کے مقابلے میں رواں مالی سال کے دوران مستقبل میں کمپنی کی ترقی اور منفعت کیلئے آپریشنز میں اہم تبدیلیوں، اہم فیصلوں اور قابل ذکر منصوبوں سے متعلق تفصیلات کو چیف ایگزیکٹیو کے جائزے میں شامل کیا گیا ہے اور اس کی بورڈ آف ڈائریکٹرز باقاعدہ منظوری حاصل کی جاچکی ہے۔
- کمپنی کے کاروباری افعال اور مالیاتی نتائج کے بارے میں گزشتہ چھ سالوں سے متعلق اہم ترین جھلکیوں کو رپورٹ ہذا کے منسلک کیا گیا ہے۔
- ٹیکسوں اور لیویز سے متعلق معلومات کو بھی مالیاتی دستاویزات کے نوٹس میں شامل کیا گیا ہے۔
- بتاریخ 30 جون 2023 ملازمین کی تعداد 434 تھی (2022 میں یہ تعداد 769 تھی)۔
- فنڈ بیسڈ سرمایہ کاری کی آڈٹ شدہ اکاؤنٹس کی قدر درج ذیل ہے:

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 firsthand 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) neither participate in the discussion nor 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. Moreover, Independence form is circulated to all the directors to confirm their directorship in other entities in order to determine the relationship of related party with such entity based on common directorship. Further all the transactions with the related parties are fully disclosed in the annual financial statements of the Company.

MONITORING AND EVALUATION

We have consciously chosen not to introduce an independent monitoring process to evaluate performance on sustainability objectives because our sustainability and corporate strategies and objectives are essentially the same. The way we manage our business helps to ensure performance on sustainability objectives is monitored through various systems already in place. These systems monitor performance at a corporate, BU, team and at an individual level.

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 the CEO, CFO and Head of Internal Audit.

The Committee has concluded its annual review of the conduct and operations of the Company during the financial year ended 30 June 2023, and reports that:

- Four meetings of the Committee were held during the financial year ended 30 June 2023 in which all meetings were presided by the Chairman, Audit Committee except of 1 meeting, where he was on leave and therefore 1 member from the committee presided the meeting. The director who presided the meeting also qualifies as financially literate.
- The Committee reviewed the quarterly, half-yearly and annual financial statements of the Company and recommended them for approval of the Board. It also reviews the preliminary announcement of results prior to their publication.
- The Board has issued a "Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulation, 2019" 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 2023, 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 endorsed the unconsolidated and consolidated financial statements of the company along with the 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 the 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 all related party transactions and recommended for inclusion on notes to the financial statements and for approval of the Board.
- 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 toolkit 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 Listed Companies (Code of Corporate Governance) Regulation, 2019" for the financial year ended 30 June 2023.
- 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 2022 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 the Management letter with 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 2023-24 at the forthcoming Annual General Meeting.

By order of the Audit Committee

Farrukh V. Junaidy
Chairman, Audit Committee

August 09, 2023

STATEMENT OF COMPLIANCE

with Listed Companies (Code of Corporate Governance) Regulations, 2019

CRESCENT STEEL AND ALLIED PRODUCTS LIMITED

For the year ended 30 June 2023

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
RiskManagement 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 Nil during the year.
RiskManagement Committee	The meeting of the Risk Management Committee was held Nil 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.

A. Waqar

AHMAD WAQAR

Chairman

August 09, 2023

STAKEHOLDER ENGAGEMENT

Stakeholders play an essential role in Crescent Steel's continued success, especially in determining opportunities to collaborate towards common goals.

We define our stakeholders as those individuals and organizations that affect or are affected by the Company's operations. Our management approach aims to align corporate activities with stakeholder needs. To do this we gather feedback from stakeholders both formally and informally and focus on building relationships of trust.

Shareholders and investors provide financial capital to run the business; our employees drive and manage the business; our suppliers provide necessary products and services for our business and our customers are the source of revenue for our business. Similarly, financial institutions, regulators, auditors, and other strategic partners are essential stakeholders and managing their expectations is important for our future as a sustainable business.

It is important for us to understand the expectations of stakeholders we strive to build relationships of trust.

We work to identify opportunities and risks in their early stages and provide a variety of opportunities for dialogue with stakeholders. This interaction takes place generally at our Head Office in Karachi and at other business facilities in Pakistan.

Effective and meaningful stakeholder engagement is of key importance to us. We see weak stakeholder engagement as a sustainability issue, and strive to mitigate this through formal and informal engagement mechanisms. While engagement with our employees, suppliers, customers, shareholders, and investors is stronger, we recognise that we need to strengthen engagement with other stakeholders that include the communities where we operate and, government and regulatory authorities.

STAKEHOLDERS NEEDS AND EXPECTATIONS

Understanding and addressing the needs and expectations of our stakeholders is a sustainability imperative.

We work to strengthen our engagement across key stakeholder groups and maintain regular and honest communication with these stakeholder groups. Addressing the needs of these interconnected groups helps us ensure commercial success and strengthens our ability to deliver on sustainability priorities.

We strive to build working relationships and a culture where every business partner, employee, customer, and supplier takes responsibility and works with us on common social issues.

Here are some ways we engage with key stakeholder groups to meet their needs and expectations:

Stakeholder Needs and Expectations

SHAREHOLDERS AND INVESTORS

Deliver sustainable value and build strong, timely communication to keep investors informed.

ENGAGEMENT FREQUENCY: REGULAR

MODE OF COMMUNICATION: FORMAL AND INFORMAL (INFORMAL ENGAGEMENT WITH KEY SHAREHOLDERS FROM A RELATIONSHIP PERSPECTIVE)

- Transparency (reporting and disclosures)
- Sustainable earnings
- Identification and management of risks
- Sustainable growth and stability
- Sound corporate governance
- Investor meetings, corporate briefings
- Participation in various investor and broker conferences

CUSTOMERS

Deliver a high quality, customer experience and be a reliable partner of choice.

ENGAGEMENT FREQUENCY: REGULAR

MODE OF COMMUNICATION: FORMAL AND INFORMAL

- Product and service availability
- Product and service quality and safety
- Competitive pricing
- Customer experience
- Measuring customer satisfaction and obtaining feedback

EMPLOYEES

Build a strong and resilient Company and enhance enterprise value to deliver growth for all.

ENGAGEMENT FREQUENCY: REGULAR

MODE OF COMMUNICATION: INFORMAL AND FORMAL

- Strong and well communicated compensation and benefit schemes
- Ergonomic and safe workplace environment
- Regular formal and informal feedback check ins
- Professional growth and development opportunities
- Competitive career development and fair performance management
- Employee Opinion Survey(s)
- Newsletters
- Regular communications

SUPPLIERS

Delivering value together.

ENGAGEMENT FREQUENCY: REGULAR

MODE OF COMMUNICATION: FORMAL AND INFORMAL

- Timely payments
- Continued business
- Sustainable supply chain
- Working ethically and responsibly

COMMUNITY

Grow responsibly, give back and help build resilient and strong communities

ENGAGEMENT FREQUENCY: REGULAR

MODE OF COMMUNICATION: INFORMAL

- Infrastructure, health, and education support
- Employment opportunities
- Sharing economic benefits
- Managing our impact on the environment and local communities

REGULATORS AND GOVERNMENT BODIES

ENGAGEMENT FREQUENCY: REGULAR

MODE OF COMMUNICATION: FORMAL

- Going beyond compliance
- Active participation with industry associations and regulatory bodies
- Engaging government on key issues
- Enhancing understanding
- Corporate governance

ENGAGEMENT BY STAKEHOLDER GROUP

We have consulted[2] stakeholder groups and identified the following areas of importance:

Stakeholder Group	Areas Identified	Our Response
1. **Shareholders and Investors** Self-assessed through informal consultations	• Stable economic performance and returns. • Capital allocations • Effective management of the company's major business operations • Making sustainable decisions for enhanced enterprise value in the long run	• Periodic technological advancement of processes of plant and machinery at manufacturing sites to augment sustainable revenues while pursuing opportunities for business development through strategic annual objectives • Annual General Meetings • On time, quality reporting on financial and non-financial performance • On time material information circulations to investors through the Stock exchange • Formal investor briefings • Annual Corporate Briefing by the CEO
2. **Customers**	• Producing and delivering high quality, reliable products on time • Customer satisfaction; improving through product offerings and aiming to meet needs of customer base, including remaining in touch with needs and expectations. • Educating customers about new products such as Fusion Bonded Epoxy coatings etc. • Enabling better execution of national projects by engaging customers at design phase	• Enhancing production capacity and adhering to international standards and best practice • Customer satisfaction surveys • Ensuring quality control and remaining up to date with the latest market trends and requirements
3. **Employees**	• Our impact on communities • Working ethically • Resilience of our business • Career development opportunities • Safe workplace • Diversity and inclusion • Skillset enhancement • Strong organizational culture • High performance culture and fair remuneration • Our response to COVID-19, high inflation and, the flood disaster	• Annual Employee Opinion Survey and Open House to gather feedback • Engagement surveys (HR Services, Event surveys etc.) • Employee Run Committees and initiatives • HSE briefing and emergency drills to observe safety measures • Female representation at corporate offices at 18% and minorities at 5% • Participation in employee engagement activities • 2,354 hours of training in FY23 [FY22: 3,002 hours] • Support for further education of employees and their children • Enabling mobility and capital formation through annual subsidized vehicle acquisition scheme • Awareness sessions around financial planning, wellbeing etc. • Awareness sessions on social issues relevant to the Pakistani community
4. **Suppliers**	• Growth through sharing information and expertise • Improvement of formal and informal mechanisms to assess supplier-business relationships • Improving HSE practices for a sustainable supply chain	• Regular evaluations of all suppliers for better business conduct • Environmental assessments ensure trust and quality between the business and its suppliers
5. **Local Community** Self-assessed through informal consultations	• The need for heavy investments in the education, health and societal sectors	• Supported various community partners such as TCF, Indus Hospital, The Health Foundation and WWF • Provided scholarship support to 16 students bringing total scholars to 40, of which 13 are children of employees • Contributed 1,831 hours in time towards various causes. • 33 employees donated total of 16,500 ml of blood to the Indus Hospital Blood Centre and Social Security Hospital Jarawala. • Planted 1,000 mangroves at WWF wetland center

[2] Formal consultations only took place with employees, customers and suppliers; formal consultation with investors and the local community segment was not sought. The assessment is based on informal discussions with investors, the brokerage community and partner NGOs that we work with. This year we were not able to hold investor briefings or the annual briefing by the CEO.

INTERNAL STAKEHOLDERS

EMPLOYEES AND CONTRACTORS

We work hard to establish a safe, diverse and inclusive working environment for all our employees and third-party contractors working on our site. Safety and equal opportunity are not just a priority; they form an integral part of our approach to sustainability. We continue to focus on and monitor our safety performance and reinforce safe behaviors and our Mission Zero goal at all our offices and manufacturing sites. Our goal is to maintain a strong and vibrant organizational culture that supports the expertise of our people, enabling and developing high-performance teams.

MANAGING OUR PEOPLE, THEIR ENGAGEMENT, AND THEIR EXPECTATIONS

EMPLOYEES

Open House WITH CEO

Annual open house sessions are aimed to provide an opportunity to the employees to engage with the CEO on a one-to-one basis. The sessions are aimed at capturing suggestions from employees and, to give them a chance to share their ideas and voice their concerns anonymously and directly to the CEO.

Crescent Quarterly and Internal Communications

An internal newsletter highlights latest developments and activities quarterly and internal communications desk enables effective communication with staff.

Annual Employee Opinion Survey (EOS)

The annual survey enables us to get insights on employees' attitudes about their work and the workplace. It gives a comprehensive look at our Company from the inside and a platform to make positive changes when issues arise.

Performance Reviews (Biannual)

Formally conducted biannually, performance reviews allow individuals and teams to assess themselves against organization objectives, identify skills, and abilities required by our people for better organizational performance. These reviews help ensure that our people are listened to and assessed fairly and that their actions are aligned with our organizational objectives and strategy actions.

Internal Portals

O365 has opened various tools for our employees to engage, share and collaborate. It helps our people develop working relationships, connect with likeminded colleagues, and reach out for help when needed.

Office Rituals and Engagement Activities

Office rituals are encouraged at sites. These include brief birthday celebrations, farewells, and get-togethers. Various engagement activities including community relations and internal sport tournament help foster a more participative work environment.

EXTERNAL STAKEHOLDERS

CUSTOMERS

We are proud to be a leading engineering company in Pakistan, specializing in the manufacturing of large-diameter line pipes. Our primary focus is on assisting customers in optimizing their oil, gas, and water transmission pipeline systems while promoting the use of sustainable structures for ports.

To meet the growing demands of our customers, we have significantly expanded our manufacturing capacity, increasing it by over 100%. This strategic move, combined with our API licensing, enabled us to secure a toll manufacturing order for the K-IV project, involving the production of 70,000 MT of coated API PSL-2-line pipes with diameters of up to 84 inches.
We maintain ongoing collaborations with key stakeholders to cultivate a market for flow-efficient and protective internal line pipe coatings. The rationale behind this initiative is compelling: internal coatings improve gas flow efficiency, leading to reduced energy consumption at a given flow capacity and the use of smaller pipe diameters, resulting in reduced material usage.

Customer satisfaction remains our top priority. We actively seek and value customer feedback and expectations, which drive us to continuously enhance our product offerings and address quality and service concerns. We employ a variety of communication channels to engage with our customers and gain insights into their needs and expectations.

Market Visits (Continuous)

Our marketing team frequently interacts with customers to ensure that we keep abreast of the latest development and market trends. We also work with supply chain and project teams to ensure we are aligned with customer needs and better able to manage expectations.

Customer Offering And Support Desk (Continuous)

The Quality Control Department also serves as a helpdesk ensuring that customized offerings are being delivered and any product related issues are addressed on time.

Customer Satisfaction Feedback (Continuous)

Feedback is sought to ensure that the products are according to the needs and specifications of customers. Surveys about our products are regularly conducted formally and informally. They help us in assessing our customer focus performance through feedback on product.

SUPPLIERS

Our supply chain is integral to our sustainable procurement management strategy. We hold our supply chain partners to high standards that align with our principles and values. We actively support their growth by sharing information and expertise. Our relationships with key suppliers extend to collaboration in planning, logistics, and the introduction of new products and services.

While we prioritize local suppliers whenever possible, we also maintain robust ties with foreign suppliers for key raw materials essential to meeting customer demands. All our critical suppliers adhere to ISO certification standards, in line with our policy.

Our supply chain is categorized into two segments: critical and non-critical. Our supplier management system includes well-defined protocols for supplier induction, evaluation, and re-evaluation. These protocols underscore our commitment to sustainable and safe practices.

To ensure sustainability across our supply chain, we engage new suppliers through both formal and informal channels, assessing their business viability, conduct, as well as health, safety, and environmental practices. In cases where assessments reveal potential risks, we establish revised procurement protocols to address these concerns.

Suppliers Screened Using Environmental Criteria

We evaluate 100% of our suppliers through desktop research and our vendor questionnaire form with regular onsite visits and inspections for key raw material suppliers.

Significant Environmental Impacts In The Supply Chain

Our foreign suppliers are in different countries and are subject to environmental impact assessments. They are certified by ISO and other credible international certification companies.

SHAREHOLDERS AND INVESTORS

We take seriously the immense responsibilities associated with making complex choices and responsibly evaluate the impacts of all our actions, as we try to meet the expectations of our stakeholders. We approach these challenges with confidence, knowing that our guiding principles and values enable sound decision-making today, and every day.

Our financial performance and outlook are discussed in detail in the Message from the Chief Executive Officer and in relevant sections of this report.

Some of the ways in which we engage our shareholders and investors include:

Annual and Extra Ordinary General Meetings

This meeting provides a platform for stakeholder engagement

Quarterly, Half-Yearly and Annual Reports

Reports are uploaded on the website and are available in print on request

Press Releases (As Required)

Updates of potential interests are published for our stakeholders via press release

Investor Interactions (As Required)

We participate in various investor conferences and broker briefing sessions to interact with existing and potential investors

Material Information (As Required)

Information is transmitted to Pakistan Stock Exchange Limited (PSX) on timely basis as per the requirement of PSX rule book

COMMUNITY

We adhere to self-assessment guidelines to measure the impacts of our community investments, conducting regular reviews.

Our evolving commitment to communities now encompasses increased engagement with people and our employees.

We actively contribute to various gas infrastructure and energy development projects, striving to share the substantial economic benefits. This includes providing employment opportunities and collaborating with local suppliers.

Recognizing the potential adverse impacts of our operations on communities, we work diligently to minimize and offset them whenever possible. Details of our initiatives and contributions for fiscal year 2023 are available in the Social and Relationship Capital section of this report.

All our units have both formal and informal community engagement programs. Additionally, we prioritize hiring from local communities whenever feasible, aligning with business requirements. We acknowledge the need for improvement in gathering community feedback to better understand their needs.

Importantly, none of our operations have significant actual or potential negative impacts on local communities.

REGULATORS AND GOVERNMENT BODIES

Regulators and government bodies are key drivers for future business sustainability, specifically in terms of the engineering sector businesses that we operate that need special trade protection as we compete against international suppliers.

ENGINEERING DEVELOPMENT BOARD, BOARD OF INVESTMENT AND FEDERAL BOARD OF REVENUE

The government has recently streamlined the tariff structure by reducing the number of duty brackets and lowering the maximum general tariff rate. Tariffs are designed to encourage import substitution, while discouraging commercial imports that strain foreign exchange reserves.

In the region, industry and trade regulations pose challenges. Some countries receive government subsidies, enabling them to export steel products at competitive prices. However, existing duties and taxes on raw materials, combined with higher production costs, have made it difficult for local industries to compete globally. This has resulted in higher prices for finished goods compared to regional competitors, and dumping by other players has further eroded competitiveness.

Our line pipe unit faces stiff competition from foreign bidders, and excessive duties on essential raw materials and consumables impact our competitiveness. To level the playing field and promote the local engineering sector, it's crucial to rationalize tariffs with cascading duties. While we've addressed anomalies in the tariff structure for Hot Rolled Coils (HRC) and Steel Line Pipes, foreign suppliers with predatory pricing practices continue to outprice local manufacturers. Hence, countervailing duties and regulatory duties should be reviewed and applied only to products produced locally in sufficient quantities, with a clear objective to support local value addition.

Previous years saw reductions in tariffs on steel scrap, while duties on intermediary and finished products remained with a cascading duties structure. Since domestic steel scrap production is negligible, eliminating tariffs on steel scrap could reduce production costs. Additionally, customs valuation of imported steel scrap should be reviewed, as Import Trade Prices (ITP) often exceed market prices, leading to increased production costs and higher end-user prices compared to regional markets.

The absence of an import substitution policy and effective cascading tariff structures hampers investment and innovation. Tariff concessions for importers of value-added steel products under the Fifth Schedule of the Customs Act, though aimed at national projects, favor imports at the expense of domestic industries.

We maintain active engagement with the Engineering Development Board (EDB), the Ministry of Industries and Production, the Ministry of Petroleum, and the Tariff Anomaly Committee. We share our concerns and proposals for the implementation of effective cascading duties and import substitution policies. These measures can promote local industry growth, reduce production costs, ensure access to quality goods and services at reasonable prices, and protect local producers from unfair competition, ultimately safeguarding consumer interests.

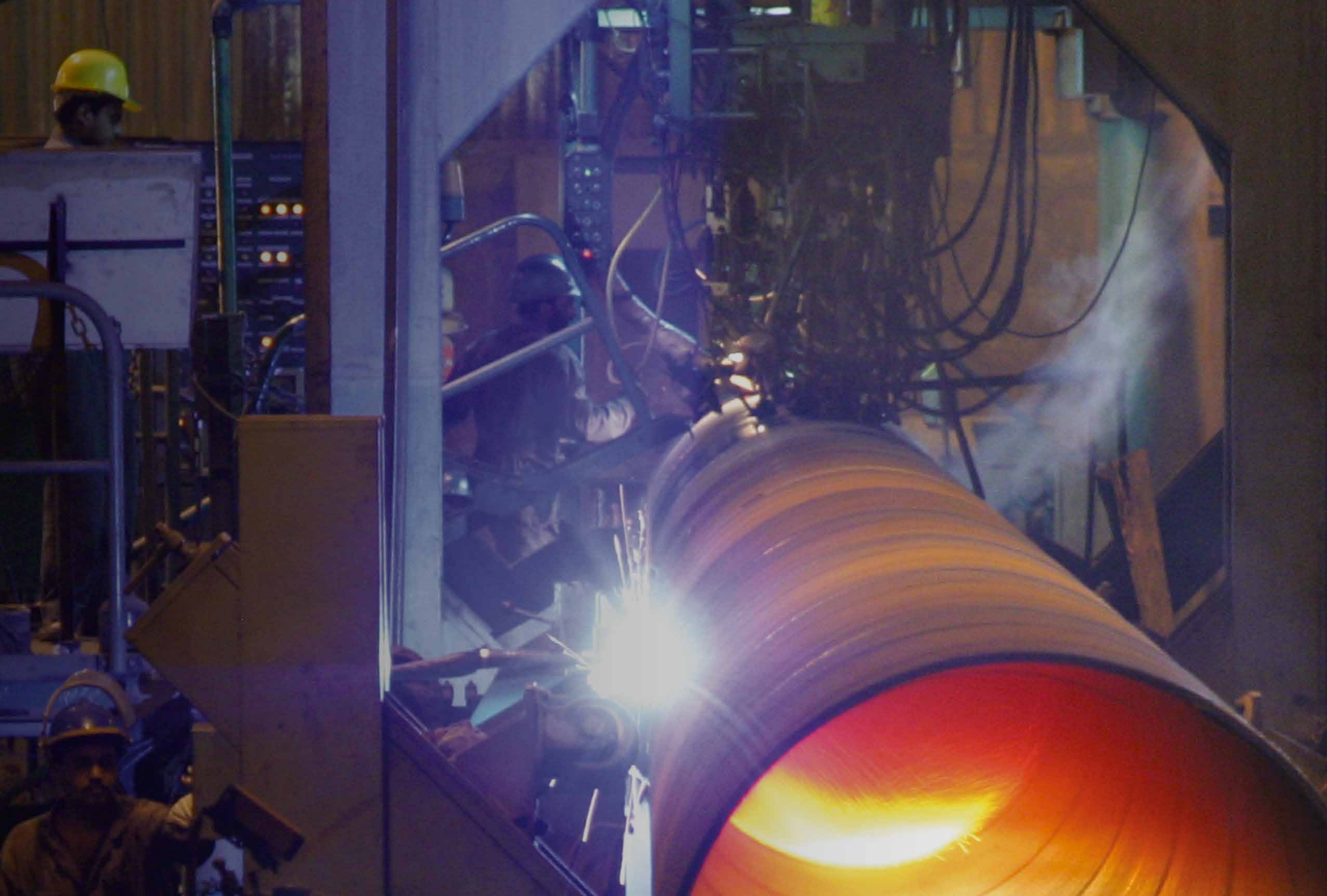
ENGAGEMENT ACTIVITIES

Various engagement activities were organized throughout the year. These include ongoing formal and informal office rituals, formal CSR activities with community partners and other internal events. Our people also volunteer to conduct impact assessment visits to select community partners. These activities also form a part of how we engage the people who work with us. These are covered in detail in this report.

EMPLOYEE AND COMMUNITY ENGAGEMENT

Stakeholders – Community and Employees

Activity	Month
Employee Wellbeing and Mental Health Awareness Week	October 2022
Breast Cancer Awareness Session – Indus Hospital	October 2022
Monitoring and evaluation visits to TCF Schools	November and December 2022
Mangrove Plantation and Trip to Keenjhar Lake – World Wide Fund for Nature Pakistan	March 2023
Crescent Cares Week	March 2023
Visit to ChildLife Foundation	March 2023
Session on Safety and Security - Citizens Police Liaison Committee	March 2023
TCF Students visit to Head Office, Nooriabad and Bhone Factories	March 2023
Visit to The Hunar Foundation	March 2023
Blood Drive - Indus Hospital	March 2023
Session on Acts of Kindness	March 2023
Wish Granting Ceremony - Make-A-Wish Foundation	March 2023
Earth Hour	March 2023
Iftar Distribution Drive – The Robin Hood Army	April 2023
Earth Day	April 2023



ECONOMIC PERFORMANCE

1 NO POVERTY
8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVAT AND INFRASTRUCTUR

ECONOMIC VALUE CREATION

Our products serve public sector organizations and the industry at large, enabling them to provide goods and services to end consumers across Pakistan. We have diversified our business portfolio to address the needs of the future – we believe in delivering sustainable value through all our operations and strive to ensure that our sustainability and business strategies are aligned. We believe that the engineering sector will remain an engine for economic growth in Pakistan and our aim is to develop a solid engineering sector portfolio. We are continuously seeking out opportunities to invest in new technologies to expand the footprint of all our businesses with a clear focus on value addition. We strive to maintain our position as a leading supplier of high quality, large diameter steel line pipes and emerge as a leading integrated pipeline solutions/services provider in Pakistan, specifically serving the water and energy segments of the country.

The boundaries of economic value generation and distribution are restricted to the organization itself, internally and, to the government and society at large, externally. It is our belief that the objective of healthy economic performance extends beyond the organisation and across the value chain, to contribute to the collective wellbeing of the economy and society. We also ensure compliance with all obligations imposed on us as well as those we choose to impose on ourselves.

ECONOMIC VALUE GENERATED AND DISTRIBUTED

The value generated in the fiscal year 2023 stands at Rs. 2,807 million

	2023	2022	2021	2020	2019
Economic value generated	(Rs. in millions)				
Total Revenue	6,045,371	8,241,184	9,430,855	4,744,061	7,662,017
Bought-in-material and services	(3,238,649)	(6,587,632)	(6,180,580)	(3,101,110)	(6,448,043)
Value generated	2,806,722	1,653,552	3,250,275	1,642,951	1,213,974

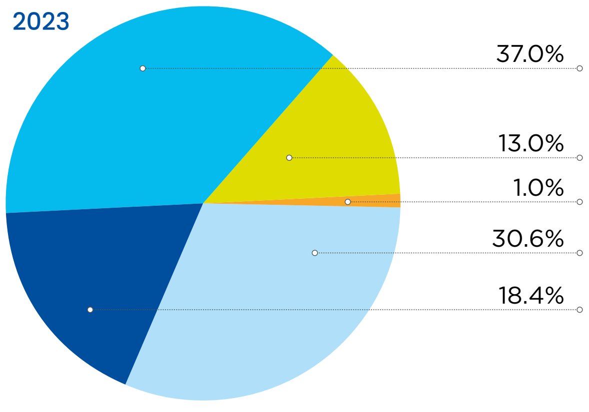
Economic value distributed

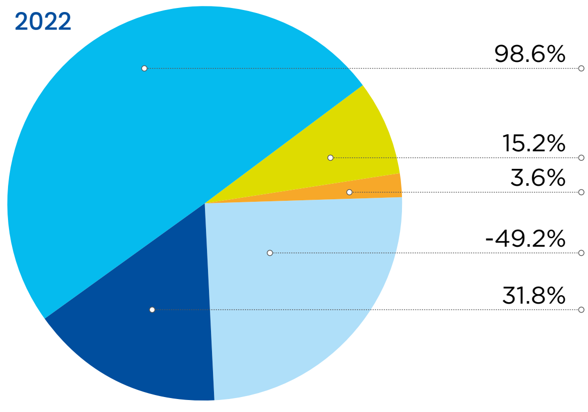
	2023	2022	2021	2020	2019
Employees' Salaries, wage, and other benefits	517,396	525,810	457,030	425,442	449,486
Value per Share	6.66	6.77	5.89	5.48	5.79
Government Income tax, sales tax, customs duties, WWF and WPF	1,037,766	1,630,649	1,530,593	1,051,944	645,695
Value per Share	13.37	21.00	19.72	13.55	8.32
Provider of Finance Finance cost	364,779	251,742	213,407	315,109	315,819
Value per Share	4.70	32.43	27.49	40.59	40.94
Society Donation towards education, health, and environment	27,488	59,014	12,013	618	2,836
Value per Share	0.35	7.60	1.55	0.08	0.37

Economic value retained	2023	2022	2021	2020	20219
Depreciation, amortization and retained earnings	859,293	(813,663)	1,037,232	(150,162)	(201,862)

	2023	2022	2021	2020	20219
Value distributed per share	25.09	31.78	28.51	23.10	18.24
Value generated per share	36.15	21.30	41.87	21.16	15.64

In 2023, Crescent Steel did not receive any direct or indirect financial assistance from the government except for certain tax concessions as per applicable laws.





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

REPORTING ON TAX

CONTRIBUTION TO NATIONAL EXCHEQUER AND ECONOMY

We ensure the sustainable and responsible management of our business through compliance with all obligations imposed on us as well as those we choose to impose on ourselves. Detailed financial and operational performance is covered in CEO review, and in this annual report; a summary of the economic value generated and distributed is given below.

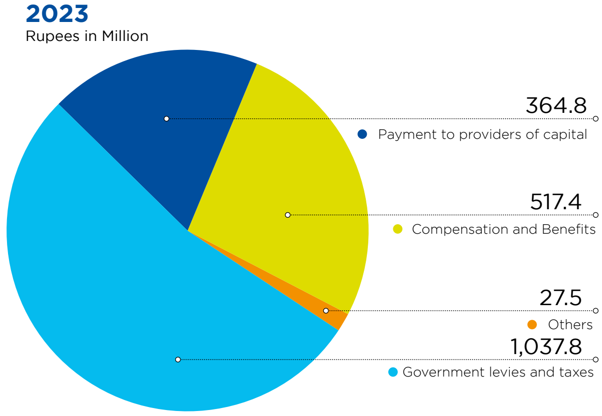
- Our revenues were Rs 6.05 billion [FY22: Rs. 8.24 billion] of which Rs. 2.98 billion [FY22: Rs. 6.6 billion] constitute payments to suppliers, representing a net value addition of 46% or Rs. 2.8 billion [FY22: 20% or Rs.1.7 billion].
- We distributed a significant part of the value we created through the payment of taxes and levies to provincial and federal governments and, for the year these stood at Rs. 1.0 billion [FY22: Rs. 1.6 billion]. Our profit before tax, account for 17.2% total sales after tax.
- We have defined Benefits and Contribution Plans for our employees and during the year we distributed Rs. 517 million or 8.6% of revenues, in wages and benefits to our average workforce of 602 employees [FY22: 526 million or 6.4% of revenues in wages and benefits to our workforce averaging 769 employees].
- We have allocated financing to our subsidiary that owns a 100MW stake in a solar park, however, this loan is interest free and does not yield any incremental tax advantage.
- We are designated as a group concern with the local tax authorities and intra company dividend of Rs. 150 million paid to the Company was tax free.
- We distributed Rs. 27.5 million in the form of community investments [FY22: Rs. 59.0 million] and, Rs. 365.0 million to providers of finance as interest payments [FY22: Rs. 252.0 million]; these being allowable expenses, helped us save Rs. 114 million in taxes.
- Consolidated Sales were Rs. 4,516 million as compared to Rs. 7,090 million last year, decreasing 36.0% YoY. Gross Profit margins increased by 17.2% [FY22: (0.9) %].

Our economic performance has a direct influence on the local community because we procure goods and services and provide employment to a diverse workforce in the production of our goods. We are motivated to undertake carefully considered risks to generate enduring financial advantages.

Our objective is to persistently expand as a prominent provider of comprehensive pipeline solutions and services in Pakistan. Additionally, we aspire to become the foremost manufacturer of top-tier steel products tailored to the Pakistani market, with a particular focus on serving the water and energy sectors within the country.

At Crescent Steel, business growth strategies are reviewed and monitored by the Board of Directors and the CEO; they are crucial to the functioning and mainstreaming of the operational management of the Company.

The Company's executives commit to portraying the Company's economic worth to its stakeholders, which include suppliers and customers. When required, the Company adjusts its approach to enhance value generation and performance, always with the best interests of the Company and its stakeholders in mind.



APPROACH TO TAX

Our operations generate revenue through taxes and other levies for the Pakistan government. These payments are used by the government to fund essential public and welfare services like education, roads and bridges, healthcare, cash support programs such as the Ehsaas/BISP programs and more.

Taxes are a vital source of revenue for all governments and a major outflow for businesses - when planned and managed effectively, it leads to significant cost savings. Our current tax plan is designed to optimize available tax credits. We consistently advocate for tax regulations that foster advantages for local businesses. Our tax approach is an integral component of our finance strategy which has a two-part focus: remaining compliant with all relevant tax laws and regulations and, optimising tax rate. Our finance function house a separate tax team that reports directly to the CFO who is closely involved in all tax planning and optimisation.

Our internal audit function reviews to reviewing our tax practices and reports periodically to the board audit committee. We also enlist the expertise of tax consultants to provide guidance, deal with tax authorities and when necessary, we engage legal professionals. Our tax obligations encompass various business transactions, including income taxes, sales taxes and customs duties.

TAX GOVERNANCE, CONTROL, AND RISK MANAGEMENT

Key people on the finance team attend tax-focused seminars annually to update understanding of taxation. All our transactions are systematically handled through the ERP system, with tax rates integrated and promptly updated to reflect any changes. Risk registers are formulated to pinpoint potential risks at the managerial level for each Business Unit and Department. These registers undergo evaluation at the Executive Team level and are subsequently approved and governed by the Board Risk Management Committee.

An external auditor assesses our general tax compliance status and we prepare Group Tax Financial Statements annually to supplement our returns. We maintain a comprehensive whistle-blower policy that serves as a channel for reporting any instances of misconduct, including those related to taxation.

STAKEHOLDER ENGAGEMENT AND MANAGEMENT OF CONCERNS RELATED TO TAX.

Engaging in discussions with tax authorities to obtain clarifications on taxation matters. Convening meetings to address unresolved tax cases. CSAPL actively promotes tax policies by collaborating with the Pakistan Engineering Board, and various other platforms. This includes presenting recommendations to the budget committee to bolster local manufacturers. The company website features an email address for registering complaints regarding any concerns from stakeholders including external stakeholders.

TAX JURISDICTION

We are not exposed to any tax jurisdiction other than Pakistan and do not hold any business interests abroad. Our tax and other payments to the government are illustrated below:

OVERVIEW OF TAX AND OTHER PAYMENTS TO THE GOVERNMENT:

Corporate income tax:
Rs. 73.46 MILLION

Sales Tax:
Rs. 793.77 MILLION

RS. 1,084.34 MILLION
in taxes collected and paid.

RS. 46.58 MILLION
Withholding tax deducted and submitted to government

Custom Duties and Other Levies:
Rs. 195.62 MILLION

Fees:
Rs. 1.50 MILLION

Our effective rate of tax is 24.51%.

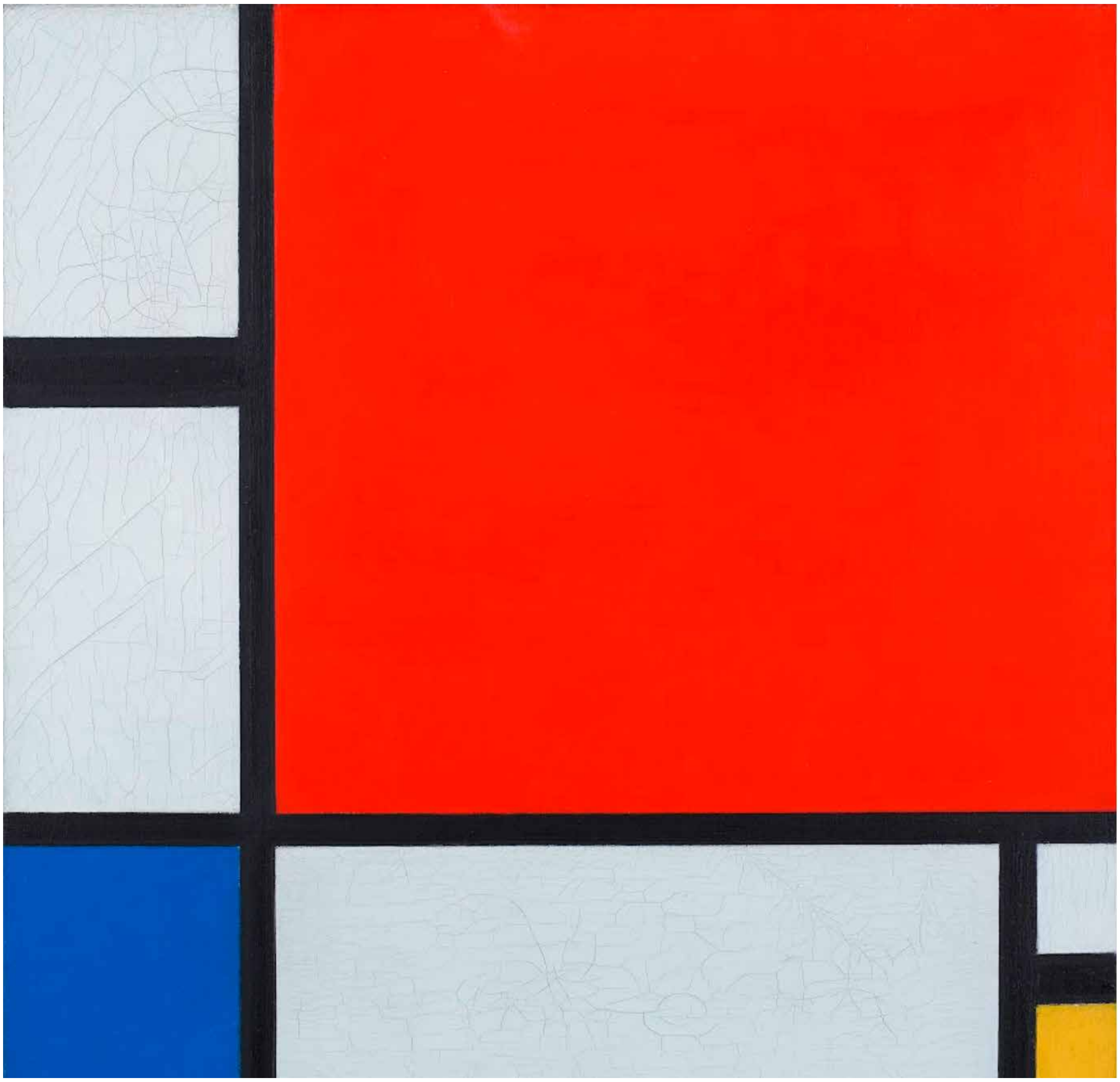
DE STIJL
1917 – 1931

Dutch periodical founded by Theo Van Doesburg in 1917 and published in Leiden until 1932; the name was also applied from the 1920s to a distinctive movement and to the group of artists associated with it. The periodical's subtitle, Maandblad voor de beeldende vakken (Monthly Journal of the Expressive Professions), indicates the range of artists to which it was appealing, and van Doesburg's intention was that it be a platform for all those who were concerned with a new art: painters, sculptors, architects, urban planners, typographers, interior designers, and decoratve artists, musicians, poets, and dramatists. The search for a nieuwe beelding (new imagery) was characterized by the elementary components of the primary colours, flat, rectangular areas and only straight, horizontal, and vertical lines. Former ideals of beauty had to be relinquished in favour of a new consciousness to represent the spirit of the times.

PIET MONDRIAN

Title: Composition with Red, Blue and Yellow

Source: https://artsandculture.google.com/asset/composition-with-red-blue-and-yellow-piet-mondrian/5QG2Fm_LGUWAHA



HUMAN CAPITAL

We are committed to creating a fair and inclusive workplace that values personal development, performance recognition, and equal opportunities for all.

Society today is fast evolving into a knowledge and skills-based economy where the expertise of people and the intellectual capital of companies is a significant driver of enterprise value and growth. Zooming in on Pakistan with 64% of the country under 30 years of age and 29% of the population in the 15-29 year age bracket; this is becoming an increasingly important and evolving area of management.

As a family managed enterprise, we strive to ensure that we maintain a professional environment and are both conscious of, and are able to provide ample growth opportunities for high potential talent. The structure of our business does not always allow for depth in the numbers of people we hire and we have to be innovative in how we manage talent, particularly in key positions. Our core business, being highly specialized in nature, increasingly relies on the specialized skills and expertise of our people. We seek to recruit, develop, and retain the best talent, to meet the needs and expectations of our business. To achieve this, we have a comprehensive HR strategy and extensive policies in place to support our strategic human and intellectual capital objectives.

This evolving dynamic and the structure of our business keeps us aligned to the corporate goals to achieve sustainable growth – because it is growth of our business that will allow us to provide more meaningful opportunities to the people that work with us.

In all our operational endeavors, we acknowledge the fundamental needs of our employees and contractors, which include:

A Safe and Healthy Workplace

Fair and Equitable Remuneration

Career Development and Training for Personal Development

A Diverse and Inclusive Work Environment with Equal Opportunities

Our Human and Intellectual Capital strategy is focused on identifying and bridging critical skills gaps, fostering a supportive workplace culture, enhancing engagement and living true to our values.

At Crescent Steel, our focus centers on fostering a culture grounded in transparency and open communication. We encourage every employee to freely provide feedback and voice concerns or grievances.

We actively track the outcomes of our employee engagement initiatives and satisfaction surveys, promptly addressing any identified areas of concern within reasonable bounds. Our human resource function undergoes regular scrutiny from an independent internal audit function, which helps identify implementation and policy gaps.


STRATEGIC FOCUS ON HR
HR Process Excellence
Develop Strategic Employee Competencies
Close in on the Skill Gap
Identify and Devlop Hi-Potential Employees
Drive Organizational Performance
Enhance Technology in HR
Positive Work Environment: Diversity, Inclusion and Wellbeing
Quality HR Services
High Performance Resource

GOALS AND OBJECTIVES FOR 2023 - 2025

Goal / Objective	Supporting Initiatives / Actions
Enhance employee engagement levels	Narrow the employee satisfaction gap; improve ESI to 4 and target a 90% participation level.
	Conduct focus groups to address key issues identified by the Employee Opinion Survey, Open House Sessions etc.
	Introduce an HR chatbot.
	Include employees to collaboratively design and implement solutions.
	Utilize gamification and microlearning techniques to make online internal training engaging and easily accessible.
Create a high performance culture	Conduct 360-degree surveys of key management staff and executives, targeting that 100% of departmental managers who are up for promotions.
	Improve implementation of performance management systems in place.
	Continuously update the skills inventory and align skill development with evolving business needs, targeting Hi-Pos.
	Introduce e-learns for standard roles and induction material
	Encourage self-directed learning through mentorship or coaching programs to guide employees in their learning journeys and track their progress.
	Strengthen key operational areas by acquiring and retaining top talent in mid-management positions.
	Promote a culture where people are listened to, valued, and assessed with fairness by reinforcing the need for regular feedback and transparent performance evaluations based on well-defined criteria.
Foster an inclusive and enabling workplace culture	Measure the number of women applying to vacant positions and seek to enhance the number of female applicants through targeted programs.
	Continue to deliver equal average pay for men and women at comparative role and job grade.
	Work to induct differently abled people into the organization.
	Improve average age of the organization by employing younger people.
	Foster generational diversity through mentorship programs and knowledge transfer initiatives, facilitating collaboration between younger and more experienced employees.
HR Process Excellence	Leverage available options to derive meaningful data from the Human Resource Information System; also, to explore new HRIS options.
	Review and consider outsourcing.
	Conduct survey on HR performance and leverage findings to improve in areas of weaknesses.
	Enhance the HR competency level of the organization so that every manager acts as an HR manager for their team. Do this through high impact and targeted trainings.
	Bring analytics focus to HR with recruitment, training and engagement analytics.
	Implement competency-based interviews and assessment tools to improve hiring accuracy.

HIGH PERFORMANCE HUMAN CAPITAL

COMPETITIVE REMUNERATION

SIMPLIFIED HR

HR AGILITY

COMMUNITY INVOLVEMENT

ENHANCED EMPLOYEE ENGAGEMENT

HAPPY WORKPLACE

COMPLIANCE AND PRODUCT RESPONSIBILITY

EMPLOYEE ENGAGEMENT

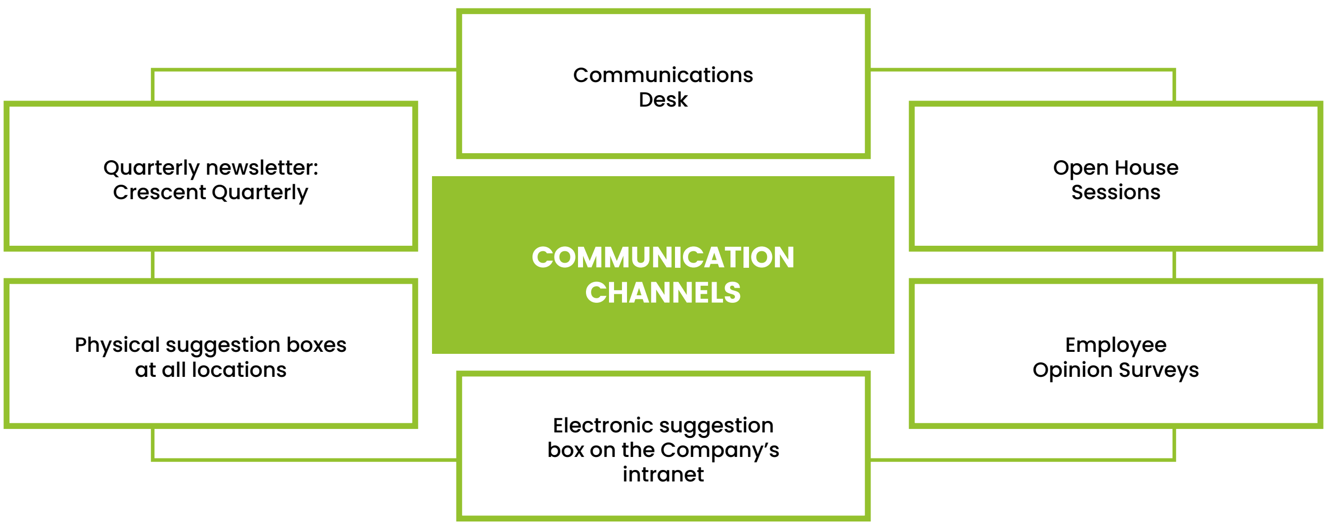
We believe in putting our people first and understand that it is essential that employees are fully aware and resonate with our purpose.

Our people are essential to the successful delivery of our strategy and to sustaining business performance over the long term. We accelerate the development of our people, grow and strengthen our leadership capabilities and enhance employee performance through strong engagement.

Our people and culture initiatives are critical business priorities, and we strive to be an employer of choice that attracts and retains high performing talent with the passion, skills, and mindsets to drive us on our journey to build strategic national infrastructure and make a difference.

We believe each one of us has the power to make a difference, and our company has a long history of investing in programs and activities that improve lives.

Formal methods of communicating with employees include:



SHARING INFORMATION AND GETTING FEEDBACK IS A KEY PART OF EMPLOYEE ENGAGEMENT

We strive to keep our employees well informed, and we do this through various channels and programs. Our Communications desk and SharePoint portal are leveraged for one-way communications that are pushed to employees and keeps them informed on the company calendar, birthdays, daily menu, events, policies and more. The daily lunch and messing facilities at our office and manufacturing locations provide everyone across job tiers with an opportunity to sit together. This encourages interdepartmental engagement, provides mentoring opportunities, and reinforces our core values. Crescent Roundtable sessions were also reinitiated in fiscal year 2022 to enhance cross departmental communication and coordination. A total of five sessions were organized which focused on areas such as building effective relationships, transactional analysis, ego states and much more. We currently plan to start the next batch of these sessions to engage new employees.

We maintain physical and digital suggestion boxes across all our locations. These avenues encourage employees to drop suggestions and participate in regular surveys, providing valuable insights into shared services, particularly in areas such as workplace and facilities, IT, and human resources.

The annual Open House offers employees a unique opportunity to engage directly with our CEO in one-on-one discussions, where they can raise concerns, provide feedback, and share suggestions. The ideas and input generated through these sessions serve as catalysts for driving process improvements at Crescent Steel. Notably, our scholarship program for the children of employees emerged from one such Open House session, demonstrating the tangible impact of employee-employer initiatives.

The Crescent Steel Employee Opinion 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. In 2023, the response rate for the survey was 72%, showing a decrease from 83% in 2022. Additionally, the average employee engagement score experienced a marginal decrease of 1.06% compared to the previous year, at 3.73 points out of 5. When survey findings merit, we conduct focus groups and engage employees in addressing areas of weakness.

Strong scores were registered in several key areas, including our vision, mission, strategy, values, organizational structure, work environment, and culture. As with every survey in the past, a major area of concern included compensation. We feel strongly that this would continue to remain on the opinion survey, however it may be noted that the average salary increase in the outgoing year stood at 21.72%, while performance incentive payouts averaged 16.11% of annual gross salaries. We feel that our remuneration policies and payouts are competitive, and this has been validated through a compensation survey carried out by HRSG in 2018 which we plan to have renewed in 2024.

We have a robust grievance and complaint mechanism in place, which includes the Whistle Blowing Policy. This empowers employees to report any instances of improper conduct or wrongdoing anonymously, without fear of retaliation or victimization. Reports can be made directly to the Head of Internal Audit, Human Resources, and/or the CEO. We prioritize safeguarding the confidentiality of whistleblowers while ensuring that all grievances are dealt with promptly, and fairly and in accordance with other related policies.

We aim to reach out to diverse talent and embrace the different skills, cultures, ways of thinking and experiences that talent brings. We continue to encourage and offer our employees regular opportunities to step out of their daily work routine to contribute their time by volunteering to make a difference.

Furthermore, all processes that fall within HR have a feedback mechanism embedded in them: whether this relates to events, performance management, trainings, hiring related feedback, or other topics of concern (HSE and wellbeing, cost of living related surveys, transport etc.).

LABOR MANAGEMENT RELATIONS AND GRIEVANCE MECHANISM

As a labor-intensive company, our manufacturing sites rely heavily on worker-grade employees who constitute 67% of our total workforce. Establishing strong engagement between this segment of our workforce and the management is of paramount importance. Joint committees comprising workers, supervisors, and managers serve as essential conduits for achieving targets, gaining insights into worker needs, and creating opportunities to address concerns collaboratively.

Open dialogue is a management driven agenda at Crescent Steel and we facilitate open dialogue with workers, going beyond typical circumstances to actively engage in discussions about the challenges faced by them and how best to address these issues. The company provides transportation, food, and housing facilities (wherever applicable) to workers.

Moreover, workers are encouraged to report grievances and/or concerns to their respective supervisors/managers, in particular those relating to health and safety and, the workplace.

There are no collective bargaining agreements or labor unions associated with our Company.

DIVERSITY AND INCLUSION

We are committed to providing equal opportunities and cultivating an enriching workplace for all employees. Increasing female representation, especially in management level roles, is an ongoing priority.

As on June 30th 2023, 18% of our employees at corporate offices were female. 10% of the executive team roles and 8% of our management roles are occupied by women.

Our workforce comprises 5% minorities, well above the minorities representation in the national demographic. Over the last year, 86% of new entrants represent rural communities and 74% of our total workforce is from rural Pakistan.

We believe a diverse workforce is an important asset and promotes creativity and innovation. It is the secret to a successful, thriving workplace and a fair work culture – one that values and respects each individual's unique contributions.

Other ways that we contribute to DEI goals is through our philanthropic interventions which are discussed in detail in section Social and Relationship Capital.

No incidents of discrimination were reported during FY23.

AS ON JUNE 30, 2023:

18% or 13	Employees at our corporate offices were females
10% or 1 8% or 5	Members of the Executive Management Team were women Management roles were filled by women
5% or 22 11% or 7	Workforce consisted of minorities across all locations Workforce consisted of minorities across our Head Office
19% or 3	New hires at our corporate offices were females
86% or 74	New entrants represent rural communities Workforce is from rural Pakistan

EQUAL OPPORTUNITY EMPLOYMENT

During FY23, the ratio of standard entry-level wage for workers compared to local minimum wage remained 1.08:1 across all significant locations of operations and inclusive of plants and regional offices at Karachi, Nooriabad, Jaranwala, Bhone, Dalowal, and Lahore. As a dedicated equal opportunity employer, the Company is committed to safeguarding the rights of all its employees across all types of work. The ratios of wages for management, workers and all staff against minimum wage are as follows:

RATIOS	MALE	FEMALE
Ratio of Median Wage of Management without Variable Allowances: Minimum Wage	2.71:1	2.60:1
Ratio of Median Wage of Management with Variable Allowances: Minimum Wage	2.93:1	2.79:1
Ratio of Median Wage of All Workers without Overtime: Minimum Wage	1.14:1	-
Ratio of Median Wage of All Workers with Overtime: Minimum Wage	1.37:1	-
Ratio of Median Wage of All Staff without Variable: Minimum Wage	1.36:1	2.60:1
Ratio of Median Wage of All Staff with Variable: Minimum Wage	1.62:1	2.79:1

100% of our senior operational management employees, including functional heads are residents of local areas/ regions.

EMPLOYEE DEVELOPMENT

We strive to provide the right resources and an environment that supports the growth and development needs of employees to generate a positive impact on the organization. The Company maintains a robust and well-structured training program for engineers at our line pipe manufacturing units and for select management hires in shared services, marketing and sales functions at our Head Office.

During the fiscal year we invested Rs. 1.58 million, or 0.68% of profits before tax [FY22: Rs. 7.61 million, 2.42% of profit before tax] in training 12 high potential employees through targeted programs at LUMS, ICAP, TUV Austria, NCNDT, EFP and NDU enabling them to develop their skills, fulfil their potential, and make the best possible contribution to the success of the Company. On average, each employee in the management category received 27.16 hours of formal training in FY23, a notable increase from 17.95 hours in FY22.

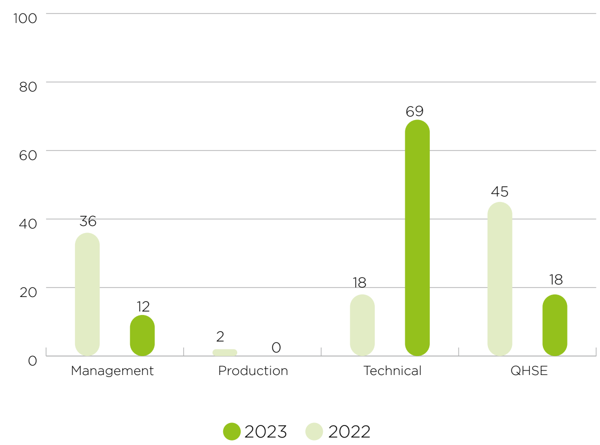
[1] This ratio as mentioned as 1:1 in our 2022 report pertained only to entry level unskilled worker grade staff that is hired on minimum wage – all other staff including semi-skilled and skilled workers are hired above minimum wage. This year's report provides more comprehensive data on wage parity. It may further be noted that we do not have

25 Average training hours planned for every employee in 2024

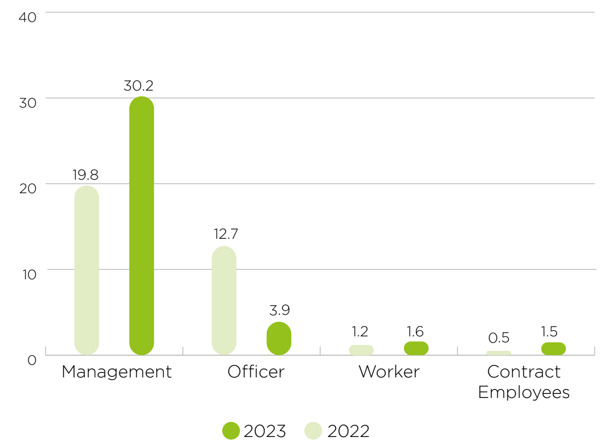
100% Percentage of eligible employees for whom performance reviews and career development plans have been prepared in 2023

80% Percentage of management grade employees for whom training need analysis has been conducted and training plans prepared in 2024

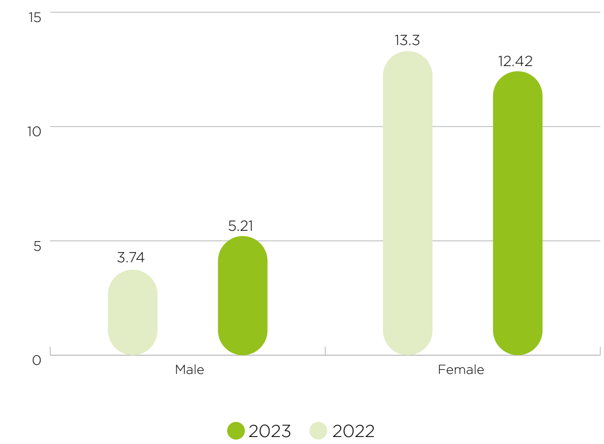
Training Hours by Mode of Training %



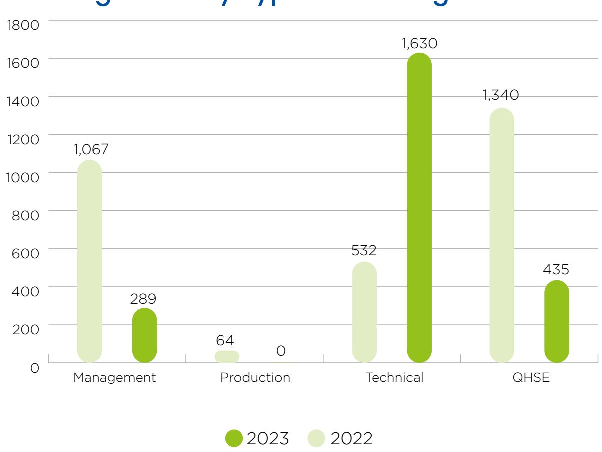
Average Training Hours / Employee by Gender



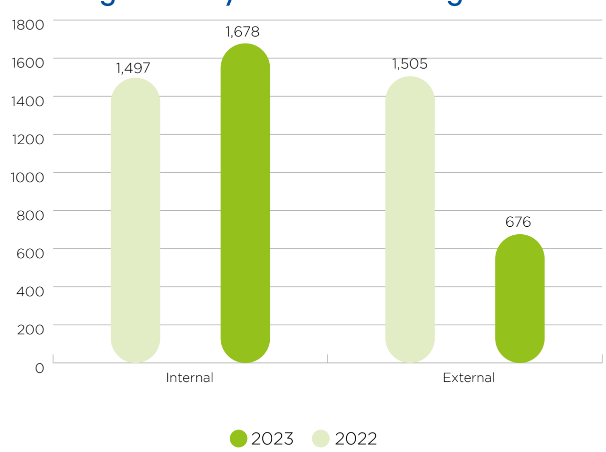
Average Training Hours / Employee by Gender



Training Hours by Type of Training



Training Hours by Mode of Training



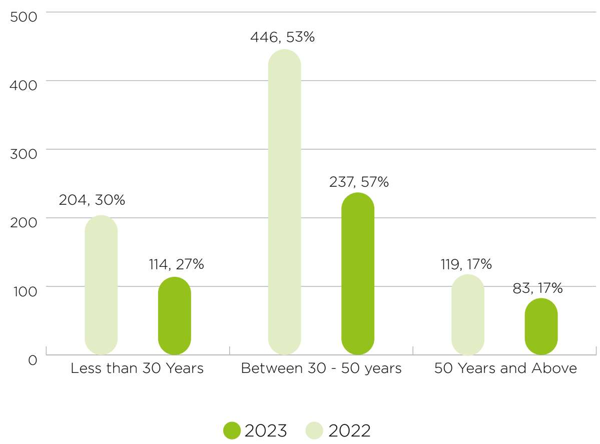
EMPLOYEE DEMOGRAPHICS

As an employer of over 400 individuals throughout Pakistan, Crescent Steel has a significant impact on livelihoods, opportunities and growth prospects for the people who work for the Company. Here is a look at our demographic break-up:

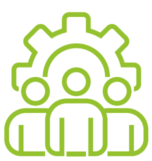
Total Workforce - Region Wise

	2023	2022
Bhone	20	35
Jaranwala	37	483
Karachi	73	71
Lahore	5	5
Nooriabad	258	133
Dalowal	39	40
Islamabad	2	2
Total	434	769

Employees by Age



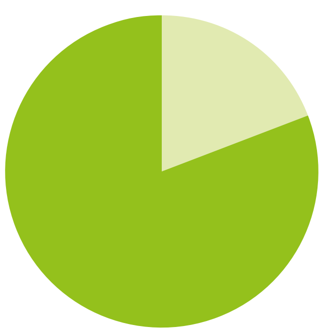
AVERAGE AGE OF EMPLOYEES – BY EMPLOYEE CATEGORY



Management
41 Years

Officer
40 Years

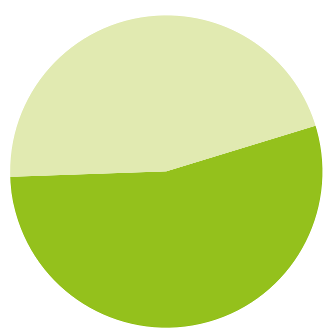
Workers
40 Years



TOTAL NUMBER OF EMPLOYEES - 2022

623 Permanaent

146 Contractual

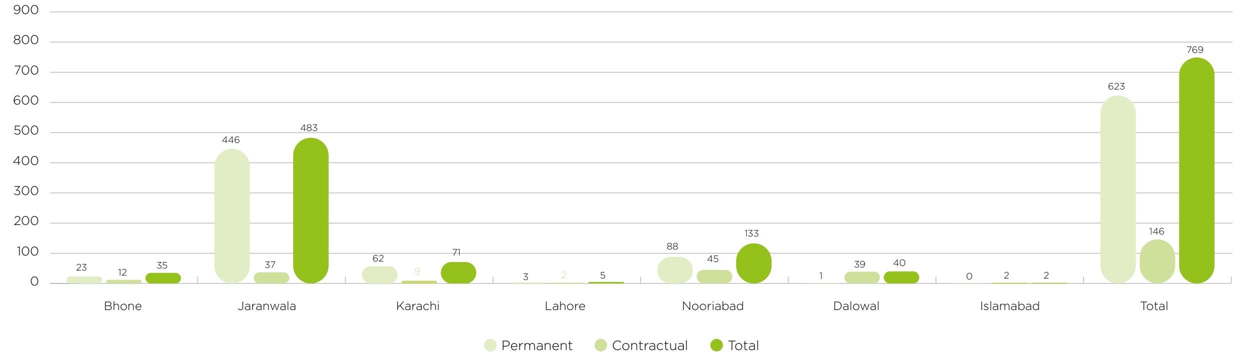


TOTAL NUMBER OF EMPLOYEES - 2023

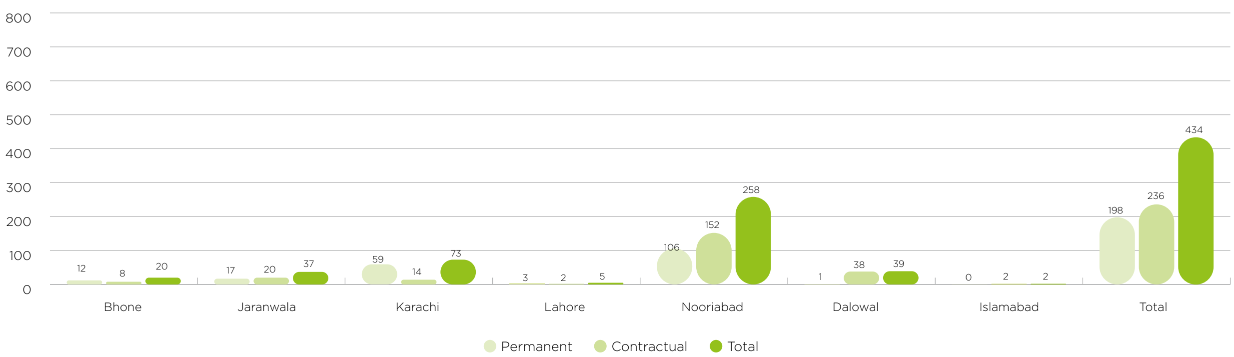
236 Permanaent

198 Contractual

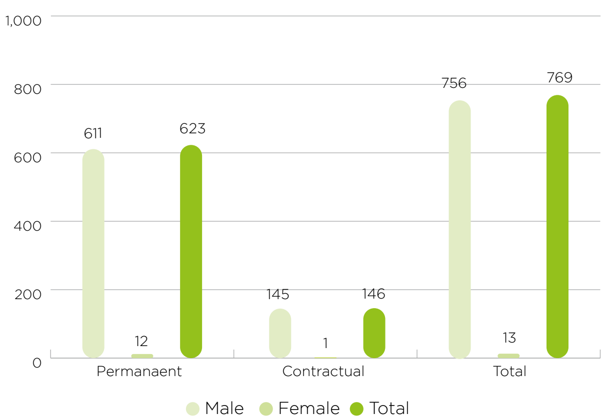
Total Number of Employees by Employment Contract and Region - 2022



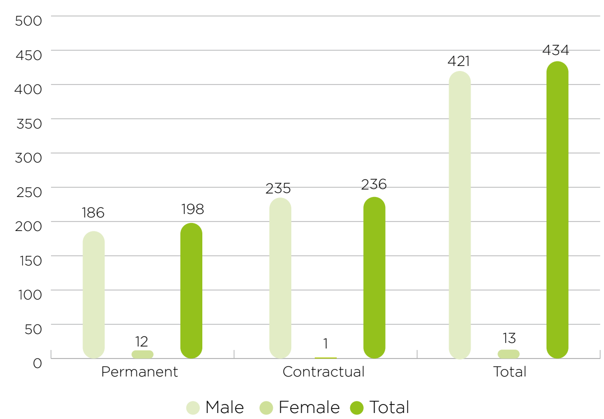
Total Number of Employees by Employment Contract and Region - 2023



Total Number of Employees by Employment Contract and Gender - 2022



Total Number of Employees by Employment Contract and Gender - 2023



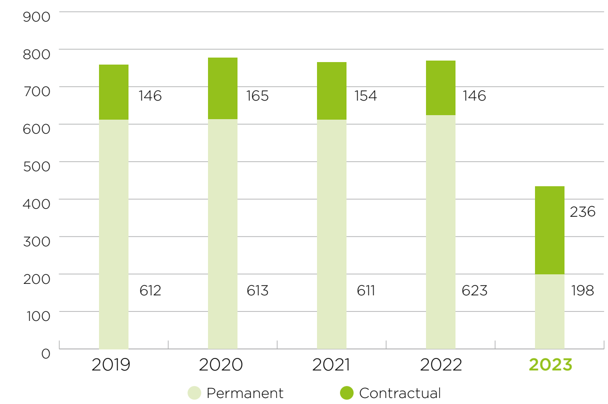
New Hires	Opening No. of Employees (Jul 1)	Incoming employees	Outgoing employees	Closing No. of Employees (June 30)	Average No. of Employees	Outgoing Rate	Incoming Rate	Turnover Rate
By Age								
Less than 30 years	204	260	350	114	159	220%	164%	57%
Between 30 – 50 years	446	271	480	237	341.5	141%	79%	61%
51 years and above	119	40	76	83	101	75%	40%	36%
Total	**769**	**571**	**906**	**434**	**602**	**151%**	**95%**	**56%**
By Gender								
Male	756	568	903	421	589	153%	97%	57%
Female	13	3	3	13	13	23%	23%	0%
Total	**769**	**571**	**906**	**434**	**602**	**151%**	**95%**	**56%**
By Location								
Head office (Karachi)	71	16	14	73	72	19%	22%	-3%
Nooriabad	133	169	48	254	193.5	25%	87%	-63%
Jaranwala	483	376	821	38	260.5	315%	144%	171%
Dalowal	40	9	10	39	39.5	25%	23%	3%
Bhone	35	1	13	23	29	45%	3%	41%
Lahore	5	-	-	5	5	-	-	-
Islamabad	2	-	-	2	2	-	-	-
Total	**769**	**571**	**906**	**434**	**602**	**151%**	**95%**	**56%**

*High overall turnover is due to shut down at the spinning unit alongside industry dynamics with seasonal hiring. This is partially offset by net positive incoming numbers at the Head Office and Nooriabad.

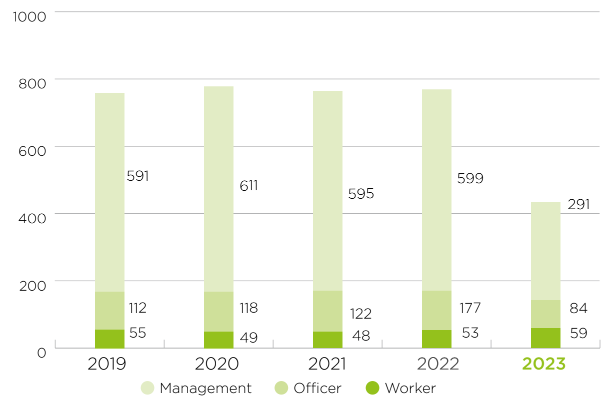
*Previous versions of this disclosure use the absolute number of outgoing employees/average employees to derive the turnover rate. This being incorrect now derives the turnover rate as the number of net outgoing employees i.e. opening – closing/average employees to derive the rate of turnover.

WORKFORCE INFORMATION

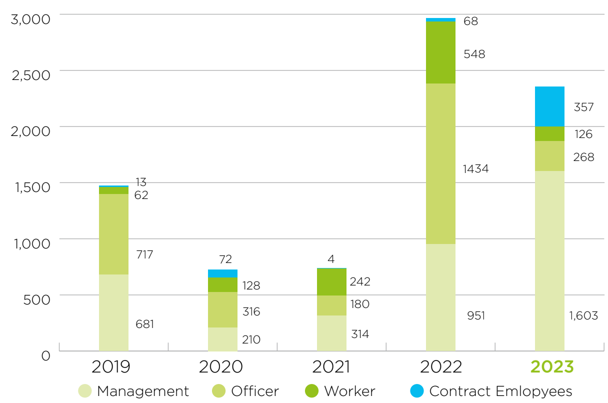
Number of Employees



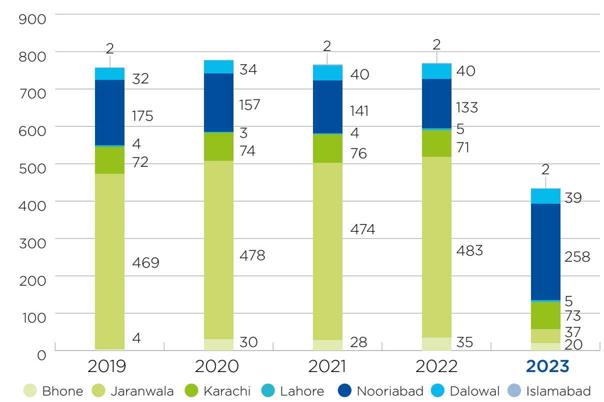
Number of Employees by Employment Type



Training Hours by Employment Type



Workforce by Region



Note: The significant increase and decrease in the workforce over the years is on account of the cyclic nature of the business.

EMPLOYEE SATISFACTION

77%

of employees are satisfied working for Crescent [FY22: 69%]

88%

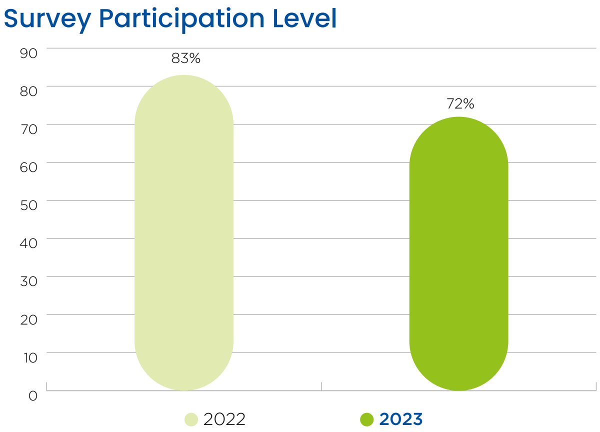
of employees are committed to their jobs [FY22: 93%]

78%

of employees are satisfied about guidance and coaching provided to execute the job [FY22: 75%]

82%

of employees are satisfied that Crescent is sensitive to the safety need of employees and provides appropriate work tools [FY22: 90%]



ENGAGEMENT AND DEVELOPMENT

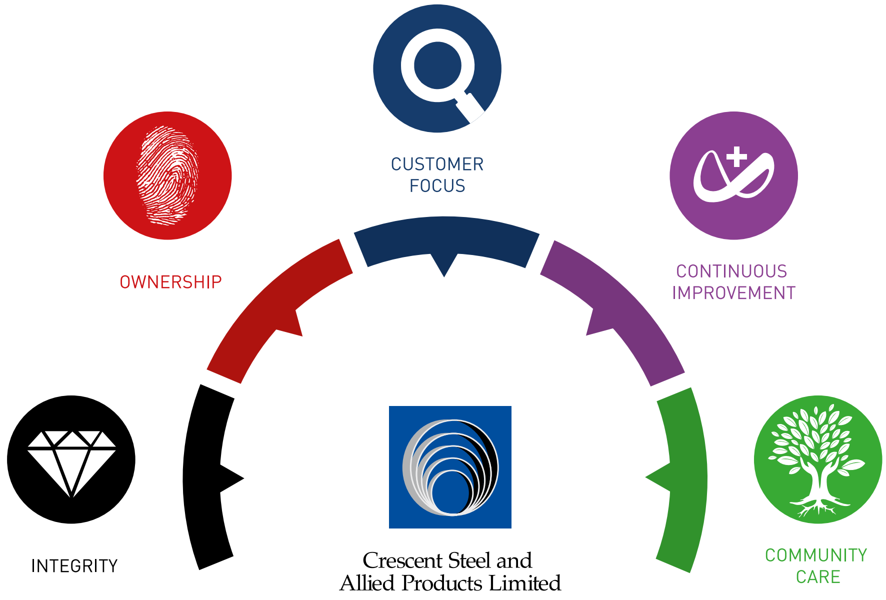
This section highlights our key employee engagement and development programs.

RECOGNIZING VALUE BEHAVIORS

Our values and guiding principles act as a compass and govern the way we carry on with work every day. They inspire us in our day-to-day affairs, govern the way we carry out business and give us clarity to make decisions. Our values are embedded in our performance management systems and form a critical part of our decision making when hiring potential candidates.

We strive to ensure that our employees resonate with our values that they care passionately about helping others, value their customers, take ownership, work with integrity and honesty in all their dealings and deliverables and are always on a journey to be better.

To encourage and appreciate value behaviors in practice, we periodically hold value awareness sessions and recognize and reward employees who live the Crescent values in how they work, what they believe in and what they stand for. By recognizing and rewarding value behaviors in employees we keep them engaged with our corporate identity.



STRUCTURED TRAINING PROGRAMS

We take pride in learning and growing with our employees. Every year, the HR department proposes a training plan which includes a number of training programs and certifications to enable employees to perform effectively and efficiently. Each year, training needs for each employee are defined and are consolidated into a training plan and a budget is prepared and approved for the following year.

We categorize trainings into four segments; production, management (includes soft skills/behavioral training interventions), quality and HSE and technical. These are further classified as internal, external, in-house and on-the-job trainings. Other than for targeted technical, statutory, and behavioral trainings we strongly believe in robust "on-the-job" trainings for our people and require those participating in external programs to impart and propagate learning across teams and the organization as relevant. All formal training is evaluated through a feedback form to gauge its effectiveness.

This year two senior and one executive employee attended a fairly rigorous six-month Data Analytics training arranged by ICAP and three senior management employees identified as Hi-Pos attended management development programs at LUMS – one of these managers is in a leading role at our pipe manufacturing facility.

The formal Summer Internship program at the Head Office and Nooriabad campus provides young students with an opportunity to develop and hone their skills, build their resumes and assess their interests and abilities.

In the current year, we welcomed 12 interns [FY22: 20 interns] to our organization across various departments at our Head Office and Nooriabad campus, offering them a minimum internship duration of six weeks.

Our interns act as our ambassadors, enhancing our visibility as an employer and provide managers with opportunities to mentor. This is particularly important because as an engineering sector company with a relatively low annual intake, other avenues such as participation in career fairs and formal engagement with prospective hires is usually not feasible.

TESTIMONIALS FROM OUR INTERNS

"This internship has provided me with a learning experience that has allowed me to put all my theoretical knowledge into practical use. With the great mentorship of my Supervisor, my time at CSAP has been one that I won't forget. This opportunity has helped me prepare for what's to come after I graduate."

Fatima Anwar (Intern – Finance and Control)

"My internship period at CSAP has truly been worthwhile and rewarding. My aim was to get a fruitful practical experience, which my Mentors in the HR department have successfully imparted me with. I have been equipped with the understanding and skills of carrying out the major HR functions. I have also witnessed the significance of maintaining a healthy company culture! – Every member of CSAP has been welcoming and sincere in achieving mutual goals."

Beenish Farhan (Intern – Human Resources)

"I am beyond grateful to CSAP for providing me an opportunity to explore a fast-paced, challenging corporate culture experience where I got to not only groom my soft skills, but also professionally found a path to pursue a career in the investments / fund sector. Massive shoutout to my Supervisor, the HR team, and everyone associated to make this place a happy home for hundreds of employees."

Saif-ul-Haq (Intern – Portfolio Management)

EMPLOYEE DEVELOPMENT AND LATERAL ROTATIONS

As an organization with constricted human capital depth and keeping in view, the nature of our operations, our focus remains on internally promoting talent and preparing our employees to take up additional responsibility when needed. To achieve this, as far as reasonably possible, employees are provided with opportunities to improve, enhance and refine their skills and also develop new skills.

Organization Talent Reviews are conducted annually in order to identify top talent across the organization where the management committee reviews management and mid management talent and ranks them across 5 tiers from Black Belt (Hi-Potential/Future Leader) to Black Sheep (Poor Performer). These sessions are chaired by the CEO and for Hi-Potential employees pegged for future leadership roles, a career development plan is triggered that spans the next three years. Similarly, for those who are ranked as Black Sheep, a performance improvement plan is triggered which seeks to help employees improve performance through a structured target-based plan within a stipulated time period, typically no longer than six months.

We have established structured Trainee Engineer and Management Trainee programs for recent engineering and business graduates, which include quarterly rotations within and across functions. During the year we hired 10 Trainee Engineers at the pipe manufacturing facility, however, by the end of the year we have 8 Trainee Engineers still working with us. The management trainee hiring was put on hold on account of business needs. We also offer three-year apprenticeships, as required by law, at our manufacturing facilities in electrical, welding, production, and mechanical areas.

On a select basis, we also offer employees exhibiting strong performance and value-based behaviors opportunities for lateral rotations across functions. This enables them to see the business from the outside in, enhances their skill set and helps with future leadership roles.

PERFORMANCE MANAGEMENT

At Crescent Steel, performance management is an ongoing, continuous process of communicating and clarifying job responsibilities, performance expectations, and development planning. The system is designed to align individual and team goals with the organization's strategic objectives. We formally assess performance twice a year against established goals but recognize that performance management is a daily process that values timely, constructive feedback for continuous improvement at all levels.

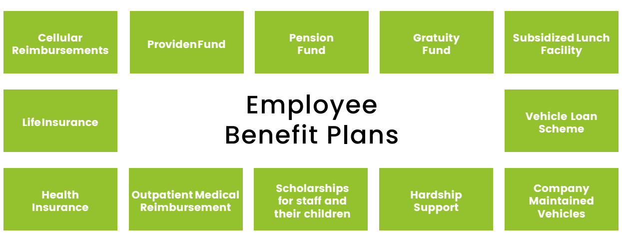
We ensure our employees understand how performance is measured, reviewed, and managed across the organization. We offer office hours for discussions and provide soft support for self-assessment and goal setting.

Performance reviews usually follow the annual talent review exercise and are used to support decisions related to employee training and career development, compensation, transfers and promotions with the ethos that everyone is assessed fairly and with a culture of open communication.

COMPENSATION AND BENEFIT SCHEMES

We reward the passion and hard work of our people with compensation, benefits and incentive programs that are inclusive and competitive. Our competitive compensation and benefits package enables us to attract and retain talent. We are committed to merit based equitable compensation, determined by qualification, experience levels, niche skills and individual performance.

The Company offers comprehensive compensation and benefit plans. In addition to traditional compensation plans of guaranteed and variable pay schemes and benefits such as company-maintained vehicles, the company offers a suite of employee benefit plans that include pension and retirement plans, vehicle schemes, scholarship support for higher education to staff and their children and more.



At Crescent Steel, we share value created with our employees, providing them with competitive wages and a range of benefits. The Company maintains a provident fund on a contribution basis; and matches the employee's contributions to the fund (at 8.33% of basic salary up to 5 years of service and 10% of basic salary after 5 years of service). Benefit funds, including both gratuity and pension, are contributed by the company at the rates of 8.33% and 20% of the employee's basic salary, respectively. Collectively, the company provides 5% of its pre-tax profits in the Worker Profit Participation Fund (WPPF) .
We have categorized entitlements to these benefits based on different job levels within our organization, providing clarity in how these benefits extend to our employees.

EMPLOYEE BENEFITS	
Life Insurance	√
Defined Contribution Plan (Provident Fund)	•
Defined Benefit Plan (Gratuity and Pension)	*/•
Disability Coverage	√
Maternity Leave	√
Subsidized Lunch	√
Health Care	√
Health Insurance	√
Company Maintained Cars / Mobiles	Ø
Club Subscription Reimbursements	Ø
Company Sponsored Vehicles (Car / Motorcycle)	Ω
Scholarship awards for children of employees	Ω
Scholarships for Employees	Ω
Hardship Assistance	Ω
Stock Ownership	■

√ = to all employees
• = to permanent employees
* = to management employees (i.e., excluding workers)
Ø= to our executives and management as per business need
Ω = on application, to eligible employees
■ = generally, not available

COMMUNITY ENGAGEMENT

Our employees highly appreciate our commitment to the communities in which we operate. We remain dedicated to keeping them well-informed and engaged in essential community initiatives and programs led by the Company, as well as those that hold significance to them personally. This engagement is fostered through initiatives like the Crescent Matches Program, Crescent Cares Week, and various activities spanning sports, arts, and more.

AIESEC GLOBAL INTERNSHIP PROGRAM

Under this program, we have extended internship opportunities to five international students. After a five-year pause since our last AIESEC intern exchange in 2018, we are hoping up to actively involve more foreign trainees this year. This initiative of welcoming international students for placements not only enriches the workplace but also provides our employees with a chance at global networking and promotes a culture of learning and innovation.

CRESCENT SCHOLARS

We introduced a scholarship program in 2013 to support tertiary education for children of our employees. The program is currently in its tenth year and now includes intermediate scholarship awards as well. We also offer scholarships to candidates with exceptional academic and community performance to top-tier degree programs abroad. This is in addition to scholarships we offer to employees pursuing higher education while working with us.

Since inception, we have sponsored fifteen scholars, out of which thirteen are children of our employees and the remaining two are external scholars. The last scholarship program was launched this year, but no applications were received hence our last active scholar is from 2021.

Children of Employees	Program and Institute Name
Syed Muhammad Mufeez (2014)	BE - Chemical Engineering candidate at NED University; has graduated and is working as Security and Market Safety Lead at Philip Morris International
Abdul Rehman (2015)	BS – Electrical Engineering candidate at Habib University; has graduated and is currently doing his Master's in Electronics Engineering (Embedded Systems) at the Politecnico di Torino University, Italy
Muhammad Taha Zaidi (2015)	BBA candidate at IBA; has graduated and was last working as Product Manager - Digital Financing at Meezan Bank Limited
Ahmed Ali (2016)	BSc - Computer Sciences candidate at FAST; has graduated and is working as Software Engineer at Nisum
Muhammad Ans (2016)	BE - Mechanical Engineering candidate at International Islamic University; has graduated and is currently working as Assistant Manager Product Development at Al-Futtaim Automotive
Khizran Kulsoom Zaidi (2017)	MSc – Human Resources candidate at Karachi University; has graduated and is working as a System Support Analyst at National Institute of Cardiovascular Diseases
Syed Muhammad Bilal (2018)	BS – Computer Science candidate at DHA Suffa University; has graduated and is currently working as Software Engineer at Cronysoft
Sidra Sikandar Ali (2018)	MS – Hydro Science and Engineering candidate at Dresden University of Technology; is currently doing her Master Thesis at Procter and Gamble
Suleman Saad Thaniana (2019)	BS – Electrical Engineering and Computer Science at Massachusetts Institute of Technology; has graduated and is currently working at Apple Inc, USA (we have partially sponsored his first year education)
Nimra Yamin (2021)	BS – Economics and Finance candidate at NED University, graduated while scoring second in her class
Munazza Zafar (2017 and 2021)	Intermediate – Pre-Medical candidate at Islamabad Model College, has completed her intermediate
	BS – International Relations candidate at Quaid-e-Azam University, currently in her sixth semester
Sidra Muhammad Ali (2018 and 2021)	Intermediate – Pre-Medical candidate at Trinity Methodist Girls' Higher Secondary School, has completed her intermediate
	PharmaD student at Hamdard University, currently in her seventh semester
Nimra Yamin (2021)	Intermediate – Pre-Medical candidate at Government Islamic Science College; has completed his intermediate and currently pursuing Bachelors in Islamic Studies from Islamabad International University
Muhammad Safiullah (2021)	Intermediate – Pre-Medical candidate at Government Islamic Science College; has completed his intermediate and currently pursuing Bachelors in Islamic Studies from Islamabad International University
Other Scholars	
Mariam Asaad (2016)	MS - Education candidate at Harvard Graduate School of Education; has graduated and is working as an implementation consultant with the World Bank and is leading a curriculum design project with The Citizens Foundation. Mariam returned the scholarship award to her allowing it to roll over to others.
Muhammad Waqar Mustaqeem (2016)	BSc - Actuarial Sciences candidate at London School of Economics and Political Sciences; has graduated and is working as an Associate Liability Management at Lloyds Banking Group

STORY OF OUR SCHOLAR

In the vast landscape of academic challenges, I embarked on a journey that would define not just my undergraduate years but my entire outlook on life. My goal was set, my ambitions high – to excel in my BS Economics and Finance program, a path fraught with complexities and uncertainties.

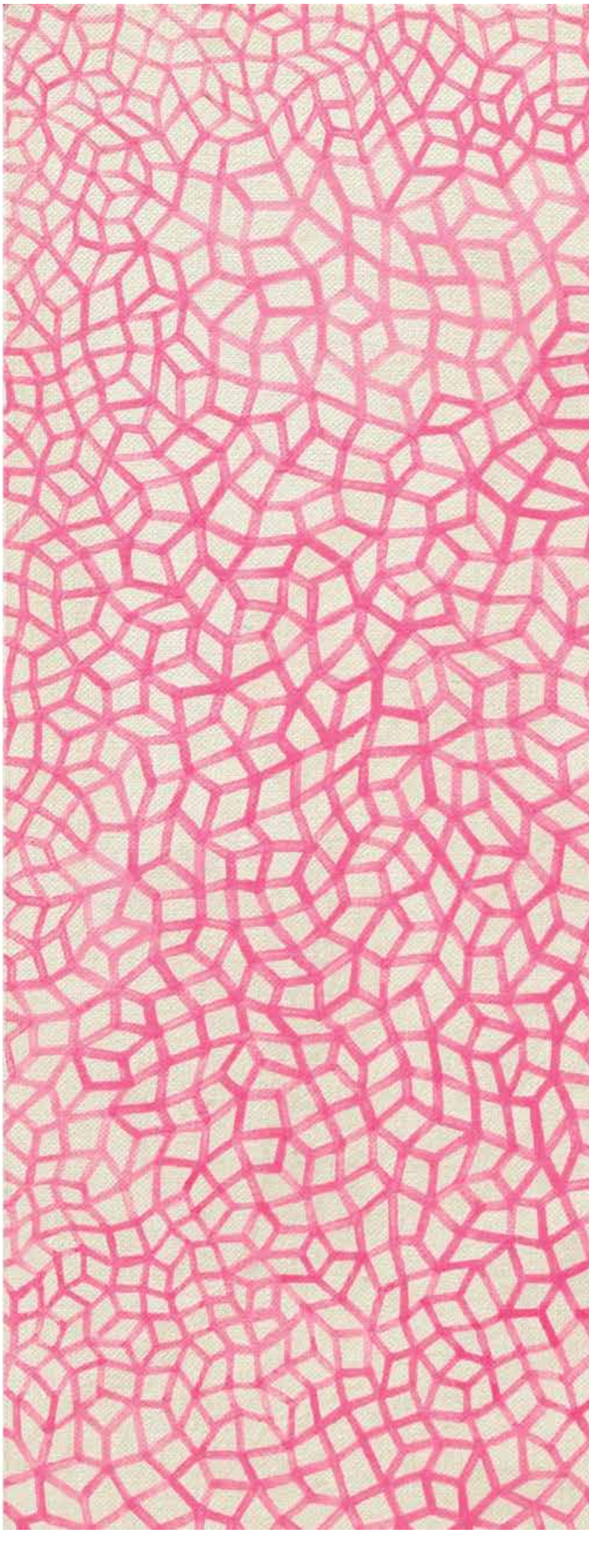
My days were a whirlwind of lectures, textbooks, and assignments. Late nights became my sanctuary as I dissected complex concepts, knowing that every hour invested was a step closer to my goal. Yet, the path to success was far from smooth. There were moments when the weight of coursework, the pressure of exams, and occasional setbacks threatened to undermine my resolve. But I was determined not to be defeated. What sustained me through it all was an unshakable faith – faith in my abilities, in the journey, and in the knowledge that I was capable of achieving greatness.

And so, after years of relentless effort, and countless hours of study, I secured the second position in my Bachelor's program. This story isn't just about academic achievement; it's a testament to the power of determination and self-belief. My journey serves as a reminder that with hard work, perseverance, and unwavering faith in oneself, any dream can be turned into a reality.

NIMRA YAMIN

MINIMALISM 1960.....

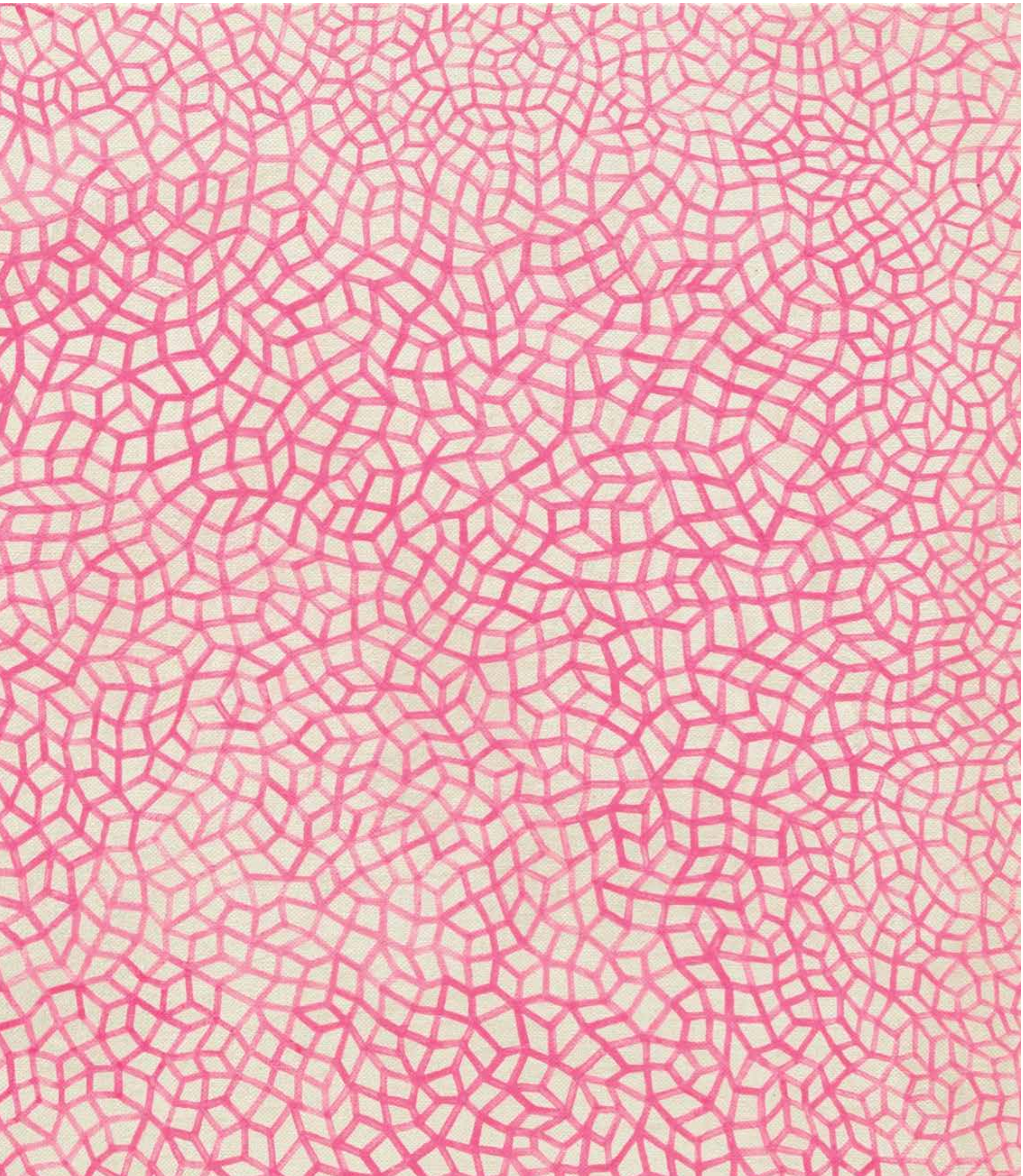
Term used in the 20th century, in particular from the 1960s, to describe a style characterized by an impersonal austerity, plain geometric configurations and industrially processed materials. It was first used by David Burlyuk in the catalogue introduction for an exhibition of John Graham's paintings at the Dudensing Gallery in New York in 1929. Burlyuk wrote: 'Minimalism derives its name from the minimum of operating means. Minimalist painting is purely realistic—the subject being the painting itself.' The term gained currency in the 1960s. Accounts and explanations of Minimalism varied considerably, as did the range of work to which it was related. This included the monochrome paintings of Yves Klein, Robert Rauschenberg, Ad Reinhardt, Frank Stell and Brice Marden, and even aspects of Pop art and Post-painterly Abstraction. Typically the precedents cited were Marcel Duchamp's ready-mades, the Suprematist compositions of Kazimir Malevich and Barnett Newman's Abstract Expressionist paintings. The rational grid paintings of Agnes Martin were also mentioned in connection with such Minimalist artists as Sol Lewitt.



YAYOI KUSAMA

Title: INFINITY NETS (H10)

Source: https://artsandculture.google.com/asset/infinity-nets-h10-yayoi-kusama/oQHGzk2zSDaXsg



OCCUPATIONAL HEALTH AND SAFETY

We have resolved to redouble our safety efforts and intensify our focus to avoid any accidents or incidents which could result in serious harm. Through our reporting system, we ensure a culture in which all employees are encouraged to discuss workplace safety openly. This is reflected in the growing number of preventive reports, which enable us to take prompt and more effective action to prevent unsafe situations.

Our employees are trained to emphasize and strictly adhere to the precautionary approach laid out by the United Nation's Rio Declaration on environment and development focusing primarily on principle 15.

Our Mission Zero (zero harm incidents and accidents) campaign continues, and we are shifting focus away from measuring lagging indicators to an increased focus on leading indicators with an emphasis on major risks. We also continue to strengthen engagement and encourage employees to participate more meaningfully on this critical agenda.

We have a designated quality, health, and safety department at each unit. For our line pipe operations, we have an independent quality management system, based on international standards, API Specification Q1 and ISO 9001. Being a responsible corporate citizen, CSAPL has also developed an integrated Health, Safety, and Environment (HSE) management system to ensure HSE compliance based on the requirements of international standards ISO 14001 and ISO 45001.

We take several safety measures within our Company such as hazard identification, risk assessments and environmental aspect impact analysis. Workers are provided with sufficient personal protective equipment and go through regular health check-ups.

These measures are all controlled by HSE-related joint management-worker committees and are extended to all our workers. Each employee is required to ensure compliance with HSE policies, procedures, and instructions at their respective stations.

8 cross-function teams contribute to different areas of our HSE Management system representing 100% of the pipe and coating unit workforce and directly engaging 33% of the unit's total workforce in HSE management and governance.

No incident of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle occurred during the year.

HEALTH, SAFETY AND ENVIRONMENT POLICY

We strive proactively to prevent or minimize all possible causes of injury and ill health, prevent environmental pollution, minimize waste, conserve energy, enhance safety awareness, impart HSE training, prepare for emergencies by carrying out drills and manage environmental impact arising from the workplace, products and services that can affect the surrounding communities and the environment at large.

Crescent Steel aims to give back to the environment and invests heavily in a better standard of living. While aiming to work responsibly, Crescent Steel tries to bridge effective business management along with reduced environmental footprints.

We consult employees on matters affecting their health and safety, encourage communication and consider HSE compliance a responsibility of everybody in the organization.

We are also committed to complying with all legal, regulatory, and other HSE requirements to which we subscribe. At Crescent Steel, a comprehensive HSE management system is in place to review objectives and targets for continuous improvement while the policy is disseminated to all relevant stakeholders. Our initiatives related to occupational health and safety include:

- Yearly internal and external audits of HSE
- Analysis of all incidents, accidents, Corrective Action Requests, and unsafe conditions
- Hazard Identification and Risk Assessment (HIRA)
- HSE operational instructions have been formulated in the local language.
- Safety talks are carried out monthly.
- Training and practical demonstrations are conducted regularly to increase awareness and understanding of fire and safety procedures.

- Emergency drills are conducted at least twice a year. Employees are urged to report unsafe work conditions and non-compliance with our HSE procedures.
- Safe water: Water filtration systems have been installed at our sites and drinking water at our campuses is tested periodically
- Pathology tests are conducted annually, e.g. Blood tests, Vision tests, and Sputum tests for Tuberculosis, Respiratory tests, Audiometry tests, Typhoid vaccination, Chest X-rays, HIV, and Hepatitis A and B tests
- Dosimeters and radiation alarms have been provided to the employees working in the radiography department to monitor the radiation levels
- Frequent testing of environmental parameters, noise level, and particulate emission is monitored annually.
- Provision of Personal Protective Equipment (PPE)
- HSE awareness through Crescent Quarterly, regular HSE talks and other forms of communication.
- Workers on welding, radiography and stripping operations are regularly examined. Welders, radiography, and stripping workers are also provided with milk to counter the effects of exposure to metal fumes.

Occupational Health And Safety Targets – 2023

For Business Unit – Steel

Lost workday case	02 (at maximum)	For our Corporate offices, Cotton Division, Crescent Hadeed, CS Energy and Shakarganj Engineering Unit, we strive to achieve **zero cases of work-related injuries.**
Restricted workday case	01 (at maximum)	
Medical treatment case	02 (at maximum)	
First aid	02 (at maximum)	
Near miss	02 (at maximum)	
Unsafe act/unsafe condition	02 (at maximum)	

Occupational Health And Safety: Business Unit – Steel Division

	2023	2022	2021	2020	2019	2018	2017
Number of injuries							
-Medical treatment cases	4	-	2	2	4	-	11
-Restricted work cases	-	-	-	-	-	-	-
-Lost workday cases	-	-	2	-	3	-	7
Number of occupation related disease cases	-	-	-	-	-	-	-
Number of work related fatalities	-	-	-	-	-	-	-
Injury rate (IR)	-	-	0.0009	0.00058	0.0019	0.0006	0.0015
Occupational disease rate	-	-	-	-	-	-	-

Note: - Injury Rate (IR) is calculated based on total working hours
- Data is not captured for Cotton and Hadeed Units

SOCIAL AND RELATIONSHIP CAPITAL

At Crescent Steel, Corporate Social Responsibility (CSR) is a strategic management driven approach that integrates our business, environmental and citizenship activities in a way that upholds our values.

OUR APPROACH TO COMMUNITY DEVELOPMENT AND DISCRETIONARY CSR

Our impact on people extends well beyond our own business. We are committed to caring for those who make our success possible, whether through respecting human rights across our operations and supply chain, our ambition for access to equal opportunities, supporting sustainable business practices or, giving back to communities through our philanthropic initiatives.

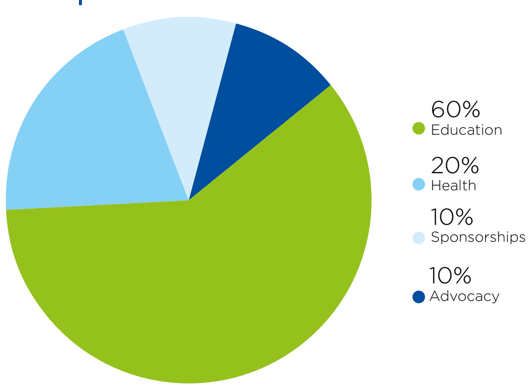
We approach CSR in four perspectives: our economic, legal, ethical, and philanthropic or discretionary responsibilities to our stakeholders.

This approach enables us to enhance our competitive advantage and create win-win relationships with our stakeholders, in addition to realizing gains from cost and risk reduction, legitimacy and reputation benefits and, in recognizing the complex but interrelated nature of the relationship between CSR and financial performance. This section focuses primarily on discretionary CSR - other aspects of our CSR performance are covered in detail in other sections of this report.

Our philanthropic CSR policy allocates between 2% to 5% of our annual profits before tax towards donations for select social causes we support.

The proportion of allocation generally follows the following pattern:

Proportion of Allocation



OUR GOALS AND STRATEGY

MOVING FROM CORPORATE PHILANTHROPY TO A BUSINESS INCLUSIVE MODEL

Our philanthropic/discretionary CSR is focused on the Pakistani community at large, opening doors for us to engage in areas where our businesses otherwise would not have access or meaningful impact. Within the Pakistani context, we remain committed to an educated Pakistan where all children have access to a school. Particularly as Pakistan is navigating through testing times today, we understand how vital it is for national security and sustainability at a national level. It remains a key area of focus – one we are certain will yield both economic and human capital dividends in the future.

We also seek to channel our community and social investments towards value chain stakeholders in an organized and strategic manner and have launched structured programs that enable this on a rolling basis.

To bring greater focus and transparency to our philanthropic contributions and, to be able to monitor and evaluate our impact, we have in place a Social Investment Committee with the mandate to steer and review philanthropic CSR performance.

OUR GOALS

Over the next three years, our philanthropic CSR goals will prioritize aligning with the everyday circumstances we encounter as a company.

Our commitment extends to:

- Continuity in Support: We will continue our support for causes, particularly in the field of education.
- Value Recognition: Understanding our value creation and mapping our contributions across the entire value chain, which includes shareholders, employees, suppliers, customers, and the broader community.
- Structured Engagement: Implementing structured programs aimed at key stakeholder groups. These programs will encompass targeted scholarships, employee hardship endowments, and a variety of engagement activities.
- Measuring Impact: We will rigorously monitor and evaluate the impact of our social investments through regular reviews and assessments.
- Cultivating a Giving Culture: Encouraging employee and community volunteering to foster a strong culture of giving back.

We are committed to conducting our business as responsible corporate citizens with the objective of enhancing the social infrastructure. We take pride in our role as philanthropic leaders in the communities we serve. Our structured programs and partnerships with non-profit entities align closely with the Company's defined CSR guidelines.

Guided by our ethos, we believe that ensuring access to education for all Pakistani children is of utmost importance. This is a critical step in addressing both the social and economic challenges facing Pakistan. With 22 million out-of-school children, it's essential to prevent the upcoming youth bulge from becoming a liability. Our investments in education have shown us firsthand how quality education can uplift communities and address various challenges, including healthcare and safety practices. Education, particularly K-12 education, out-of-school children, and targeted higher education support in engineering, technology, and liberal arts, remains the cornerstone of our philanthropic efforts.

Through our contributions, we impact a wide range of areas, including human capital development, diversity and inclusion, environmental advocacy, conservation, and access to healthcare. These contributions extend beyond the scope of our business operations, allowing us to make a meaningful and lasting difference in the communities we serve.

SOCIAL INVESTMENT COMMITTEE

The Social Investment Committee, appointed by the CEO, plays a pivotal role in assessing, overseeing, and guiding the outcomes of our discretionary contributions and interventions. This committee operates in alignment with our corporate strategy, overseen by the Business Strategy Committee, which is responsible for taking a comprehensive view of the impact of our business operations, including their social responsibility aspect. This approach prioritizes the interests of shareholders, clients, employees, communities, and regulatory considerations.

The Social Investment Committee reviews the allocation of charitable contributions, adhering to the Company's Board-level policy for donations and charitable contributions. The committee's terms of reference cover the following key responsibilities:

1. **Policy Review:** To review and recommend changes to the Company's Corporate Social Responsibility policy for approval by the Board.
2. **Distribution Recommendations:** To review and recommend the distribution of charitable contributions in alignment with the Corporate Social Responsibility policy.
3. **Monitoring and Review:** To review and monitor ongoing CSR activities.
4. **Impact Assessment:** To engage in the measurement of social investments to gauge their impact.

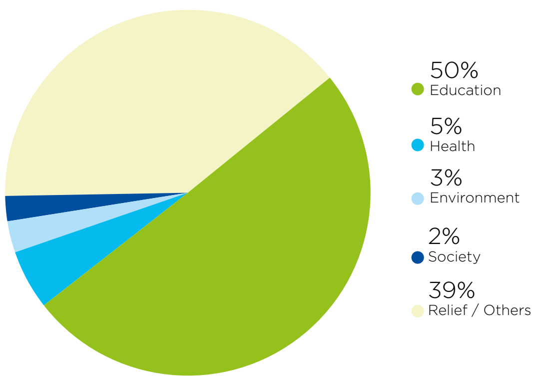
Community Development:

At the core of our corporate strategy lies a profound commitment to nurturing the communities in which we operate. We adhere to self-assessment-based guidelines to measure the impact of our community investments. Our operational approach is founded on several key pillars:

- **Community Care:** This commitment is one of our five core values.
- **Executive Oversight:** Management buy-in is evident through the direct reporting of the Social Investment Committee to the CEO.
- **CSR Policy:** We adhere to a well-defined CSR policy allocating 2-5% of profits before tax to donations.
- **Employee Engagement:** We actively involve employees in CSR initiatives.
- **Community Partnerships:** We establish and maintain strong relationships with community partners to enhance the effectiveness of our efforts.
- **Monitoring and Evaluation:** We commit to rigorously monitoring and evaluating the outcomes of our social investment programs.

OUR CONTRIBUTIONS:

Contributions in Cash and in Kind



CONTRIBUTIONS (RS)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
IN CASH	27,495,000	58,963,920	13,214,236	1,627,500	2,500,500	45,937,502	100,813,125	80,978,119	9,280,025	22,275,551
IN KIND	121,904	74,091	70,781	58,608	111,111	153,213	73,319	227,004	96,090	745,228
IN TIME[3]	292,971	298,690	134,642	101,584	210,657	537,012	212,436	229,572	111,384	101,262
TOTAL	27,909,875	59,336,701	13,419,659	1,787,692	2,822,268	46,627,727	101,098,880	81,434,695	9,487,499	23,122,041
DONATIONS AS A PERCENTAGE OF PBT (%)	CASH DONATIONS AS A PERCENTAGE OF PBT									
	11.74	18.71	3.10	(1.38)	10	5	7	6	15	6

[1] In time contributions have been assessed using the organization average salary per hour for the financial year.

OUR CASH DONATIONS INCLUDE CONTRIBUTIONS TO:

SECTOR	COMMUNITY PARTNER	CAUSE	CONTRIBUTION AND IMPACT
Education	The Citizens Foundation (TCF)	Operational Support (OPEX)	Contributed Rs. 10,000,000 as operational support for 4 school campuses built by us (7 of the 22 schooling units). The contribution helped educate 1,292 students
		School Support - Build	Contributed Build Support of Rs. 3,570,000 towards a TCF Primary Campus with a planned capacity of 180 children per shift.
Health	Patients' Aid Foundation	General Donation	Contributed Rs. 1,000,000 as general donation to support free healthcare access for people in need
Environment	World Wide Fund for Nature-Pakistan (WWF Pakistan)	Mangrove Plantation and Community Visit	Contributed Rs. 850,000 for the mangrove plantation activity and excursion trip to Kheenjhar Lake. We planted 1,000 mangroves which will reduce our carbon footprint by 5.91 MT annually
Society	Daachi Foundation	Exhibition	Contributed Rs. 500,000 for the Daachi Arts and Crafts exhibition, promoting local arts and artists
Relief / Others	The Citizens Foundation (TCF)	Flood Relief	Contributed Rs. 10,000,000 towards the TCF flood relief appeal to provide meals, reconstruct homes and rehabilitate schools.
		Flood Relief (Medicines)	Contributed Rs. 880,000 to provide medication and mosquito repellant to the flood affected.

OUR IN-TIME CONTRIBUTIONS INCLUDE:

Our CEO's time for serving on the Board of

- The Citizens Foundation
- Pakistan Centre for Philanthropy
- COMMECS

Time of one Executive Team member for serving on the Board of

- The Citizens Foundation

Our employees' time for

- Volunteering to counsel TCF students through the Rahbar program
- Volunteering to carry out monitoring and evaluation visits to the TCF schools
- Volunteering to plant mangrove saplings in partnership with WWF
- Volunteering for community visits and blood drive
- Volunteering to distribute Ramadan food packs in partnership with The Robin Hood Army
- Volunteering to participate in flood relief activities in partnership with Karachi Relief Trust

EMPLOYEE VOLUNTEERING HOURS

2023	2022	2021
1,831 Hours	1,757 Hours	981 Hours

OUR IN-KIND CONTRIBUTIONS INCLUDE:

- Items donated for Crescent Cares Week
- Commute for community visits organized during Crescent Cares Week
- Food packs distributed in collaboration with the Robin Hood Army
- Excess food from our Head Office mess distributed to the underprivileged near the Head Office.

We took part in various initiatives during the year some of which are mentioned below. Our contributions to TCF and associated impacts are covered separately in this section.

SCHOLARSHIP SUPPORT

During the year we continued to provide scholarship grants to thirteen students and awarded new scholarships to three students

- We have pledged support towards tertiary education for six TCF graduates from Crescent Steel - TCF campuses. This is being disbursed to them through the Expendable Endowment Fund we maintain with TCF. The six students are enrolled in programs at Institute of Business Management, Bahria University, Dadabhoy Institute of Higher Education and DOW University.
- We have also pledged scholarship support to five TCF graduates from other campuses; these students are enrolled in programs at Jinnah University, Institute of Space and Technology, Pakistan Institute of Engineering and Applied Sciences, NED University of Engineering and Technology and Karachi University.
- We pledged scholarship support to Habib University for a TCF alumni for his entire degree program. He is currently enrolled in the BSc (Honors) Social Development and Policy program.

Of the sixteen active scholarships – four constitute children of employees and are funded through the CSAP Foundation through a structured program.

SOCIAL SECURITY SAFETY

During the year, total disbursements through the Benevolent Fund totaled Rs. 894,462. A significant portion, 100% of this, was disbursed as medical support to employees.

NURTURING MINDS, SHAPING FUTURES -- HABIB UNIVERSITY

We have pledged Rs. 6,000,000 as scholarship support through the Habib University – Crescent Steel Scholarship for a TCF alumni; the support covers the entire duration of his degree program at

Habib University. The student is enrolled in the Social Development and Policy Studies Program at the School of Arts, Humanities and Social Sciences. 42% (Rs. 2,500,000) of the pledged amount was disbursed in FY22 and the remaining amount will be disbursed over the course of the program.

HEPATITIS FREE PAKISTAN -- THE HEALTH FOUNDATION (THF)

The Health Foundation (THF) is committed to raising awareness among the public about the symptoms of hepatitis B and C, as well as their methods of transmission and acquisition. Additionally, THF extends financial assistance to individuals grappling with these infections who face financial constraints in accessing necessary medical care.

In the past we have extended support to THF's Hepatitis Free Community Project in Rashidabad. Through this initiative, during the year a total of 4,064 people were screened for hepatitis B and C and 237 new cases of hepatitis C were registered.

EXCELLENCE IN PUBLIC HEALTHCARE – PATIENTS' AID FOUNDATION

The Patients' Aid Foundation, in partnership with the Jinnah Postgraduate Medical Centre (JPMC), starting out as a Blood Bank, now manages more than 14 departments within JPMC.

JPMC stands proudly among the top 10 centers worldwide equipped with two CyberKnife and Tomotherapy machines. What sets JPMC apart is its unique commitment to providing cutting-edge cancer treatment completely free of charge to patients, irrespective of their nationality, religion, or ethnicity.

To further support the noble mission of the Patients' Aid Foundation in providing free healthcare access, we made a donation of Rs. 1,000,000 during fiscal year 2023.

FEEDING HOPE, BEATING HUNGER - ROBIN HOOD ARMY

Crescent Steel partnered with the Robin Hood Army, a volunteer-driven, zero-fund organization dedicated to the noble mission of redistributing surplus food from restaurants and communities to those in need. Together, we orchestrated iftar distribution drives at four esteemed institutions: Sunrise Old Age Home, Darul Sukoon Old Age Home, Sahara Old Age Home, and Aashiana Old Age Home.

In a true spirit of unity and compassion, our employees, along with Crescent Steel, collectively donated a total of 349 food packs and devoted 39 hours of their time to facilitate these distributions.

STRENGTHENING PHILANTHROPY - PAKISTAN CENTRE FOR PHILANTHROPY (PCP)

The Pakistan Centre for Philanthropy (PCP) was founded with the primary goal of cultivating a conducive environment for philanthropic endeavors and to support its certified organizations addressing critical issues such as healthcare, education, society, and the environment.

During fiscal year 2022, Rs. 3,000,000 were donated to PCP for their research 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 and is expected to be published in fiscal year 2024.

REBUILDING LIVES - KARACHI RELIEF TRUST (KRT)

The Karachi Relief Trust (KRT) is a dedicated disaster management organization led by compassionate volunteers

KRT is often able to mobilise large group of likeminded volunteers that support the organization in relief management activities, fundraising and overall crisis response and management.

During the recent climate crisis, our people volunteered 405 hours with KRT – employees also contributed towards monthly rations, tarpaulin and mosquito nets for 30 people/families.

CRAFTING PAKISTAN'S HERITAGE - DAACHI FOUNDATION

Daachi Foundation is a nonprofit organization with a mission to preserve and promote Pakistan's rich artistic heritage and create opportunities for artisans to thrive and share their cultural treasures with a global audience.

We joined hands with the Daachi Foundation through a PKR 500,00 sponsorship for the Daachi Annual Exhibition .

CRESCENT CARES WEEK

Crescent Cares Week brings our employees together every year, encouraging them to come together and act for collective societal good. Crescent Cares Week 2023, was packed with engagement activities such as Master Chef Crescent, Acts of Kindness, Preloved Items Auction, Breakfast for a Cause, Food Carnival, games and more. These activites were structured as mini fundraisers and in kind giving activities.

The flagship activity continues to remain the blood drive, which we held in collaboration with the Indus Hospital Blood Bank. Employees donated 13,000 ml in lifesaving blood. In Jaranwala, the factory team visited the Social Security Hospital in Jaranwala and donated 3,500 ml of blood.

The week also featured visits in collaboration with community partners, The Hunar Foundation and ChildLife Foundation with a total of 13 employees participating from the Head Office. This is a strong representation of c. 16% at the Head Office.
Interactive sessions were arranged for our employees, including one on safety and security conducted by the Citizens Police Liaison Committee (CPLC).

Our employees welcomed 15 children suffering from terminal illness to our Head Office and contributed to fulfill their wishes. Students from TCF also visited our Head Office and Nooriabad and Bhone facilities to spend a day with our employees.

The fund-raising activities driven by employees generated Rs. 123,245; funds were distributed in a 60%, 20%, 10% and 10% split to TCF, Indus Hospital, Ayesha Chundrigar Foundation and, Deaf Reach.

FY23

Generated PKR
123,245 in cash
donations

FY22

Generated PKR
193,320 in cash
donations

FY23

Generated PKR
124,465 in Kind
donations

FY22

Generated PKR
103,900 in Kind
donations

FY23

Volunteered
364 hours for
community service

FY22

Volunteered
780 hours for
community service

FY23

Donated
16,500 ml of
blood

FY22

Donated
18,500 ml of
blood

FY23

Planted
110
Trees

FY22

Planted
26
Trees

FY23

Donating 10 pieces
of used toys

FY22

Donated 18 Kg of
used accessories
and clothes

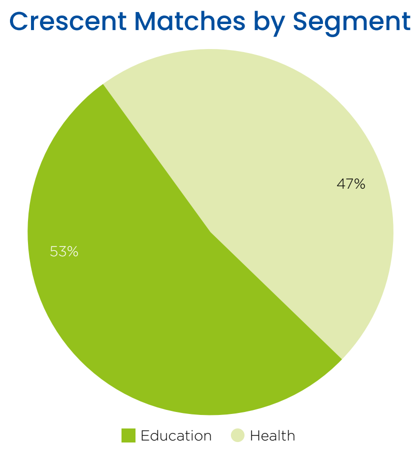
CRESCENT MATCHES

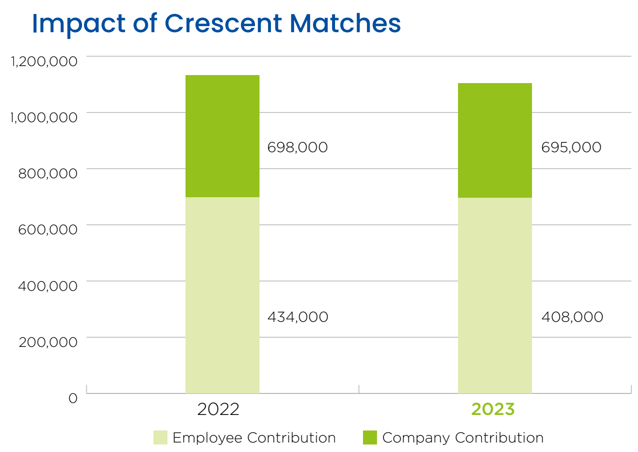
Distribution of funds raised through Crescent Matches:

47% to TCF for EDUCATION and 53% to Indus Hospital, Shaukat Khanum, SIUT and LRBT for various HEALTH related interventions.

Crescent Matches aims to encourage giving by matching employee giving for a higher impact for direct tax credit through payroll.

Participation during the year stood at 10 employees [FY22: 10 employees] and collections from employees stood at Rs. 408,000 [FY22: Rs. 434,000]. Employee contributions were matched at Rs. 695,000 [FY22: Rs. 698,000].





ENVIRONMENTAL CONTRIBUTIONS

During the year, the Company planted trees and mangrove saplings, creating awareness and promoting conservation of Pakistan's marine environment. This is covered in more detail in the Natural Capital section of this report.

SUPPORTING THE CITIZENS FOUNDATION EDUCATE PAKISTAN

Education continues to remain a key area of focus for our philanthropic contributions. Our journey with TCF now spans twenty-nine years and we are awestruck with the impact of TCF's work and the power of education to entirely transform lives. Starting with Crescent Steel Campus I in 1997 – over the years the Company has helped build 11 campuses that today operate 22 schooling units (17 primary and 5 secondary).

We continue to support operational expenses of 15 schooling units (12 primary and 3 secondary) – over the last couple of years however, our operational support was held on account of cashflow constraints. This amount, however, is earmarked for disbursement as cashflows become available.

To date, 4,937 primary school students and 1,113 secondary school students have graduated from schools built by us. Additionally, 315 secondary school graduates from our schools have been awarded intermediate scholarships arranged by TCF while 36 secondary school TCF graduates have received tertiary education scholarships from us. As we write this report, we have 26 active students on tertiary scholarship programs from schools supported by us, either arranged by TCF or supported through our expendable endowment fund.

In the past year alone, 46 students graduated from our secondary schools. Combined enrolment in these schools is 3,717 students, a majority of whom reside in some of the most underserved and impoverished communities in the country; 47% of these students are female.

TCF's vision to remove barriers of class and privilege and to make Pakistani citizens "Agents of Positive Change," is truly inspirational and we have had the pleasure of witnessing this profound impact first hand.

Today students from TCF have joined the workforce and among them is Nadeem who has published two books and is pursuing a PhD in the US. This is alongside scores of TCF graduates who have rejoined as educators and many more who continue to play a positive role in their communities as agents of positive change.

We are excited to see TCF students lead in every area and work hard to make Pakistan stronger for future generations.

Our Contribution To TCF's Footprint				
Campuses Built by Crescent Steel	**Units**	**Location**	**Students**	**UTILIZATION**
Crescent Steel Campus I	1 P (M), 1 P (A)	Ibrahim Goth	377	105%
Crescent Steel Campus II	1 P (M), 1 P (A)	Korangi Town	365	101%
Crescent Steel Campus III	2 S (M)	Umar Maingal Goth	355	99%
Crescent Steel Campus IV	2 P (M), 1 P (A)	Jaranwala	518	96%
Crescent Steel Campus V	2 P (M), 1 P (A)	Jaranwala	509	94%
Crescent Steel Campus VI	1 P (M), 1 P (A)	Bin Qasim Town	423	118%
Crescent Steel Campus VII	1 P (M)	Jaranwala	127	71%
Crescent Steel Campus VIII	1 P (M), 1 P (A)	Chiniot	244	68%
Crescent Steel Campus IX	2 P (M)	Jaranwala	348	97%
Crescent Steel Campus X	1 S (M)	Bhone, Jhang	117	65%
Crescent Steel Campus XI	2 S (M)	Jaranwala	334	93%
Total	**22 units**		**3,717**	**94%**

Campuses We Helped Build					
Campus	**District**	**Location**	**Campuses**	**Primary Units**	**Secondary Units**
Crescent Steel Campus IV, V, VII, IX and XI	Faisalabad	Jaranwala	5	9	2
Crescent Steel Campus VIII	Chiniot	Chiniot	1	2	-
Crescent Steel Campus X	Jhang	Bhone	1	-	1
Crescent Steel Campus I, II, III and VI	Karachi	New Karachi Town		2	-
		Korangi Town	4	2	-
		North Karachi Town	-	-	2
		Malir Town		2	-
Total			**11**	**17**	**5**

Campuses Supported by Us				
Campus	**District**	**Location**	**Primary Units**	**Secondary Units**
Crescent Steel Campus IV, V, VII, IX and XI	Faisalabad	Jaranwala	8	2
Crescent Steel Campus VIII	Chiniot	Chiniot	1	-
Crescent Steel Campus X	Jhang	Bhone	-	1
Crescent Steel Campus I, II and VI	Karachi	New Karachi Town	1	-
		Korangi Town	1	-
		Malir Town	1	-
Total			**12**	**3**

P = Primary, S = Secondary, M = Morning, A = Afternoon

We have contributed to build 11 campuses (22 schooling units) with a student strength of 3,717 children - 47% of whom are girls – these schools employ a staff of 245 of which 218 constitute an all-female faculty. Over the course of our partnership with TCF, we have donated Rs. 411.69 million since 1995 at an average rate of Rs. 14.70 million per year.

SUCCESS STORIES

- Three TCF students were enrolled in the BSc Applied Physics, BSc Software Engineering and BSc Biomedical programs at NED University. The Company pledged to support their education. Two of them have graduated.
- Two TCF students were enrolled in BE Electrical Engineering program at FAST University. The Company pledged to support their education. Both of them have graduated.
- Two TCF students were enrolled at Bahria University and COMSATS. The Company pledged to support their education. Both of them secured Ehsaas Scholarship.

STORY OF TCF ALUMNI – ABDUL SAMI

Abdul Sami, hailing from the slums of Meingal Goth, Karachi is a great example of resilience and perseverance. His journey of achieving his one goal in life - education, was far from easy. Being the son of a labourer, and growing up with five other siblings, on a minimal monthly wage, getting his children enrolled in a school was the last of his father's priorities.

Abdul Sami got a little closer to achieving his goal when he got enrolled in a TCF school. After completing his Matriculation in Science from Crescent Steel Campus III - Secondary Morning, he got into a government college where he got his intermediate degree from, in Pre-Engineering. The economical setbacks never stopped Abdul Sami from working even harder towards his dream and this spirit got him into PAF-KIET from where he majored in Avionics. Stories like Sami's are the ones which inspire us and prove that if there is a will, there is a way!

MODE OF ENGAGEMENT	INPUTS	OUTCOMES
Operational Support	Contributed Rs. 10 million towards school support.	The investment was utilized in managing the operational expenditures of the school and student's fee subsidies. This has supported 1,292 students in 7 school units.
Support for Building of School	Contributed Rs. 3.57 million towards building of the TCF Primary Morning Campus.	The new campus, currently under construction will house 180 students.
Flood Relief	Contributed Rs. 10.88 million towards TCF flood relief appeal.	The investment was utilized in providing meals, shelter and medicines to flood affectees and also to rebuild schools.
Investing with TCF	An expendable endowment fund is being maintained with TCF to reward post-matric scholarships to TCF students. The fund earned a profit of 12.50% in FY23 [FY22: 10%] and disbursements of Rs. 1,201,280 were made through the fund, taking the endowment size to Rs. 4,350,694 [FY22: Rs. 4,754,620]	We have pledged to support six CSAP school graduates from TCF at Institute of Business Management, Bahria University, Dadabhoy Institute of Higher Education and DOW University. The students are an alumni of Crescent Steel campus III.
	The Non-Expendable Endowment Fund maintained with TCF earned a profit of 13% in FY23 [FY22: 5.31%] totaling the endowment size to Rs. 920,992,390 [FY22: 82,294,150].	The Endowment Fund will enable TCF to invest funds for financial returns. We plan to build the endowment to fund operational support for school units built by us or to utilize it for a new school unit.
Governance Support	Our CEO, a founding director of TCF and our HoCA serve on the Board and provide key oversight on strategy and governance.	Time volunteered by our CEO and HoCA for Board and other meetings to set strategic direction, ensure transparency and good governance. The association also helps build trust among key stakeholder groups.
Volunteering Support	2 employees participated as mentors in the 6 week structured Rahbar Program.	Our employees volunteered 72 hours to mentor students through the Rahbar Program during the year.
	15 employees visited 11 campuses supported by us in 2022 to evaluate the quality of facilities, attendance and drop out ratio. Volunteers also engaged students and teachers during these visits, identifying opportunities for improvement.	The findings have been provided to the management of TCF. A key issue identified through these visits was weak infrastructure. At the same time, performance on the quality of education, gender ratio and student attendance remained strong.
	44 employees are currently registered as Baghbans to help raise funds for TCF.	To date, our employees have raised Rs.3,282,559in donations through their efforts.
Multiplying our Impact	Rs. 163,000 [FY22: Rs. 141,000] were donated by employees to TCF through the Crescent Matches program.	Employee donations were matched at a ratio of 1:2 totaling donations to Rs. 489,000 [FY22: Rs. 423,000].
Other Engagements	During Crescent Cares Week, students from TCF schools visited our Head Office, Nooriabad and Bhone campuses and were provided a briefing on various operations of each department.	The visits proved to be a learning experience for TCF students and our employees alike.

TCF is the only high impact organization providing quality primary and secondary education in less privileged areas across Pakistan. We regularly review activities, progress and the impact of our investment in TCF. Our employees regularly visit TCF schools and interact with the staff, community, and students.

Currently, TCF runs a network of 1,921 school units with a student strength of 280,000+ children and employs a teaching faculty of approximately 13,000 females. Almost 50% of TCF students are female.

REALISM 1970.....

Movement in mid- to late 19th-century art, in which an attempt was made to create objective representations of the external world based on the impartial observation of contemporary life. Realism was consciously democratic, including in its subject-matter and audience activities and social classes previously considered unworthy of representation in high art. The most coherent development of Realism was in French painting, where it centred on the work of Gustave Courbet, who used the word réalisme as the title for a manifesto that accompanied an exhibition of his works in 1855. Though its influence extended into the 20th century its later manifestations are usually labelled as Social Realism.

IVAN SHISHKIN

Title: Rye

Source: https://artsandculture.google.com/asset/rye-ivan-shishkin/iAEOUlRJYj2FAg

OUR COMMUNITY PARTNERS IN 2023

The Citizens Foundation

Builds and manages schools providing quality education in less privileged areas across Pakistan

World Wide Fund

Leads the environmental conservation and awareness agenda in Pakistan and across the globe

Indus Hospital

Provides free of cost premium healthcare in Pakistan

The Health Foundation

Works towards a hepatitis free Pakistan

The Robin Hood Army

Works towards making food consistently available to everyone who needs it

Citizens Police Liaison Committee

A non-political statutory institution, working towards ending social crimes in Sindh

Deaf Reach

Works towards empowering the deaf community of Pakistan through education, skills training and career development

Sindh Institute of Urology and Transplantation (SIUT)

Provides free of cost treatment of urological and nephrological aliments, oncological treatments, treatments of hepatic and gastrointestinal diseases and organ transplantation facilities to the general public

Layton Rahmatullah Benevolent Trust

Works with patients to provide comprehensive eye-care, ranging from simple refraction to the most advanced retinal surgery and corneal transplants

Shaukat Khanum Memorial Cancer Hospital and Research Centre

Provides quality healthcare and treatment to cancer patients

The Hunar Foundation

Empowering marginalized youth in Pakistan by providing high-quality skill development programs for better career prospects.

ChildLife Foundation

Providing emergency medical care and healthcare services to underprivileged children in Pakistan,

Habib University

Preeminent institution of higher learning

Patients Aid Foundation

Alleviating the burden on Jinnah Postgraduate Medical Centre (JPMC)

Daachi Foundation

Promoting and celebrating the arts and crafts of Pakistan

Karachi Relief Trust

Disaster management voluntary organization that swiftly responds to natural disasters

Habib Public School Alumni Association

Working to learn through sharing

Pakistan Centre for Philanthropy (PCP)

Works to create greater visibility of philanthropic giving with an aim to enhance the effectiveness of local giving for social development in Pakistan

CSAP FOUNDATION

CSAP Foundation has been established with the aim of bringing greater focus to our philanthropic CSR. The Foundation was granted tax exemption from FBR in 2018 (currently under renewal) and is operative as a non-profit organization.

The main objectives of the Foundation are:

- To consolidate our philanthropic agenda and social contributions under one umbrella
- To bring more focus to philanthropic CSR and community development objectives
- To bring greater focus, accountability, and transparency to our societal investments
- To enable access to funds and strategic partnerships

The Foundation focuses on improving the social infrastructure by supporting community welfare causes and in giving back to the society. Focus areas of the Foundation are:

- Providing shelter for the underprivileged
- Supporting educational institutions
- Establishment of libraries, research centers, museums, galleries, academies, and handicraft centers
- Awarding scholarships to outstanding students and scholars
- Establishing hospitals, clinics, dispensaries, centers and places of medical aid and relief
- Establishment of convalescent homes, maternity homes, and homes for the needy
- Promoting and creating awareness of health issues
- Providing medical assistance to deserving individuals

- Providing financial and other aid to the destitute to make them financially independent
- Taking measures to promote the development of science and technology which will contribute to the prevention of environmental pollution
- Promoting, financing, establishing, running and managing autonomous educational and medical institutions
- Promoting awareness of environmental issues
- Persuading and assisting in the control of pollution in all its forms and in the preservation of the living environment
- Encouraging and assisting in the promulgation of environmental laws, policies, rules, and regulations

Over the years CSAP Foundation has made contributions to various community partners in the education, health, environment and societal sectors. We are currently re-assessing the value of having a separate foundation for our discretionary CSR and while it does bring focus to CSR activities, weighing this against the operational asks and hurdles of having to repeatedly obtain a tax exemption certificate, which comes with its own set of bureaucratic challenges.

On account of a pending tax exemption status, activities through the Foundation have been kept at a minimal as it would otherwise attract a double tax incidence to the Company. We realize that the multidimensional focus of the foundation and its ability to access capital other than from Crescent Steel will enhance the effectiveness of our philanthropic CSR.

We are working on this and hope to have the exemption status renewed in 2023. Consequently, during fiscal year 2023, the foundation made a total contribution of Rs. 454,683 in the education sector [2022: Rs. 297,901] against active scholarship awards under the scholarship scheme available to employees for their children.

ENVIRONMENT PERFORMANCE

NATURAL CAPITAL

RESOURCE CONSERVATION FOR SUSTAINABLE FUTURE

As a responsible corporate citizens, we seek to reduce our environmental footprint within our communities and value chain, working with our partners and peers to address the climate change challenge and contribute towards global targets for CO_2 emissions reduction. We believe that it's our responsibility to reduce the environmental impact of our activities and in doing so embrace necessary innovation and technological change.

Our investment decisions to monitor and mitigate the environmental impact of our operations are guided by our philosophy of minimizing environmental impacts and improving resource efficiency. The manufacturing and coating of pipes, melting scrap to produce billets and the production of yarn, involve some energy-intensive processes, use a lot of water and, within the value chain produces emissions and pollutants.

The social, financial, and physical risks of climate change and the global action to reduce greenhouse gas emissions are driving industry leaders, including Crescent Steel, to find new solutions for reducing their footprint by improving energy efficiency and using new technologies to meet the global objective of achieving a low carbon society. New technologies and practices bring benefits that are both economic and environmental, from materials recycling as part of the circular economy, to harnessing cleaner energy.

We are constantly working to reduce our environmental footprint and preserve the natural environment around us.

ENVIRONMENTAL PERFORMANCE

We do not operate in an industry with high direct greenhouse gases' intensity. The nature of our direct business operations also does not pose other significant environmental risks.

MANAGING THE IMPACT OF OPERATIONS ON THE ENVIRONMENT

We have policies and procedures across the value chain to reduce energy consumption and reduce our environmental footprint. Our efforts include:

- Our core products line pipes help transport hydrocarbons economically and safely across cities and communities. The pipes we produce are also used for safe, reliable and environmentally friendly transportation in water and wastewater systems.
- Supporting a sustainable supply chain, and supplier Code of Conduct including environmental risk minimisation in the supply chain.
- Use of recycled steel scrap generated in our manufacturing process.
- Efficient use of energy including enhancing clean energy options where possible.
- Responsible use of water including recycling where possible.
- Efficient use of material and minimising waste.
- Conducting better lifecycle evaluations to understand the impact of our products on the environment.
- These efforts help us in minimising our environmental footprint in operations and products and help maintain our license to operate.

EMISSIONS

Pakistan has an insignificant carbon footprint globally, yet it ranks among the top 10 countries most vulnerable to climate change.

The nature of our business inherently carries no significant environmental risks. Nonetheless, as responsible corporate citizens, we continuously strive to limit the negative impacts our operations can have on the environment. As part of this approach, we have implemented an emissions control policy, ensuring that all our emissions and discharges comply with the prescribed limits set out by the National Environmental Quality Standards (NEQs). Our dedication and engagement with stakeholders enable us to effectively manage the environmental footprint of our business.

At our line pipe manufacturing and coating site, our main sources of direct emissions are the plasma arc cutting station at the pipe plant, the stripping station and generator at the coating unit. To monitor emissions from all applicable sources, we engage an external agency, to conduct quarterly analyses while our manufacturing lines are operational. We adhere to international standards including the ASTM (American Standard for

Testing Materials) for emissions testing methodologies and conform to the limits prescribed by SEQS (Sindh Environmental Quality Standards) to control emissions. Additional details are provided in the glossary.

At our steel melt shop and power plant, the primary source of emissions is the induction furnace, which uses an induction process to melt steel scrap that is relatively more efficient on energy consumption and, the bagasse furnace for combustion which is environmentally friendly when compared to conventional fossil fuel-based power generation. The melt shop unit also has a state-of-the-art air pollution control system to capture dust and metal particulates released in the melting process to minimise the environmental impact of our process. The melt shop remained in operational throughout the fiscal year and did not have any significant contributions to aggregate emissions.

Other direct CO_2 emissions originate from fossil fuel-based backup power generation units at our manufacturing sites and our fleet of company-owned vehicles. Indirect CO_2 emissions stem primarily from the energy we purchase from the national grid across our campuses.

Over the years we have undertaken initiatives such as substituting Nitrogen gas with Oxygen gas to reduce NOx level and neutralising water discharged from our coating plant to maintain PH levels between 7 – 10.

While we have not directly experienced significant financial impacts associated with climate change-related incidents, Pakistan has faced major climate catastrophes, such as monsoon-induced flooding, resulting in substantial infrastructure damage and displacing millions of people with limited means of sustenance.

Our commitment to environmental responsibility extends to setting goals at each manufacturing location and our corporate office. We achieve these goals by deploying newer technologies that help reduce emissions and by augmenting capacity for greener and more efficient energy consumption. Our measures go beyond complying with the national standards enforced by the Pakistan Environmental Protection Act (PEPA) and National Environmental Quality Standards (NEQs). This includes emissions of Sulphides (SOx Gases), Nitrides (NOx Gases), Particulate Matter, Ozone Gas, Volatile Organic Compounds, Ozone Depleting Substances (including CFCs and Freon), Carbides, and any other such emissions.

While we have not directly experienced significant financial impacts associated with climate change-related incidents, Pakistan faced a major climate catastrophe where monsoon-induced flooding swept away billions in infrastructure and left millions displaced with little means of sustaining themselves.

BREAKDOWN OF CRESCENT STEEL'S EMISSIONS

SCOPE-I

Greenhouse gases exert a significant impact on the environment, irrespective of the presence of human activity. As stewards of the planet, we are dedicated to emissions reduction in all aspects of our operations, whether it be on our production lines or in our daily consumption of fossil fuels.

Recognising that our country is particularly vulnerable to the impending effects of climate change, we understand that managing GHG emissions is an obligation.

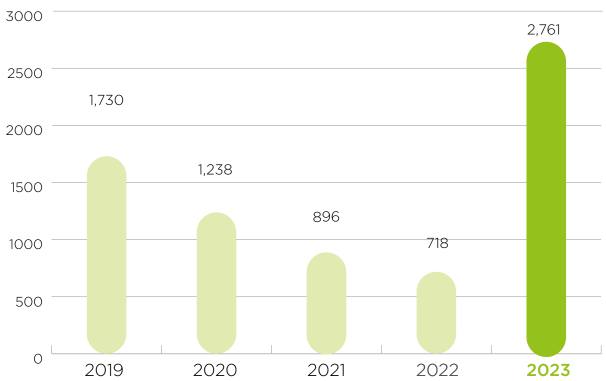
At Crescent Steel, direct emissions primarily result from our production processes, which unavoidably affect the environment. Direct CO_2 emissions are measured and recorded monthly at every plant site and aggregated data presents our collective direct GHG emissions.

The sources of CO_2 emissions include fuels used in pipe and billet manufacturing, steam generated by our energy division's power plant and from the overall process of power generation at the locations where we are present. CO_2 serves as the major contributor to our total direct GHG emissions.

Crescent Steel's consolidation of GHG gases does not include biogenic emissions of CO_2 at any production site across its locations of operation. As the Global Warming Potential (GWP) values indicate, our direct GHG emissions are sourced from the Intergovernmental Panel on Climate Change (IPCC) established by the United Nations Environment Programme (UNEP) and the World Meteorological Organization (WMO). The Company has used the previous year as a base year as per its general practice.

We remain steadfast in our commitment to reducing emissions and safeguarding the environment, aligning our actions with global efforts to combat climate change.

Direct GHG Emissions
(tOC2e) (Scope I)



SCOPE-II and SCOPE-III

Our unwavering commitment to environmental responsibility extends to all aspects of our operations, including the reduction of indirect emissions. Through education, investment in sustainable practices, and meticulous tracking, we aim to minimize our environmental footprint and contribute to a more sustainable future.

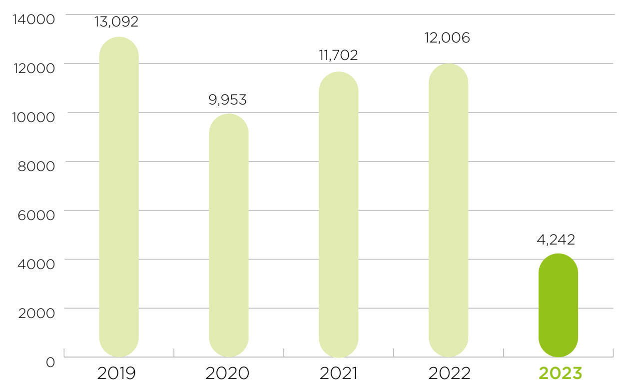
While our indirect GHG emissions may not have a significant long-term impact, our commitment to the community compels us to prioritize every facet of environmental stewardship. We educate employees about the importance of emissions reduction in their daily lives and its integral role in climate protection.

Crescent Steel produces indirect emissions (SCOPE-II) in the form of external energy purchased by WAPDA.

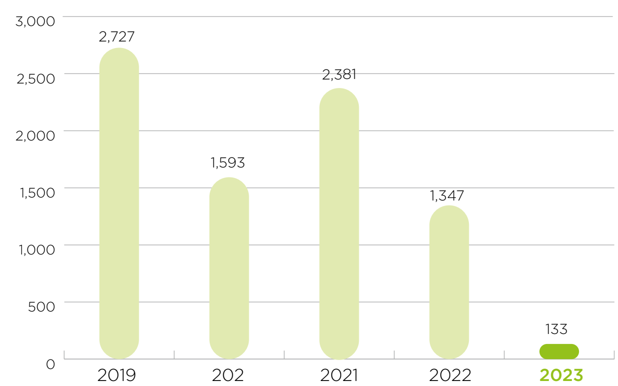
We continuously explore all available opportunities to reduce energy consumption and invest in renewable sources of energy, striving to reduce emissions to the fullest extent possible. The other indirect emissions (SCOPE- III) are attributable to the fuel consumed in vehicles owned and used by the Company. We record our fuel consumed by our fleet of vehicles through fuel cards employing conversion factors in line with IPCC guidelines to convert the respective units in terms of CO_2 equivalent units.

Similar to direct emissions, the company uses the previous year as a base year as per general practice. Gases included in SCOPE-II are CO, SOx, and Oxides of Nitrogen while SCOPE-III, include Fluoride and Forklift emissions.
While noise and vibration are important aspects for us, we have yet to quantitatively measure their specific impact. We have taken proactive steps to address these concerns. The company has made it mandatory for employees to use earplugs, and we conduct routine noise monitoring throughout our production processes. Additionally, it's worth noting that for calculating Global Warming Potential (GWP) rates, we rely on data from the Fifth Report Assessment (AR5) provided by the IPCC, which offers GWP values over a 100-year time horizon. For SCOPE-II emissions, we have chosen to present the total indirect emissions instead of providing a location-based breakdown of emissions.

Indirect GHG Emissions
(tOC2e) (Scope II)



Indirect Emissions
(tOC2e)



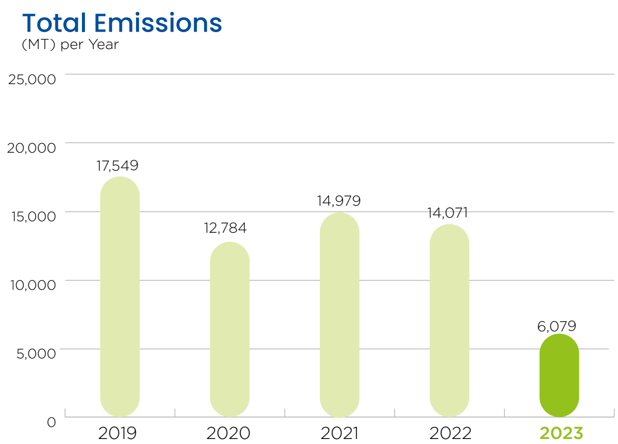
Prior to 2016, there was no mechanism for recording fleet fuel consumption.

REDUCTIONS IN EMISSIONS

(SCOPE-I, SCOPE-II AND SCOPE-III)

We strive to reduce emissions from our operations, whether direct or indirect. The following graphs illustrate total emissions on an annual basis. Combining all scopes, our total emissions have decreased when compared to the past year primarily because of idling at three of our manufacturing facilities. We review our emission outcomes monthly.

Independently, Scope-I emissions have increased by 2,043 MT [FY22: decreased by 179 MT] over the year while Scope-II emissions have decreased by 7,764 MT [FY22: 304 MT] and Scope-III emissions have decreased by 1,214 MT [FY22: decreased by 1,034 MT] over the last year. This aligns with lower production activity and lower sales alongside, the installation of.582.4 KWh[5] in solar capacity at one of our production sites.



GHG EMISSIONS INTENSITY

Emissions Intensity Ratio
(Total Emissions / Sales '000)
0.14%

Emission intensities are used to compare the environmental impact of different activities. Crescent Steel uses sales as an organization-specific metric to calculate its emissions intensity ratio – this is because of varied production across Business Units. SCOPE-I, SCOPE-II, and SCOPE-III are the types of GHG emissions included in the calculation, containing all the gases mentioned in their respective scopes. Total GHG emission decreased by 6,936 CO_2/Sales or 49.2% in absolute terms as compared to last year [6.1% change in FY22: 909 MT CO_2/ Sales against a decrease of 36% in sales over the prior year. The emissions intensity ratio for FY23 was 0.00014 MT CO_2/Sales last year [FY22: 0.00017 GJ/Sales], which is a 20.3% decrease from the previous year.

Our production processes do not emit any ozone-depleting substances (ODS), however, we do carry some HVAC units that use R-22 gas which are being phased out and for which ODS emissions are not presently monitored. We plan to commence reporting on ODS emissions if any, starting FY24. The company's health, safety, and environmental policy discourages the use of Ozone-depleting substances as they cause significant harm to the environment. All emissions are recorded with the help of consumption patterns of fuel and output generation.

AIR POLLUTION CONTROL SYSTEM

We have taken appropriate measures to go beyond complying with the minimum national standards enforced by the Pakistan Environmental Protection Agency by adhering to globally recognized standards of air pollution control at our steel billet manufacturing facility. Gaseous emissions and metal dust is the most prominent form of waste in the steel melting process while primary wastes produced in casting steel are contact water, oil, grease, and metal scraps. The unit is equipped with air pollution control systems with an air filtration capacity of 50 mg/Nm3 against national standards that require air pollution control system with filtration capacity below 100 mg/Nm3.

ENERGY

Our businesses are manufacturing intensive and financial performance is heavily dependent on reliable sources of energy.

Our energy efficiency strategy calls on us to explore avenues of self—generation and secure reliable power while maintaining cost, quality and environmental leadership.

We constantly explore new methods which can reduce our dependency on the national grid and mitigate the risks of power outages. For instance, at our office, we continue to take measures regarding the conservation of energy by switching off all air conditioners and all unnecessary lights for two hours daily. Through such practices, we are able to engage employees and develop a culture of energy conservation.

Our energy consumption is measured through our electricity provider and billing for energy use. Policies pertaining to energy are under the jurisdiction of the Health, Safety and Environmental Committee which are reviewed every year and presented to the CEO for approval.

[5] The last edition of our report stated this as 582.4 MW instead of 582.4- kWh.

ENERGY EFFICIENCY

To manage our energy consumption, reduce our dependency on the national grid and mitigate the risk of recurring power outages, we have:

- Back up gas power generators and solar power at our line pipe manufacturing site.
- 1.8KW Solar power at the fabrication facility in Dalowal and at our spinning unit in Jaranwala
- Replaced old lights and air conditioning units with energy efficient ones across all our sites
- 582.4kWh Solar power installed at the steel plant in Nooriabad.

CS Energy Initially equipped with a 15 MW cogeneration, thermal generation power plant at Bhone, Punjab was augmented with a 16.5 MW condensing and extraction turbine to process steam during off-season periods.

This was to ensure uninterrupted supply to our meltshop Unit throughout the year and to, Shakarganj Limited. Our Energy Scorecard below reflects the energy produced at this plant. The business unit also operates a subsidiary with a mandate to set up a 100 MW Solar Power plant.

ENERGY AND WATER CONSERVATION

The following energy conservation measures have been taken in the past:

- Water recycling systems at the ultrasonic testing machines of SP1600 were installed to save electricity at approximately 2 units per hour of production and to conserve water of approximately 10GPH.
- Tungsten bulbs, energy savers and fluorescent lights were replaced with LED bulbs at various locations saving approximately 4.2 units per hour and approximately 33.6 units per day.
- Twenty-five 400-watt lights (10 kW) replaced with twenty-five 200-watt LED lights (5 kW) for yard lighting resulting in 50% savings.
- Replaced five 1.5 MT window air conditioning units with two 1.5 MT and three 1 MT split inverter-type air conditioning units.
- Reduced energy consumption by 4.18kW in total by replacing 38 tube lights of 40 watt with 18 watt LED bulbs. Further, replaced 17 sodium discharge lights with 200 watt LED lights. This resulted in cumulative reduction of approximately 10,428 KWh this year.

MAJOR ADVANTAGES

REDUCED CONSUMPTION

- Recycling water at the ultrasonic testing machines will save water consumption of approximately 10GPH.
- Installed solar power system of 561.6 kWh rating will reduce electricity consumption by approximately 850,000 KWH per year from WAPDA and/or fossil fuel-based generators and will also reduce an estimated 420 MT of CO_2 emissions per year.
- LED lights will help in reducing electricity consumption by up to 40%.
- Inverter air-conditioning will help conserve an estimated 20% of energy consumed as compared to conventional air-conditioning
- Installed skylights for natural light at our pipe plant sheds, through which we are saving an estimated 60 units per day.

ENERGY REDUCTIONS

Energy consumption in 2023 decreased by 65% because our energy division and billets manufacturing division remained closed. Further our cotton division also did not remain operational whole year round. in business volumes which is reflected in lower sales turnover. The change in consumption is calculated annually, taking the previous year as a base year.

Solar Panels

The Company is committed to increasing its use of renewable energy sources. One of the key projects was installation of solar power system to generate clean and economical energy to reduce greenhouse gas emissions and reliance on fossil fuels or grid-based power. The project was completed for net metering in FY23. The Company now has increased solar energy utilization from 20.8 KW to 582.4 KW at the Steel plant. The initiative will help save 3,060 GJ of energy and reduce CO_2 emissions by 420 MT every year.

ENERGY SCORECARD

ENERGY CONSUMPTION (GJ)	2023	2022	2021	2020	2019
Energy Consumption within the Business (GJ)	73,390	167,662	182,226	128,499	247,169
Energy Consumption outside the Business (GJ)	-	43,158	44,051	31,788	29,553

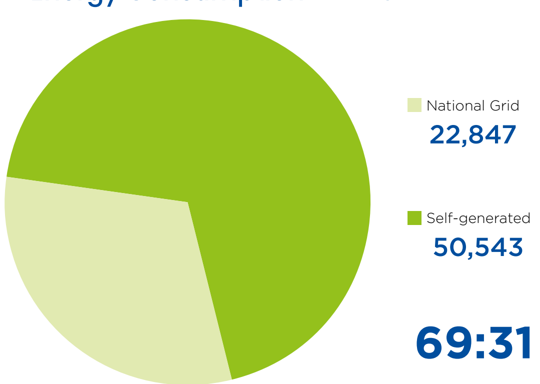
ENERGY CONSUMPTION (GJ)	2023	2022	2021	2020	2019	CHANGE (2023 VS. 2022
Total energy consumption (GJ)	73,390	210,820	226,227	159,970	276,722	(65.2)%
Sales (Rs. in million)	5,283	8,300	8,495	4,473	7,285	(36.4%)
Sales per unit of consumption (Rs./GJ)	71,982	39,372	37,542	27,961	26,327	83.0%
Energy intensity ratio (GJ/Sales in 000')	1.4	2.5	2.7	3.6	3.8	(45.30) %

On a deemed revenue basis using client supplied HRC company's revenue to PKR 11,685 Mn for FY'23 and sale per unit of consumption (Rs./GJ) comes to 159,218.

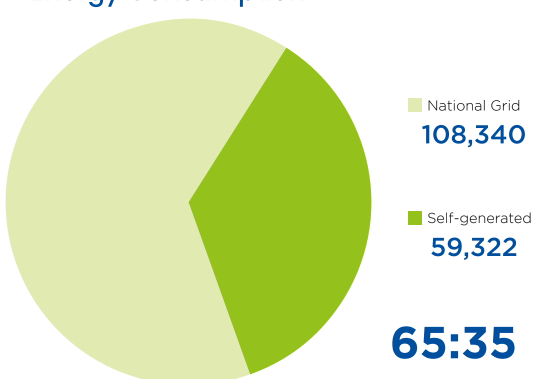
Fuel Type	Self-Generated Energy (Gj) 2023	Self-Generated Energy (Gj) 2022	Self-Generated Energy (Gj) 2021	Self-Generated Energy (Gj) 2020	Self-Generated Energy (Gj) 2019	Consumption Pattern
Diesel	1,272	1,146	1,006	1,474	2,172	Consumed within the business
%	3%	1%	1%	2%	2%	
Gas	47,535	11,381	14,657	20,117	27,972	Consumed within the business
%	94%	11%	13%	25%	21%	
Bagasse	-	89,008	97,312	58,282	103,600	Supplied to the industry and consumed within the business
%	–	87%	86%	73%	77%	
Solar	1,735	945	128	125	122	Consumed within the business
%	3%	1%	–	–	–	
Total	50,543	102,480	113,103	79,998	133,866	
%	100%	100%	100%	100%	100%	
Fuel Type	**Purchased Energy (Gj) 2023**	**Purchased Energy (Gj) 2022**	**Purchased Energy (Gj) 2021**	**Purchased Energy (Gj) 2020**	**Purchased Energy (Gj) 2019**	**Consumption Pattern**
WAPDA/ K-Electric	22,487	108,751	113,174	79,972	143,450	Consumed within the business

PROPORTION OF ENERGY SELF-GENERATED AND FROM THE NATIONAL GRID

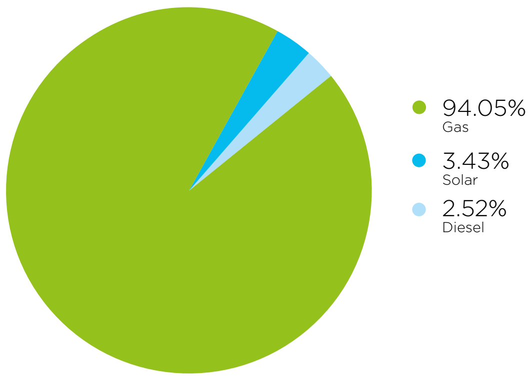
Energy Consumption - 2023



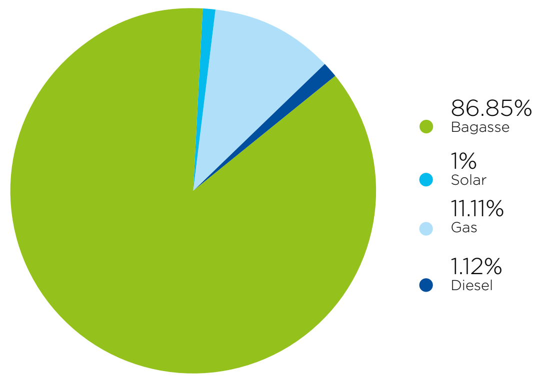
Energy Consumption - 2022



Break-up Of Self-generated Energy - 2023



Break-up Of Self-generated Energy - 2022



ENERGY CONSUMPTION OUTSIDE THE ORGANIZATION

Recording energy consumption outside the organization presents many challenges. We do not have any mechanism to measure this consumption. However, we do record our energy consumption in terms of inbound and outbound logistics which relates to fuel consumption by the company's owned vehicles and select logistics partners for contracted vehicles. The total consumption in terms of fuel is 1,896 GJ which decreased by 90% from the corresponding period last year [FY22: 19,238 GJ] and includes consignment and scrap metal shipment from Karachi Port to our plant at Nooriabad , and vehicles maintained by the company. We measure this consumption with the help of fuel cards given to drivers before the initiation of any shipment. The consumption is recorded in litres consumed and then converted into Giga-Joules. The conversion rate is mentioned in the glossary.

WASTE MANAGEMENT

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

We work to minimize the wastes resulting from our operations by reducing material consumption and reusing or recycling waste material as far as reasonably possible. We continue to advocate environmental responsibility in our actions through advocacy and communications. Where reuse is not possible, we ensure proper disposal of waste matter in accordance with local regulations and international best practices. Disposal methods include landfilling, recycling, and incineration.

Our approach towards waste minimization is essential for a cleaner and healthier environment. Policies are steered by the HSE committee, which contributes to the company's precautionary approach regarding environmental hazards as much as possible.

In 2023, no monetary fines or sanctions for non-compliance with environmental laws and regulations have been imposed.

WASTE TREATMENT

Business Unit	Type	Specification And Units	2023	2022	2021	2020	2019	Treatment
Steel	Hazardous	Plastic bags, drums etc. (in numbers)	53,120	10,730	3,000	10,000	43,008	Sold for recycling/ reuse
		Tube lights and Sodium Discharge bulbs (in Kgs)	60	-	-	30	-	Incinerated
	Non-hazardous	Steel scrap (in MT)	359	280	733	609	2,246	Sold for recycling/ reuse
		Miscellaneous Scrap Empty Carton (No)	1,550	1,000	150	500	4,700	Saleable
		Polyethylene/ Polypropylene (in MT)	14.1	7	7	21	52	Sold for recycling/ reuse
		Debris, kitchen waste and others (in MT)	13.8	13	12	10	15	Landfilled
Cotton	Hazardous	Cotton dust (in Kg)	17	72	39	67	61	Sold for reuse
	Non-hazardous	Cotton waste (in MT)	108	307	379	327	264	Sold for reuse
Engineering	Hazardous	Bulbs and lights (in numbers)	12	223	250	89	129	Landfilled
Crescent Hadeed	Non-hazardous	Acid Lining SiO2(in Mtn)		582	685	320	336	Landfilled
		Slag(in Mtn)		884	769	342	881	Landfilled
		APC Dust (in Mtn)	5.47	112	46	25	96	Sold to Client
Total			55,259	14,210	6,069	12,364	51,788	

Includes cotton dust, cotton waste and APC dust from Hadeed sold to external parties.

RESOURCE CONSERVATION

Our business depends on the availability of quality materials which primarily include hot rolled coil, raw cotton, bagasse, and scrap. Our cost of doing business and profitability depends on responsible consumption and effective waste management.

The Company has various initiatives in place and barring items necessary for consumption in business operations and production, everyone is encouraged to reduce the use of all materials as far as possible.

PAPER

We aim to reduce, recycle and reuse paper in our daily work.

WATER MANAGEMENT

Water issues and how they are overseen at locations change essentially due to local conditions such as water accessibility, water quality and legislation.

The shortage of water is a major problem worldwide. It affects the environment, public health, and economies on a global level. Extreme weather conditions such as droughts and floods are becoming more common, making it harder to access clean and fresh water at the global, national, and local levels.

Water is crucial to our operations and to Pakistan, which ranks 14th among the 17 'extremely high baseline water stress' countries of the world. We are aware of the potential impact it can have on our business and the communities where we operate and are dedicated to ensuring efficient water usage, both now and in the future.

WATER WITHDRAWAL

Other than domestic use by employees, our primary utilsation of water in the business process is for cooling and pipe testing purposes at the steel pipe plant and, for the production of steam to generate electricity at the energy division (the latter remained out of operation this fiscal year).

Most of our water needs at Nooriabad are sourced from Keenjhar Lake as well as groundwater. The management of Keenjhar Lake falls under the jurisdiction of the Government of Sindh, and the water inflow is monitored by meters installed by the municipal authority. It's important to note that water is not stored at the Nooriabad plant and therefore has no significant impact. Additionally, there are no protected species residing in the lake.

At the energy plant, during the sugar season, we use condensate from the sugar process (wastewater), and during the off-season, we use groundwater and condensate from the turbine.

All groundwater and water utilized for human consumption undergoes a filtration process either through a reverse osmosis or membrane and UV filtration process; this is across all our operations.

Business Unit	Water withdrawal by source in ML/year	2023	2022	2021	2020	2019
	Surface Water					
Steel	Freshwater (≤1,000 mg/L Total Dissolved Solids)	22,389	15,361	19,933	10,879	21,142
	Groundwater					
Steel	Freshwater (≤1,000 mg/L Total Dissolved Solids)	14,926	10,241	13,288	16,319	14,095
Engineering	Freshwater (≤1,000 mg/L Total Dissolved Solids)	378	408	432	357	965
Energy	Freshwater (≤1,000 mg/L Total Dissolved Solids)	-	4	4	2	31
Energy	Produced Water-Condensate from sugar Process					
	Freshwater (≤1,000 mg/L Total Dissolved Solids)	–	193,789	178,262	130,357	128,385
Head Office	Municipal Water					
	Freshwater (≤1,000 mg/L Total Dissolved Solids)	798	796	770	604	777
	Total Water Consumption	38,489	27,023	34,636	28,295	37,200

There is no withdrawal of water from water-stressed areas. For uninterrupted circulation of water we re-cool it for reuse. This cooling method is environmentally friendly and has reduced the withdrawal of fresh water. All water consumed at our facilties for drinking purposes is tested for water quality and falls within the recommended ranges for portable water below 1,000 TDS.

Note: In line with our strategic thrust on water stewardship, we reviewed our water consumption and discharge processes this year; as a result we have made some changes to the above reporting (refer to annexures for relevant formulas) and have restated past year figures Accordingly, we feel that this data set and related models need further review and plan to conduct this during FY24. Any restatement will be duly marked in our next report.

Water discharge by destination in (ML/year)-By Quality and Destination						
Business Unit		**2023**	2022	2021	2020	2019
Steel	Other water (>1,000 mg/L Total Dissolved Solids) Other water (>1,000 mg/L	29,763	16,316	19,127	26,642	31,604
Engineering	Total Dissolved Solids)	177	189	191	165	210
Total		29,940	16,506	19,318	26,807	31,814

No water source was significantly affected by the withdrawal of water
Note: We do not have a mechanism to measure water withdrawal at the Cotton Division.

Water consumption in (ML/year)	2023	2022	2021	2020	2019
Total	8,549	10,517	15,318	1,488	5,386

6 CLEAN WATER AND SANITATION

WATER REUSE AND RECYCLING

We understand that water is a scarce resource and wherever we find opportunities to conserve, reuse or recycle water; we do so.

- Water is redirected and reused for pressure testing of pipes and to cool pipes in the coating process.
- At our bagasse-based energy plant in Bhone, we reuse water for the production of steam to generate electricity.

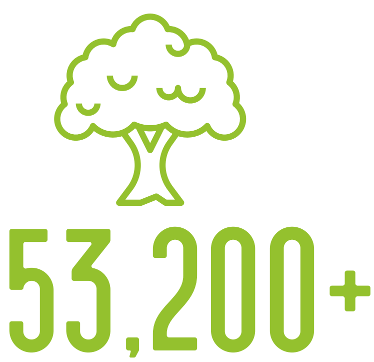
Percentage and Total Volume of Water Recycled and Reused						
Water recycled /reused	**BusinessUnit**	**2023**	2022	2021	2020	2019
Water recycled/reused	Steel Division	27,770	10,545	4,178	3,187	11,524
% of water recycled/resued		72.1%	39.0%	12.1%	11.3%	31.0%

13 CLIMATE ACTION

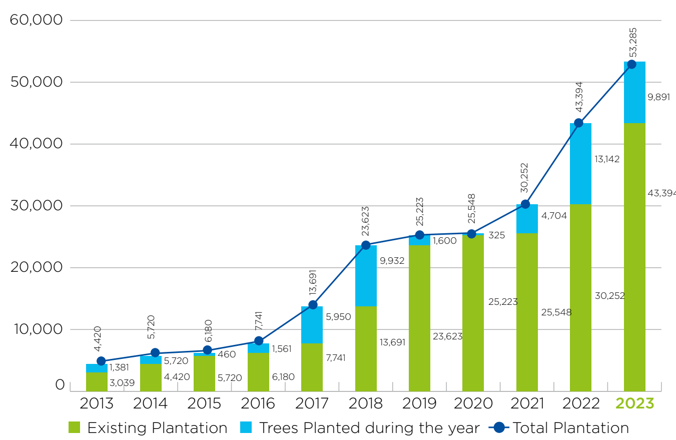
PLANTATION

Crescent Steel recognizes the paramount importance of preserving our ecological system and understands the imperative of reducing our environmental impact for a more sustainable future.

Over the years our plantation size has increased to 53,200+ trees. These trees collectively serve to reduce our carbon footprint by an estimated 315 MT annually.



Tree Plantations



BEACH CLEANING AND MANGROVE PLANTATION ACTIVITY

We continued our annual collaboration with WWF (World Wide Fund for Nature) in marine and ecological conservation through our calendered annual mangrove plantation activity.

Mangroves are not only relatively straightforward to plant but also play a vital role in protecting some of nature's most vulnerable species. Mangrove forests are remarkably diverse and important ecosystem,s that keep coastal zones healthy. Even though mangroves are of immense economic and environmental importance to Pakistan, the continuous development of industrial and economic infrastructure, coastal habitation, and the construction of beachfront structures have posed significant threats to the marine ecosystems and mangroves in the adjacent creeks.

Mangrove forests are the lifeline of the Indus Delta and play a critical role climate change adaptation and protecting the local population against sea storms and cyclones.

Crescent Steel has been an active supporter of the WWF in their efforts to safeguard marine life through mangrove plantations. This year, we planted 1,000 mangroves, expanding our total plantation size to 4,700 mangroves. We ensure the well-being of this mangrove forest through financial contributions, ensuring that for every mangrove that doesn't thrive, WWF will plant another sapling in its place. These 4,700 mangroves collectively reduce our carbon footprint by an impressive 27.77 MT annually.

We hope to continue this annual plantation activity over the years to come.

Year	Number Of Trees Planted	Yearly Carbon Reduction (In MT)	
2012 (FY13)	50	3.25	This is equivalent to emissions from burning approximately 11,219 gallons of gasoline
2013 (FY14)	75	4.43	
2015 (FY15)	100	4.73	
2015 (FY16)	150	7.09	
2016 (FY17)	150	6.21	
2017 (FY18)	175	6.21	
2018 (FY19)	1,000	29.55	
2021 (FY21)	1,000	11.82	
2022 (FY22)	1,000	5.91	
2023 (FY23)	1,000	5.91	
Total	4,700	85.11	

CELEBRATING EARTH HOUR

Earth Hour is more than just an hour for earth; it is a global movement to advocate action for climate action.

On Saturday, March 25th, 2023, Earth Hour we celebrated across all our campuses and encouraged our people and to do the same at home and in their neighborhoods, by switching off all non-essential lights.

SUPPLY CHAIN

As a socially responsible business with high ethical, social, and environmental standards, Crescent Steel endeavors to propagate a culture of quality, transparency, accountability, and integrity across our supply chain.

Supply chain and logistics play a key role in ensuring efficient and profitable operations of all our businesses. The supply chain function is not limited to sourcing quality products and services with conducive price and volume variables; suppliers are strategic partners for our business. We leverage our relationships with key suppliers and work with them for planning logistics, and the introduction of new products and services.

As the leading line pipe manufacturer engaged in oil and gas transmission projects of national and strategic importance, we have a rigorous protocol for supplier induction, evaluation, and monitoring. We engage with a range of foreign and domestic suppliers, for critical and non-critical goods and services. We assess our suppliers across several factors including inventory optimization, flexibility, quality management systems, visibility, and transparency. We consider labor management practices an indicator of community care and this forms a critical aspect of our supplier engagement criteria. We configure our supply chain model on three basic characteristics: product design and quality, risk assessment and opportunities for business growth.

Our supply chain is geared toward sustainability and is committed to developing indigenous sources where available. In this regard, we have worked with various domestic partners to enhance technical and professional capabilities. We aim to move beyond the boundaries of supplier-buyer relationships to create strategic partners; our suppliers engage with us at many levels, enabling us to generate additional revenue and leverage our relationships for cost savings. Our supplier engagement strategy aims to strengthen supply chain effectiveness, to identify environmental and cost hotspots.

Our major imports include Hot Rolled Coils – we use high-grade alloy steel coils for manufacturing large diameter pipes for high-pressure transmission systems.

During the year we imported 3,424 MTs [FY22: 5,007 MTs] of hot rolled coils and 2,281 MTs of coating material. The sourcing protocol of our raw material for our pipe and coating operations is critical. In accordance with API specifications, manufacturers of HRC are assessed and compliance of the raw material is verified against Mill Test Certificates, Manufacturing Procedure Specifications, and third-party quality assurance verifications.

Our steel meltshop, Crescent Hadeed, was not operative in the financial year, primarily on account of import constraints and low demand; therefore we did not procure any raw material and consumables for the division. Our spinning unit was operational during the first half of the financial year; however due to weak demand and pricing dynamics we decided to suspend operations during the second half of the financial year. During the year we purchased 580 MTs of raw cotton locally [FY22: 1,463.1 MTs] and imported 88 MTs of raw cotton [FY22: 1,131.3 MTs], purchased 440 MTs of local polyester [FY 22: 1,749.60 MTs] and, imported 261 MTs of polyester in FY23 [FY 22: 1,635.3 MTs] for our spinning operations.

In addition to this, we purchased various goods and services needed for day to day running of our businesses and office operations, including consumables for smooth manufacturing operations, valuing Rs. 3,239 million [FY22: Rs. 6,588 million].

Our raw material, consumables, and a majority of our spares and equipment are imported – as we operate in a specialized manufacturing segment, domestic availability of the materials we require is non-existent. Furthermore, in order to ensure the product integrity and to confirm with our quality management system, we are required to evaluate suppliers and as far as possible source materials directly from manufacturers; this enables better quality management as well as commercial terms. As a strategic thrust, our supply chain teams are attempting to indigenize sourcing for certain consumables and equipment, in an effort to develop a sustainable supply chain.

In 2023, there were no significant changes in the supply chain structure. Material for production was imported from Asian, European and Middle Eastern countries i.e. China, Turkey, UAE, Afghanistan, and Germany.

TYPE AND NUMBER OF UNIQUE SUPPLIERS ENGAGED 2023

Operational Area	Local	Import	Total	Local %	Import%
Steel Division	220	37	257	86	14
Cotton Division	59	4	63	94	6
Corporate Division	43	-	43	100	0
IID/CS Capital	1	-	1	-	-
Crescent Hadeed	6	2	8	75	25
CS Energy	5	-	5	100	-
Total	334	43	377	89	11

PROCUREMENT PRACTICES WITH TRUSTED BUSINESS PARTNERS

Suppliers are crucial strategic partners for any business, providing goods and services and enabling business continuity.

Supply Chain is not just an area for suppliers to merely comply with quality, price, and volume variables. Our suppliers are strategic partners that adopt our standards to work towards the end goal of providing high-quality and reliable products to our customers. Crescent Steel aims to maximize indigenous procurement and minimize imports; however, due to a lack of expertise, a range of products and services required for our operations are not available locally and must be imported. This includes our raw material, which accounts for 80% of our procurement cost. During the year, due to import restrictions, we developed a sourcing strategy to indigenize the supply chain for spares. We have worked with our local partners to develop and enhance expertise and capabilities to fabricate spares locally, to reduce reliance on imports. For the K-IV project, which has national significance, we worked with our customer to enable them to design and fabricate trailer beds for outbound logistics of finished 84 inch, externally coated, steel line pipes with a length of 12 meters each, to transport 2 pipes per trailer. As the infrastructure available was designed to handle only 1 pipe per trailer, through this initiative, the number of trailers required to transport finished pipes was reduced from 10,000 to 5,000. This effectively cut down logistics requirements by at least 50% and ultimately resulted in lower fuel consumption and emissions. The core objective of our Supply Chain function is to reduce throughput time by minimizing the use of intermediaries, and by enabling supply chain depth to deliver the right materials, at the right time, at the right price.

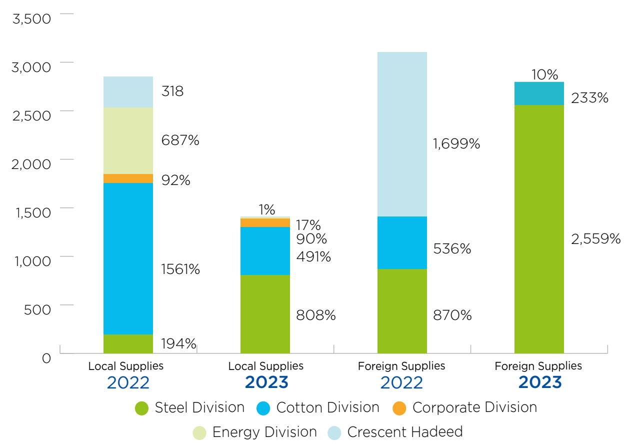
Vendors are evaluated and revaluated as per the policies in our quality management system – vendor retention is based on annual performance, rather that the history of the vendor relationship. Vendor feedback and complaint redressal mechanisms are critical criterion based on which supplier retention is determined. Furthermore, all suppliers, whether critical, non-critical or general are evaluated and approved for purchase prior to placing orders, as per the prescribed framework in our quality management systems.

The proportions of purchases, domestic and imported, are tabulated below:

	RS. IN MILLION	IN PERCENTAGE
Purchases in 2023		
Total Local Vendors	1,407	33.4
Total Foreign Vendors	2,802	66.6
	4,210	**100**
Purchases in 2022		
Total Local Vendors	2,852	47.9
Total Foreign Vendors	3,105	52.1
	5,957	**100**

LOCAL **33.4%** AND FOREIGN **66.6%**

Composition of Local and Foreign Supplies



Managing a Diverse Supply Chain

Up Stream

Raw Material Sourcing

Hot Rolled Coil, Steel Scrap Raw Cotton and Polyester

(Vendors + Suppliers)

Operations

Manufacturing/ Production

Bare Pipes, Steel Billets and Polyester Cotton Yarn

Down Stream

Down Stream

Storage and distribution of final product

Crescent Steel's Local Procurement Cycle

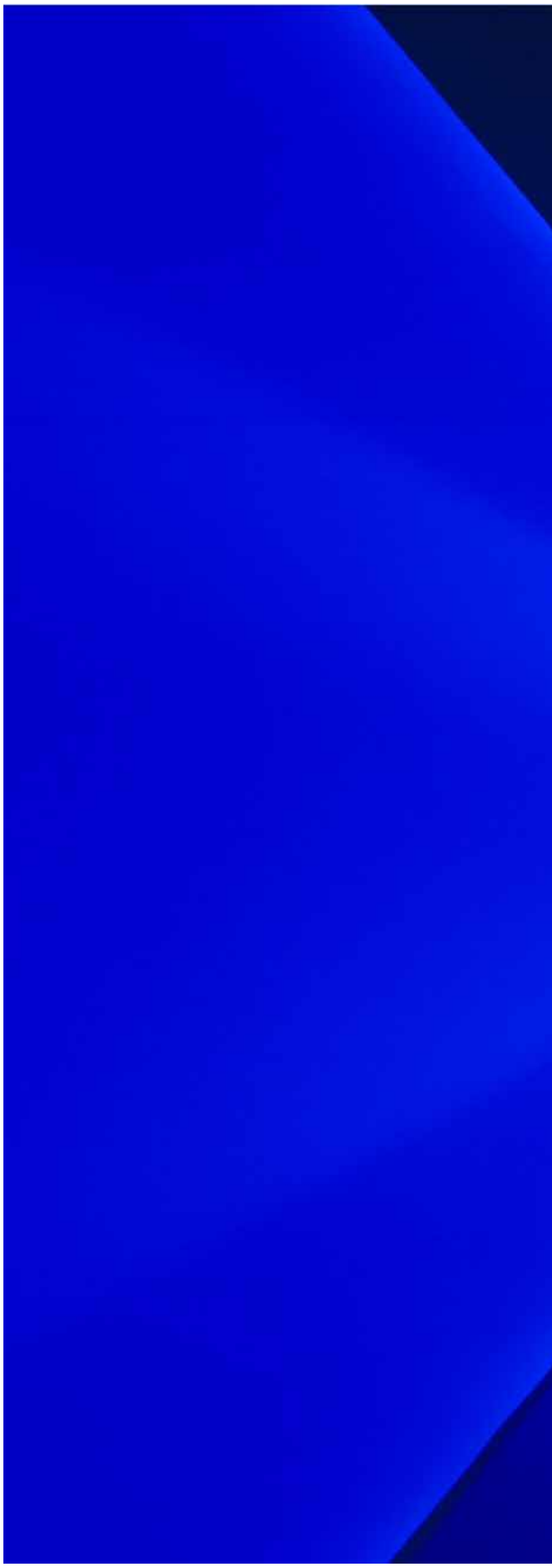
1. **Purchase Requisition**
   Purchase requisition is issued.
2. **Quotations**
   The best three quotations are selected from the approved vendors
3. **Comparative Analysis**
   These three quotations are evaluated on the basis of customer preference, product quality and cost benefit analysis.
4. **Purchase Order**
   The best quotation is selected out of the three. Upon negotiating the price, the order is placed
5. **GRN and Invoice**
   Purchased goods are received at the location along with the invoice for payment

The procurement cycle follows specific steps from identifying requirements and needs to evaluating options and ensuring those needs are optimally met keeping customer preference, quality and price in mind.

The selection of vendors is reviewed annually to assess decision-making quality and evaluate vendors for technical performance, reliability, commercial terms and more. Such reviews enable us in determining if circumstances have changed significantly to trigger a change in vendors.

CONTEMPORARY ART 1980.....

Contemporary art is the art of today, produced in the second half of the 20th century or in the 21st century. Contemporary artists work in a globally influenced, culturally diverse, and technologically advancing world. Their art is a dynamic combination of materials, methods, concepts, and subjects that continue the challenging of boundaries that was already well underway in the 20th century. Diverse and eclectic, contemporary art as a whole is distinguished by the very lack of a uniform, organising principle, ideology, or "-ism". Contemporary art is part of a cultural dialogue that concerns larger contextual frameworks such as personal and cultural identity, family, community, and nationality.



EVA HESSE

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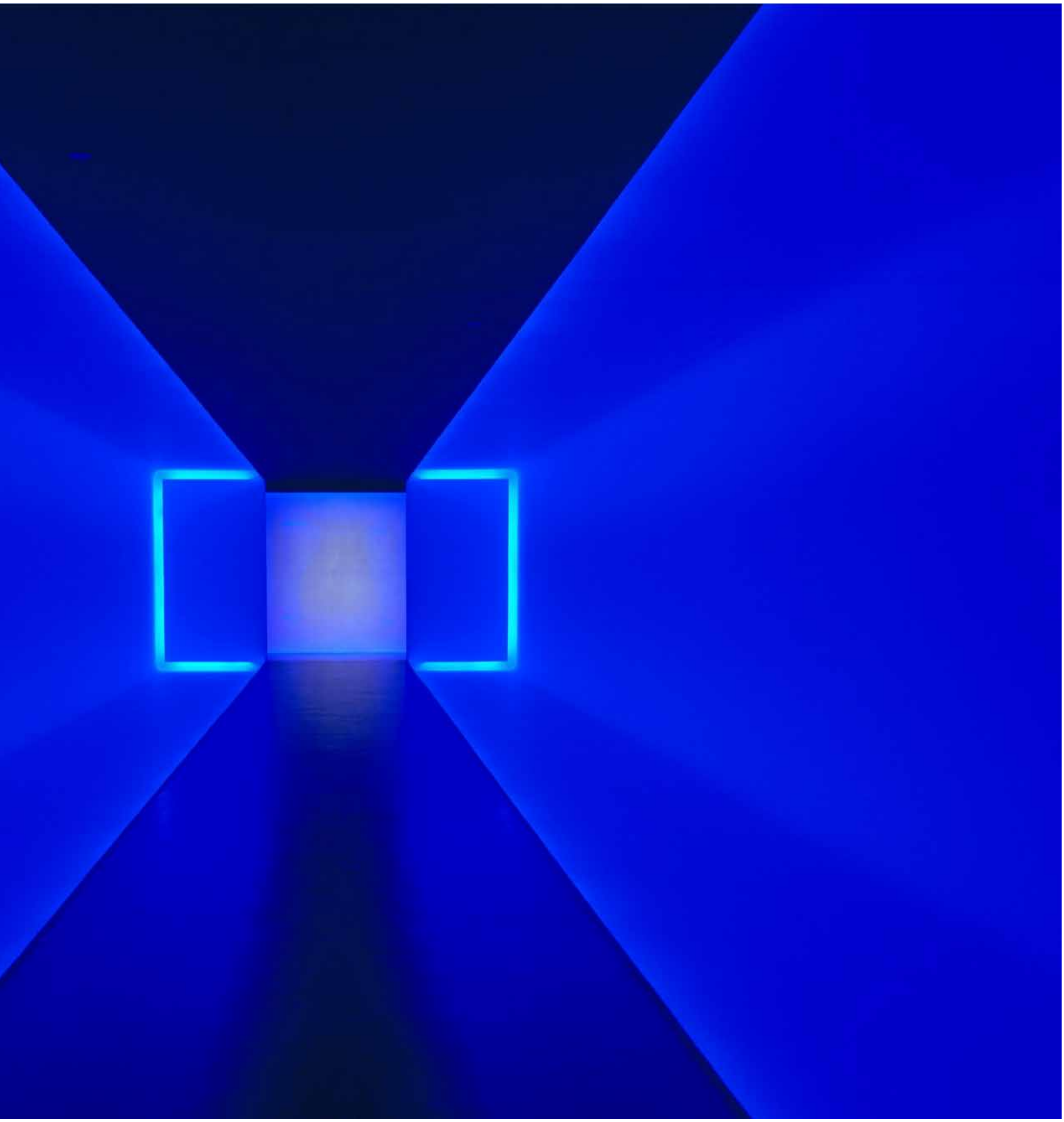


PRODUCT STEWARDSHIP

PRODUCT QUALITY AND SAFETY

Maintaining product and service quality is a sustainability imperative.

We strive to apply cutting-edge technology and remain client-centric to drive profitability and efficiency, ensuring the highest standards of quality in product delivery. The effectiveness of our Quality Management System is ensured through an independent quality function at each business unit level with direct reporting to the Business Unit Heads.

Crescent Steel strictly adheres to its quality policy to ensure quality control and assurance from the acquisition of raw materials to the delivery of the final product and services i.e. across the value chain. The management ensures that measurable and verifiable quality objectives are set throughout the organization, from the initial inspection of raw materials to the transportation of the finished product to the customer.

The company retains its authorization to use the API monogram of the American Petroleum Institute since its inception in 1987. In 1997, Crescent Steel was awarded ISO 9001 Quality Management Standard Certificate which it continues to maintain as ISO 9001:2015

STEEL DIVISION – PIPE MANUFACTURING AND COATINGS

Raw material sourcing for line pipe manufacturing is critical for oil and gas/API monogram pipes given the applicability of stringent raw material quality specifications and API standard compliance. Our raw material is purchased from pre-qualified suppliers, against established parameters that form part of our vendor evaluation system.

Our HSAW steel line pipes are manufactured in accordance with the applicable specifications of the American Petroleum Institute ("API"), American Water Works Association (AWWA), American Society for Testing and Materials (ASTM) and the International Organization for Standardization ("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 local projects tendered internationally. We currently maintain, testing laboratories supported by a robust Quality Management System certified to API Q1 and ISO 9001 and, API product license granted by API. These are universal requirements for selling high pressure line pipes to major oil and gas companies.

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.

The pipes we produce, and coating are inspected and tested by sophisticated testing equipment. We have various testing facilities available at our pipe finishing line and coating plant:

Finishing Line

- On-line Automatic Ultrasonic Testing: To ensure that the entire weld seam, is flawless for both Spiral Pipe Mills
- Radiographic Inspection: To analyze, the defects identified during ultrasonic testing
- Visual Inspection: To determine surface defects
- Hydrostatic Pressure Testing of Pipes: To check the pipe strength, durability, and leakages Each pipe is tested on different water pressure as per API requirement. Our maximum water testing pressure capacity is 210 bar.
- Residual Magnetism Measurement: To ensure that residual magnetism is within the limits of the applicable standard or client's requirements
- Final Inspection: To rigorously inspect the different dimensional parameters
- Tensile Testing and Guided Bend Tests: To ensure that the coil received and the pipes manufactured have the required mechanical properties
- CVN Test: To ensure the fracture toughness of the pipe body, weld, and HAZ is in compliance with API standards and client requirements
- Chemical Tests: To ensure the product has met a client specified chemical requirements
- Hardness Testing: To check the hardness of the pipe body, weld and HAZ for the sour service pipe
- Burst Test: To ensure that the pipe exceeds the minimum design pressure requirement
- Impact Test at -40 C: To ensure that coated pipe has required impact resistance at low temperature

Coating applications undergo various tests including:

- Online Holiday Inspection
- Coating Adhesion Strength Testing
- Thermal Analysis
- Melt Flow Index
- Cathodic Disbondment Test
- Hot Water Soak Resistance Test
- Flexibility Bend Test
- Indentation Hardness Test

MEASURING CUSTOMER SATISFACTION

The unit continues to maintain a high customer satisfaction score of over 93% for both, pipes and coatings

- The survey identifies many strong areas for improvement like timely product delivery etc.
- The survey provides customer feedback on our product capability for:

  A) Submerged Arc Welded Helical Seam Steel Pipes in diameters ranging from 8-120 inch in steel grades up to and including API 5L X-100, under API monogram authorization

  B) Anti-corrosion coating application of steel line pipes in diameters ranging from 4 – 84 inches, as per international standards like DIN 30670

- Our main customer base constitutes the two-state gas utilities operating in Pakistan, SSGC, and SNGPL - headquartered in Karachi and Lahore, respectively - with a footprint across various towns and cities in Pakistan. Our Karachi and Lahore Offices and our Plant Site in Nooriabad are within easy access to our main customer base.

Customer Satisfaction Level over the years	2023	2022	2021	2020	2019	2018
	93%	95.71%	94%	93 %	94%	91%

- No incident of non-compliance with regulations and voluntary codes concerning products and services information and labelling occurred during the year.
- No incident of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship have been identified during the year.

COTTON DIVISION – COTTON SPINNING

Crescent cotton products is committed to delivering high quality yarn products with prediction approaches for the evaluation of yarn properties. The unit continues to maintain high standards of quality management, performance, and innovation. Our quality control laboratory and trained workforce ensure that all processing methods and products meet the required industry and international standards. Raw material i.e. polyester and viscose is procured from world-renowned synthetic fiber producers locally and from abroad. Raw cotton is checked against established standards prior to procurement, while sophisticated testing infrastructure strengthens quality management and assurance. The quality assurance and testing laboratory at the spinning unit is equipped with necessary testing equipment.

This includes:

FOR FIBER TESTING	FOR YARN TESTING
HVI-Spectrum	Uster Tensojet-4
Fibrograph 530	Uster Tester-5
Micronaire	Count Analyzer
Moisture Meter	Lea Strength Tester
	Twist Tester

MEASURING CUSTOMER SATISFACTION

- A survey of our product and service quality was carried out via electronic means to invite customer feedback on our Cotton Division product performance.
- The survey highlighted areas of strength and weaknesses. We strive to work on weak areas to enhance our product offering and will continue to engage customers for feedback and to better understand their needs.

In 2023, all products were compliant with labelling requirements specified by the laws and regulations.

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 rebars and other long steel 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.

CS Energy

The unit generate and supply electricity for own source consumption and to customers and distribution companies, as permitted. The unit has two tribunes with combined capacity of 31.5 MW. The thermal power generation plant uses bagasse in the combustion process to produce power and process steam. Bagasse is a renewable source of power which is in6 line with our aim to adopt sustainable business practices. There is proper monitoring mechanism to ensure maximum output and uninterrupted supply of power to our customers.

MATERIAL CONSUMPTION

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Our materials are divided into two basic categories i.e. critical and non-critical. Critical materials are those which have a direct impact on the company's production and non-critical materials are those which are indirectly associated with the company's products. It is imperative to understand that we use our critical raw materials efficiently.

As the scarcity of resources is increasing globally, we, understand the importance of effective utilization of resources. We continue to strive to strengthen our processes across all our production sites.

Steel pipe scrap is generally used as a raw material for our billet-making process in Crescent Hadeed – this year as the meltshop remained closed, scarp was sold in the market. Similarly, we use a by-product of sugarcane, bagasse, as a source of electricity and steam which we supply to Crescent Hadeed, SML and FESCO. We continuously explore new strategies and methodologies through which we can ensure the effective utilisation of resources. We make sure that the consumption of materials does not adversely affect the communities in our surroundings. The materials we purchase go through quality control checks and some of our critical raw material suppliers are prequalified and ISO certified.

As indicated in the table, most of our raw materials are non-renewable items which cannot be reused, except for energy generated from bagasse and materials such as steel scrap, polyester, viscose and raw cotton from CCP which are reused or sold to external sources.

All the data presented in the table represents accurate measurements of material consumed through gauges and instruments installed at the production lines. The HSE committee also conducts various checks to validate and authenticate the data.

Crescent Steel does not use any recycled input materials or any reclaimed products and their packaging materials.

Material Consumed	Unit Of Quantity	Quantity (Weight / Volume)				
		2023	2022	2021	2020	2019
Non-Renewable Materials						
Steel – Pipe Manufacturing						
HR Coils (comprises 99% of input materials)	MT	45,770	5,222	4,822	8,315	12,387
Steel – Coating						
High Density Polyethylene	Kg	1,280,100	334,640	43,220	214,625	698,175
Co Polymer Adhesive	Kg	59,315	30,180	5,949	24,600	62,375
Fusion Bonded Epoxy	Kg	110,240	47,660	7,446	31,840	79,770
Welding Wire	Kg	125,130	21,940	22,429	32,330	47,590
Welding Flux	Kg	98,531	27,445	23,945	44,755	61,010
Steel Grit	Kg	38,500	12,565	3,345	13,625	18,125
Cotton						
Yarn Wrapping Cone	Nos	915,168	3,042,804	3,046,608	2,344,166	2,987,592
Polypropylene Bags	Nos	38,081	125,386	112,067	99,821	116,741
Polythene Bags	Kg	3,750	10,553	9,446	7,569	10,391
Diesel	Ltr	1,552	2,438	3,020	1,275	3,115

Material Consumed	Unit Of Quantity	Quantity (Weight / Volume)				
		2023	2022	2021	2020	2019
Engineering						
Gas LPG	Kg	1,085	1,641	519	862	921
Gas Oxygen	Cubic M	4,534	7,473	2,098	3,020	2,208
Diesel Oil	Ltr	4,648	5,070	804	2,627	2,280
Disc (Grinding and Cutting)	Nos	3,792	4,176	1,161	2,144	932
Welding Electrode	MT	7.67	13.72	4.58	6.06	1.90
Round Bar, Pipes, Nuts, Bolts etc.	MT	23.79	36.58	12.72	21.33	58.91
Sheets Mild Steel	MT	425.15	655.28	234.08	287.13	187.51
Sheets Stainless Steel	MT	5.40	15.25	10.78	10.0	7.69
Crescent Hadeed						
Melting Scrap(HMS, Shredded, Bundled Scrap)	Mt	-	18,259	21,384	11,449	27,305
Silico Manganese	kgs	-	174,245	160,942	141,075	290,656
Ferro Manganese	kgs	-	21,345	21,477	42,610	209,963
T.C Tips	Nos	-	5,651	5,836	3,200	9,850
Mill Scale	kgs	-	744,960	866,750	257,960	1,297,950
Oxygen Gas	m3	-	19,229	21,147	13,434	27,358
Diesel Oil	Ltr	1,290	5,760	11,515	5,820	18,660
MS Lancing Pipe	m	-	59,000	63,300	31,700	-
Quartz Powder	kgs	-	645,420	686,810	352,650	1,060,490
Boric Acid	kgs	-	198	161	80	280
Sodium Silicate	kgs	-	14,920	15,430	7,715	28,205
Nozzle – Ex	kgs		2,178	2,444	1,330	3,780
Silica Sand	kgs		12,550	118,200	92,589	172,151
Renewable Materials						
Energy						
Bagasse	MT	-	123,719	106,485	70,156	108,163
Cotton						
Raw Cotton	MT	907	2,855	2,842	2,366	2,860
Polyester	MT	967	3,282	3,266	2,584	3,244

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. A state of the art video conferencing facility has been installed to effectively communicate with remote plants as well as customers.

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 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 cybersecurity risks. The budgets and capex for Network upgradation and strengthening cyber security are approved by the Board, after detailed presentation by the management.

The 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 capture 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 consists 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 which gives faster throughput, more visibility and better real time dashboards and reporting facility. Moreover, implementation of Enterprise Command Center (ECC), Landed Cost Module (LCM) and Mobile Phone based workflow approvals enhanced the end user experience and promoted 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 the 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. The data loss and time to recover is measured within the defined concepts of Recovery Time Objective (RTO) and the Recovery Point Objective (RPO) during the mock DR runs.

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

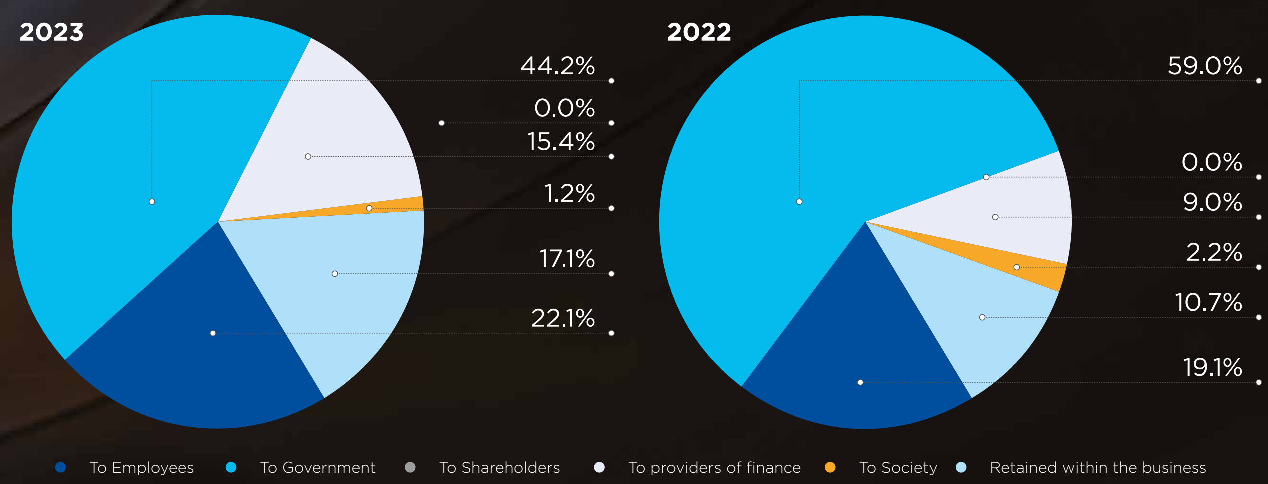
User trainings are held regularly at all sites for each of the ERP modules. Special emphasis is given on newly hired and newly implemented modules.

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.

STATEMENT OF VALUE ADDITION

	2023		2022	
	Rupees in '000	%	Rupees in '000	%
WEALTH GENERATED				
Total revenue	5,569,608	100.0%	9,331,884	100.0%
Bought-in-material and services	(3,236,583)	58.1%	(6,588,066)	70.6%
	2,333,025	41.9%	2,743,818	29.4%
WEALTH DISTRIBUTED				
To Employees				
Salaries, wages and other benefits	515,346	22.1%	524,069	19.1%
To Government				
Income tax, sales tax, custom duties, WWF and WPPF	1,031,216	44.2%	1,620,567	59.0%
To Shareholders				
Dividend	-	0.0%	-	0.0%
To Providers of Finance				
Finance costs	359,960	15.4%	246,153	9.0%
To Society				
Donation towards education, health and environment	27,488	1.2%	59,014	2.2%
Retained within the business for future growth				
Depreciation, amortization and retained earnings	399,015	17.1%	294,015	10.7%
	2,333,025	100.0%	2,743,818	100.0%

DISTRIBUTION OF WEALTH



ART NOUVEAU
1890 – 1914

Decorative style of the late 19th century and the early 20th that flourished principally in Europe and the USA. Although it influenced painting and sculpture, its chief manifestations were in architecture and the decorative and graphic arts, the aspects on which this survey concentrates. It is characterized by sinuous, asymmetrical lines based on organic forms; in a broader sense it encompasses the geometrical and more abstract patterns and rhythms that were evolved as part of the general reaction to 19th-century historicism. There are wide variations in the style according to where it appeared and the materials that were employed.

GUSTAV KLIMT

Title: Avenue to Schloss Kammer

Source: https://artsandculture.google.com/asset/avenue-to-schloss-kammer-gustav-klimt/AQH7PjTM_B93MgQ

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	**2023**	2022
Profit before interest and tax	234,281	315,120
Taxes	(57,424)	51,568
Net operating profit after tax (NOPAT)	176,857	366,688
Total capital employed	8,180,600	7,163,206
Cost of capital (%)	23.03%	19.08%
Cost of capital (COC)(Rs.)	1,883,992	1,366,740
	(1,707,135)	(1,000,052)

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	**2023**	2022
Cash flow from operating activities	(363,661)	81,722
Capital expenditure	(535,488)	(91,637)
Free cash flow	(899,149)	(9,915)

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

FINANCIAL AND OPERATIONAL PERFORMANCE

BUSINESS SEGMENTS

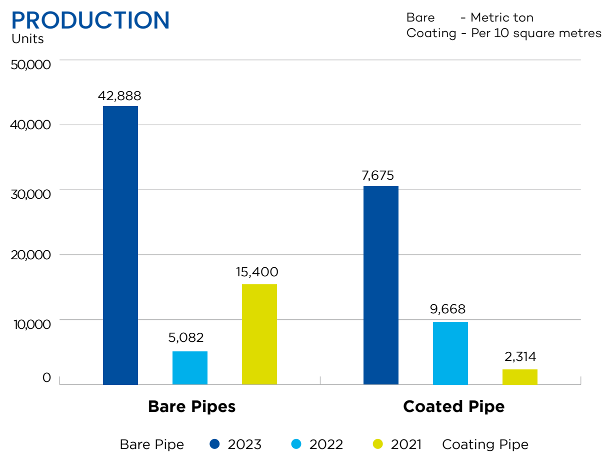
STEEL DIVISION

Steel Division revenue FY23 increased by 144.0% YoY at Rs. 3,395.8 million (FY22: Rs. 1,391.7 million). Gross profit (GP) FY23 was recorded at Rs. 978.3 million i.e., a GP margin of 28.8% (FY22: Gross loss (GL) of Rs. 134.5 million i.e., a negative margin of 9.7%). During HY1FY23, 80 KM of Bare Steel Line Pipes in pipe diameters of 12" and 18" to Sui Northern Gas Pipelines Limited (SNGPL) valuing of Rs. 1,000 million were supplied while in HY2FY23 coated steel line pipes (using client supplied Hot Rolled Coil) valuing to Rs. 1,951 million (43 KM) were supplied to China Harbour Engineering Company – Al Fajr International Joint Venture Company (CHEC-AFI JV), for K-IV Greater Karachi Bulk Water Supply Project.

Revenue from the sale of bare pipes, coating and fabrication activities amounted to Rs. 1,213.8 million, Rs 2,002.4 million and Rs. 147.2 million, respectively in FY23. Bottom line Profit before tax (PBT) for the year stood at Rs. 306.5 million (FY22: LBT Rs. 549.9 million).

Operating expenses were higher than last year, amounting to Rs. 315.9 million in FY23 (FY22: Rs. 267.0 million). Due to substantial increase in policy rates during the year, finance cost was also 87.6% higher as compared to last year amounting to Rs. 333.8 million in FY23 (FY22: Rs. 177.9 million).

During the year, the division produced bare pipes in varying diameter sizes aggregating 42,055.2 tons (FY22: 5,082 tons) and applied line pipe coatings of 305,098 square meters (FY22: 96,677 square meters) as illustrated in the chart below.



IID DIVISION

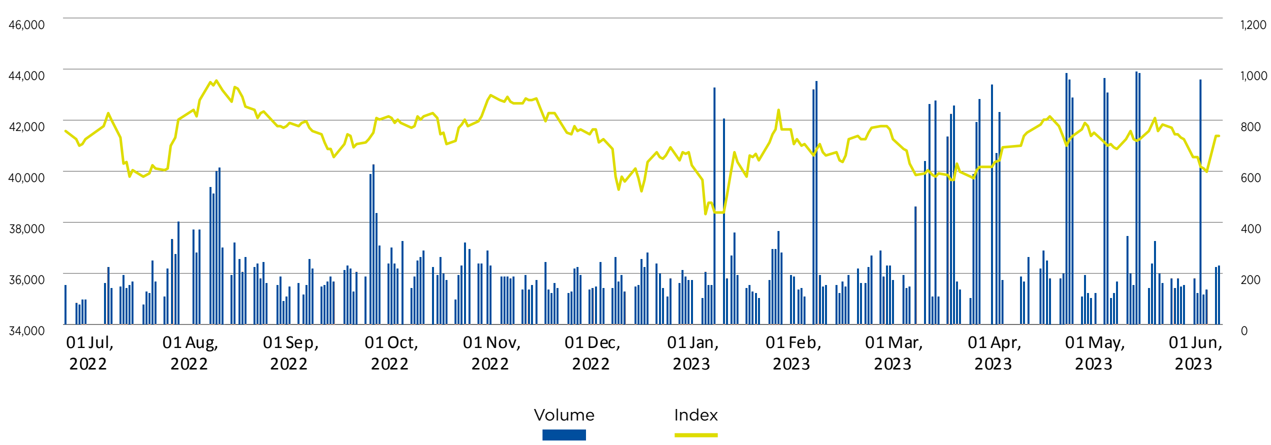
THE EQUITIES MARKET – KSE 100 INDEX

The KSE-100 opened fiscal year 2023 at 41,540.83 points, losing 88.15 points or 0.21% during FY23 to close at 41,452.68 points on 30 June 2023. On a CY basis the market has gained 1,032.23 points or 2.55% from its opening of 40,420.45 points on 31 December 2022.

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 10% of the total market capitalization of Rs. 6.36 trillion.

Average traded volume for the all-share index during the fiscal year 2023 stood at 191.82 million shares per day, significantly lower (34.18%) when compared with average volumes traded during the SPLY which stood at 291.78 million shares per day. The average daily value traded for FY23 stood at Rs. 6.13 billion as against Rs. 9.66 billion during the SPLY, down 36.53% YoY, indicating a sharp decline in market activity and liquidity.

THE MARKET PERFORMANCE FOR FY23



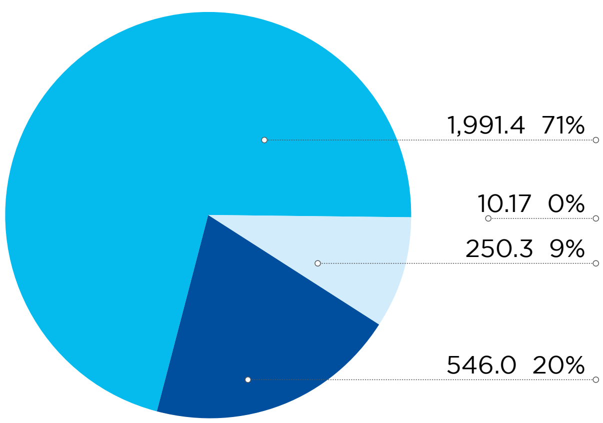
IID Performance

During the year under review, the division recorded investment income of Rs. 203.5 million (FY22: Rs. 970.0 million) which includes dividend income for the year stood at Rs. 192.72 million, including Rs. 150 million from subsidiary. The yield on the total portfolio of securities (including unquoted investments taken at fair values) stands at 40.77%. Realized and Unrealized losses (excluding unquoted investments constituting net fair value adjustment of Rs. 34.95 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 recorded a positive ROI of 0.25% on weighted average investments of PKR 253.24 million whereas the benchmark KSE-100 index decreased by 0.21%. during the same period.

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

PORTFOLIO CONCENTRATION BY INVESTMENT TYPE



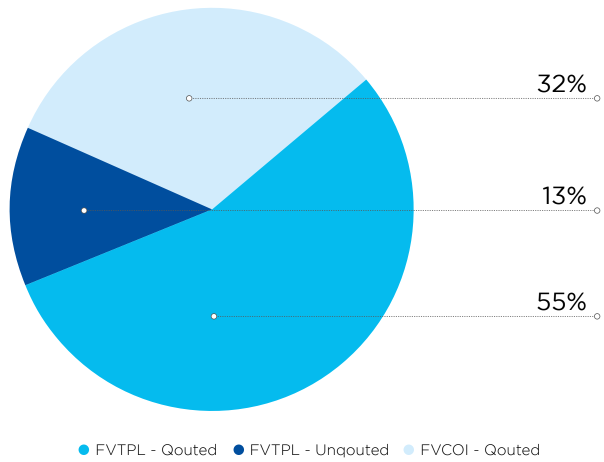
CS CAPITAL (PRIVATE) LIMITED

During the year under review, the Subsidiary Company recorded investment income of Rs. 9.4 million (FY22: investment income of Rs. 7 million). This includes dividend income of Rs. 43.1 million of which Rs. 7.4 million constitutes dividends from strategic investment in Crescent Textile Mills Limited. Dividend yield (DY) on the trading portfolio stood at 12.68%. Realized gains and unrealized losses (excluding unquoted investments constituting net unrealized loss of Rs. 12.3 million) for the year stood at Rs. 2.7 million and Rs. 59.43 million, respectively.

On an overall basis the portfolio ROI, excluding unquoted investments, stood negative at 2.3% on weighted average investments of Rs. 848.1 million primarily on account of unrealized losses which stood at Rs. 40 million (FY22: unrealized gain of Rs. 83.1 million), substantially eroding the dividend income of Rs. 43.1 million. Consequently, the Company posted a LBT of Rs.1.8 million and an LPS of Rs. 0.12.

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

SEGMENT WISE CONCENTRATION



COTTON SEGMENT PERFORMANCE

The division recorded sales of Rs. 1,010 million (FY22: Rs. 2,695.4 million) and posted a Gross Loss of Rs. 63.8 million i.e., a negative margin of 6.3% (FY22: Gross Profit Rs. 275.6 million).

During the year, the division operated only 310 shifts out of 1092 shifts due to an increase in electricity rates, reduced demand, and the price of yarn. In these conditions it was not viable to operate the Plant.

Operating and Administrative expenses were lower but the ratio to sales was higher at Rs. 47.9 million of 4.7% of sales (FY22: Rs. 57.4 million; 2.1% of sales) while distribution and selling expenses recorded at Rs. 4.1 million for FY23 (FY22: Rs. 3.6 million).

The year ended with a division Loss Before Tax (LBT) of Rs. 127.1 million (FY22 Profit before tax: Rs. 199.4 million).

HADEED (BILLET) DIVISION

Hadeed Division recorded sales of Rs. 109.6 million. No production was recorded during the year due to restrictions on imports. GL for the year stood at Rs. 35.4 million i.e., negative gross margin of 32.29%. LBT for the year was recorded at Rs. 66.2 million due to unabsorbed fixed costs.

CS ENERGY DIVISION

The Division was not operative during the year. It reported LBT amounting to Rs. 62.9 million due to unabsorbed fixed cost.

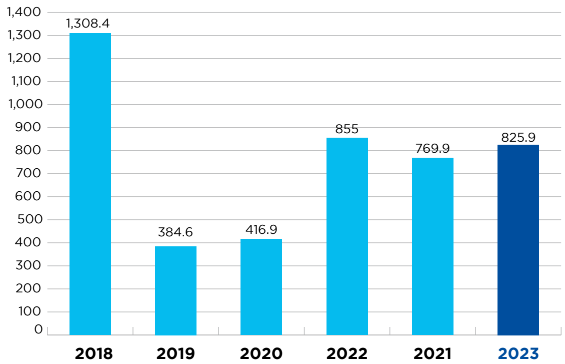
KEY OPERATING AND FINANCIAL DATA

For The Current And Past Six Financial Years

Rupees in millions	2023	2022	2021	2020	2019	2018	2017
A - Summary of Profit or Loss							
Sales - net	4,515.6	7,089.9	7,259.3	3,822.2	4,066.5	7,043.8	10,208.6
Cost of sales	3,739.7	7,155.2	6,762.5	3,771.3	3,846.1	6,232.5	8,349.8
Gross profit / (loss)	**775.9**	(65.3)	496.8	50.9	220.4	811.3	1,858.8
Income from investments - net	207.5	970.0	232.6	389.3	191.5	495.5	246.9
Distribution, selling and administrative expenses	451.7	341.4	260.8	258.6	203.1	190.9	317.8
Other operating expenses	16.8	63.5	27.3	25.9	28.6	84.9	410.8
Other income	79.3	61.5	196.3	35.4	89.0	171.7	201.8
Operating profit before finance costs	**594.2**	561.3	637.6	191.1	269.2	1,202.7	1,578.9
Finance costs	360.0	246.2	210.7	308.8	244.3	231.3	187.3
Profit / (loss) before taxation	234.2	315.1	426.9	(117.7)	24.9	971.4	1,391.6
Taxation	(57.4)	51.6	(74.7)	100.6	118.6	(219.7)	(379.0)
Profit / (loss) for the year	176.8	366.7	352.2	(17.1)	143.5	751.7	1,012.3
B - Summary of Statement of Financial Position							
Current assets	3,923.2	2,972.1	3,662.3	4,374.7	2,981.1	4,241.1	6,829.6
Stock-in-trade	1,269.0	1,190.1	1,236.5	2,130.7	821.4	1,542.7	2,686.7
Trade debts	464.0	175.2	137.1	225.8	96.4	106.9	663.7
Current liabilities	3,058.0	2,155.3	2,528.0	3,926.5	2,505.4	2,993.0	4,733.5
Trade and other payables	1,389.1	1,136.9	755.2	1,068.5	691.9	1,349.1	1,863.8
Property, plant and equipment	2,520.4	2,216.8	2,058.9	2,274.3	2,493.7	1,039.0	940.6
Total assets	9,948.3	8,445.1	8,705.6	9,660.8	8,287.0	10,079.0	12,179.6
Total Debt	1,597.3	647.7	1,249.5	2,444.7	1,171.6	1,649.5	2,838.2
Long term financing (excluding current maturity)	487.2	117.1	202.2	255.2	280.2	354.2	386.1
Deferred income (including current maturity)	4.3	8.7	13.3	13.3	13.4	13.5	11.6
Deferred liability - staff retirement benefits	279.8	73.6	-	23.7	100.5	-	232.8
Short term financing (including current maturity of long-term financing)	1,574.0	947.7	1,710.3	2,771.2	1,738.8	1,600.7	2,699.5
Reserves	5,343.1	5,322.1	5,194.5	4,672.0	4,617.7	5,947.4	6,043.4
Shareholders' equity	6,119.4	6,098.4	5,970.8	5,448.3	5,394.1	6,723.8	6,819.7
C - Summary of Statement of Cash Flows							
Cash and cash equivalents at the beginning of the year	(334.7)	(659.4)	(558.7)	(818.6)	(172.1)	(219.4)	(117.0)
Net cash (used in) / generated from operating activities	(363.7)	81.7	1,036.0	(1,385.6)	(228.4)	1,599.5	172.0
Net cash (used in) / generated from investing activities	(646.7)	872.5	80.0	384.2	1,421.6	168.3	(144.6)
Net cash generated from / (used in) financing activities	911.7	(629.5)	(1,216.7)	1,261.1	(590.7)	(1,720.5)	(129.8)
Net (decrease) / increase in cash and cash equivalents	(98.7)	324.7	(100.7)	259.7	602.5	47.3	(102.4)
Transfer upon amalgamation	-	-	-	-	(1,249.0)	-	-
Cash and cash equivalents at the end of the year	(433.4)	(334.7)	(659.4)	(558.7)	(818.6)	(172.1)	(219.4)
D - Other Data							
Depreciation and amortization	231.7	207.6	217.5	225.8	115.4	105.7	103.0
Capital expenditure	535.5	91.6	65.6	9.2	131.3	204.2	215.2
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	1,020.5	1,620.6	1,527.3	1,047.7	527.2	1,868.9	2,574.3

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

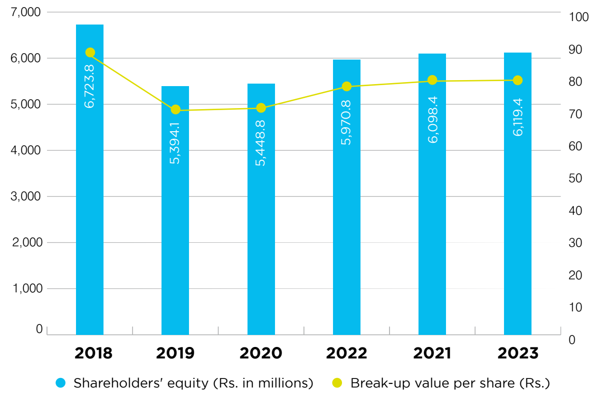
Rupees in Million



SHAREHOLDERS' EQUITY AND BREAK-UP VALUE PER SHARE

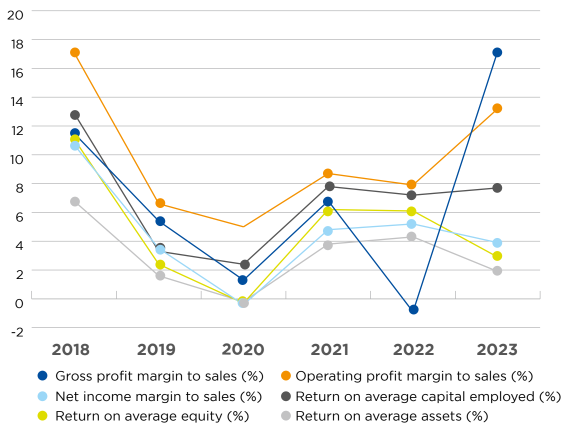
Rupees in Million

Rs. per share



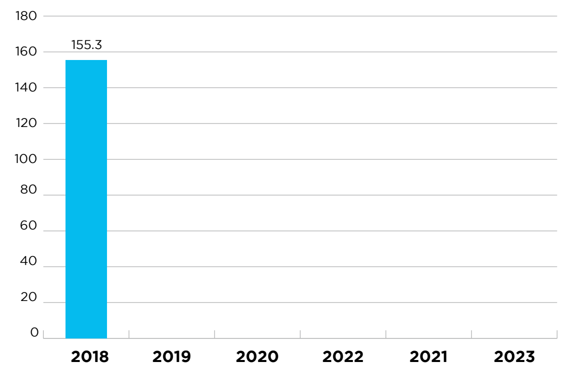
PROFITABILITY AND RETURN

Percentage



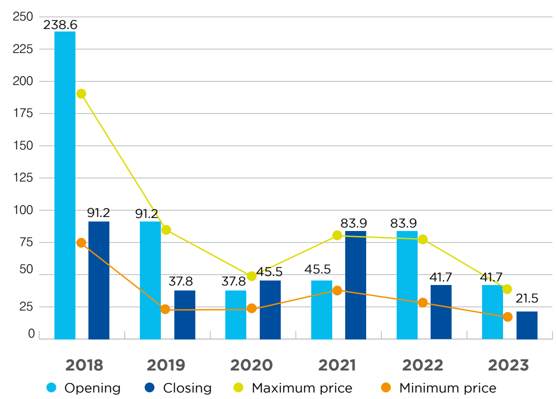
DIVIDEND (INCLUDING FINAL PROPOSED)

Rupees in Million



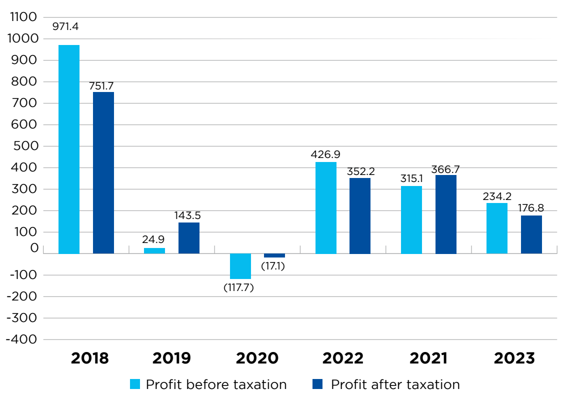
MOVEMENT IN STOCK PRICES

Price



PROFIT BEFORE AND AFTER TAXATION

Rupees in Million



VERTICAL ANALYSIS

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

Rupees in million	2023	%	2022	%	2021	%	2020	%	2019	%	2018	%
Statement of Financial Position												
Property, plant and equipment	2,438	15.7	2,107	9.3	1,927	(8.5)	2,106	(15.6)	2,494	140.0	1,039	10.4
Right-of-use assets	83	(24.5)	110	(16.7)	132	(21.9)	169	100.0	-	-	-	-
Intangible assets	1	(75.0)	4	(33.3)	6	500.0	1	-	1	100.0	-	(100.0)
Investment properties	55	(1.8)	56	(3.4)	58	190.0	20	(4.8)	21	61.5	13	(13.3)
Long term investments	2,545	7.7	2,363	(4.3)	2,469	7.2	2,304	1.7	2,265	(50.1)	4,538	7.9
Long term deposits	27	(6.9)	29	20.8	24	(89.3)	224	(3.9)	233	7.4	217	14.8
Deferred taxation - net	876	8.8	805	88.1	428	(7.6)	463	58.6	292	873.3	30	100.0
Stores, spares and loose tools	340	98.8	171	4.9	163	(3.6)	169	(9.1)	186	10.1	169	3.7
Stock-in-trade	1,269	6.6	1,190	(3.8)	1,237	(42.0)	2,131	159.6	821	(46.8)	1,543	(42.6)
Trade debts	464	165.1	175	27.7	137	(39.4)	226	135.4	96	(10.3)	107	(83.9)
Loan and advances	285	72.7	165	21.3	136	(6.2)	145	17.9	123	(55.3)	275	(27.2)
Trade deposits and short term prepayments	14	(44.0)	25	(91.4)	290	367.7	62	24.0	50	92.3	26	73.3
Short term investments	552	31.7	419	88.7	222	77.6	125	(25.1)	167	(62.7)	448	(13.0)
Mark-up accrued	-	-	-	-	-	-	-	-	-	(100.0)	27	2,600.0
Other receivables	296	131.3	128	(64.2)	358	62.7	220	(11.6)	249	(55.0)	553	(68.3)
Taxation - net	673	(2.6)	691	(38.0)	1,115	(12.4)	1,273	1.0	1,261	31.2	961	51.8
Cash and bank balances	30	328.6	7	75.0	4	(82.6)	23	(17.9)	28	(78.9)	133	375.0
Total assets	**9,948**	**17.8**	8,445	(3.0)	8,706	(9.9)	9,661	16.6	8,287	(17.8)	10,079	(17.2)

Rupees in million	2023	%	2022	%	2021	%	2020	%	2019	%	2018	%
Issued, subscribed and paid-up capital	776	-	776	-	776	-	776	-	776	-	776	-
Capital reserve	1,021	-	1,021	-	1,021	-	1,021	-	1,021	(0.8)	1,029	(0.5)
Revenue reserves	4,322	0.5	4,301	3.0	4,174	14.3	3,651	1.5	3,597	(26.9)	4,919	(1.8)
Shareholders' equity	**6,119**	**0.3**	6,098	2.1	5,971	9.6	5,448	1.0	5,394	(19.8)	6,724	(1.4)
Long term loans	425	750.0	50	(60.9)	128	(32.6)	190	7.3	177	(22.0)	227	(29.5)
Lease liabilities	62	(7.5)	67	(10.7)	75	15.4	65	(36.9)	103	(18.9)	127	98.4
Deferred income	4	300.0	1	(75.0)	4	(42.9)	7	-	7	(12.5)	8	14.3
Deferred taxation - net	-	-	-	-	-	-	-	-	-	-	-	(100.0)
Deferred liability - staff retirement benefits	280	278.4	74	100.0	-	(100.0)	24	(76.2)	101	100.0	-	-
Trade and other payables	1,389	22.2	1,137	50.6	755	(29.4)	1,069	54.5	692	(48.7)	1,349	(27.6)
Unpaid dividend	-	-	-	-	-	-	-	-	-	-	-	(100.0)
Unclaimed dividend	16	(38.5)	26	-	26	-	26	(3.7)	27	22.7	22	4.8
Mark-up accrued	78	110.8	37	32.1	28	(48.1)	54	28.6	42	162.5	16	(42.9)
Short term borrowings	1,290	58.9	812	(46.4)	1,515	(43.4)	2,676	69.7	1,577	8.2	1,458	(42.1)
Current portion of long term loans	270	138.9	113	(28.9)	159	224.5	49	(55.5)	110	13.4	97	(31.2)
Current portion of lease liabilities	14	(36.4)	22	(38.9)	36	(23.4)	47	(7.8)	51	10.9	46	9.5
Current portion of deferred income	1	(87.5)	8	(11.1)	9	50.0	6	-	6	20.0	5	25.0
Total equity and liabilities	**9,948**	**17.8**	8,445	(3.0)	8,706	(9.9)	9,661	16.6	8,287	(17.8)	10,079	(17.2)

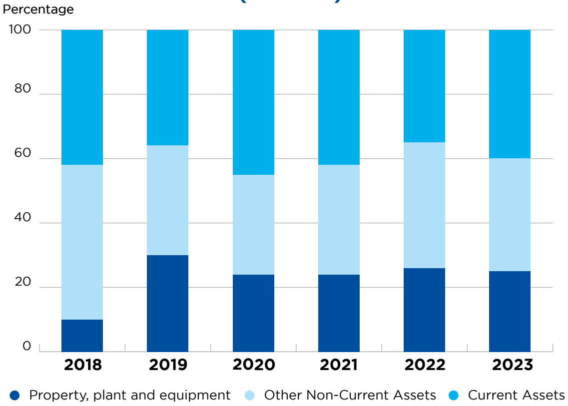
Rupees in million	2023	%	2022	%	2021	%	2020	%	2019	%	2018	%
Statement of Profit or Loss												
Sales - net	4,516	(36.3)	7,090	(2.3)	7,259	89.9	3,822	(6.0)	4,066	(42.3)	7,043	(31.0)
Cost of sales	3,739	(47.7)	7,154	5.8	6,762	79.3	3,771	(2.0)	3,846	(38.3)	6,232	(25.4)
Gross profit / (loss)	**777**	**1,314.1**	(64)	(112.9)	497	874.5	51	(76.8)	220	(72.9)	811	(56.4)
Income from investments - net	208	(78.6)	970	316.3	233	(40.1)	389	102.6	192	(61.3)	496	100.8
Distribution and selling expenses	67	318.8	16	6.7	15	15.4	13	(13.3)	15	(16.7)	18	(41.9)
Administrative expenses	385	18.1	326	32.5	246	0.4	245	30.3	188	8.7	173	(39.7)
Other operating expenses	17	(73.4)	64	137.0	27	3.8	26	(10.3)	29	(65.9)	85	(79.3)
Other income	79	29.5	61	(68.9)	196	460.0	35	(60.7)	89	(48.3)	172	(14.9)
Operating profit before finance costs	**595**	**6.1**	561	(12.1)	638	234.0	191	(29.0)	269	(77.6)	1,203	(23.8)
Finance costs	360	46.3	246	16.6	211	(31.7)	309	26.6	244	5.6	231	23.5
Profit / (loss) before taxation	**235**	**(25.4)**	315	(26.2)	427	461.9	(118)	(572.0)	25	(97.4)	972	(30.2)
Taxation	(57)	(209.6)	52	169.3	(75)	(174.3)	101	(14.4)	118	153.6	(220)	42.0
Profit / (loss) for the year	**178**	**(51.5)**	367	4.3	352	2,170.6	(17)	(111.9)	143	(81.0)	752	(25.8)

HORIZONTAL ANALYSIS

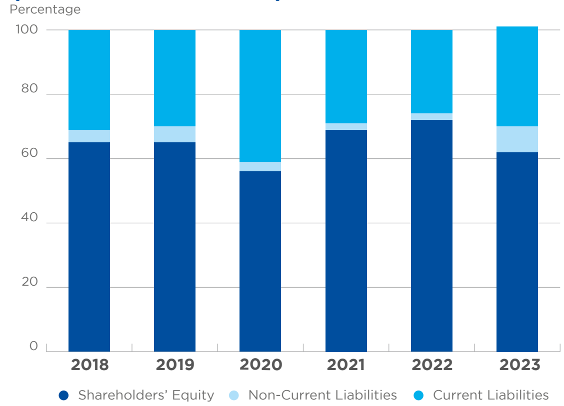
of Unconsolidated Statement of Financial Position and Profit or Loss For The Last Six Financial Years

Rupees in million	2023	%	2022	%	2021	%	2020	%	2019	%	2018	%
Statement of Financial Position												
Property, plant and equipment	2,438	24.6	2,107	25.0	1,927	22.2	2,106	21.8	2,494	30.1	1,039	10.3
Right-of-use assets	83	0.8	110	1.3	132	1.5	169	1.7	-	-	-	-
Intangible assets	1	-	4	-	6	0.1	1	-	1	-	-	-
Investment properties	55	0.6	56	0.7	58	0.7	20	0.2	21	0.3	13	0.1
Long term investments	2,545	25.6	2,363	28.0	2,469	28.4	2,304	23.9	2,265	27.4	4,538	45.0
Long term deposits	27	0.3	29	0.3	24	0.3	224	2.3	233	2.8	217	2.2
Deferred taxation - net	876	8.8	805	9.5	428	4.9	463	4.8	292	3.5	30	0.3
Stores, spares and loose tools	340	3.4	171	2.0	163	1.9	169	1.7	186	2.2	169	1.7
Stock-in-trade	1,269	12.8	1,190	14.1	1,237	14.2	2,131	22.2	821	9.9	1,543	15.3
Trade debts	464	4.7	175	2.1	137	1.6	226	2.3	96	1.2	107	1.1
Loans and advances	285	2.9	165	2.0	136	1.6	145	1.5	123	1.5	275	2.7
Trade deposits and short term prepayments	14	0.1	25	0.3	290	3.3	62	0.6	50	0.6	26	0.3
Short term investments	552	5.5	419	5.0	222	2.5	125	1.3	167	2.0	448	4.4
Mark-up accrued	-	-	-	-	-	-	-	-	-	-	27	0.3
Other receivables	296	3.0	128	1.5	358	4.1	220	2.3	249	3.0	553	5.5
Taxation - net	673	6.7	691	8.1	1,115	12.7	1,273	13.2	1,261	15.2	961	9.5
Cash and bank balances	30	0.3	7	0.1	4	-	23	0.2	28	0.3	133	1.3
Total assets	9,948	100	8,445	100	8,706	100	9,661	100	8,287	100	10,079	100
Issued, subscribed and paid-up capital	776	7.8	776	9.2	776	8.9	776	8.0	776	9.4	776	7.7
Capital reserve	1,021	10.3	1,021	12.1	1,021	11.7	1,021	10.6	1,021	12.3	1,029	10.2
Revenue reserves	4,322	43.5	4,301	51.0	4,174	48.0	3,651	37.7	3,597	43.4	4,919	48.8
Shareholders' equity	6,119	61.6	6,098	72.3	5,971	68.6	5,448	56.3	5,394	65.1	6,724	66.7
Long term loans	425	4.3	50	0.6	128	1.5	190	2.0	177	2.1	227	2.3
Lease liabilities	62	0.6	67	0.8	75	0.9	65	0.7	103	1.2	127	1.3
Deferred income	4	-	1	-	4	-	7	0.1	7	0.1	8	0.1
Deferred taxation - net	-	-	-	-	-	-	-	-	-	-	-	-
Deferred liability - staff retirement benefits	280	2.8	74	0.9	-	-	24	0.2	101	1.2	-	-
Trade and other payables	1,389	14.0	1,137	13.5	755	8.7	1,069	11.0	692	8.4	1,349	13.4
Unpaid dividend	-	-	-	-	-	-	-	-	-	-	-	-
Unclaimed dividend	16	0.2	26	0.3	26	0.3	26	0.3	27	0.3	22	0.2
Mark-up accrued	78	0.8	37	0.4	28	0.3	54	0.6	42	0.5	16	0.2
Short term borrowings	1,290	13.0	812	9.5	1,515	17.4	2,676	27.7	1,577	19.1	1,458	14.3
Current portion of long term loans	270	2.7	113	1.3	159	1.8	49	0.5	110	1.3	97	1.0
Current portion of lease liabilities	14	0.1	22	0.3	36	0.4	47	0.5	51	0.6	46	0.5
Current portion of deferred income	1	-	8	0.1	9	0.1	6	0.1	6	0.1	5	-
Total equity and liabilities	9,948	100	8,445	100	8,706	100	9,661	100	8,287	100	10,079	100
Statement of Profit or Loss												
Sales - net	4,516	100.0	7,090	100.0	7,259	100.0	3,822	100.0	4,066	100.0	7,043	100.0
Cost of sales	3,739	82.8	7,154	100.9	6,762	93.2	3,771	98.7	3,846	94.6	6,232	88.5
Gross profit / (loss)	777	17.2	(64)	(0.9)	497	6.8	51	1.3	220	5.4	811	11.5
Income from investments - net	208	4.6	970	13.7	233	3.2	389	10.2	192	4.7	496	7.0
Distribution and selling expenses	67	1.5	16	0.2	15	0.2	13	0.3	15	0.4	18	0.3
Administrative expenses	385	8.5	326	4.6	246	3.4	245	6.4	188	4.6	173	2.5
Other operating expenses	17	0.4	64	0.9	27	0.4	26	0.7	29	0.7	85	1.2
Other income	79	1.7	61	0.9	196	2.7	35	0.9	89	2.2	172	2.4
Operating profit before finance costs	595	13.1	561	8.0	638	8.7	191	5.0	269	6.6	1,203	16.9
Finance costs	360	8.0	246	3.5	211	2.9	309	8.1	244	6.0	231	3.3
Profit / (loss) before taxation	235	5.1	315	4.5	427	5.8	(118)	(3.1)	25	0.6	972	13.6
Taxation	(57)	(1.3)	52	0.7	(75)	(1.0)	101	2.6	118	2.9	(220)	(3.1)
Profit / (loss) for the year	178	3.8	367	5.2	352	4.8	(17)	(0.5)	143	3.5	752	10.5

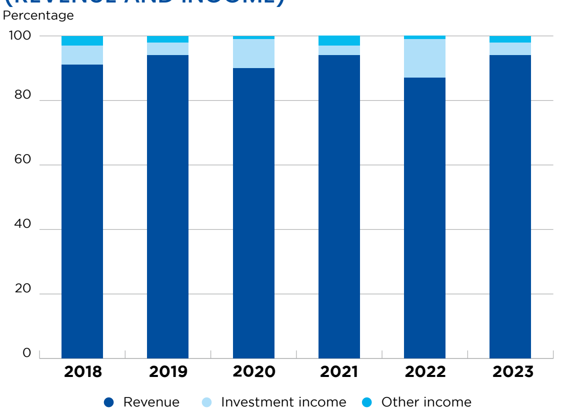
STATEMENT OF FINANCIAL POSITION ANALYSIS (ASSETS)



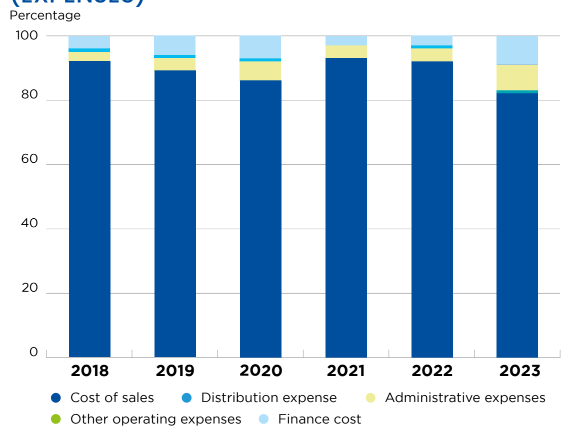
STATEMENT OF FINANCIAL POSITION ANALYSIS (EQUITY AND LIABILITIES)



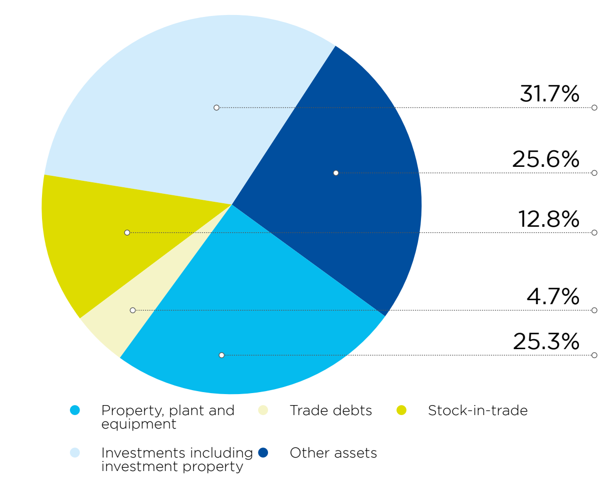
PROFIT OR LOSS ANALYSIS (REVENUE AND INCOME)



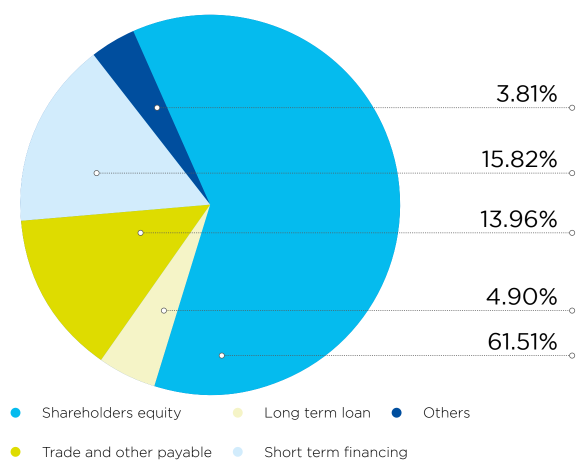
PROFIT OR LOSS ANALYSIS (EXPENSES)



TOTAL ASSETS AS OF 30 JUNE 2023



TOTAL EQUITY AND LIABILITIES AS OF 30 JUNE 2023



FUTURISM 1909 – 1914

Italian movement, literary in origin, that grew to embrace painting, sculpture, photography and architecture, which was launched by the publication on 20 February 1909 of 'Le Futurisme' by Filippo Tommaso Marinetti in the Paris newspaper Le Figaro. Marinetti's intention was to reject the past, to revolutionize culture and make it more modern. The new ideology of Futurism set itself with violent enthusiasm against the weighty inheritance of an art tied to the Italian cultural tradition and exalted the idea of an aesthetic generated by the modern myth of the machine and of speed.

CHRISTOPHER R. W. NEVINSON

Title: The Arrival

Source: https://artsandculture.google.com/asset/the-arrival-christopher-richard-wynne-nevinson/ugE0zUyRMJ_1Sg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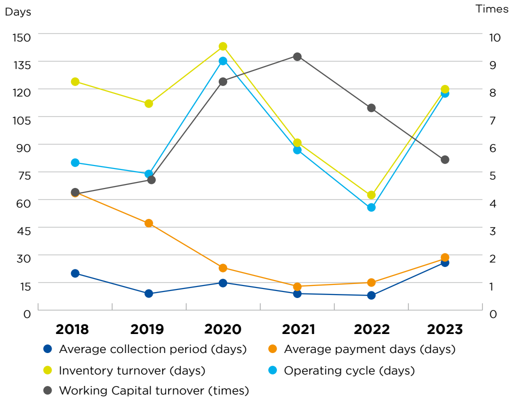
SUMMARY DATA AND PERFORMANCE INDICATORS

For The Current And Past Six Financial Years

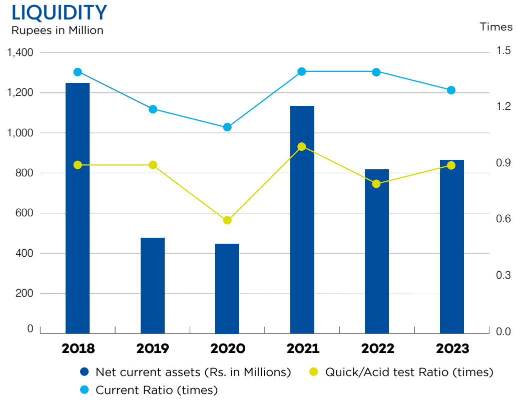
Performance Indicators	2023	2022	2021	2020	2019	2018	2017
A - Profitability Ratios							
Earnings before interest, taxation, depreciation and amortization (EBITDA) (Rs. in millions)	825.9	768.9	855.0	416.9	384.6	1,308.4	1,682.0
Profit before taxation and depreciation (Rs. in millions)	463.7	520.4	643.3	107.9	140.1	1,076.3	1,492.2
Gross profit / (loss) ratio (%)	17.2	(0.9)	6.8	1.3	5.4	11.5	18.2
Operating profit margin to sales (net) (%)	13.2	7.9	8.7	5.0	6.6	17.1	15.5
Net profit / (loss) margin to sales (net) (%)	3.9	5.2	4.8	(0.4)	3.5	10.7	9.9
EBITDA margin to sales (net) (%)	18.3	10.8	11.8	10.9	9.5	18.6	16.5
Earnings before interest and taxation (EBIT) (Rs. in millions)	594.2	561.3	637.6	191.1	269.2	1,202.7	1,578.9
Operating leverage ratio	(0.16)	5.13	2.6	4.83	1.8	0.8	0.0
Return on equity (%)	2.9	6.0	5.9	(0.3)	2.7	11.2	14.8
Return on average equity (%)	2.9	6.1	6.2	(0.3)	2.4	11.1	16.0
Shareholders' funds (%)	61.5	72.2	68.6	56.4	65.1	66.7	56.0
Return on shareholders' funds (%)	2.9	6.0	5.9	(0.3)	2.7	11.2	14.8
Return on capital employed (RoCE) (%)	2.3	4.9	4.3	(0.2)	1.8	8.1	11.0
Return on average assets (%)	1.9	4.3	3.8	(0.2)	1.6	6.8	9.3
B - Liquidity Ratios							
Current ratio	1.3 : 1	1.4 : 1	1.4:1	1.1 : 1	1.2 : 1	1.4 : 1	1.4 : 1
Quick / Acid-test ratio	0.9 : 1	0.8 : 1	1:1	0.6 : 1	0.9 : 1	0.9 : 1	0.9 : 1
Cash to current liabilities (%)	(14.2)	(15.5)	(26.1)	(14.2)	(32.7)	(5.8)	(4.7)
Cash flow from operating activity (%)	(11.9)	3.8	41.0	(35.3)	(9.1)	53.4	3.6
Cash flow from operations to sales (%)	(8.1)	1.2	14.3	(36.3)	(5.6)	22.7	1.7
Working capital - Net current assets (Rs. in millions)	865.2	816.8	1,134.3	448.2	475.7	1,248.1	2,096.1
Working capital turnover (times)	5.4	7.3	9.2	8.3	4.7	4.2	5.8
Cash flow to Capital Expenditure (%)	1,500.0	70.0	10.0	0.0	30.0	10.0	20.0
Cashflow coverage ratio (times)	0.0	0.2	1.0	(0.4)	0.3	1.4	0.3
C - Activity / Turnover Ratios							
Debtors turnover ratio (times)	14.1	45.4	40.0	23.7	40.0	18.3	20.7
No. of days in receivables / Average collection period (days)	26	8	9	15	9	20	18
Inventory turnover ratio (times)	3.0	5.9	4.0	2.6	3.3	2.9	3.4
No. of days in inventory (days)	120	62	91	143	112	124	108
Creditors turnover ratio (times)	13.1	23.7	27.9	15.9	7.8	5.7	11.5
No. of days in creditors / Average payment period (days)	28	15	13	23	47	64	32
Property, plant and equipment turnover (times)	1.8	3.2	3.5	1.7	1.6	6.8	10.9
Total assets turnover (times)	0.5	0.8	0.8	0.4	0.5	0.7	0.8
Operating cycle (days)	118	55	87	136	74	80	94
D - Investment / Market Ratios							
Basic and diluted earnings / (loss) per share (Rs.)	2.28	4.72	4.53	(0.22)	1.85	9.68	13.05
Price earnings ratio (times)	18.3	8.8	18.5	-	20.4	9.4	18.3
Price to book ratio (times)	0.3	0.4	0.7	0.5	0.4	0.7	1.5
Dividend yield (%) *	-	-	-	-	2.2	2.2	
Dividend payout ratio (%) *	-	-	-	-	-	20.7	40.3
Dividend cover ratio (times) *	-	-	-	-	4.8	2.4	
Cash dividend (Rs. in millions) *	-	-	-	-	155.3	407.6	
Cash dividend per share (Rs.) *	-	-	-	-	2.0	5.3	
Market value per share (at the end of the year) (Rs.)	41.7	41.7	83.9	45.5	37.8	91.2	238.6
- Lowest during the year (Rs.)	34.0	34.0	45.8	27.8	27.4	89.8	116.0
- Highest during the year (Rs.)	93.3	93.3	96.4	58.7	101.9	229.4	283.1
Break-up value per share (Rs.)	78.9	78.6	76.9	70.2	69.5	86.6	87.8
Break-up value per share including RP investment at MV (Rs.)	89.1	88.5	97.1	90.1	95.5	124.5	143.6
E - Capital Structure Ratios							
Financial leverage ratio (%)	33.7	17.5	32.0	55.5	37.4	29.1	45.2
Long term debt to equity ratio (%) - Book value	7.96	1.9	3.4	4.7	5.2	5.3	5.7
Long term debt to equity ratio (%) - Market value	15.1	3.6	3.1	7.2	9.6	5.0	2.1
Weighted average cost of debt (%)	16.5	16.5	8.5	12.2	12.3	8.0	8.4
Long term debt : Equity ratio	7 : 93	2 : 98	3:97	4 : 96	5 : 95	5 : 95	5 : 95
Total liabilities to total assets (%)	38.4	27.8	31.4	43.5	34.8	33.2	43.9
Gearing ratio (%)	24.9	14.8	24.2	35.5	27.0	21.3	31.0
Interest coverage (times)	1.7	2.3	3.0	0.6	1.1	5.2	8.4
Net assets per share (Rs)	78.9	78.6	76.9	70.2	69.5	86.6	87.9
F - Employee Productivity Ratio							
Revenue per employee (Rs. in millions)	10.4	9.2	9.5	4.9	5.4	8.9	21.2
Staff turnover ratio (%) **	209.7	111.1	90.0	90.1	102.2	97.7	140.7
G - Others							
Spares inventorty as percentage of assets cost (%)	3.42	2.02	1.90	1.75	1.75	2.24	1.68
Maintenance cost as percentage of operating expenses (%)	15.33	8.32	7.70	6.94	5.73	9.03	13.46

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.

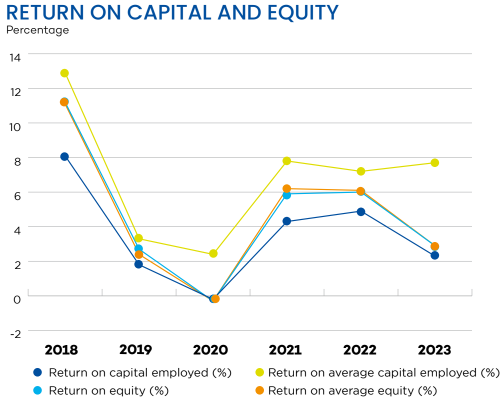
MANAGEMENT OF WORKING CAPITAL



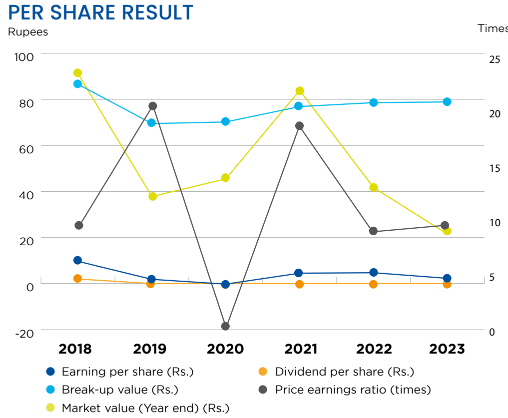
LIQUIDITY



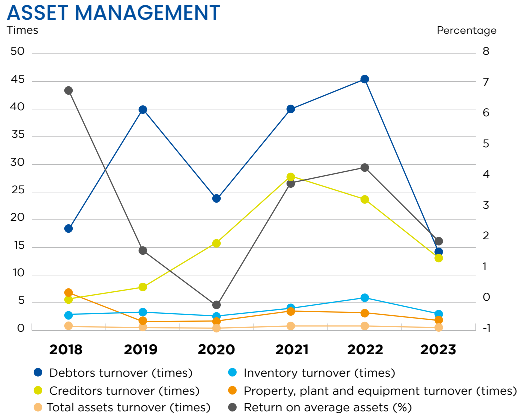
RETURN ON CAPITAL AND EQUITY



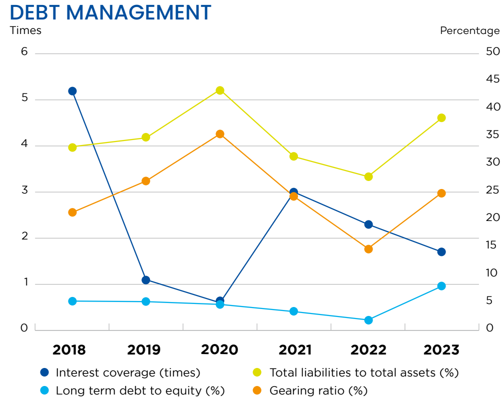
PER SHARE RESULT



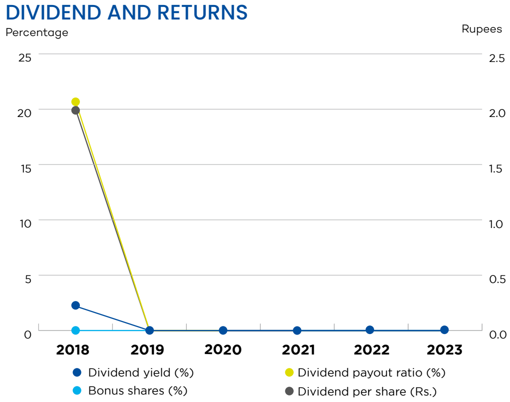
ASSET MANAGEMENT



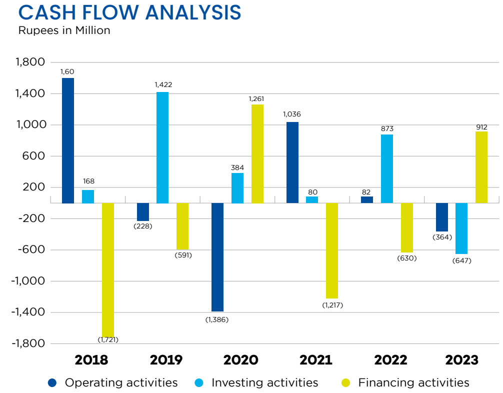
DEBT MANAGEMENT



DIVIDEND AND RETURNS

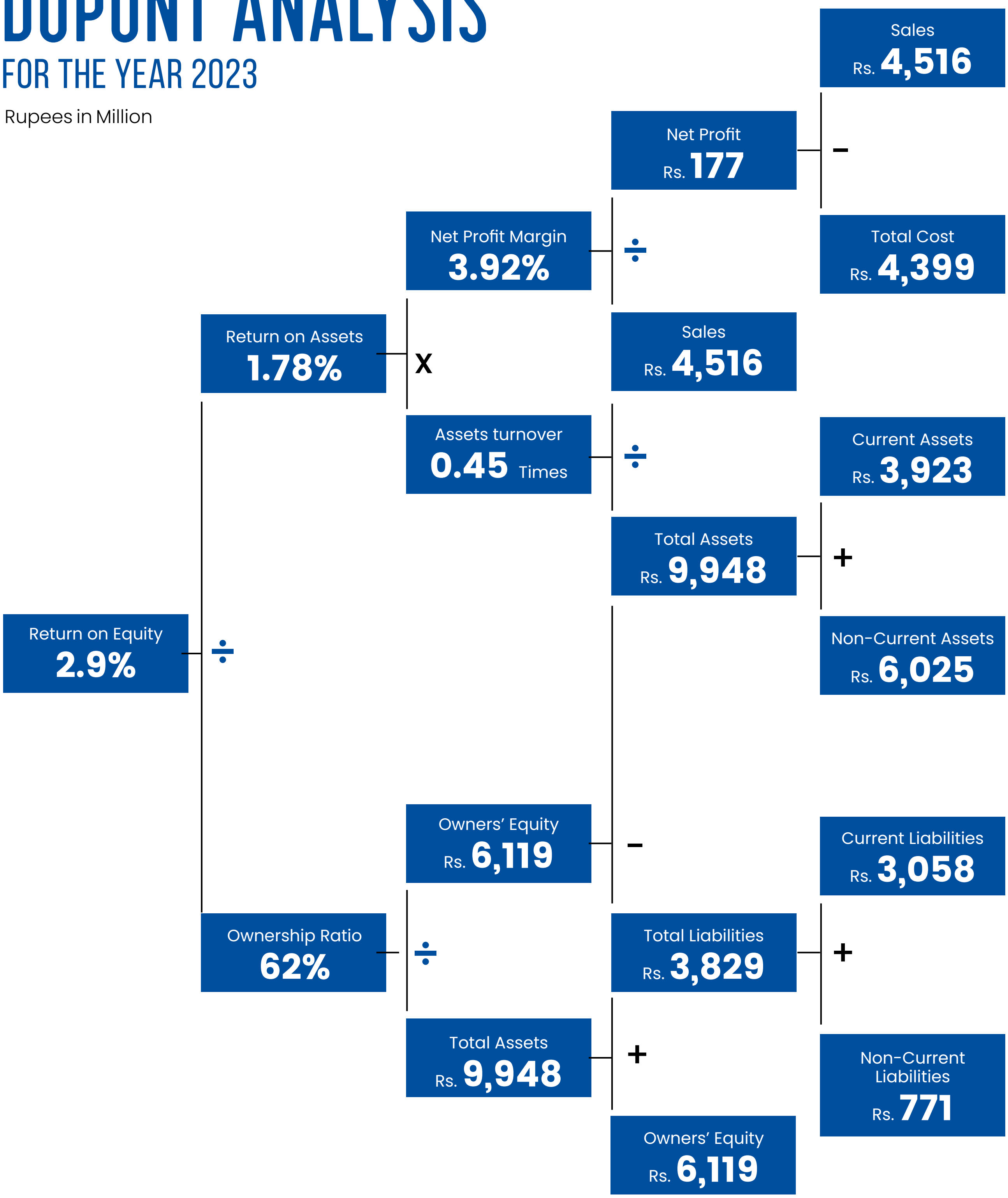


CASH FLOW ANALYSIS



DUPONT ANALYSIS
FOR THE YEAR 2023

Rupees in Million



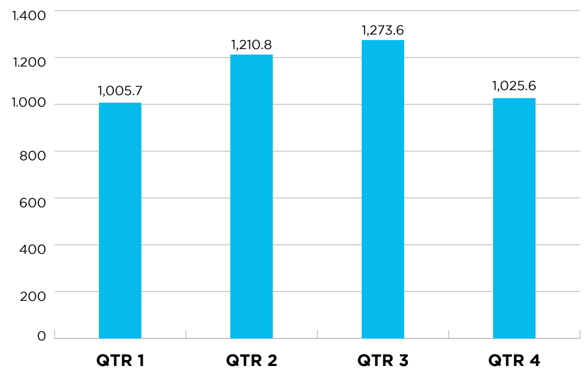
DuPont Analysis	2023	2022
Tax burden	-24.5%	16.4%
Interest burden	153.6%	78.1%
EBIT margin	13.2%	7.9%
Asset Turnover (times)	0.5	0.8
Leverage	33.7%	17.5%
Return on equity	2.9%	6.0%

QUARTERLY ANALYSIS

SALES

During the year, the sales recorded amounted to Rs. 4,515.6 million, which was mainly contributed by the steel division. Q3FY23 posted the highest sales around 28.2% as compared to other quarters. The steel division contributed 48%, 76%, 80% and 95% to total sales, in 1st, 2nd, 3rd and 4th quarters, respectively. During 1st Half of current financial year, the steel division supplied 80 KM Bare Steel pipe diameter of 12" and 18" to Sui Northern Gas Pipelines Limited (SNGPL) valuing to Rs. 1,000 million. During 2nd Half, the steel division supplied 43 KM coated steel line pipes (Client supplied Hot Rolled Coil) diameter of 84" to CHEC-AFI valuing to Rs. 1,951 million. During Q1FY23, the cotton division contributed 51% to the total sales of the company. The hadeed division and the energy division were not operative due to import restriction, supply chain disruptions, a devaluing currency and balance of payment crisis.

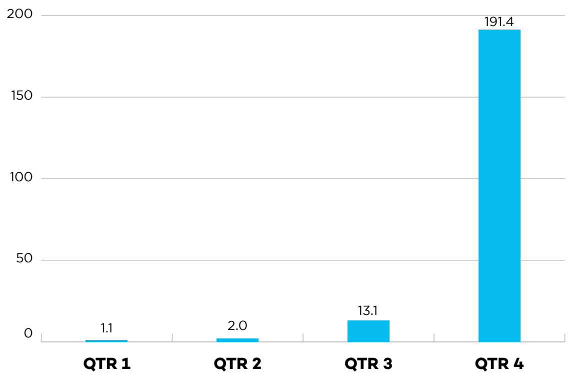
SALES
Rupees in Million



INCOME FROM INVESTMENTS

Income from investment was higher in Q4FY23 as compared to other quarters, which constitutes 92.2% of annual income from investment, amounting to Rs. 187.3 million. In Q4FY23, dividend from subsidiary was received amounted to Rs. 150 million and unrealized gain amounted to Rs. 34.9 million on account of fair-value of unquoted investment.

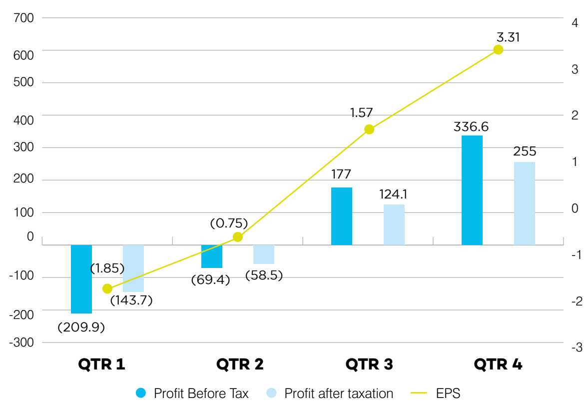
INVESTMENT INCOME
Rupees in Million



PROFIT / LOSS BEFORE TAXATION

The Company reported PBT of Rs. 234.3 million. This PBT was mainly contributed by the steel division and IID division, partially compensated by the loss reported by other divisions. Q4FY23 posted the highest PBT as compared to other quarters, which amounted to Rs 336.6 million. During Q1FY23, the Company posted LBT, after which the company started its growth and improved its profitability. The plotted graph depicts the profitability of the Company is in a growing trend.

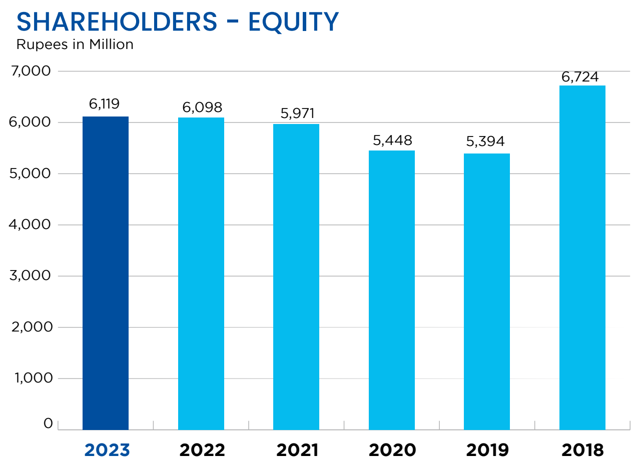
PROFIT BEFORE TAX, PROFIT AFTER TAX AND EPS
Rupees in Million
Rupees per share



COMMENTS ON SIX-YEAR STATEMENT OF FINANCIAL POSITION

EQUITY

Over the last six years equity has decreased from Rs. 6,724 million to Rs. 6,119 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.

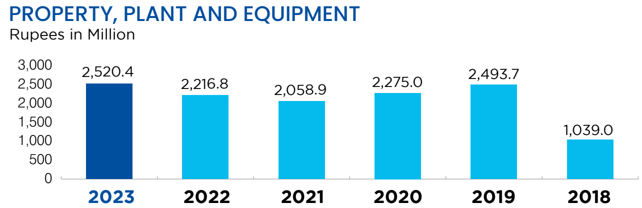


SHORT TERM BORROWINGS / LONG TERM LOAN

Short-term borrowings have decreased from Rs. 1,601 million in 2018 to Rs. 1,290 million in 2023. The fluctuation in short-term borrowing is mainly used to manage the requirement of working capital of the company. Upward movement is in line with the increase in the requirement of working capital during the year. Long-term loans have increased from 354 million in 2018 to Rs. 772 million, as the Company has issued long-term SUKUK amounting to Rs. 800 million during the financial year 2023.

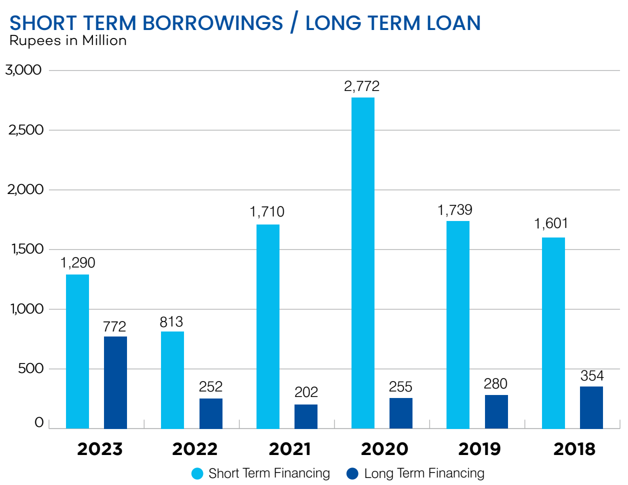
PROPERTY, PLANT AND EQUIPMENT

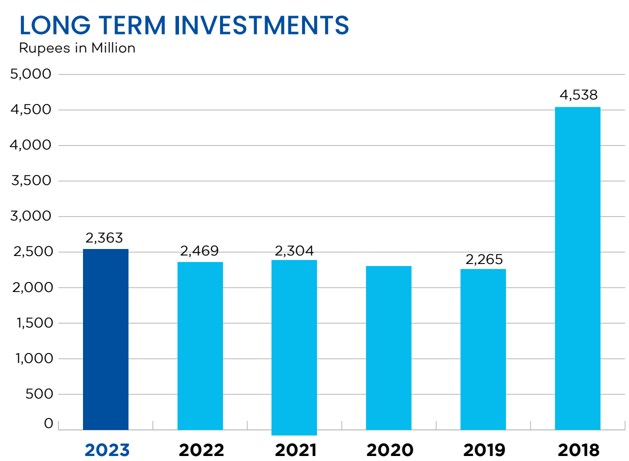
The book value of property, plant and equipment has increased from Rs. 1,039 million in 2018 to Rs. 2,520.4 million. The increase in net book value of property, plant and equipment from 2018 to 2019 was mainly due to amalgamation of wholly owned subsidiaries. Decrease in value from Rs. 2,493.7 million in 2019 to Rs. 2,058.9 million in 2021 was mainly due to depreciation charge. The increase in value during 2022 was due to capitalization of Spiral Pipe Machine in the Steel division and in 2023 is due to the capex of Hydrotesting machine and its Shed



LONG TERM INVESTMENTS

Long term investments has decreased over the years from Rs. 4,538 million in 2018 to Rs. 2,545 million in 2023. The main reason for the decrease in investments over the years is divestment of interest in subsidiaries due to amalgamation. During the year, the company has increased its investment in the subsidiary by Rs. 150 million.



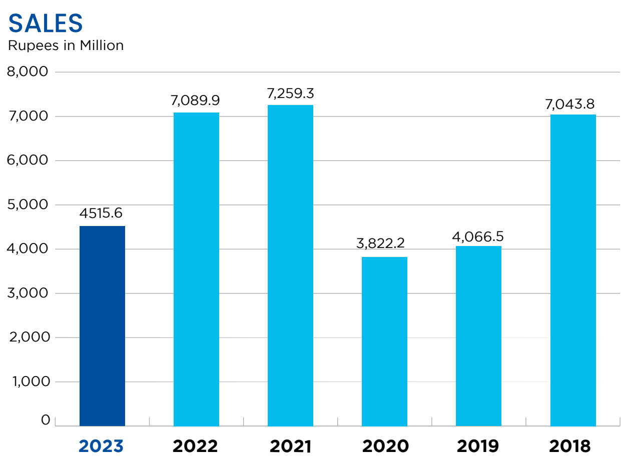


COMMENTS ON SIX-YEAR PROFIT OR LOSS

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 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. During FY23, the Steel line pipe segment remained the main contributor to sales on the back of pipe distribution projects initiated by WAPDA (K-IV project) and the Gas Companies.

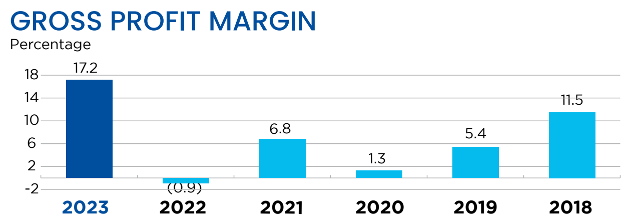
SALES

However, during the year, Revenue from the Steel division includes sales of coated pipes where Hot Rolled Coil were supplied by the client, on deemed revenue basis, this sales amounted to Rs. 10,565.4 million), therefore the sales amount was lower in comparison with the last 6 years' sales.



GROSS PROFIT

The gross profit margin was 17.2% in 2023 as compared to 11.5% in 2018 and was the highest margin during the last 6 years. The significant increase of gross profit margin in 2023 was due to partial execution of 43 KM of 84" coated steel line pipes where major imported raw material i-e. Hot rolled coil (HRC) was supplied by the client.



OPERATING EXPENSE

In FY23, distribution and selling expenses stood at Rs. 67 million as compared to Rs. 15.5 million in FY22. The significant increase in the expenses was in relation to the execution of K-IV project.

Administrative costs have increased from Rs. 173 million in 2018 to Rs. 385 million in 2023.

Other Operating cost have decreased from Rs. 85 million in 2018 to Rs. 17 million in 2023.

FINANCE COST

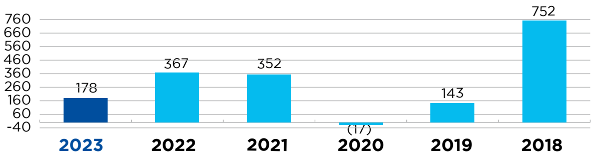
Finance costs for FY23 increased to Rs. 360.0 million as compared to Rs. 246.2 million in FY22. This is due to an increase in policy rates by 825 bps during the year to 22%. Finance cost as a percentage of sales increased to 3.5 percent as compared to 2.8 percent in FY22. Similar increasing trend was observed in finance cost during 2018 (Rs. 231.3 million) to 2020 (Rs. 309 million), mainly due to a high policy rate of 13.25 percent which was subsequently curtailed down to 7%.

Finance costs decreased significantly in FY21 despite an 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 were on account of varying market conditions across business segments. However, the Company was able to maintain its profitability on a 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. 35.8 million. The working capital changes FY 2023 stood at negative Rs. 582.15 million as compared to Rs. 372.8 million in 2022. The reduction in working capital changes from 2022 to 2023 was mainly due to an increase in trade debts by Rs. 287.7 million in 2023 which was partially offset by increase in trade and other payables.

Net cash used in operating activities stood at Rs. 363.7 million as compared to net cash generated from operating activities amounting to Rs. 81.7 million in FY22, which was mainly due to a 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 to cash inflows from investing activities.

Whereas repayments of long-term loans and short-term loans amounted to Rs. 536.1 million and Rs. 429.6 million respectively were the main factor for net cash outflow from financing activities for the current year. Cash and cash equivalents as of 30 June 2023 were recorded at negative Rs. 433.4 million in comparison with negative Rs. 334.7 million for 2022.

RATIO ANALYSIS

PROFITABILITY RATIOS

For the year FY23 gross profit stood at 17.2% amounting to Rs. 775.9 million mainly contributed by the Steel division. Net margin stood at 3.9% amounting to Rs. 176.9 million, lower than last year. Due to a decrease in Profit after tax (PAT) from Rs. 366.7 million to Rs. 176.9 million the return on equity and capital employed also decreased, moving from 6.0% and 4.9% to 2.9% and 2.9% respectively, as compared to last year. Profitability ratios of the Company remained in concurrence with overall performance during the last 6 years except in FY20.

LIQUIDITY RATIOS

The current ratio decreased to 1.3 times in comparison with 1.4 times in FY22. The increase in trade creditors and short-term borrowings were offset by increase in stock-in-trade, trade debtors, advances and other receivables.

ACTIVITY / TURNOVER RATIOS

Inventory turnover days increased in comparison with last year from 62 days to 120 days, debtor turnover days also increased from 8 days to 26 days. The number of days in creditors turnover also increased to 28 days. In FY23, total asset turnover decreased from 0.8 times in FY22 to 0.5 times in the current year.

INVESTMENT / MARKET RATIOS

Due to a decrease in profitability of the Company, the Company's earnings per share was recorded at Rs. 2.28 per share as compared to 4.72 last year. Price to earnings ratio stood to 9.4 times as compared to 8.8 in 2022. The market price of Company's share decreased from Rs. 41.7 per share at the close of 2022 to Rs. 21.5 per share at close of 2023. Dividend payout ratio for 2023 was recorded at Nil.

CAPITAL STRUCTURE RATIOS

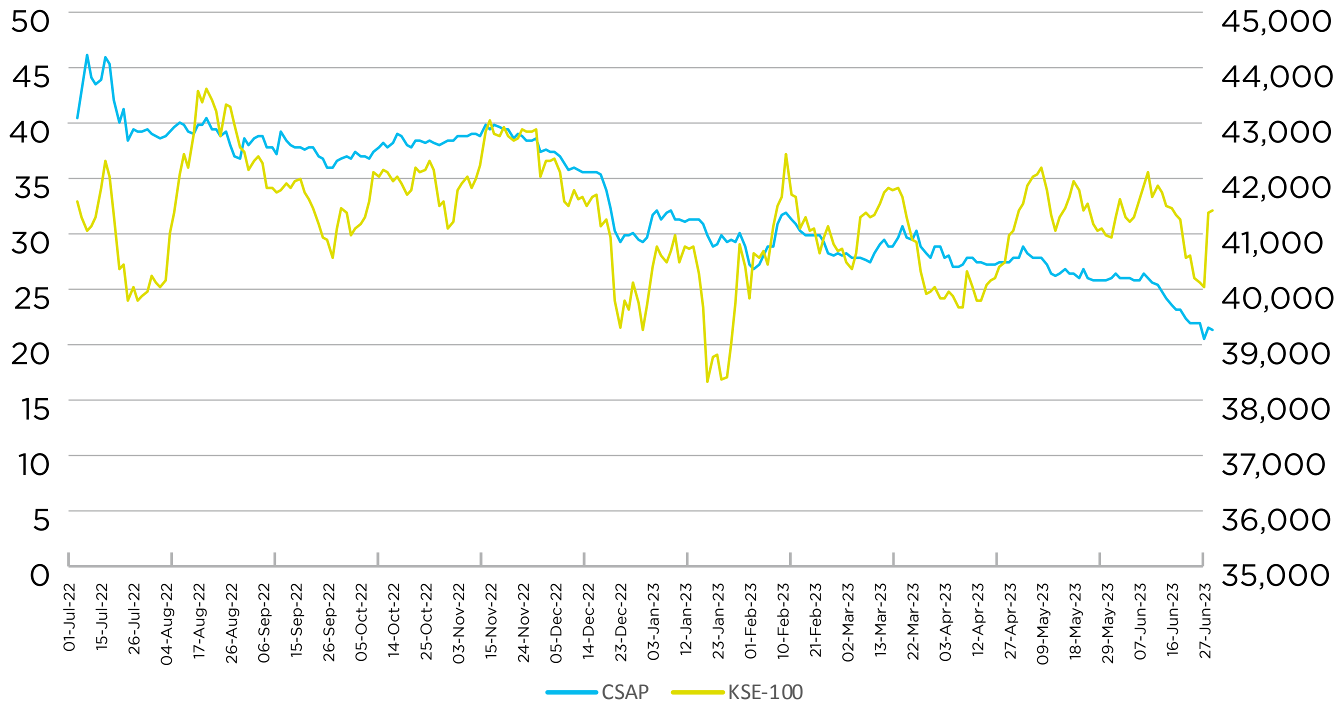
The financial leverage ratio increased to 33.7% in 2023 from 17.5% in 2022 due to increase in short term financings in current year as compared to FY22 mainly for managing working capital requirements. Long term debt to equity ratio decreased to 7.96%, the lowest during the last 6 years. The Company's interest cover ratio decreased to 1.7 times in comparison with 2.3 times in 2022 due to lower profit before tax as compared to last year.

SHARE PRICE SENSITIVITY ANALYSIS

CSAP opened FY23 at Rs. 41.67 and closed the fiscal year at Rs 21.5, losing 48.40% 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 FY23, due to which our stock remained under perform. However, the scrip traded at a high of Rs. 46.34 and a low of Rs. 20.61 during FY23. Average daily volumes stood at 68,112 shares/day.

COMPANY SHARE PRICE

Rupees per Share



Crescent steel and allied products limited

UNCONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 JUNE 2023

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 2023 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 2023.

A. F. Ferguson & Co
Chartered Accountants
Karachi
Dated: October 05, 2023

UDIN: CR202310160XJjyBVi8Y

A.F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State life Building. No. 1-C, 1.1. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6 / 32426711-5; Fax: +92 (21) 32415007 / 32427938 / 32424740; <www.pwc.com/pk>

KARACHI LAHORE ISLAMABAD

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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 2023, 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 2023 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 the 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.

A.F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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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 2023, included in the balance of deferred tax asset (net) are amounts of Rs. 577.306 million and Rs. 331.600 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 turnover 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 assumptions concerning future economic conditions and business performance. As preparing of profitability forecast and assessment of realisability of recognized deferred tax asset requires significant management judgements, 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)	**Valuation of the Company's investment in share of two companies**	
	Refer note 4, 6.4 and 19.3 to the unconsolidated financial statements) The 'other long term investments' include Company's investments in shares of Shakarganj Food Products Limited and Central Depository Company of Pakistan Limited amounting to Rs 341.764 million and Rs 204.216 million respectively as at 30 June 2023. Fair values of these investments are not measured in an active market and are determined through the application of valuation techniques under accounting and reporting standards and use of unobservable inputs required for valuation that involve the exercise of judgment over assumptions and estimates used by the management expert. Due to the level of judgments involved in determining fair values of these unquoted investments, 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 valuation; • Reviewed report of management's expert which included the methods of valuation and details about the inputs to the valuation models; • Involved our internal valuation specialists to review the valuation methodologies and assumptions used by management's expert; • Discussed the rationale of the inputs to the valuation models and assessed their reasonableness; • 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.

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: October 05, 2023

UDIN: AR202310160yE1NvtVAh

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2023

Rupees in '000	Note	2023	2022
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		4,322,199	4,301,178
		6,119,432	6,098,411
LIABILITIES			
Non-current liabilities			
Long term loans	9	424,748	50,382
Lease liabilities	10	62,424	66,759
Deferred income	11	3,837	686
Deferred liability - staff retirement benefits	44	279,790	73,562
		770,799	191,389
Current liabilities			
Trade and other payables	12	1,389,065	1,136,892
Unclaimed dividend		16,081	25,614
Mark-up accrued	13	78,369	37,134
Short term borrowings	14	1,289,519	812,647
Current portion of long term loans	9	270,228	112,785
Current portion of lease liabilities	10	14,249	22,222
Current portion of deferred income	11	538	8,042
		3,058,049	2,155,336
Total liabilities		3,828,848	2,346,725
Contingencies and commitments	15		
Total equity and liabilities		9,948,280	8,445,136

Rupees in '000	Note	2023	2022
ASSETS			
Non-current assets			
Property, plant and equipment	16	2,437,568	2,107,200
Right-of-use assets	16	82,852	109,556
Intangible assets	17	1,427	3,580
Investment properties	18	55,030	56,330
Long term investments	19	2,544,677	2,362,604
Long term deposits	20	27,143	29,100
Deferred taxation - net	21	876,358	804,662
		6,025,055	5,473,032
Current assets			
Stores, spares and loose tools	22	339,707	170,746
Stock-in-trade	23	1,268,967	1,190,096
Trade debts	24	464,043	175,214
Loans and advances	25	285,286	165,202
Trade deposits and short term prepayments	26	13,644	25,235
Short term investments	27	552,382	419,233
Other receivables	28	295,730	128,525
Taxation - net	29	673,200	691,183
Cash and bank balances	30	30,266	6,670
		3,923,225	2,972,104
Total assets		9,948,280	8,445,136

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 2023

Rupees in '000	Note	**2023**	2022
Sales	31	5,282,780	8,300,430
Less: Sales tax		767,182	1,210,522
		4,515,598	7,089,908
Cost of sales	32	3,739,705	7,155,205
Gross profit / (loss)		775,893	(65,297)
Income from investments - net	33	207,526	970,003
		983,419	904,706
Distribution and selling expenses	34	66,951	15,553
Administrative expenses	35	384,699	325,829
Other operating expenses	36	16,830	63,502
		468,480	404,884
		514,939	499,822
Other income	37	79,302	61,451
Operating profit before finance costs		594,241	561,273
Finance costs	38	359,960	246,153
Profit before taxation		234,281	315,120
Taxation (charge) / reversal	39	(57,424)	51,568
Profit for the year		176,857	366,688
Other comprehensive loss			
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		(2,304)	(5,053)
Loss on remeasurement of staff retirement benefit plans - net of tax	44	(153,532)	(234,048)
Other comprehensive loss for the year		(155,836)	(239,101)
Total comprehensive income for the year		21,021	127,587
		(Rupees)	
Basic and diluted earnings per share	40	2.28	4.72

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 2023

Rupees in '000	Note	**2023**	2022
Cash flows from operating activities			
Cash generated from operations	41	35,833	137,724
Tax (paid) / refund received		(48,072)	194,814
Finance costs paid		(303,786)	(216,862)
Contribution to gratuity and pension funds	44.1.3	(30,679)	(26,033)
Contribution to Workers' Profit Participation Fund	12.4	–	(11,003)
Long term deposits - net		(16,957)	3,082
Net cash (used in) / generated from operating activities		(363,661)	81,722
Cash flows from investing activities			
Capital expenditure		(535,488)	(91,637)
Proceeds from disposal of operating fixed assets		58,999	15,026
Investments - net		(397,303)	(210,208)
Dividend income received	33	203,811	1,155,840
Interest income received		23,256	3,623
Net cash (used in) / generated from investing activities		(646,725)	872,644
Cash flows from financing activities			
Proceeds from / (repayment of) long term loans - net		536,050	(129,460)
Payments against finance lease obligations - net		(44,407)	(44,895)
Proceeds from / (repayment of) short term loans - net		429,549	(455,125)
Dividends paid		(9,533)	(14)
Net cash generated from / (used in) financing activities	41.1	911,659	(629,494)
Net (decrease) / increase in cash and cash equivalents		(98,727)	324,872
Cash and cash equivalents at beginning of the year		(334,661)	(659,533)
Cash and cash equivalents at end of the year	42	(433,388)	(334,661)

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 2023

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 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 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
Total comprehensive income for the year ended 30 June 2023							
Profit for the year	–	–	–	–	176,857	176,857	176,857
Other comprehensive loss for the year	–	–	(2,304)	–	(153,532)	(155,836)	(155,836)
Total comprehensive income for the year	–	–	(2,304)	–	23,325	21,021	21,021
Balance as at 30 June 2023	776,325	1,020,908	1,609	3,642,000	678,590	4,322,199	6,119,432

The annexed notes from 1 to 53 form an integral part of these unconsolidated financial statements.

Chief Executive

Director

Chief Financial Officer

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2023

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. 4,515.598 million (2022: Rs. 7,089.908 million), out of which 75.20% was generated from Steel division, 22.37% percent from Cotton division and rest 2.43% percent i.e. Rs. 109.62 million were from other divisions.

Steel division net sales for 2023 amounted to Rs. 3,395.752 million (2022: Rs. 1,391.681 million), which includes sale of bare pipe orders to CHEC with respect to K-IV project.

Cotton division net sales for 2023 amounted to Rs. 1,010.226 million (2022: Rs. 2,695.372 million). Cotton division plant was shut down from March 31, 2023 till date.

During the year, KSE-100 index benchmark decreased by 0.21 percent closing at 41,452.68 points. The Company generated dividend income amounting to Rs. 203.811 million including dividend income amounting to Rs. 150 million from the subsidiary company i.e. CS Capital (Private) limited.

3. BASIS OF PREPARATION

3.1 Unconsolidated financial statements

These are the unconsolidated 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 unconsolidated 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 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 unconsolidated financial statements have been prepared under the historical cost convention except otherwise stated.

3.4 Functional and presentation currency

These unconsolidated 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 unconsolidated 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 these unconsolidated 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 AND AMENDMENTS TO ACCOUNTING AND REPORTING STANDARDS

5.1 Amendments to published accounting and reporting standards 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 Standard and amendments to published accounting and reporting standards that are not yet effective and have not been early adopted by the Company:

There is a standard and 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 2023. 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 unconsolidated 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 unconsolidated 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 unconsolidated 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 unconsolidated 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 (unrealized and realized), 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 actuarial 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 period 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 (liquidated 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 statement 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 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 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 resources 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

2023	2022		**2023**	2022
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:

	2023		2022	
	Percentage of holding	Number of shares	Percentage of holding	Number of shares
Crescent Steel and Allied Products Limited - Gratuity Fund	2.50%	1,938,354	2.48%	1,921,832
Crescent Steel and Allied Products Limited - Pension Fund	5.20%	4,038,578	5.20%	4,038,578
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 Crescent 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	2023	2022
9. LONG TERM LOANS			
Secured - Under shariah arrangement			
Long Term Sukuk Certificates	9.1	666,667	–
Less: Transaction cost	9.1.1	(4,241)	–
		662,426	–
Secured - Under non-shariah arrangement			
Allied Bank Limited	9.2	–	72,350
Habib Metropolitan Bank Limited	9.3 & 9.5	–	55,945
JS Bank Limited	9.4 & 9.5	32,550	34,872
		694,976	163,167
Less: Current portion shown under current liabilities		270,228	112,785
		424,748	50,382

9.1 During the year, the Company issued 8,000 unlisted, privately placed & secured Sukuk certificates (SUKUK-Al-Istisna) on 11 October 2022, having face value of Rs. 100,000 each, amounting to Rs. 800 million. Aggregate amount of Rs. 800 million in connection with issuance of Sukuk-al-istisna were received on 11 October 2022. The Sukuk certificates carries profit at the rate of 6-months KIBOR + 2% per annum with semi-annual rental payments having tenure of three years from the issue date on arrear basis. Principal repayment installment will commence from April 2023.

9.1.1 This represents the cost incurred with respect to issuance of SUKUK certificates, amortized using effective interest rate.

9.2 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 (2022: Rs. 72.350 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 15.28% to 19.38% (2022: 8.88% to 15.16%) per annum. These facilities are secured against first joint pari passu hypothecation / equitable mortgage on plant, machinery and property of the Company.

9.3 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% (30 June 2022: 8.68% to 10.16%) per annum.

9.4 During the year ended 30 June 2021, the Company entered into a loan arrangement with JS Bank Limited in which five tranches; two tranches in March 2021 and one tranche in April 2021 , one in July 2021 and one in December 2021. The tranches were converted into the State Bank of Pakistan's (SBP) "SBP Financing Scheme for Renewable Energy". 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, the mark-up is payable at the concessional rate of 6% per annum.

The effective interest on such arrangement was 8.49% (30 June 2022: 8.49%) per annum.

9.5 The benefit of subsidized loans under notes 9.3 and 9.4 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	**2023**	2022	**2023**	2022	**2023**	2022
Not later than one year	24,328	26,189	10,079	3,967	14,249	22,222
Later than one year and not later than five years	71,809	73,517	9,385	6,758	62,424	66,759
	96,137	99,706	19,464	10,725	76,673	88,981
Less: Current portion shown under current liabilities					14,249	22,222
					62,424	66,759

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 (2022: three to five years) and the liability is payable by the month ranging from six to sixty months (2022: six to sixty months). The periodic lease payments include built-in rates of mark-up ranging between 11.51% to 25.61% (2022: 11.51% to 18.87%) per annum. Included in the gross present value of minimum lease payments, is a sum aggregating Rs. 57.512 million (2022: Rs. 71.715 million) which pertains to obligations arising from sale and leaseback of assets.

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

11. DEFERRED INCOME

Rupees in '000	Note	**2023**	2022
Opening balance		8,728	13,273
Additions during the year:			
- related to government grant (concessional rate loans)		–	4,436
Income recognized during the year	37	(4,353)	(8,981)
		4,375	8,728
Less: Current portion shown under current liabilities		(538)	(8,042)
Closing balance		3,837	686

Rupees in '000	Note	**2023**	2022
12. TRADE AND OTHER PAYABLES			
Trade creditors		44,058	90,943
Bills payable		38	288,726
Commission payable		522	1,922
Accrued liabilities	12.1	594,735	388,704
Advances from customers		350,464	22,433
Infrastructure fee, sales tax and damages	12.2	287,643	272,530
Due to related parties	12.3	19,534	9,739
Payable to provident fund		127	2,313
Contribution payable to staff retirement benefit funds		2,823	2,296
Retention money		2,980	111
Withholding tax payable		6,892	1,733
Workers' Profit Participation Fund	12.4	18,529	2,395
Workers' Welfare Fund		7,640	6,944
Others		53,080	46,103
		1,389,065	1,136,892

Rupees in '000	Note	2023	2022
12.1 Accrued liabilities			
Salaries, wages and other benefits		23,536	34,532
Accrual for 10-C bonus		4,943	4,179
Compensated absences		20,811	16,882
Liquidated damages	12.1.1	223,955	183,198
Others	12.1.2	321,490	149,913
		594,735	388,704

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 (2022: Rs. 29.451million).

12.1.3 The contract liabilities amounting to Rs. 15.445 million at the beginning of each year are recognized as revenue in the ordinary course of business.

12.2 Movement in infrastructure fee, sales tax and damages

Rupees in '000	Infrastructure fee (Note 12.2.1)	Sales Tax (Note 12.2.2)	Liquidated damages (Note 12.2.3)	Total
Opening balance as at 1 July 2022	223,867	3,242	45,421	272,530
Accrual for the year	15,113	–	–	15,113
Closing balance as at 30 June 2023	238,980	3,242	45,421	287,643

12.2.1 This provision has been recognized against the continuing charge of infrastructure fee/cess on the value of goods imported at a rate of up to one-point-two-five percent (1.25%), levied by the Government of Sindh 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 imposition of an Infrastructure Cess by the Government of Sindh was challenged by the Company in the Sindh High Court (SHC).

The petitions pending against all the versions of the law have been decided by a consolidated judgment dated 4 June 2021 whereby the Court has declared that the first four versions of the law up to the Sindh Finance (Second Amendment) Ordinance, 2001, and their applicability on the petitioners who litigated and were appellants in the earlier round has attained finality and is a past and closed transaction. The SHC judgement validated the recovery of cess/fee effective from 28 December 2006, through the subsequent versions of the law. The Honourable Division Bench of the SHC suspended its judgment till 3 September 2021 and interim arrangement of payment of fifty percent (50%) of the amount of cess and furnishing of bank guarantees for remaining 50% would continue, after which guarantees provided would be en-cashed and 100% of infrastructure cess would be payable.

The Company challenged the judgement of the SHC in the Honorable Supreme Court of Pakistan (SCP); the SCP granted a stay against the judgement of the SHC on 01 September 2021 and instructed that the amount equal to the levy shall be deposited with the Sindh Excise and Taxation Office (ETO) in the form of a Bank Guarantee, until such time that a detailed order is issued by the Court. A final judgement on the appeal filed remains pending. The Company continued to use the option of a 50% Bank Guarantee and 50% payment to the ETO until December 2022, at which point the Company has provided the ETO with Bank Guarantees covering full value of the levy.

As of 30 June 2023, the Company has provided bank guarantees amounting to Rs. 191.96 million (2022: Rs. 183.04 million) in favour of Excise and Taxation Department, GoS.

The current year charge has been estimated on the value of imports during the year and forms a component of cost of such imported items. Any subsequent adjustment with respect to increase or decrease in the estimate has been recognized in the profit or loss. Based on the opinion of the company's legal counsel, the management is confident of favourable outcome of litigation, however, on a prudent basis, full provision has been recognized.

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

12.2.3 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	2023	2022
12.3 Due to related parties			
Premier Insurance Company Limited		–	454
Staff Benevolent Fund		–	2
Shakarganj Limited		19,534	9,283
		19,534	9,739
12.4 Workers' Profit Participation Fund			
Opening balance		2,395	2,904
Allocation for the year	36	16,134	10,494
		18,529	13,398
Amount paid to the trustees of the fund		–	(11,003)
Closing balance		18,529	2,395

13. MARK-UP ACCRUED

Mark-up accrued on:			
- Long term loans		37,309	3,385
- Short term borrowings	13.1	41,060	33,749
		78,369	37,134

13.1 This includes mark-up accrued amounting to Rs. 4.787 million (2022: Rs. 13.484 million) on shariah based finance arrangement.

Rupees in '000	Note	2023	2022
14. SHORT TERM BORROWINGS			
Secured from banking companies			
Running finances under mark-up arrangements	14.1	463,654	416,331
Short term loans	14.2 &14.4	825,865	396,316
		1,289,519	812,647

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 (2022: Rs. 1,100 million) out of which Rs. 300 million (2022: Rs. 300 million), Rs. 100 million (2022: Rs. 100 million) and Rs. 300 million (2022: 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 16.91% to 23.98% (2022: 8.31% to 16.31%) per annum.

14.2 Short term loans available from various commercial banks under mark-up arrangements amounted to Rs. 3,950 million (2022: Rs. 3,950 million) out of which Rs. 3,150 million (2022: Rs. 3,150 million), Rs. 205 million (2022: Rs. 205 million) and Rs. 350 million (2022: 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 13.66% to 24.14% (2022: 8.31% to 16.31%) per annum.

14.3 The facilities for opening letters of credit amounted to Rs. 4,750 million (2022: Rs. 4,750 million) out of which Rs. 300 million (2022: Rs. 300 million), Rs. 3,150 million (2022: Rs. 3,150 million) and Rs. 205 million (2022: Rs. 205 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 2023 amounted to Rs. 2,336.6 million (2022: Rs. 2,010.9 million). Amounts unutilized for letters of credit and guarantees as at 30 June 2023 were Rs. 4,251 million and Rs. 378.60 million (2022: Rs. 4,507.620 million and Rs. 468.480 million), respectively.

14.4 This includes an amount of Rs. 438 million (2022: Rs. 396.316 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 December 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 unconsolidated 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. Furthermore, after the closure of the original petition, the SHC has decided the matter in the Company's favor, ruling against the SRB. However, the SRB has now filed a petition at the SCP, arguing that sales tax on toll manufacturing before 30th June 2022 should fall under their jurisdiction.

No provision has been recognized in these unconsolidated 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 unconsolidated financial statements.

15.2 Commitments

15.2.1 Aggregate amount of guarantees issued on behalf of the Company against various contracts aggregated Rs. 1,958 million (2022: Rs. 1,542.418 million). This includes guarantees issued by Islamic banks amounting to Rs. 257.841 million (2022: Rs. 214.586 million).

15.2.2 Commitments in respect of capital expenditure contracted for as at 30 June 2023 amounted to Rs. 34.659 million (2022: Rs. 14.619 million).

15.2.3 Commitments under letters of credit (L/C) as at 30 June 2023 amounted to Rs. 498.924 million (2022: Rs. 242.385 million).

Rupees in '000	Note	**2023**	2022
16. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	16.1	1,934,813	1,921,861
Capital work-in-progress	16.4	502,755	185,339
		2,437,568	2,107,200
Right-of-use-assets	16.1	82,852	109,556
		2,520,420	2,216,756

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 right-of-use assets	Total
Rupees in '000	Note	Freehold	Leasehold including improvements	On freehold land	On leasehold land								Plant and machinery	Motor vehicles		
Net book value as at 30 June 2023																
Balance as at 01 July 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
Additions / transfers		-	-	4,472	1,081	-	131,869	9,072	-	3,928	114,870	265,292	-	43,046	43,046	308,338
Disposals / transfer (at NBV)	16.5 & 16.1.1	-	-	-	-	-	-	-	-	(34)	(45,802)	(45,836)	(48,060)	-	(48,060)	(93,896)
Depreciation charge	16.1.2	-	(1,685)	(26,810)	(1,530)	(900)	(139,691)	(2,138)	(1,597)	(4,902)	(27,251)	(206,504)	(16,626)	(5,064)	(21,690)	(228,194)
Balance as at 30 June 2023 (NBV)		249,226	30,884	352,695	2,564	2,606	1,165,202	11,717	6,107	7,368	106,444	1,934,813	26,568	56,284	82,852	2,017,665
Gross carrying value as at 30 June 2023																
Cost	16.2	249,226	43,065	667,762	97,626	27,481	3,145,663	81,473	32,491	73,727	168,523	4,587,037	81,382	111,668	193,050	4,780,087
Accumulated depreciation		-	(12,181)	(315,067)	(95,062)	(24,875)	(1,980,461)	(69,756)	(26,384)	(66,359)	(62,079)	(2,652,224)	(54,814)	(55,384)	(110,198)	(2,762,422)
Net book value		249,226	30,884	352,695	2,564	2,606	1,165,202	11,717	6,107	7,368	106,444	1,934,813	26,568	56,284	82,852	2,017,665
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 / transfers (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 at30 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
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. 23.354 million (2022: Rs. 0.215 million) representing net book value of capitalized spares.

16.1.1 During the year, assets having net book value Rs. 45.226 million (2022: Rs. 10.49 million) were transferred from lease assets to own assets due to maturity of lease term.

Rupees in '000	Note	2023	2022
16.1.2 The depreciation charge for the year has been allocated as follows :			
Cost of sales	32.1	204,062	185,388
Distribution and selling expenses	34	490	704
Administrative expenses	35	23,642	17,953
		228,194	204,045

16.2 Property, plant and equipment as at 30 June 2023 include items having an aggregate cost of Rs. 1,489.545 million (2022: Rs. 1,430.009 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	19.1	Acre

Rupees in '000	Note	2023	2022
16.4 Capital work-in-progress			
Advance to contractors		78,795	62,135
Civil work	16.4.3 & 16.4.4	91,767	29,172
Plant and machinery	16.4.2	322,048	44,353
Others		10,145	49,679
	16.4.1	502,755	185,339

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

Rupees in '000	Land	Building	Plant and machinery	Others	Total
Balance as at 1 July 2022	48,580	2,727	94,032	40,000	185,339
Additions - net	–	89,040	312,857	–	401,897
Transfers to operating fixed assets	–	–	(84,481)	–	(84,481)
Balance as at 30 June 2023	48,580	91,767	322,408	40,000	502,755

16.4.2 This includes transfer from trade deposits amounting to Rs. 28.625 million (2022: Rs. 28.625 million).

16.4.3 This includes an amount of Rs. 26.4 million (2022: 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 (2022: 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							
Motor Vehicle	1,985	423	1,562	1,684	122	Sold under buyback option	Mr. Mohammad Hayat
Motor Vehicle	1,655	455	1,200	1,150	(50)	Sold under buyback option	Mr. Talha Siddiqui
Motor Vehicle	16,439	548	15,891	15,891	-	Sale and Leased back	Pak Gulf leasing company
Motor Vehicle	17,590	586	17,004	17,004	-	Sale and Leased back	Pak Gulf leasing company
Motor Vehicle	4,570	76	4,494	4,494	-	Sale and Leased back	Pak Gulf leasing company
Motor Vehicle	4,570	76	4,494	4,494	-	Sale and Leased back	Pak Gulf leasing company
Others	49,490	48,299	1,191	14,282	13,091	Various	Various
2023	96,299	50,463	45,836	58,999	13,163		
2022	32,053	20,229	11,824	15,026	3,202		

16.5.1 There is no relationship between the buyer with the Company or any of its directors.

17. INTANGIBLE ASSETS

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

Rupees in '000	Note	2023	2022
Net book value as at 1 July		3,580	5,848
Amortization	17.1	(2,153)	(2,268)
Net book value as at 30 June	17.2	1,427	3,580
Gross carrying value as at 30 June			
Cost		82,099	82,099
Accumulated amortization		(78,032)	(75,879)
Accumulated impairment loss		(2,640)	(2,640)
		(80,672)	(78,519)
Net book value		1,427	3,580
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 2023 include items having an aggregate cost of Rs. 73.563 million (2022: Rs. 72.948 million) that have been fully amortized and are still in use of the Company.

18. INVESTMENT PROPERTIES

Description Rupees in '000	Note	Freehold Land	Freehold Building	Office Premises	Total
Net book value as at 30 June 2023					
Opening Balance		45,497	10,833	-	56,330
Depreciation charge	18.1	-	(1,300)	-	(1,300)
Balance as at 30 June 2023 (NBV)		45,497	9,533	-	55,030
Gross carrying value as at 30 June 2023					
Cost	18.2	45,497	13,000	29,830	88,327
Accumulated depreciation		-	(3,467)	(29,830)	(33,297)
Net book value		45,497	9,533	-	55,030
Net book value as at 30 June 2022					
Balance as at 01 July 2021 (NBV)					
Opening net book value (NBV)		45,497	12,133	-	57,630
Depreciation charge		-	(1300)	-	(1,300)
Balance as at 30 June 2022 (NBV)		45,497	10,833	-	56,330
Gross carrying value as at 30 June 2022					
Cost		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
Depreciation rates (% per annum)		-	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. 199.92 million (2022: Rs. 204.06 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	**2023**	2022
19. LONG TERM INVESTMENTS			
Subsidiary companies - at cost	19.1	705,001	555,001
Associated companies - at cost	19.2	1,286,401	1,286,401
Other long term investments	19.3	553,275	521,202
		2,544,677	2,362,604

19.1 Subsidiary companies - at cost

2023	2022		Note	**2023**	2022
Number of shares				Rupees in '000	
		Unquoted			
70,500,000	55,500,000	CS Capital (Private) Limited (Chief Executive Officer - Ms. Hajerah Ahsan Saleem)	19.1.1	705,000	555,000
2	2	Crescent Continental Gas Pipelines Limited (US $ 1 each)	19.1.2	–	–
100	100	Solution de Energy (Private) Limited (Chief Executive Officer - Mr. Muhammad Saad Thaniana)	19.1.3	1	1
				705,001	555,001

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

2023	2022		Note	2023	2022
Number of shares				Rupees in '000	
		Quoted			
60,663,775	60,663,775	Altern Energy Limited (Chief Executive Officer - Mr . Umer Shehzad Sheikh)	19.2.1	595,293	595,293
27,409,075	27,409,075	Shakarganj Limited (Chief Executive Officer - Mr. Muhammad Saif Ullah)	19.2.2	691,108	691,108
				1,286,401	1,286,401

19.2.1 The Company holds 16.69% (2022: 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% (2022: 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	2023	2022
19.2.3 Market value of investments in associates is as follows :		
Altern Energy Limited	878,411	957,881
Shakarganj Limited	1,201,066	1,096,363
	2,079,477	2,054,244

Percentage of holding	2023	2022
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 2023 are not presently available. The following is summarized financial information of associated companies as at 31 March 2023 and for the period ended 31 March 2023 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 comprehensive income/(loss)	Total comprehensive income/(loss)
Rupees in '000	Note	(As at 31 March)						(For the twelve months period ended 31 March)			
2023											
Altern Energy Limited	19.2.5.1	12,569,024	20,512,381	1,332,316	3,299,707	11,688,490	16,760,892	19,380,376	5,981,758	(1,511)	5,980,247
Shakarganj Limited		21,944,379	6,616,408	4,474,383	11,566,483	1,833,605	10,686,316	30,737,388	241,702	133,294	374,996
2022											
Altern Energy Limited		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

19.2.5.1 These figures are based on the latest available unaudited condensed interim consolidated financial information as at 31 March 2023 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	**2023**	2022
19.3 Other long term investments			
Fair value through other comprehensive income (FVOCI)	19.3.1	7,295	10,173
Fair value through profit or loss (FVTPL)	19.3.2	545,980	511,029
		553,275	521,202

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.

2023	2022	Name of investee company	**2023**	2022
Number of shares			Rupees in '000	
		Quoted		
565,473	565,473	The Crescent Textile Mills Limited	7,295	10,173

19.3.1.1 The Company has irrevocably designated at initial application of IFRS 9 to recognise in this category. This is strategic investment and management considers this classification to be more relevant. Up till 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)

2023	2022		Note	2023	2022
Number of shares				Rupees in '000	
		Unquoted			
14,110,817	14,110,817	Shakarganj Food Products Limited		341,764	304,779
9,625,000	8,250,000	Central Depository Company of Pakistan Limited (CDC)		204,216	206,250
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
				580,487	545,536
		Less: Provision for impairment		(34,507)	(34,507)
				545,980	511,029

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. 13.27 per share (2022: Rs. 11.28 per share), calculated on the basis of audited annual financial statements for the year ended 30 June 2022. 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	2023	2022
20. LONG TERM DEPOSITS		
Security deposits		
- leasing companies	11,357	18,119
- others	15,786	10,981
	27,143	29,100

Rupees in '000	Note	**2023**	2022
21. DEFERRED TAXATION - NET			
Deferred tax credits / (debits) arising in respect of :			
Taxable temporary differences			
Accelerated tax depreciation / amortization		216,681	225,351
Lease obligations - net		1,900	9,750
Fair value adjustment in unquoted investment through reserves		30,119	30,119
Discounting on long term deposit		3,407	–
Unrealized gain on fair value through profit or loss investments		55,675	27,746
		307,782	292,966
Deductible temporary differences			
Employee benefits - Defined benefit plan		(136,685)	(73,975)
Provision for slow moving stores, spares and loose tools		(24,097)	(29,626)
Provisions for doubtful trade debts, doubtful advances and others		(90,854)	(95,331)
Discounting on long term deposit		–	(1,735)
Realized loss on fair value through profit or loss investments		(1,605)	(3,562)
Unrealized loss on fair value through OCI		(602)	(28)
Deferred income		–	(226)
Provisions for impairment of fixed assets		(6,186)	(6,804)
Provision of Gas Infrastructure Development Cess		(4,858)	(5,344)
Excess of minimum tax over corporate tax	21.2	(331,600)	(286,289)
Tax losses	21.2	(577,306)	(586,168)
Provision for diminution in the value of investments		(10,347)	(8,540)
		(1,184,140)	(1,097,628)
		(876,358)	(804,662)
21.1 Break up of deferred tax reversal is as following:			
Profit or loss		(9,489)	(281,586)
Other comprehensive income		(63,314)	(95,625)
Set-off of losses with the Subsidiary Company		1,107	936
		(71,696)	(376,275)

21.2 The accumulated tax losses and excess minimum tax over corporate tax of the Company as at 30 June 2023 aggregated Rs. 2,322.311 million (2022: 2,307.557 million) in respect of which the Company has recognized deferred tax asset amounting to Rs. 908.906 million (2022: Rs. 872.458 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 minimum 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 Current tax charge is based on current tax rate of 29% and super tax at 1% for the year ended 30 June 2023. Accordingly the Company has recorded deferred tax at 30%.

Rupees in '000	Note	2023	2022
22. STORES, SPARES AND LOOSE TOOLS			
Stores		59,762	29,056
Spare parts		354,552	227,913
Loose tools		5,718	3,557
		420,032	260,526
Less: Provision for slow moving items	22.1	(80,325)	(89,780)
		339,707	170,746
22.1 Movement in provision for slow moving items			
Opening balance		89,780	84,472
(Reversal) / provision made during the year		(9,455)	5,308
Closing balance		80,325	89,780
23. STOCK-IN-TRADE			
Raw materials			
Hot rolled steel coils (HR Coils)		284,762	261,583
Coating materials		328,884	46,205
Steel scrap		11,999	43,308
Others		331,829	132,806
Raw cotton		–	230,531
Stock-in-transit		129,198	280,917
		1,086,672	995,350
Work-in-process	23.2 & 32.1	70,993	19,076
Finished goods - net	23.2 & 32.1	111,099	167,556
Scrap / cotton waste		203	8,114
		182,295	194,746
		1,268,967	1,190,096

23.1 Stock amounting to Rs. 0.158 million (2022: Rs. 0.158 million) is held by third party.

23.2 Stock-in-trade as at 30 June 2023 includes items valued at net realisable value (NRV). Reversal in respect of stock written back to NRV was amounting to Rs. 7.414 million (2022: Reversal of Rs. 14.897 million) has been recognized in cost of goods sold.

Rupees in '000	Note	2023	2022
24. TRADE DEBTS			
Secured			
Considered good		–	40,867
Unsecured			
Considered good	24.1	464,043	134,347
Considered doubtful		18,401	19,553
		482,444	153,900
Impairment loss on trade debts	24.3	(18,401)	(19,553)
		464,043	175,214

24.1 This includes amount due from Pak Elektron Limited (related party) amounting to Rs. 40.101 million (2022: Rs. 45.306 million). Maximum aggregate amount outstanding at any time during the year calculated by reference to month-end balance was Rs. 56.364 million (2022: Rs. 205.983 million).

Rupees in '000	Note	2023	2022
24.2 The aging of amount due from related party:			
Not past due		16,771	19,564
Past due 1 - 30 days		12,599	19,485
Past due 30 - 180 days		10,669	6,195
Past due 180 days		62	62
		40,101	45,306
24.3 Movement in impairment loss on trade debts			
Opening balance		19,553	23,214
Reversal of impairment made during the year	37	(1,152)	(3,661)
Closing balance		18,401	19,553

24.4 The reversal in impairment loss on trade debts is due to recovery of credit impaired balance.

Rupees in '000	Note	2023	2022
25. LOANS AND ADVANCES			
Unsecured			
Loan to related party - considered good			
Solution de Energy (Private) Limited	25.1	111,914	96,793
Advances - considered good			
Staff		830	1,684
Suppliers for goods and services		170,592	65,409
Others		1,950	1,316
Advances - considered doubtful			
Suppliers for goods and services		47	47
Provision for doubtful advances		(47)	(47)
		–	–
		285,286	165,202

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. 111.914 million (2022: Rs. 96.793 million). The loan is repayable on demand.

Rupees in '000	Note	2023	2022
26. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposits			
- leasing companies		–	3,494
- others		2,992	11,754
Prepayments		10,652	9,987
		13,644	25,235
27. SHORT TERM INVESTMENTS			
Amortised cost	27.1	84,360	159,360
Fair value through profit or loss (FVTPL)	27.2	468,022	259,873
		552,382	419,233

27.1 This represents investment in term deposit receipt carrying markup of 15.75% maturing on March 26, 2024.

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:

2023	2022		Note	2023	2022
Number of shares/units		Name of investee company		Rupees in '000	
7,159,384	4,720,613	Quoted - Investments	27.2.1	468,022	259,873
		Unquoted			
1,996	1,996	Innovative Investment Bank Limited		2,777	2,777
		Less: Provision for impairment		(2,777)	(2,777)
				–	–
			27.2.3	468,022	259,873

27.2.1 Quoted - Investments

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

2023	2022	Name of investee company	2023	2022
Number of shares / units			Rupees in '000	
208,437	181,250	Avanceon Limited	9,180	14,121
201,000	201,000	D.G. Khan Cement Company Limited	10,312	12,563
350,000	350,000	Engro Fertilizer Limited	28,886	31,024
102,500	102,500	Fauji Fertilizer Company Limited	10,090	11,298
–	8,000	Ferozsons Laboratories Limited	–	2,151
1,705,000	1,705,000	HBL Growth Fund - Class A	7,980	8,781
500,673	500,673	HBL Investment Fund - Class A	776	1,001
1,000,000	–	Pak Qatar Asset Management Company	100,146	–
1,478,378	–	MCB Arif Habib Savings and		
		Investment Limited	150,249	–
137,700	137,700	International Industries Limited	10,085	14,284
63,000	63,000	International Steels Limited	2,553	3,740
115,596	74,100	Interloop Limited	4,076	4,520
–	26,490	Jubilee Spinning and Weaving Mills Limited	–	81
200,000	200,000	Kot Addu Power Company Limited	4,160	5,506
14,000	14,000	Lucky Cement Limited	7,309	6,427
15,000	15,000	Mari Petroleum Company Limited	22,720	26,096
220,000	200,000	Meezan Bank Limited	19,001	22,594
72,700	72,700	Oil and Gas Development Company Limited	5,671	5,719
50,800	50,000	Pakistan Oilfields Limited	20,410	20,291
155,800	155,800	Pakistan Petroleum Limited	9,214	10,518
101,800	101,800	Pakistan State Oil Company Limited	11,301	17,493
4,500	2,600	Systems Limited	1,815	858
62,500	50,000	Tariq Glass Limited	4,256	5,191
400,000	400,000	The Hub Power Company Limited	27,832	27,268
–	109,000	TRG Pakistan Limited - Class 'A'	–	8,429
			468,022	259,954
		Less: Provision for impairment	–	(81)
7,159,384	4,720,613		468,022	259,873

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	2023	2022
Name of investees		
Altern Energy Limited (Long term investment)	792,708	786,263
The Crescent Textile Mills Limited (Long term investment)	5,836	8,138
Avanceon Limited	6,386	11,297
D.G. Khan Cement Company Limited	-	9,375
Engro Fertilizer Limited	27,895	28,542
Fauji Fertilizer Company Limited	10,090	11,298
Ferozsons Laboratories Limited	-	2,151
HBL Investment Fund - Class A	775	1,000
HBL Growth Fund - Class A	3,990	4,390
Interloop Limited	2,542	4,398
International Industries Limited	9,206	14,284
International Steels Limited	-	3,740
Lucky Cement Limited	7,309	6,427
Mari Petroleum Company Limited	7,573	8,699
Meezan Bank Limited	14,184	18,554
Oil and Gas Development Company Limited	5,671	5,719
Pakistan Oilfields Limited	15,669	15,827
Pakistan Petroleum Limited	9,214	10,518
Pakistan State Oil Company Limited	11,301	17,493
Tariq Glass Industries Limited	3,405	5,190
The Hub Power Company Limited	27,832	18,747
	961,586	992,050

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 (30 June 2022: 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	**2023**	2022

28. OTHER RECEIVABLES

Dividend receivable		886	886
Provision there against		(886)	(886)
		–	–
Claim receivable		461	461
Due from related parties	28.1	5,999	21,906
Sales tax refundable	28.2	106,973	75,589
Margin on letter of credit		4,137	–
Margin on letter of guarantees		175,345	15,350
Receivable from staff retirement benefits funds	44	–	12,242
Others		2,815	2,977
		295,730	128,525

28.1.1 Due from related parties

CS Capital (Private) Limited	1,079	4,780
Solution de Energy (Private) Limited	–	11,947
The Crescent Textile Mills Limited	249	386
Premier Insurance Limited	1	–
Shakarganj Food Products Limited	4,070	3,893
Crescent Socks (Private) Limited	600	900
	5,999	21,906

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	**2023**	2022
CS Capital (Private) Limited	5,201	4,780
Solution de Energy (Private) Limited	11,947	11,947
The Crescent Textile Mills Limited	613	386
Premier Insurance Limited	1	–
Shakarganj Food Products Limited	4,578	3,893
Crescent Socks (Private) Limited	600	1,500
	22,940	22,506

28.1.2 The aging of amount due from related parties:

Not yet due	1,428	990
Past due 1 - 30 days	100	840
Past due 30 - 180 days	577	3,603
Past due 180 days	3,894	16,473
	5,999	21,906

28.2 Sales tax refundable

28.2.1 This includes payment made to Punjab Revenue Authority (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 Commissioner Appeals which was decided in the Company's favour; however, an appeal against the order of the Commissioner 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 was 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 Commissioner Appeals which is pending adjudication.

28.2.4 During the year ended 30 June 2022, orders have been issued under the Sales Tax Act, 1990, where demands aggregating Rs. 8.477 million were raised in respect of Steel (Pipe) division. The Company has paid the amount to the Government Treasury, as disclosed in the Monthly Sales Tax Return for June 2023. Currently, the appeal is pending adjudication at the Commissioner Appeal Inland Revenue - FBR regarding the penalty and default surcharge. After consultation with legal advisor, the management considers that the appeal would be decided in the Company's favour.

28.2.5 In the previous years, the Company adopted fixed regime of sales tax for Hadeed (Billet) division whereby sales tax liability was discharged on the basis of units of electricity consumed at Rs. 13 per unit, supported by judgement of the Lahore High Court (LHC) in writ petition no. 243530/2018 instead of ad valorem basis. Subsequently, the department filed Intra Code Appeal (ICA) wide no. 23517/2019 before High Court which is sub-judice. No proceedings have been held since.

Rupees in '000	2023	2022
29 TAXATION - NET		
Advance taxation	3,626,837	3,577,907
Provision for taxation	(2,953,637)	(2,886,724)
	673,200	691,183

29.1 The income tax assessments of the Company have been finalized up to and including Tax Year 2022, 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 Revenue Appeals (CIRA) after the appeal filed before Appellate Tribunal Inland Revenue (ATIR) was dismissed in entirety. Department has now filed case in the LHC challenging the tribunal's decision, which is pending at adjudication.

(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 preferred before the ATIR by both FBR and the Company. ATIR decided the Company's appeal in the favor of the Company. Department has filed references in LHC against the decisions of ATIR 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 (ACIR) 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 ATIR 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 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 (ACIR), 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 CIR Appeals where majority of issues were decided in the 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 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 ACIR 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 recognised accordingly in these unconsolidated financial statements.

(i) During the year ended 30 June 2023, Orders under section 4C of the Income Tax Ordinance 2001 were issued by the ACIR in respect of Tax Years 2022 whereby demands aggregating Rs. 126.462 million (approximately) were raised against the Company. An expense of Rs. 54 million related to these demands has been recognized in these unconsolidated financial statements. For remaining, the Company has obtained stay from LHC through writ petition. Currently, the appeal is pending adjudication at the CIR Appeal - FBR for remaining issue. After consultation with legal advisor, the management considers that the appeal would be decided in the Company's favour.

(j) During the year ended 30 June 2023, the tax department has revised the assessment due to an objection raised regarding the incorrect add-back of normal depreciation on the addition made in plant and machinery for the tax year 2016 for Hadeed (Billet) Division [before amalgamation, it was Crescent Hadeed (Private) Limited. The assessment order alleges that we claimed significant initial allowance and depreciation allowance whereas minimal amount added back as accounting depreciation. The Commissioner of Inland Revenue and it is pending adjudication. After consultation with legal advisor, the management considers that the appeal would be decided in the Company's favour.

(k) During the year ended 30 June 2023, the Company has been selected by the tax department for an audit under section 177 for the tax year 2020. A Pre Audit Report has been issued, highlighting observations and requesting data and supporting documentation. The company has submitted the required information to the Assistant/Deputy Commissioner of the Federal Board of Revenue (FBR) in response to the report. The case is pending at department level for hearing.

No provision has been made in these unconsolidated 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	**2023**	2022
30. CASH AND BANK BALANCES			
With banks			
- in savings account	30.1	25,233	1,951
- in current accounts		5,033	4,229
	30.2	30,266	6,180
Cash in hand		–	490
		30,266	6,670

30.1 Mark-up rate on saving account is 14.5% to 19.5% (2022: 6% to 12.25%) per annum.

30.2 This includes balances amounting to Rs. 1.227 million (2022: Rs. 0.067 million) with Shariah compliant banks.

Rupees in '000	Note	**2023**	2022
31. SALES - NET			
Local sales			
Bare pipes	31.1	1,569,411	1,241,016
Pipe coating		16,331	50,920
Coated pipe	31.2	2,201,088	82,003
Cotton yarn / raw cotton / polyster		1,153,309	3,125,181
Electricity sales		–	278,794
Steam sales		–	349,853
Steel Billets		–	2,857,534
Others	31.3	147,187	225,872
Scrap / waste		195,454	89,257
		5,282,780	8,300,430
Sales tax		(767,182)	(1,210,522)
		4,515,598	7,089,908

31.1 This is presented net of liquidated damages amounting to Rs. 40.757 million (2022: Rs. 25.232 million).

31.2 This includes revenue amounting to Rs. 1,981.948 million, where HRC (Hot Rolled Coil) was supplied by the customer.

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

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

Rupees in '000	Note	**2023**	2022
32. COST OF SALES			
Steel segment	32.1	2,458,454	1,526,159
Cotton segment	32.1	1,074,020	2,419,791
Energy segment	32.1	62,209	747,986
Hadeed (Billet) segment	32.1	145,022	2,461,269
		3,739,705	7,155,205

			Steel segment		Cotton segment		Energy segment		Hadeed (Billet) segment		Total	
Rupees in '000		Note	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
32.1	Cost of sales											
	Raw materials consumed		1,844,278	1,123,799	703,578	1,901,415	-	669,680	79,880	2,155,464	2,627,736	5,850,358
	Cost of raw cotton / polyester sold		-	-	46,137	36,765	-	-	-	-	46,137	36,765
	Packing materials consumed		-	-	8,443	24,152	-	-	-	-	8,443	24,152
	Store and spares consumed		197,740	36,097	9,042	24,141	1,184	6,518	323	53,024	208,289	119,780
	Fuel, power and electricity		95,806	36,636	138,266	242,171	40	340	996	2,592	235,108	281,739
	Salaries, wages and other benefits	32.2	209,245	140,984	87,505	176,068	(139)	7,760	15,286	36,235	311,897	361,047
	Insurance		7,583	5,772	2,614	2,813	1,169	1,317	1,138	1,561	12,504	11,463
	Commission		-	-	3,759	7,952	-	-	-	-	3,759	7,952
	Repairs and maintenance		18,365	4,700	2,202	3,789	-	557	78	1,067	20,645	10,113
	Depreciation	16.1.2	75,138	55,417	19,358	20,365	59,949	60,270	49,617	49,336	204,062	185,388
	Rental under Ijarah financing		3,169	87,985	-	-	-	-	-	-	3,169	87,985
	Other expenses		55,747	32,323	(41)	8,909	6	1,544	(2,296)	161,287	53,416	204,063
			2,507,071	1,523,713	1,020,863	2,448,540	62,209	747,986	145,022	2,460,566	3,735,165	7,180,805
	Opening stock of work-in-process		5,171	15,591	13,905	10,206	-	-	-	-	19,076	25,797
	Closing stock of work-in-process	23	(59,954)	(5,171)	(11,039)	(13,905)	-	-	-	-	(70,993)	(19,076)
			(54,783)	10,420	2,866	(3,699)	-	-	-	-	(51,917)	6,721
	Cost of goods manufactured		2,452,288	1,534,133	1,023,729	2,444,841	62,209	747,986	145,022	2,460,566	3,683,248	7,187,526
	Opening stock of finished goods		117,265	109,291	50,291	25,241	-	-	-	703	167,556	135,235
	Closing stock of finished goods - net	23	(111,099)	(117,265)	-	(50,291)	-	-	-	-	(111,099)	(167,556)
			6,166	(7,974)	50,291	(25,050)	-	-	-	703	56,457	(32,321)
			2,458,454	1,526,159	1,074,020	2,419,791	62,209	747,986	145,022	2,461,269	3,739,705	7,155,205
32.2	Detail of salaries, wages and other benefits											
	Salaries, wages and other benefits	32.2.1	193,633	128,365	84,425	172,276	(139)	7,760	14,617	35,562	292,536	343,963
	Pension fund	32.2.2	7,439	5,965	1,529	1,312	-	-	-	-	8,968	7,277
	Gratuity fund	32.2.2	3,009	2,485	113	90	-	-	-	-	3,122	2,575
	Provident fund contributions		5,164	4,169	1,438	2,390	-	-	669	673	7,271	7,232
			209,245	140,984	87,505	176,068	(139)	7,760	15,286	36,235	311,897	361,047

32.2.1 This includes contribution amounting to Rs. 0.003 million (2022: Rs. 0.024 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	2023 Pension	2023 Gratuity	2022 Pension	2022 Gratuity
32.2.2 Staff retirement benefits				
Current service costs	6,356	4,652	55,996	(3,136)
Interest costs	23,546	11,755	161,736	(6,066)
Return on plan assets, excluding interest income	(20,934)	(13,285)	(210,455)	11,777
	8,968	3,122	7,277	2,575

33. INCOME FROM INVESTMENTS - NET

Rupees in '000	Note	2023	2022
Dividend income	33.1	203,811	1,155,840
Realized gain / (loss) on sale of FVTPL investments - net	33.1	4,359	(2,472)
Unrealized loss on FVTPL investments - net	33.1	(4,777)	(186,628)
Rental income from investment properties	33.2	4,133	3,263
		207,526	970,003

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	34,307	(35,944)	(746)
Non - Shariah compliant investee companies	169,504	31,167	5,105
	203,811	(4,777)	4,359

33.1.1 Unrealized loss amounting to Rs. 2.304 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.

33.2 Direct operating expenses incurred against rental income from investment properties amounted to Rs. 1.496 million (2022: Rs. 1.587 million).

34. DISTRIBUTION AND SELLING EXPENSES

		Steel segment		Cotton segment		Hadeed (Billet) segment		Total	
Rupees in '000	Note	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Salaries, wages and other benefits	34.1	5,960	5,300	2,510	1,933	1,235	947	9,705	8,180
Consultant fee		40,677	-	-	-	-	-	40,677	-
Travelling, conveyance and entertainment		619	137	27	16	11	5	657	158
Depreciation	16.1.2	490	704	-	-	-	-	490	704
Insurance		47	14	-	-	-	-	47	14
Postage, telephone and telegram		93	75	76	63	19	18	188	156
Advertisement		214	439	-	-	-	-	214	439
Bid bond expenses		576	517	-	-	-	-	576	517
Legal and professional charges		4,403	578	-	-	-	-	4,403	578
Others		8,103	2,826	1,467	1,617	424	364	9,994	4,807
		61,182	10,590	4,080	3,629	1,689	1,334	66,951	15,553

34.1 Detail of salaries, wages and other benefits

		Steel segment		Cotton segment		Hadeed (Billet) segment		Total	
Rupees in '000	Note	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Salaries, wages and other benefits		4,803	4,480	2,133	1,635	1,186	798	8,122	6,913
Pension fund	34.1.1	637	437	197	155	-	79	834	671
Gratuity fund	34.1.1	255	182	82	65	-	32	337	279
Provident fund contributions		265	201	98	78	49	38	412	317
		5,960	5,300	2,510	1,933	1,235	947	9,705	8,180

	2023		2022	
Rupees in '000	Pension	Gratuity	Pension	Gratuity
34.1.1 Staff retirement benefits				
Current service costs	591	502	5,163	(340)
Interest costs	2,191	1,268	14,911	(657)
Return on plan assets, excluding interest income	(1,948)	(1,433)	(19,403)	1,276
	834	337	671	279

35. ADMINISTRATIVE EXPENSES

Rupees in '000	Note	Steel segment 2023	Steel segment 2022	Cotton segment 2023	Cotton segment 2022	Energy segment 2023	Energy segment 2022	Hadeed (Billet) segment 2023	Hadeed (Billet) segment 2022	IID segment 2023	IID segment 2022	Total 2023	Total 2022
Salaries, wages and other benefits	35.1	147,719	102,268	26,480	25,139	-	3,464	8,642	13,993	11,016	10,068	193,857	154,932
Rents, rates and taxes		3,235	2,815	814	683	-	92	584	574	315	418	4,948	4,582
Travelling, conveyance and entertainment		5,043	3,646	910	780	-	96	150	594	301	232	6,404	5,348
Fuel and power		16,553	11,069	2,398	1,732	-	668	4,294	3,752	888	602	24,133	17,823
Postage, telephone and telegram		2,528	1,677	422	308	-	42	56	122	152	112	3,158	2,261
Insurance		1,389	1,607	254	311	1	42	80	113	129	124	1,853	2,197
Repairs and maintenance		11,195	9,582	824	959	-	178	726	1,097	576	522	13,321	12,338
Auditor's remuneration	35.2	4,358	3,658	851	724	6	75	-	137	365	313	5,580	4,907
Legal, professional and corporate service charges		51,969	15,119	9,054	3,740	-	427	-	762	988	2,052	62,011	22,100
Advertisement		2,168	1,586	38	10	-	22	-	33	114	86	2,320	1,737
Donations	35.3	25,986	54,104	170	128	-	758	-	1,116	1,332	2,908	27,488	59,014
Depreciation	16.1.2 & 18.1	17,543	13,005	3,042	2,085	2	298	1,950	1,773	2,405	2,092	24,942	19,253
Amortization of intangible assets	17.1	1,722	1,722	345	363	-	46	-	46	86	91	2,153	2,268
Printing, stationery and office supplies		2,472	2,593	456	623	-	46	1	94	232	234	3,161	3,590
Newspapers, subscriptions and periodicals		810	366	927	791	763	635	-	11	80	33	2,580	1,836
Others		4,461	7,479	942	2,021	(1)	290	899	1,334	489	519	6,790	11,643
		299,151	232,296	47,927	40,397	771	7,179	17,382	25,551	19,468	20,406	384,699	325,829
35.1 Detail of salaries, wages and other benefits													
Salaries, wages and other benefits		127,763	110,941	22,353	25,859	-	3,003	8,496	13,064	9,214	9,718	167,826	162,585
Pension fund	35.1.1	14,531	(5,385)	2,920	(1,099)	-	242	-	429	1,181	92	18,632	(5,721)
Gratuity fund	35.1.1	623	(7,196)	214	(494)	-	101	-	179	176	(120)	1,013	(7,530)
Provident fund contributions		4,802	3,908	993	873	-	118	146	321	445	378	6,386	5,598
		147,719	102,268	26,480	25,139	-	3,464	8,642	13,993	11,016	10,068	193,857	154,932

Rupees in '000	2023 Pension	2023 Gratuity	2022 Pension	2022 Gratuity
35.1.1 Staff retirement benefits				
Current service costs	13,203	1,510	(44,017)	9,171
Interest costs	48,917	3,815	(127,136)	17,740
Return on plan assets, excluding interest income	(43,488)	(4,312)	165,432	(34,441)
	18,632	1,013	(5,721)	(7,530)

Rupees in '000	Note	2023	2022
35.2 Auditor's remuneration			
Audit fee		2,854	2,674
Certifications, tax and other assurance services		1,421	1,385
Out of pocket expenses		909	505
Sales tax		396	343
	35.2.1	5,580	4,907

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:

Name of director	Interest in donee	Name and address of the donee	Amount donated 2023	Amount donated 2022
Rupees in '000				
Mr. Ahsan M. Saleem	Director	The Citizens Foundation Plot No. 20, Sector - 14, New Brookes Chowrangi, Korangi Industrial Area, Karachi.	24,860	44,401
	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, Islamabad.	–	3,000
			24,860	49,901

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	2023	2022
36. OTHER OPERATING EXPENSES			
Exchange loss		–	47,700
Provision for:			
- Workers' Profit Participation Fund	12.4	16,134	10,494
- Workers' Welfare Fund		696	–
- Slow moving stores, spares and loose tools - net	22.1	–	5,308
		16,830	63,502

Rupees in '000	Note	2023	2022

37. OTHER INCOME

Income from financial assets			
Return on deposits - from conventional banking		23,256	3,623
Unwinding of discount on long term deposit		2,638	21,760
		25,894	25,383
Income from non-financial assets			
Exchange gain		1,132	–
Gain on disposal of operating fixed assets		13,163	3,202
Deferred income amortized	11	4,353	8,981
Insurance commission		–	2,072
Land licensing fee		18,000	–
Liabilities written-back		236	9,397
Reversal of impairment of trade debts	24.3	1,152	3,661
Reversal of provision for slow moving stores, spares and loose tools	22.1	9,455	–
Rent income		5,591	8,075
Others		326	680
		53,408	36,068
		79,302	61,451

38. FINANCE COSTS

Mark - up on short term loans - Shariah arrangement		42,283	58,122
Interest on Non - Shariah arrangement			
- finance lease obligations		9,117	9,385
- long term loans		119,236	21,840
- running finances		128,977	97,358
- short term loans		52,435	53,716
Discounting of long term deposit		5,822	375
Bank charges		2,090	5,357
		359,960	246,153

39. TAXATION (CHARGE) / REVERSAL

Current			
- for the year		67,695	232,736
- for prior years		(782)	(2,718)
		66,913	230,018
Deferred		(9,489)	(281,586)
		57,424	(51,568)

39.1 Relationship between taxation expense and accounting profit

Profit before taxation		234,281	315,120
Tax at the applicable rate of 29% (2022: 29%)		67,941	91,385
Tax effect of inadmissible expenses / losses		30,387	16,593
Tax effect of income taxed at a lower rate		(44,652)	(222,098)
Tax effect arising due to super tax		4,530	65,270
Prior year tax effect		(782)	(2,718)
		57,424	(51,568)

39.2 Sufficient provision for tax has been made in these unconsolidated 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	2022	2021	2020
Tax provision including effects of prior years	231,954	111,738	81,427
Tax assessed / return filed	231,954	111,738	81,427

Rupees in '000		**2023**	2022
40. BASIC AND DILUTED EARNINGS PER SHARE			
Profit for the year		176,857	366,688
		(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		2.28	4.72

41. CASH GENERATED FROM OPERATIONS

		2023	2022
Profit before taxation		234,281	315,120
Adjustments for non cash charges and other items:			
Depreciation on operating fixed assets and investment properties	16.1.2 & 18	229,494	205,345
Amortization of intangible assets	17	2,153	2,268
Charge / (reversal) for the year on staff retirement benefit funds	44.1.7	32,906	(2,448)
Dividend income	33.1	(203,811)	(1,155,840)
Unrealized loss on FVTPL investments - net	33.1	4,777	186,628
(Gain) / Loss on sale of FVTPL investments - net	33.1	(4,359)	2,472
(Reversal) / provision for slow moving stores, spares and loose tools	37	(9,455)	5,308
Reversal of impairment loss on trade debts - net	37	(1,152)	(3,661)
Provision for Workers' Welfare Fund	36	696	–
Provision for Workers' Profit Participation Fund	36	16,134	10,494
Return on deposits	37	(23,256)	(3,623)
Gain on disposal of operating fixed assets	37	(13,163)	(3,202)
Deferred income amortized	37	(4,353)	(8,981)
Discounting of long term deposit	38	5,822	375
Unwinding of discount on long term deposit	37	(2,638)	(21,760)
Liabilities written off	37	(236)	(9,397)
Finance costs	38	354,138	245,778
Working capital changes		(582,145)	372,848
		35,833	137,724
Changes in:			
- Stores, spares and loose tools		(159,506)	(12,602)
- Stock-in-trade		(78,871)	46,433
- Trade debts		(287,677)	(34,480)
- Advances		(120,084)	(28,932)
- Trade deposits and short term prepayments		8,097	8,682
- Other receivables		(179,447)	2,137
- Trade and other payables		235,343	391,610
		(582,145)	372,848

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 2022		163,167	88,981	396,316	25,614	674,078
Proceeds from long term loans		800,000	–	–	–	800,000
Repayment of long term loans		(263,950)	–	–	–	(263,950)
Proceeds short term borrowings		–	–	4,193,739	–	4,193,739
Repayment of short term borrowings		–	–	(3,764,190)	–	(3,764,190)
Dividend paid		–	–	–	(9,533)	(9,533)
Lease payments		–	(44,407)	–	–	(44,407)
		536,050	(44,407)	429,549	(9,533)	911,659
Lease liabilities entered during the year		–	42,206	–	–	42,206
Transaction cost on long term loan		(4,241)	–	–	–	(4,241)
Deposits adjusted with lease liability		–	(19,224)	–	–	(19,224)
Interest accrued on lease obligation		–	9,117	–	–	9,117
		(4,241)	32,099	–	–	27,858
Closing balance as at 30 June 2023		694,976	76,673	825,865	16,081	1,613,595

Rupees in '000	Note	**2023**	2022
42. CASH AND CASH EQUIVALENTS			
Running finances under mark-up arrangements	14.1	(463,654)	(416,331)
Term deposit receipt	27	–	75,000
Cash and bank balances	30	30,266	6,670
		(433,388)	(334,661)

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 unconsolidated 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 2023							
Sales	3,395,752	1,010,226	-	109,620	-	-	4,515,598
Cost of sales	2,458,454	1,074,020	62,209	145,022	-	-	3,739,705
Gross profit / (loss)	937,298	(63,794)	(62,209)	(35,402)	-	-	775,893
Income from investments - net	4,053	-	-	-	203,473	-	207,526
	941,351	(63,794)	(62,209)	(35,402)	203,473	-	983,419
Distribution and selling expenses	61,182	4,080	-	1,689	-	-	66,951
Administrative expenses	299,151	47,927	771	17,382	19,468	-	384,699
Other operating expenses	16,830	-	-	-	-	-	16,830
	377,163	52,007	771	19,071	19,468	-	468,480
	564,188	(115,801)	(62,980)	(54,473)	184,005	-	514,939
Other income	76,117	8,503	66	(5,384)	-	-	79,302
Operating profit / (loss) before finance costs	640,305	(107,298)	(62,914)	(59,857)	184,005	-	594,241
Finance costs	333,790	19,842	-	6,328	-	-	359,960
Profit / (loss) before taxation	306,515	(127,140)	(62,914)	(66,185)	184,005	-	234,281
Taxation							(57,424)
Profit for the year							176,857
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

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. Nil (2022: Rs. 168.183 million).

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 unconsolidated 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, Cotton and Hadeed 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. 1,959.605 million (2022: Rs. 1,176.179 million) of total Steel segment revenue of Rs. 3,395.752 million (2022: Rs. 1,391.681 million). Revenue from major customers of Cotton segment represents an aggregate amount of Rs. 408.966 million (2022: Rs. 1,101.296 million) of total Cotton segment revenue of Rs. 1,010.226 million (2022: Rs. 2,695.372 million). Revenue from major customers of Energy segment represents an aggregate amount of Rs. Nil (2022: Rs. 537.305 million) of total Energy segment revenue of Rs. Nil (2022: Rs. 705.488 million). Revenue from major customers of Hadeed (Billet) segment represents an aggregate amount of Rs. 104.778 million (2022: Rs. 2,440.542 million) of total Hadeed (Billet) segment revenue of Rs. 109.62 million (2022: Rs. 2,465.55 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 2023 and 2022 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 2023						
Segment assets for reportable segments	3,685,849	230,380	474,161	677,091	2,836,318	7,903,800
Unallocated corporate assets						2,044,480
Total assets as per unconsolidated statement of financial position						9,948,280
Segment liabilities for reportable segments	1,417,450	130,373	35,812	78,752	11,333	1,673,721
Unallocated corporate liabilities and deferred income						2,155,127
Total liabilities as per unconsolidated statement of financial position						3,828,848

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

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 2023						
Capital expenditure	533,188	2,250	–	50	–	535,488
Depreciation and amortization	94,893	22,745	59,951	51,567	2,491	231,647
Non-cash items other than depreciation and amortization - net	318,530	24,991	(66)	8,882	(197,983)	154,354
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)

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 2023. The projected unit credit method, using the following significant assumptions, has been used for the actuarial valuation:

	2023		2022	
	Pension	Gratuity	Pension	Gratuity
Financial assumptions				
- Discount rate used for interest cost in profit or loss charge	13.25%	13.25%	10.00%	10.00%
- Discount rate used for year end obligation	16.25%	16.25%	13.25%	13.25%
- Expected rate of increase in salaries	16.25%	16.25%	13.25%	13.25%
Demographic assumptions				
- Retirement assumption	Age 58		Age 58	
- Expected mortality for active members	SLIC (2001-05)		SLIC (2001-05)	

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

		2023			2022		
Rupees in '000	Note	Pension	Gratuity	Total	Pension	Gratuity	Total
Present value of defined benefit obligations	44.1.4	701,907	160,692	862,599	569,457	127,084	696,541
Fair value of plan assets	44.1.5	(464,006)	(118,803)	(582,809)	(495,895)	(139,326)	(635,221)
Liability / (asset) recognized in unconsolidated statement of financial position		237,901	41,889	279,790	73,562	(12,242)	61,320
44.1.3 Movement in the net defined benefit liability / (asset)							
Opening balance		73,562	(12,242)	61,320	(139,807)	(100,036)	(239,843)
Net benefit cost charged to profit or loss	44.1.7	28,434	4,472	32,906	2,227	(4,676)	(2,449)
Remeasurements recognized in other comprehensive income	44.1.8	157,992	58,250	216,242	229,822	99,823	329,645
Contributions by the Company	44.1.5	(22,087)	(8,591)	(30,678)	(18,680)	(7,353)	(26,033)
Closing balance		237,901	41,889	279,790	73,562	(12,242)	61,320
44.1.4 Movement in the present value of defined benefit obligations							
Opening balance		569,457	127,084	696,541	500,963	111,286	612,249
Current service cost		20,150	6,664	26,814	17,142	5,695	22,837
Interest cost		74,654	16,838	91,492	49,512	11,016	60,528
Benefits paid during the year		(12,063)	-	(12,063)	(11,692)	(2,256)	(13,948)
Remeasurement:							
Actuarial loss from change in financial assumption		13,364	63	13,427	12,351	59	12,410
Experience adjustments		36,345	10,043	46,388	1,181	1,284	2,465
Closing balance		701,907	160,692	862,599	569,457	127,084	696,541

	2023			2022		
Rupees in '000	Pension	Gratuity	Total	Pension	Gratuity	Total
44.1.5 Movement in the fair value of plan assets are as follows						
Opening balance	495,895	139,326	635,221	640,770	211,322	852,092
Contributions by the Company	22,087	8,591	30,678	18,680	7,353	26,033
Interest income on plan assets	66,370	19,030	85,400	64,427	21,387	85,814
Benefits paid during the year	(12,063)	–	(12,063)	(11,692)	(2,256)	(13,948)
Return on plan assets, excluding interest income	(108,283)	(48,144)	(156,427)	(216,290)	(98,480)	(314,770)
Closing balance	464,006	118,803	582,809	495,895	139,326	635,221
44.1.6 Actual return on plan assets	(41,913)	(29,114)	(71,027)	(151,863)	(77,093)	(228,956)

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

	2023			2022		
Rupees in '000	Pension	Gratuity	Total	Pension	Gratuity	Total
Current service cost	20,150	6,664	26,814	17,142	5,695	22,837
Interest cost	74,654	16,838	91,492	49,512	11,016	60,528
Interest income on plan assets	(66,370)	(19,030)	(85,400)	(64,427)	(21,387)	(85,814)
Charge recognized in profit or loss	28,434	4,472	32,906	2,227	(4,676)	(2,449)

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

	2023			2021		
Rupees in '000	Pension	Gratuity	Total	Pension	Gratuity	Total
Remeasurement:						
Actuarial losses from change in financial assumption	13,364	63	13,427	12,351	59	12,410
Experience adjustments	36,345	10,043	46,388	1,181	1,284	2,465
Return on plan assets, excluding interest income	108,283	48,144	156,427	216,290	98,480	314,770
Remeasurement loss recognized in the other comprehensive income	157,992	58,250	216,242	216,290	98,480	314,770

	2023			2022		
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	186,426	62,722	249,148	218,517	93,804	312,321
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	33	–		35	–	
Beneficiaries	78	78		74	75	
Vested / Non-Vested						
Vested benefits	636,521	139,274	775,795	521,274	111,770	633,044
Non - vested benefits	65,386	21,418	86,804	48,183	15,314	63,497
	701,907	160,692	862,599	569,457	127,084	696,541
Disaggregation of fair value of plan assets						
The fair value of the plan assets at reporting date for each category are as follows:						
Cash and cash equivalents (comprising bank balances and adjusted for current liabilities) - quoted	4,118	446	4,564	86,721	7,717	94,438
Debt instruments						
AA+	15,000	15,000	30,000	170,539	36,692	207,231
AA-	3,060	–	3,060	–	–	–
AAA	2,500	2,500	5,000	–	–	–
A1+	–	–	–	3,061	–	3,061
CCC+	118,397	2,614	121,011	–	–	–
C	117,648	45,000	162,648	–	–	–
	256,605	65,114	321,719	173,600	36,692	210,292
Equity instruments						
Cement	4,860	–	4,860	6,467	–	6,467
Chemicals	583	–	583	782	–	782
Commercial Banks	536	–	536	955	–	955
Engineering	86,829	41,675	128,504	168,706	80,083	248,789
Fertilizer	4,132	291	4,423	6,188	325	6,513
Insurance	63	–	63	55	–	55
Oil and Gas Exploration Companies	8,889	2,822	11,711	8,185	2,886	11,071
Oil and Gas Marketing Companies	498	–	498	777	–	777
Gas Distribution Companies	245	–	245	–	–	–
Pharmaceuticals	91	–	91	35	–	35
Power Generation and Distribution	17,980	6,958	24,938	17,171	6,817	23,988
Sugar and Allied Industries	5,082	1,497	6,579	4,639	1,366	6,005
Technology and Communication	1,124	–	1,124	1,043	–	1,043
Textile Composite	1,419	–	1,419	2,148	–	2,148
	132,331	53,243	185,574	217,151	91,477	308,628
Mutual funds						
Income Fund	66,258	–	66,258	18,423	3,440	21,863
Equity Fund	4,694	–	4,694	–	–	–
	464,006	118,803	582,809	495,895	139,326	635,221

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%	632,721	156,837
Discount rate -1%	785,726	165,198
Long term pension / salary increase +1%	717,054	165,179
Long term pension / salary decrease -1%	688,738	156,787
Long term pension increase +1%	775,974	–
Long term pension decrease -1%	638,105	–

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.

44.1.10 Expected future expense to be charged in unconsolidated statement of profit or loss for the year ending 30 June 2024:

Rupees in '000	Pension	Gratuity
Current service cost	26,062	8,570
Interest cost on defined benefit obligation	113,036	17,206
Interest income on plan assets	(76,588)	(11,272)
	62,510	14,504

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 2023 was Rs. 14.069 million (2022: Rs. 13.147 million). Reporting year end of Provident Fund Financial Statements is 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 2023								
	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	468,022	7,295	-	-	475,317	475,317	-	-	475,317
- unlisted equity securities	545,980	-	-	-	545,980	-	-	545,980	545,980
	1,014,002	7,295	1,021,297	475,317	-	-	545,980	-	1,021,297
Financial assets not measured at fair value									
Deposits	-	-	30,135	-	30,135	-	-	-	-
Term deposit receipt	-	-	84,360	-	84,360	-	-	-	-
Trade debts	-	-	464,043	-	464,043	-	-	-	-
Loan to subsidiary	-	-	111,914	-	111,914	-	-	-	-
Other receivables	-	-	188,757	-	188,757	-	-	-	-
Bank balances	-	-	30,266	-	30,266	-	-	-	-
	-	-	909,475	-	909,475	-	-	-	-
Financial liabilities not measured at fair value									
Long term loans	-	-	-	694,976	694,976	-	-	-	-
Lease liability	-	-	-	76,673	76,673	-	-	-	-
Trade and other payables	-	-	-	717,897	717,897	-	-	-	-
Mark-up accrued	-	-	-	78,369	78,369	-	-	-	-
Short term borrowings	-	-	-	1,289,519	1,289,519	-	-	-	-
Unclaimed dividend	-	-	-	16,081	16,081	-	-	-	-
	-	-	-	2,873,515	2,873,515	-	-	-	-

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	259,873	10,173	-	-	270,046	270,046	-	-	270,046
- unlisted equity securities	511,029	-	-	-	511,029	-	206,250	304,779	511,029
	770,902	10,173	781,075	270,046	206,250	-	304,779	-	781,075
Financial assets not measured at fair value									
Deposits	-	-	44,348	-	44,348	-	-	-	-
Term deposit receipt	-	-	159,360	-	159,360	-	-	-	-
Trade debts	-	-	175,214	-	175,214	-	-	-	-
Loan to subsidiaries	-	-	96,793	-	96,793	-	-	-	-
Other receivables	-	-	40,694	-	40,694	-	-	-	-
Bank balances	-	-	6,180	-	6,180	-	-	-	-
	-	-	522,589	-	522,589	-	-	-	-
Financial liabilities not measured at fair value									
Long term loan	-	-	163,167	163,167	-	-	-	-	-
Lease liability	-	-	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	-	-	-	-	-

The Company has not disclosed the fair values for all other financial assets and financial liabilities, as these are either short term in nature or reprice periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

The unquoted investments and investments in subsidiaries and associates are stated at cost.

Investment property fair value have been determined by professional valuers (level 3 measurement) based on their assessment of the market values as disclosed in note 18.2. The valuations are conducted by the valuation experts appointed by the Company. The valuation experts used a market based approach to arrive at the fair value of the Company's investment properties. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these unconsolidated financial statements.

45.1 Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 3 fair values at 30 June 2023 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)
- Central Depository Company of Pakistan Limited	-Dividend growth model: The valuation model considers the present value of future dividends, discounted using Weighted Average Cost of Capital. The method has been changed from Net Asset Value method to Dividend Valuation method for better fair value measurement.	- Dividend growth rate - Weighted Average Cost of Capital	The estimated fair value would increase / (decrease) if: - The dividend 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 2022	
- Shakarganj Food Products Limited	304,779
- Central Depository Company of Pakistan Limited (CDC)	–
	304,779
Fair value recognized in profit or loss during the year	
- Shakarganj Food Products Limited	36,985
- CDC - Transfer in from level 2 to level 3	206,250
- Central Depository Company of Pakistan Limited (CDC)	(2,034)
	241,201

Rupees in '000	
Balance at 30 June 2023	
- Shakarganj Food Products Limited	341,764
- Central Depository Company of Pakistan Limited (CDC)	204,216
	545,980

Sensitivity analysis

For the fair value of unquoted equity investment, reasonably possible changes at 30 June 2023 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)	40,722	(40,716)
- Terminal growth rate (100 bps)	24,644	(21,361)
- Weighted Average Cost of Capital (100 bps)	(32,992)	38,313
Central Depository Company of Pakistan Limited		
- Dividend growth rate (100 bps)	9,918	(8,346)
- Weighted Average Cost of Capital (100 bps)	(7,525)	8,943

Transfer in from level 2

As at 30 June 2023, FVTPL unlisted equity security with a carrying amount of Rs. 206.25 million was transferred from level 2 to level 3 because during the year, no recent transactions for sale / purchase of share by other shareholders were performed. Therefore, it is used as level 3 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	**2023**	2022
Deposits	30,135	44,348
Term deposit receipt	84,360	159,360
Trade debts	464,043	175,214
Loan to subsidiary	111,914	96,793
Other receivables	188,757	40,694
Bank balances	30,266	6,180
	909,475	522,589

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	**2023**	2022
Steel segment	459,154	81,044
Cotton segment	59	4,296
Energy segment	4,636	4,636
Hadeed (Billet) segment	194	85,238
	464,043	175,214
The aging of trade debts at the reporting date is		
Not past due	329,986	38,937
Past due 1 - 30 days	35,031	81,878
Past due 30 - 180 days	62,697	34,915
Past due 180 days	54,730	39,037
	482,444	194,767
Less: Impaired	18,401	19,553
	464,043	175,214

The movement in the allowance for impairment in respect of trade debts is given in note 24.3.

The expected loss rates are based on the payment profiles of sales over a period of 60 month before 30 June 2023 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	**2023**	2022
Rupee in '000	Short term	Long term	Agency		
Mutual Funds					
HBL Growth Fund (A)	MFR 2-Star	-	VIS	7,980	8,781
HBL Investment Fund (A)	MFR 1-Star	-	VIS	776	1,001
Pak Qatar Cash Plan	AA	-	Pacra	100,146	–
MCB Cash Management Optimizer	AA+	-	Pacra	150,249	–
				259,151	9,782

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 have debt security amounting to Rs. 84.360 million as 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				**2023**				
	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	694,976	–	694,976	136,526	136,458	195,731	207,504	18,758
Lease liabilities	76,673	–	96,137	21,295	20,806	31,013	22,177	–
Trade and other payables	717,897	–	717,897	717,897	–	–	–	–
Unclaimed dividend	16,081	16,081	–	–	–	–	–	–
Mark-up accrued	78,369	–	78,369	78,369	–	–	–	–
Short term borrowings	1,289,519	463,654	825,865	825,865	–	–	–	–
	2,873,515	479,735	2,413,244	1,779,951	157,264	226,743	229,680	18,758

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 loan	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	416,331	396,316	396,316	–	–	–	–
	1,958,400	441,945	1,527,180	1,361,468	76,945	20,467	10,264	10,015

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:

	2023	
Rupees in '000	USD	Euro
Foreign creditors	–	–
Outstanding letters of credit	1,398,513	26,720
Net exposure	1,398,513	26,720

	2022	
Rupees in '000	USD	Euro
Foreign creditors	–	–
Outstanding letters of credit	1,243,850	68,064
Net exposure	1,243,850	68,064

The following significant exchange rate has been applied:

	Average rate		Reporting date rate	
	2023	2022	**2022**	2022
USD to PKR	248.04	178.93	286.58	204.85
Euro to PKR	260.52	236.35	310.06	213.81

Sensitivity analysis

At the reporting date, if the PKR had strengthened by 10% against the USD and Euro with all other variables held constant, pre-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	2023	2022
USD	34,689	22,257
Euro	696	1,609
	35,385	23,866

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:

	2023	2022	**2023**	2022
	Effective interest rate (Percentage)		Carrying amount (Rupees in '000)	
Financial liabilities				
Variable rate instruments:				
Long term loans	16.66 - 24.08	8.49 - 15.16	694,976	163,167
Lease Liabilities	11.51 - 25.61	11.51 - 18.87	76,673	88,981
Short term borrowings	16.91 - 24.14	8.31 - 16.31	1,289,519	812,647

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 2022.

	Profit and loss 100 bp	
Rupees in '000	Increase	Decrease
As at 30 June 2023		
Cash flow sensitivity - Variable rate financial liabilities	(20,612)	20,612
As at 30 June 2022		
Cash flow sensitivity - Variable rate financial liabilities	(10,648)	10,648

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 share prices at year end would have decreased / increased in 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	**2023**	2022
Effect on profit	46,802	25,987
Effect on equity	730	1,017
Effect on investments	47,532	27,004

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	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Managerial remuneration	36,117	34,085	-	-	118,368	91,705	154,485	125,790
Fees	-	-	4,625	4,375	-	-	4,625	4,375
Contributions to								
- Gratuity fund	1,688	1,483	-	-	3,480	2,941	5,168	4,424
- Pension fund	4,053	3,560	-	-	10,872	8,158	14,925	11,718
- Provident fund	2,027	1,695	-	-	5,244	3,678	7,271	5,373
Others	8,820	7,383	-	-	3,725	3,467	12,545	10,850
	52,705	48,206	4,625	4,375	141,689	109,949	199,019	162,530
Number of persons	1	1	7	7	17	17	25	25

47.1 During the year remuneration paid to the non-executive Chairman of the Board of Directors amounted to Rs. 1.8 million (2022: Rs. 1.8 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 Name	Nature of relationship	Basis of relationship	Nature of transaction	**2023**	2022
CS Capital (Private) Limited	Subsidiary company	100% Holding	Reimbursable expenses	3,113	2,006
			Payment received	8,076	-
			Right shares subscribed	150,000	30,000
			Dividend received	150,000	-

Rupees in '000				**2023**	2022
Name	Nature of relationship	Basis of relationship	Nature of transaction		
Solution de Energy (Private) Limited	Subsidiary company	100% holding	Reimbursable expenses	48	95
			Loan given	15,122	2,585
Altern Energy Limited	Associated company	16.69% holding	Dividend Income	-	1,122,280
			Dividend received	-	1,122,280
Shakarganj Limited	Associated company	21.93% holding	Payments received	-	130,916
			Payments made against services received	-	23,762
			Sales of electricity and steam	-	537,305
			Sales of raw cotton / polyester	-	45,270
			Purchase of raw material	-	608,946
			Advance against purchase of raw material	-	138,320
			Reimbursable expenses	9,982	12,284
Crescent Socks (Private) Limited	Related party	Subsidiary Company's associate	Rental income	1,200	900
			Payments received against services rendered	1,500	800
Shakarganj Food Products Limited	Related party	Subsidiary Company's related party	Reimbursable expenses	2,711	2,484
			Services rendered	3,059	3,031
			Rent	2,829	3,494
			Payments received	3,000	2,000
The Crescent Textile Mills Limited	Related party	Major Shareholder	Rent	1,970	4,580
			Payments received against services rendered	3,544	6,214
			Reimbursable expenses	1,436	1,776
			Dividend received	7,412	-
Premier Insurance Company	Related party	Common directorship	Insurance premium	7,772	8,217
			Insurance premium paid	8,178	8,116
The Citizens' Foundation	Related party	Common directorship	Donation given	24,860	44,401
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
Pak Elektron Limited	Related party	Common directorship	Sales made	159,666	179,746
			Payments received	164,872	205,983

Rupees in '000				2023	2022
Name	Nature of relationship	Basis of relationship	Nature of transaction		
Pak Qatar Asset Management Company	Related party	Common directorship	Units in Cash plan	100,146	-
			Participated in SUKUK certificates	120,000	-
			Loan repayment	20,000	-
			Profit repayment	13,298	-
Crescent Cotton Products - Staff Provident Fund	Retirement benefit fund	Employees benefit fund	Contribution made	1,392	2,397
Crescent Steel and Allied Products Limited - Gratuity Fund	Retirement benefit fund	Employees benefit fund	Contribution made	8,590	7,353
Crescent Steel and Allied Products Limited - Pension Fund	Retirement benefit fund	Employees benefit fund	Contribution made	22,087	18,680
Crescent Steel and Allied Products Limited - Staff Provident Fund	Retirement benefit fund	Employees benefit fund	Contribution made	11,734	9,976
Crescent Hadeed (Private) Limited - Staff Provident Fund	Retirement benefit fund	Employees benefit fund	Contribution made	772	772
CSAP - Staff Benevolent Fund	Staff welfare fund	Employees Welfare fund	Contribution made	5	24
Key management personnel	Related parties	Executives	Remuneration and benefits	194,394	158,155
Chairman of the Board	Related party	Chairman	Honorarium	1,800	1,800
Directors and their spouse	Related parties	Directors	Meeting fee	2,825	2,575

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 2023 and 2022 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), trade debts (note 24.1) 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 these unconsolidated statement of financial position plus net debt.

49.1 Gearing ratio

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

Rupees in '000	Note	**2023**	2022
Total debt	49.1.1	2,061,168	1,064,795
Less: Cash and bank balances		30,266	6,670
Net debt		2,030,902	1,058,125
Total equity	49.1.2	6,119,432	6,072,811
Total capital		8,150,334	7,130,936
Gearing ratio		24.9%	14.8%

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 (2022: 66,667 tons) annually on the basis of notional pipe size (whereas 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 42,888 tons (2022: 5,082 tons) line pipes of varied sizes and thickness. Actual production is equivalent to 68,095 tons (2022: 28,205 tons) when translated to the notional pipe size of 30" diameter.

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 2134 mm outside diameter.

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 51,795 meters (2022: 95,377 meters) of different diameter pipes and 305,098 square meters surface area was achieved during the year (2022: 96,677 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 (2022: 9,197,007 kilograms). Actual production converted into 20s count was 2,391,228 kilograms for 310 shifts (2022: 8,546,895 kilograms for 1,092 shifts).

50.3 Energy segment

The plant's installed production capacity was 118,856 MWh (2022: 118,856 MWh) and the actual production achieved during the year was Nil (2022: 23,679 MWh). Reason for underutilization was that no power was supplied to FESCO, Hadeed (Billet) segment (internal customer) and Shakarganj Limited (external customer).

50.4 Hadeed segment

The designed capacity of Plant is 85,000 mtons (2022: 85,000 mtons) of billets per annum, but the total production during the year was NIL (2022: 17,707.08 mtons) of billets. Unit would not be operated 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 the whole year because of no alternative power supply arrangements.

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 2023 were 434 (2022: 769) and weighted average number of employees were 602 (2022: 767).

The number of factory employees, including contractual employees, of the Company as at 30 June 2023 were 317 (2022: 691) and weighted average number of employees were 523 (2022: 688).

53. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue in the Board of Directors meeting held on August 09, 2023.

Chief Executive	Director	Chief Financial Officer

Crescent steel and allied products limited

CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 JUNE 2023

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 June 30, 2023. 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 June 30, 2023 has been presented separately.

GROUP RESULTS

The consolidated financial results of the Group are summarized below:

Rupees in '000	**2023**	2022
Profit / (loss) for the year before taxation	698,658	(787,378)
Taxation (charge) / income	(108,081)	140,089
Profit / (loss) after taxation	590,577	(647,289)
Total other comprehensive loss for the year	(189,005)	(296,562)
Basic / diluted (loss) / earnings per share	Rs. 7.61	Rs. (8.34)

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 June 30, 2023, 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
August 09, 2023

Nadeem Maqbool
Director

ڈائریکٹرز رپورٹ - یکجا

کریسنٹ اسٹیل اورالائیڈ پروڈکٹس لمیٹڈ (CSAPL) کے ڈائریکٹرز انتہائی مسرت کے ساتھ 30 جون 2023 کو ختم ہونے والے مالی سال سے متعلق گروپ کی رپورٹ بمعہ آڈٹ شدہ یکجا مالیاتی دستاویزات آپ کی خدمت میں پیش کررہے ہیں۔گروپ سی ایس اے پی ایل اور مکمل طور پر اس کی ملکیت میں شامل ذیلی کمپنیوں سی ایس کیپٹل (پرائیویٹ) لمیٹڈ، سولوشن ڈی انرجی (پرائیویٹ) لمیٹڈ اور کریسنٹ کانٹینینٹل گیس پائپ لائنز لمیٹڈ (سی سی جی پی ایل) پر مشتمل ہے۔سی سی جی پی ایل کی جانب سے کاروباری افعال سرانجام نہیں دیئے جارہے ہیں اس لئے کسی بھی قسم کی مالیاتی دستاویزات بھی تیار نہیں کی گئیں۔

مالی سال اختتامیہ 30 جون 2023 کے دوران سی ایس اے پی ایل کی کارکردگی کے بارے میں ڈائریکٹرز رپورٹ علیحدہ سے پیش کی گئی ہے۔

گروپ کے نتائج

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

	2023	2022
		روپے ہزاروں میں
منافع/(نقصان) برائے سال قبل از ٹیکس	698,658	(787,378)
ٹیکس انکم/(چارج)	(108,081)	140,089
(نقصان)/منافع بعد از ٹیکس	590,577	(647,289)
کل دیگر جامع نقصان برائے مالی سال	(189,005)	(296,562)
بنیادی/تحلیلی آمدن/(نقصان) فی حصص	7.61 روپے	Rs. (8.34)

ترتیب حصص داری

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

اہم تغیرات ووعدے

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

چیف ایگزیکیٹو کا جائزہ

ڈائریکٹروں کی جانب سے مالی سال 30 جون 2023 کی رپورٹ میں شامل مواد کی توثیق کی جاتی ہے جس سے کمپنی کے معاملات، سی ایس اے پی ایل اوراس کی ذیلی کمپنیوں کی کاروباری کارکردگی، منافع سے متعلق پیشن گوئی اور دیگر اہم معلومات کا اظہار ہوتا ہے۔مزکوہ رجائزے کو رپورٹ ہذا، چیئرمین کے جائزے اور غیر یکجا مالیاتی دستاویزات کی رپورٹ کے ساتھ ملا کر پڑھا جائے جو کہ کمپنیز ایکٹ 2017 کے دفعہ 227 اور پاکستان اسٹاک ایکسچینج (پی ایس ایکس) کی رول بک کے کوڈ آف کارپوریٹ گورننس کے تحت ڈائریکٹرز رپورٹ کا لازمی حصہ ہے۔

بحکم بورڈ

احسان ایم سلیم	ندیم مقبول
چیف ایگزیکیٹو آفیسر	ڈائریکٹر

9 اگست 2023

KEY PERFORMANCE INDICATORS

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

Sales Revenue	Profit Before Tax	Gross Profit Ratio	Net Profit Margin
4,515.6	698.7	17.2	13.1
(Rs. in million)	(Rs. in million)	Percentage	Percentage
EBITDA	**Earnings Per Share** (Basic and diluted)	**Total Assets**	**Shareholders' Equity**
1,297.8	7.61	11,302.6	7,426.1
(Rs. in million)	(Rs)	(Rs. in million)	(Rs. in million)
Capital Expenditure	**Break-up Value**	**Cash Dividend** (Including final proposed)	**Return on Capital Employed**
538.8	95.7	–	6.7
(Rs. in million)	Per share (Rs.)	(PKR per share)	Percentage
Gearing Ratio	**Current Ratio**	**Price Earnings Ratio**	**Share Price**
21.4	1.3: 1	2.8	21.5
Percentage	Ratio	Times	Per share (Rs.)

STATEMENT OF VALUE ADDITION

	2023 Rupees in '000	%	2022 Rupees in '000	%
WEALTH GENERATED				
Total revenue	6,045,371	100.0%	8,241,184	100%
Bought-in-material and services	(3,238,649)	53.6%	(6,587,668)	79.9%
	2,806,722	46.4%	1,653,516	20.1%
WEALTH DISTRIBUTED				
To Employees				
Salaries, wages and other benefits	517,396	18.4%	525,810	31.8%
To Government				
Income tax, sales tax, custom duties, WWF and WPPF	1,037,766	37.0%	1,630,649	98.6%
To Shareholders				
Dividend	-	0.0%	-	0.0%
To Providers of Finance				
Finance costs	364,779	13.0%	251,742	15.2%
To Society				
Donation towards education, health and environment	27,488	0.98%	59,014	3.6%
Retained within the business for future growth				
Depreciation, amortization and retained earnings	859,293	30.6%	(813,699)	-49.2%
	2,806,722	100.0%	1,653,516	100%

SUMMARY DATA AND PERFORMANCE INDICATORS

For The Current And Past Six Financial Years

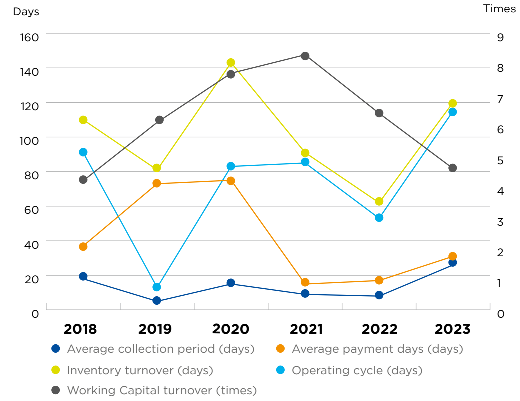
Performance Indicators	2023	2022	2021	2020	2019	2018	2017
A - Profitability Ratios							
Earnings / (loss) before interest, taxation, depreciation and amortization EBITDA / (LBITDA) (Rs. in millions)"	1,297.8	(325.6)	1,358.8	260.9	189.0	635.7	2,008.3
Profit / (loss) before taxation and deprecation (Rs. in millions)	930.8	(579.6)	1,144.5	(54.4)	(131.5)	368.1	1,798.5
Gross profit / (loss) ratio (%)	17.2	(0.9)	6.8	1.3	(1.8)	5.4	13.7
Operating profit / (loss) margin to sales (net) (%)	9.8	(8.9)	10.3	(3.7)	(6.5)	3.3	10.0
Net profit / (loss) margin to sales (net) (%)	13.1	(9.1)	10.9	(0.5)	(6.1)	(0.6)	9.7
EBITDA / (LBITDA) margin to sales (net) (%)	28.7	(4.6)	18.7	6.8	2.8	6.4	16.3
Earnings / (loss) before interest and taxation (EBIT) (Rs. in millions)	1,063.4	(535.7)	1,139.1	32.7	(46.7)	411.4	1,796.5
% change in EBIT	(298.5)	(147.0)	3,383.5	(170.0)	(111.4)	(77.1)	123.9
% change in Sales (net)	(36.3)	(2.3)	89.9	(44.2)	(31.0)	(19.2)	62.2
Operating leverage ratio	8.2	63.0	37.6	3.8	3.6	4.0	0.0
Return on equity (%)	8.0	(9.2)	9.9	(0.3)	(6.0)	(0.8)	13.8
Return on average equity (%)	8.2	(8.6)	10.6	(0.3)	(5.8)	(0.8)	14.9
Shareholders' funds (%)	65.7	74.2	73.9	62.0	69.6	63.1	58.1
Return on shareholders' funds (%)	8.0	(9.2)	9.9	(0.3)	(6.0)	(0.8)	13.8
Return on capital employed (RoCE) (%)	6.7	(7.2)	7.9	(0.2)	(4.4)	(0.6)	10.6
Return on average assets (%)	5.7	(6.4)	7.2	(0.2)	(3.8)	(0.5)	9.0
B - Liquidity Ratios							
Current ratio	1.3 : 1	1.4 : 1	1.5 : 1	1.1 : 1	1.2 : 1	1.4 : 1	1.5 : 1
Quick / Acid-test ratio	0.9 : 1	0.9 : 1	1 : 1	0.6 : 1	0.9 : 1	0.9 : 1	0.9 : 1
Cash to current liabilities (%)	(13.8)	(17.0)	(26.4)	(14.6)	(33.6)	(6.6)	(5.8)
Cash flows from operating activity (%)	(12.3)	3.3	39.8	(35.0)	(3.1)	38.1	(0.9)
Cash flows from operations to sales (%)	(8.5)	1.0	14.3	(36.6)	(1.2)	15.2	(0.4)
Working capital - Net current assets (Rs. in millions)	995.3	968.2	1,253.4	487.3	499.4	1,753.8	2,949.6
Working capital turnover (times)	4.6	6.4	8.3	7.7	6.1	4.2	4.9
Cashflow to capital expenditures (%)	1,570.0	70.0	10.0	0.0	30.0	10.0	40.0
Cashflow to coverage ratio (%)	0.0	0.2	1.0	(0.4)	0.4	1.2	0.3
C - Activity / Turnover Ratios							
Debtors turnover ratio (times)	14.1	45.4	40.0	23.7	76.7	20.4	18.0
No. of days in receivables / Average collection period (days)	26	8	9	15	5	18	20
Inventory turnover ratio (times)	3.0	5.9	4.0	2.6	4.5	3.3	3.6
No. of days in inventory (days)	120	62	91	143	81	110	102
Creditors turnover ratio (times)	11.9	21.6	24.8	14.1	10.1	6.7	11.2
No. of days in creditors / Average payment period (days)	31	17	15	26	36	54	33
Property, plant and equipment turnover (times)	1.8	3.2	3.5	1.7	2.7	3.8	4.8
Total assets turnover (times)	0.4	0.7	0.7	0.3	0.7	0.8	0.8
Operating cycle (days)	115	53	85	132	50	74	89
D - Investment / Market Ratios							
Basic and diluted earnings / (loss) per share (Rs.)	7.61	(8.34)	10.19	(0.26)	(5.40)	(0.79)	15.29
Price earnings ratio (times)	2.8	-	8.2	-	-	-	15.6
Price to book ratio (times)	0.1	0.3	0.6	0.3	0.3	0.6	1.3
Dividend yield (%) *	-	-	-	-	-	2.2	2.2
Dividend payout ratio (%) *	-	-	-	-	-	(252.5)	34.3
Dividend cover ratio (times) *	-	-	-	-	-	(0.4)	2.9
Cash dividend (Rs. in millions) *	-	-	-	-	-	155.3	407.6
Cash dividend per share (Rs.) *	-	-	-	-	-	2.0	5.3
Market value per share (at the end of the year) (Rs.)	21.5	41.7	84.0	45.5	37.8	91.2	238.6
- Lowest during the year (Rs.)	20.6	34.0	45.8	27.8	27.4	89.8	116.0
- Highest during the year (Rs.)	46.3	93.3	96.4	58.7	101.9	229.4	283.1
Break-up value per share (Rs.)	95.7	90.5	102.7	90.3	89.6	98.1	110.8
Break-up value per share including RP investment at MV (Rs.)	89.4	91.5	101.0	92.9	96.2	121.4	148.7
E - Capital Structure Ratios							
Financial leverage ratio (%)	27.8	15.8	24.3	43.6	29.9	32.2	40.4
Long term debt to equity ratio (%) - Book value	6.6	1.7	2.5	3.6	4.0	4.7	4.5
Long term debt to equity ratio (%) - Market value	29.2	3.6	3.1	7.2	9.6	5.0	2.1
Weighted average of cost of debt (%)	16.5	8.5	8.5	12.2	12.3	8.0	8.4
Long term debt : Equity ratio	6 : 94	2 : 98	2 : 98	4 : 96	4 : 96	4 : 96	4 : 96
Total liabilities to total assets (%)	34.3	25.8	26.0	37.9	29.4	36.8	41.9
Gearing ratio (%)	21.4	13.6	19.5	30.2	22.8	22.8	28.3
Interest coverage (times)	2.9	(2.1)	5.3	0.1	(0.1)	1.6	8.8
Net asset value per share	95.7	90.5	102.7	90.3	89.6	98.1	110.8
F - Employee Productivity Ratio							
Revenue per employee (Rs. in millions)	10.4	9.3	9.5	4.9	9.1	12.6	25.5
No. of employees	434	769	765	778	755	789	481
Staff turnover ratio (%) **	209.7	111.1	89.9	90.1	102.2	97.7	140.7
G - Others							
Spares inventorty as percentage of assets cost (%)	3.0	1.8	1.5	1.5	1.8	1.7	1.2
Maintenance cost as percentage of operating expenses (%)	15.2	8.3	7.6	6.9	8.2	14.5	15.4

Notes:

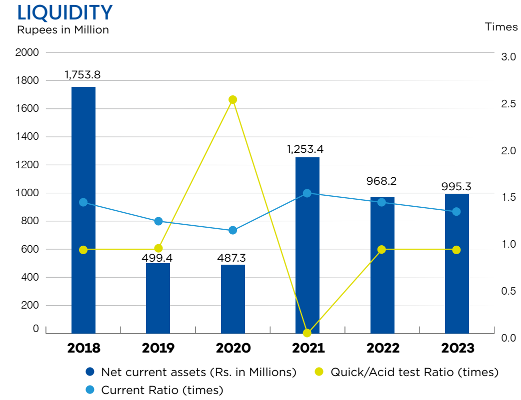
* This includes declaration of final cash dividend recommended by the Board of Directors subsequent to year end.

** Major contributor to high turnover rate is staff at the Cotton division's spinning unit.

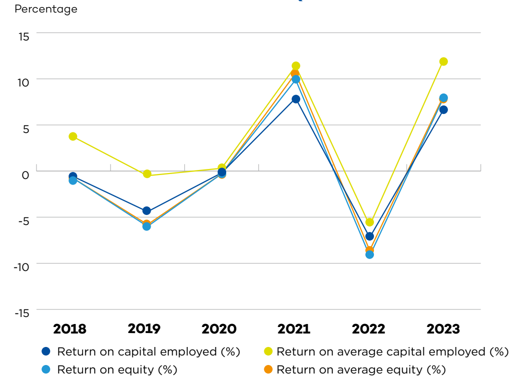
MANAGEMENT OF WORKING CAPITAL



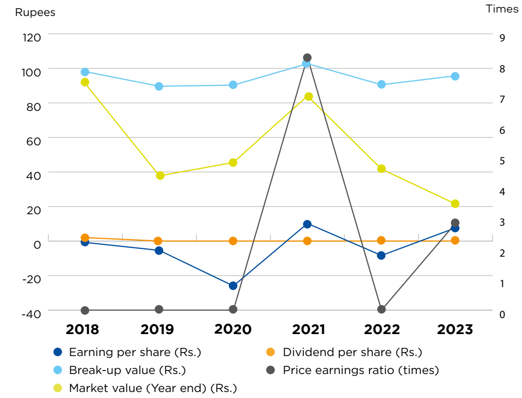
LIQUIDITY



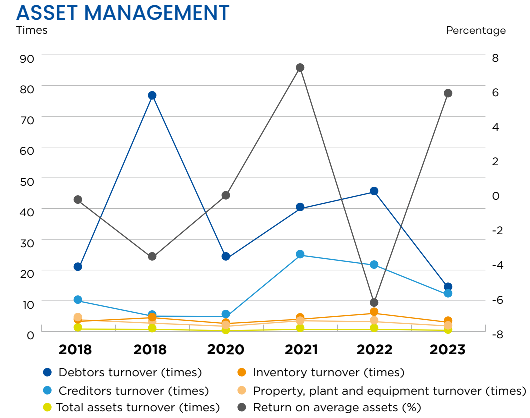
RETURN ON CAPITAL AND EQUITY



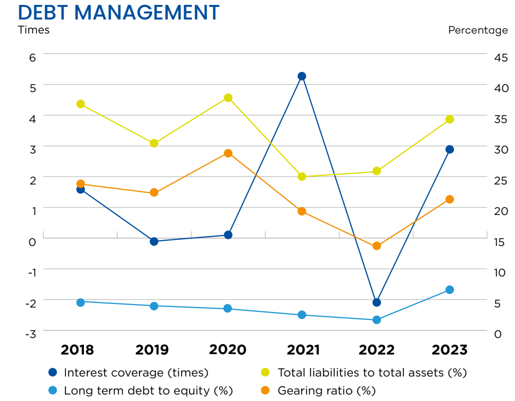
PER SHARE RESULT



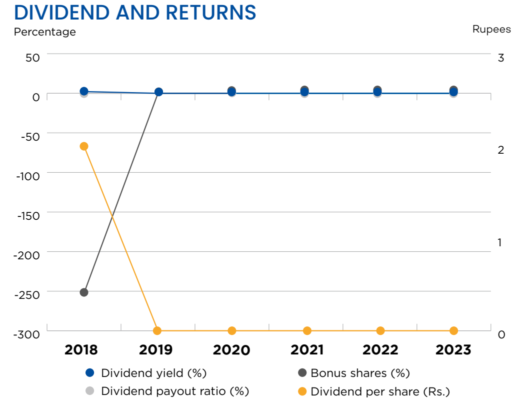
ASSET MANAGEMENT



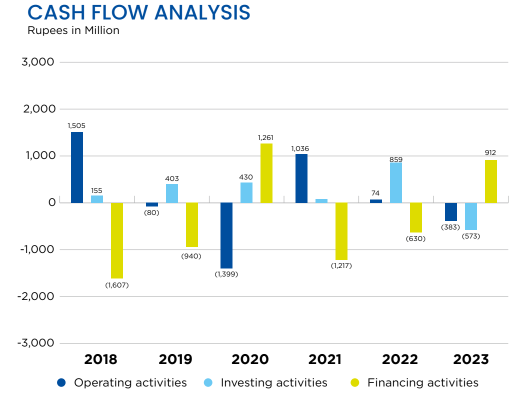
DEBT MANAGEMENT



DIVIDEND AND RETURNS



CASH FLOW ANALYSIS



VERTICAL ANALYSIS

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

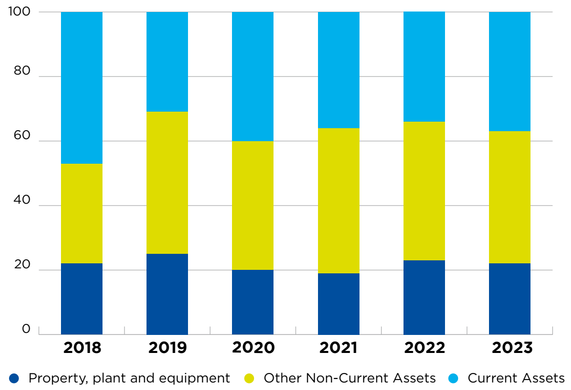
Rupees in million	2023	%	2022	%	2021	%	2020	%	2019	%	2018	%
Consolidated Statement of financial position												
Property, plant and equipment	2,438	21.6	2,108	22.4	1,928	17.9	2,107	18.7	2,495	24.9	2,596	21.5
Right-of-use-assets	83	0.7	110	1.2	132	1.2	169	1.4	-	-	-	-
Intangible assets	155	1.4	154	1.6	153	1.4	146	1.3	144	1.4	137	1.1
Investment properties	79	0.7	83	0.9	87	0.8	51	0.5	55	0.5	49	0.4
Investment in equity accounted investees	2,948	26.1	2,332	24.6	3,429	31.8	3,087	27.3	3,267	32.7	3,088	25.6
Other long term investments	763	6.8	756	8.0	976	9.1	731	6.5	689	6.9	263	2.2
Long term deposits	27	0.2	29	0.3	24	0.2	225	2.0	236	2.4	217	1.8
Deferred taxation - net	709	6.3	676	7.1	193	1.8	291	2.6	-	-	-	-
Stores, spares and loose tools	340	3.0	171	1.8	163	1.5	169	1.5	186	1.9	212	1.8
Stock-in-trade	1,269	11.2	1,190	12.5	1,237	11.6	2,131	18.9	821	8.2	2,268	18.8
Trade debts	464	4.1	175	1.8	137	1.3	226	2.0	96	1.0	82	0.7
Advances	173	1.5	68	0.7	42	0.4	54	0.5	34	0.3	30	0.2
Trade deposits and short term prepayments	17	0.2	28	0.3	293	2.7	66	0.6	50	0.5	72	0.6
Short term investments	834	7.4	780	8.2	522	4.8	340	3.0	405	4.0	1,055	8.7
Other receivables	295	2.6	112	1.2	345	3.2	207	1.8	233	2.4	631	5.3
Taxation - net	673	6.0	690	7.3	1,114	10.3	1,272	11.3	1,260	12.6	1,165	9.7
Cash and bank balances	36	0.3	7	0.1	4	-	24	0.2	30	0.3	194	1.6
Total assets	**11,303**	**100**	9,469	100	10,779	100	11,296	100	10,001	100	12,059	100
	-	0	-									
Issued, subscribed and paid-up capital	776	6.9	776	8.2	776	7.2	776	6.9	776	7.8	776	6.4
Capital reserves	1,051	9.3	1,051	11.1	1,050	9.7	1,092	9.7	1,083	10.8	1,159	9.6
Revenue reserves	5,599	49.5	5,197	55.0	6,142	57.0	5,140	45.5	5,097	51.0	5,678	47.1
Shareholders' equity	**7,426**	**65.7**	7,024	74.3	7,968	73.9	7,008	62.1	6,956	69.6	7,613	63.1
Long term loans	425	3.8	50	0.5	128	1.2	190	1.7	177	1.8	227	1.9
Lease liabilities	62	0.5	67	0.7	75	0.7	65	0.6	103	1.0	127	1.1
Deferred income	4	-	1	-	4	-	7	0.1	7	0.1	8	0.1
Deferred taxation	-	-	-	-	-	-	-	-	42	0.4	129	1.1
Deferred liability - staff retirement benefits	280	2.5	74	0.8	-	-	24	0.1	101	1.0	-	-
Trade and other payables	1,436	12.7	1,184	12.4	803	7.4	1,115	9.9	739	7.4	1,805	14.9
Unclaimed dividend	16	0.1	26	0.3	26	0.2	26	0.2	27	0.3	22	0.2
Mark-up accrued	79	0.7	39	0.4	29	0.3	55	0.5	44	0.4	24	0.2
Short term borrowings	1,290	11.4	861	9.1	1,542	14.4	2,704	23.9	1,638	16.4	1,956	16.2
Current portion of long term loans	270	2.4	113	1.2	159	1.5	49	0.4	110	1.1	97	0.8
Current portion of lease liabilities	14	0.1	22	0.2	36	0.3	47	0.4	51	0.5	46	0.4
Current portion of deferred income	1	-	8	0.1	9	0.1	6	0.1	6	0.1	5	-
Total equity and liabilities	**11,303**	**100**	9,469	100	10,779	100	11,296	100	10,001	100	12,059	100
Consolidated statement of profit or loss Account												
Sales - net	4,516	100.0	7,090	100	7,259	100	3,822	100.0	6,854	100	9,930	100
Cost of sales	3,740	82.8	7,155	100.9	6,763	93.2	3,771	98.7	6,978	101.8	9,390	94.6
Gross profit / (loss)	**776**	**17.2**	(65)	(0.9)	496	6.8	51	1.3	(124)	(1.8)	540	5.4
Income / (loss) from investments - net	67	1.5	(206)	(2.9)	356	4.9	62	1.6	(68)	(1.0)	(41)	(0.4)
Distribution and selling expenses	67	1.5	16	0.2	15	0.2	13	0.3	16	0.2	19	0.2
Administrative expenses	391	8.7	332	4.7	251	3.5	250	6.5	212	3.1	199	2.0
Other operating expenses	17	0.4	64	0.9	27	0.4	26	0.7	71	1.0	107	1.1
Other income	79	1.7	61	0.9	196	2.7	35	0.9	48	0.7	153	1.5
Operating profit / (loss) before finance costs	**447**	**9.8**	(622)	(8.7)	755	10.3	(141)	(3.7)	(443)	(6.4)	327	3.2
Finance costs	365	8.1	252	3.6	213	2.9	315	8.2	318	4.6	264	2.7
Share of profit in equity accounted investees - net of taxation	616	13.6	86	1.2	383	5.3	173	4.5	397	5.8	85	0.9
Profit / (loss) before taxation	**698**	**15.3**	(788)	(11.1)	925	12.7	(283)	(7.4)	(364)	(5.2)	148	1.4
Taxation	(108)	(2.4)	140	2.0	(134)	(1.8)	263	6.9	(55)	(0.8)	(209)	(2.1)
Profit / (loss) for the year	**590**	**12.9**	(648)	(9.1)	791	10.9	(20)	(0.5)	(419)	(6.0)	(61)	(0.7)

HORIZONTAL ANALYSIS

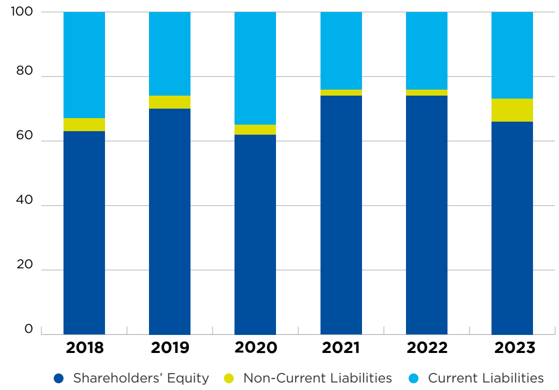
of Consolidated Statement of Financial Position and Profit or Loss
For The Last Six Financial Years

Rupees in million	2023	%	2022	%	2021	%	2020	%	2019	%	2018	%
Consolidated Statement of financial position												
Property, plant and equipment	2,438	15.7	2,108	9.3	1,928	(8.5)	2,107	(15.6)	2,495	(3.9)	2,596	1.2
Right-of-use-assets	83	(24.5)	110	(16.7)	132	(21.9)	169	100.0	-	-	-	-
Intangible assets	155	0.6	154	0.7	153	4.8	146	1.4	144	5.1	137	6.2
Investment properties	79	(4.8)	83	(4.6)	87	70.6	51	(7.3)	55	12.2	49	(9.3)
Investment in equity accounted investees	2,948	26.4	2,332	(32.0)	3,429	11.1	3,087	(5.5)	3,267	5.8	3,088	(6.2)
Other long term investments	763	0.9	756	(22.5)	976	33.5	731	6.1	689	162.0	263	19.0
Long term deposits	27	(6.9)	29	20.8	24	(89.3)	225	(4.7)	236	8.8	217	11.9
Deferred taxation - net	709	4.9	676	250.3	193	(33.7)	291	100.0	-	-	-	-
Stores, spares and loose tools	340	98.8	171	4.9	163	(3.6)	169	(9.1)	186	(12.3)	212	11.0
Stock-in-trade	1,269	6.6	1,190	(3.8)	1,237	(42.0)	2,131	159.6	821	(63.8)	2,268	(33.0)
Trade debts	464	165.1	175	27.7	137	(39.4)	226	135.4	96	17.1	82	(90.8)
Advances	173	154.4	68	61.9	42	(22.2)	54	58.8	34	13.3	30	42.9
Trade deposits and short term prepayments	17	(39.3)	28	(90.4)	293	343.9	66	32.0	50	(30.6)	72	26.3
Short term investments	834	6.9	780	49.4	522	53.5	340	(16.0)	405	(61.6)	1,055	(12.2)
Other receivables	295	163.4	112	(67.5)	345	66.7	207	(11.2)	233	(63.1)	631	(64.4)
Taxation - net	673	(2.5)	690	(38.1)	1,114	(12.4)	1,272	1.0	1,260	8.2	1,165	55.5
Cash and bank balances	36	414.3	7	75.0	4	(83.3)	24	(20.0)	30	(84.5)	194	125.6
Total assets	**11,303**	**19.4**	9,469	(12.2)	10,779	(4.6)	11,296	12.9	10,001	(17.1)	12,059	(18.6)
Issued, subscribed and paid-up capital	776	-	776	-	776	-	776	-	776	-	776	-
Capital reserves	1,051	-	1,051	0.1	1,050	(3.8)	1,092	0.8	1,083	(6.6)	1,159	(6.8)
Revenue reserves	5,599	7.7	5,197	(15.4)	6,142	19.5	5,140	0.8	5,097	(10.2)	5,678	(13.7)
Shareholders' equity	7,426	5.7	7,024	(11.8)	7,968	13.7	7,008	0.7	6,956	(8.6)	7,613	(11.5)
Long term loans	425	750.0	50	(60.9)	128	(32.6)	190	7.3	177	(22.0)	227	(29.5)
Lease liabilities	62	(7.5)	67	(10.7)	75	15.4	65	(36.9)	103	(18.9)	127	98.4
Deferred income	4	300.0	1	(75.0)	4	(42.9)	7	-	7	(12.5)	8	14.3
Deferred taxation - net	-	-	-	-	-	-	-	(100.0)	42	(67.4)	129	(68.5)
Deferred liability - staff retirement benefits	280	278.4	74	100.0	-	(100.0)	24	(76.2)	101	100.0	-	-
Trade and other payables	1,436	21.3	1,184	47.4	803	(28.0)	1,115	50.9	739	(59.1)	1,805	(15.9)
Unpaid dividend	-	-	-	-	-	-	-	-	-	-	-	(100.0)
Unclaimed dividend	16	(38.5)	26	-	26	-	26	(3.7)	27	22.7	22	-
Mark-up accrued	79	102.6	39	34.5	29	(47.3)	55	25.0	44	83.3	24	(25.0)
Short term borrowings	1,290	49.8	861	(44.2)	1,542	(43.0)	2,704	65.1	1,638	(16.3)	1,956	(32.6)
Current portion of long term loans	270	138.9	113	(28.9)	159	224.5	49	(55.5)	110	13.4	97	(31.2)
Current portion of lease liabilities	14	(36.4)	22	(38.9)	36	(23.4)	47	(7.8)	51	10.9	46	9.5
Current portion of deferred income	1	(87.5)	8	(11.1)	9	50.0	6	-	6	20.0	5	25.0
Total equity and liabilities	**11,303**	**19.4**	9,469	(12.2)	10,779	(4.6)	11,296	12.9	10,001	(17.1)	12,059	(18.6)
Consolidated statement of profit or loss Account												
Sales - net	4,516	(36.3)	7,090	(2.3)	7,259	89.9	3,822	(44.2)	6,854	(31.0)	9,930	(19.2)
Cost of sales	3,740	(47.7)	7,155	5.8	6,763	79.3	3,771	(46.0)	6,978	(25.7)	9,390	(11.4)
Gross profit / (loss)	**776**	**1,293.8**	(65)	(113.1)	496	872.5	51	141.1	(124)	(123.0)	540	(68.0)
Income / (loss) from investments - net	67	132.5	(206)	(157.9)	356	474.2	62	191.2	(68)	(65.9)	(41)	(120.0)
Distribution and selling expenses	67	318.8	16	6.7	15	15.4	13	(18.8)	16	(15.8)	19	(40.6)
Administrative expenses	391	17.8	332	32.3	251	0.4	250	17.9	212	6.5	199	(35.2)
Other operating expenses	17	(73.4)	64	137.0	27	3.8	26	(63.4)	71	(33.6)	107	(75.1)
Other income	79	29.5	61	(68.9)	196	460.0	35	(27.1)	48	(68.6)	153	47.1
Operating profit / (loss) before finance costs	**447**	**171.9**	(622)	(182.4)	755	635.5	(141)	68.2	(443)	(235.5)	327	(73.4)
Finance costs	365	44.8	252	18.3	213	(32.4)	315	(0.9)	318	20.5	264	28.8
Share of profit in equity accounted investees - net of taxation	616	616.3	86	(77.5)	383	121.4	173	(56.4)	397	367.1	85	(85.1)
Profit / (loss) before taxation	**698**	**188.6**	(788)	(185.2)	925	426.9	(283)	22.3	(364)	(345.9)	148	(90.7)
Taxation	(108)	(177.1)	140	204.5	(134)	(151.0)	263	578.2	(55)	73.7	(209)	48.4
Profit / (loss) for the year	**590**	**191.0**	(648)	(181.9)	791	4,055.0	(20)	95.2	(419)	(586.9)	(61)	(105.0)

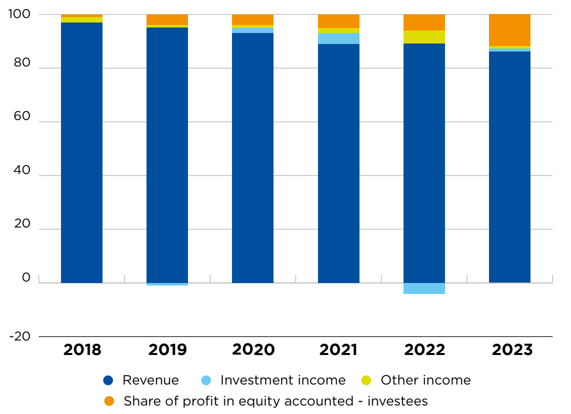
CONSOLIDATED STATEMENT OF FINANCIAL POSITION ANALYSIS (ASSETS)



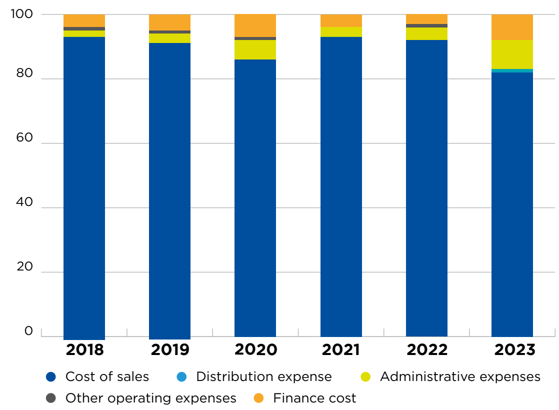
CONSOLIDATED STATEMENT OF FINANCIAL POSITION ANALYSIS (EQUITY AND LIABILITIES)



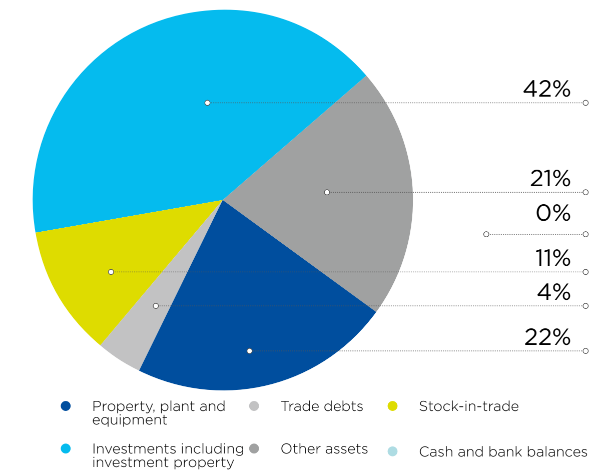
CONSOLIDATED PROFIT OR LOSS ANALYSIS (REVENUE AND INCOME)



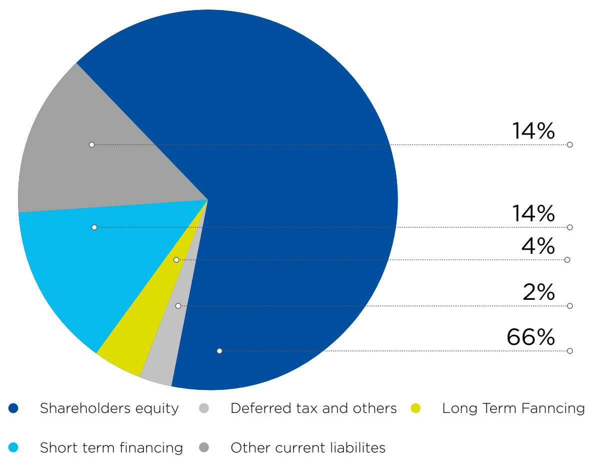
CONSOLIDATED PROFIT OR LOSS ANALYSIS (EXPENSES)



TOTAL ASSETS AS OF 30 JUNE 2023



TOTAL EQUITY AND LIABILITIES AS OF 30 JUNE 2023



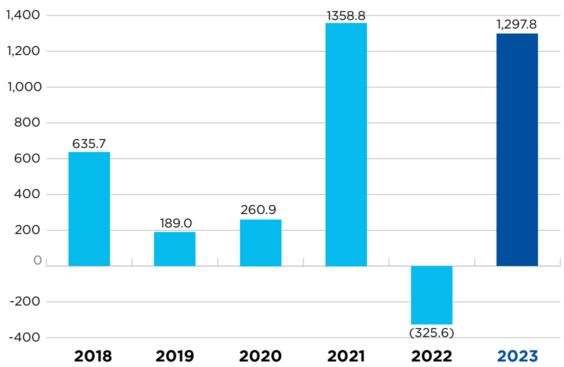
KEY OPERATING AND FINANCIAL DATA

For The Current And Past Six Financial Years

Rupees in millions	2023	2022	2021	2020	2019	2018	2017
A - Summary of Consolidated statement of profit or loss Account							
Sales - net	4,515.6	7,089.9	7,259.3	3,822.0	6,853.6	9,929.8	12,285.5
Cost of sales	3,739.8	7,155.3	6,762.5	3,771.1	6,977.7	9,390.1	10,598.0
Gross profit / (loss)	**775.8**	(65.4)	496.8	50.9	(124.1)	539.7	1,687.5
Income / (loss) from investments - net	66.9	(206.4)	356.4	62.1	(68.0)	(41.1)	204.8
Distribution, selling and administrative expenses	458.2	347.6	266.4	263.3	228.2	218.2	339.5
Other operating expenses	16.8	63.5	27.3	25.9	71.2	107.3	429.3
Other income	79.4	61.5	196.3	35.4	48.0	153.3	103.7
Operating profit / (loss) before finance costs	**447.1**	(621.4)	755.8	(140.8)	(443.5)	326.4	1,227.2
Finance costs	364.8	251.7	213.4	315.1	317.8	264.0	204.6
Share of profit in equity accounted investees - net of taxation	616.3	85.7	383.3	173.5	396.8	85.0	569.3
Profit / (loss) before taxation	**698.6**	(787.4)	925.7	(282.4)	(364.5)	147.4	1,591.9
Taxation	(108.1)	140.1	(134.3)	262.6	(54.7)	(208.9)	(404.9)
Profit / (loss) for the year	**590.5**	(647.3)	791.4	(19.8)	(419.2)	(61.5)	1,187.0
B - Summary of Consolidated Statement of Financial Position							
Current assets	4,101.0	3,221.2	3,857.2	4,489.1	3,115.0	5,708.2	8,354.7
Stock-in-trade	1,269.0	1,190.1	1,236.5	2,130.7	821.4	2,268.1	3,384.8
Trade debts	464.0	175.2	137.1	225.8	96.4	82.3	890.8
Current liabilities	3,105.7	2,253.0	2,603.8	4,001.8	2,615.6	3,954.4	5,405.1
Trade and other payables	1,436.0	1,184.4	802.9	1,115.3	739.1	1,805.2	2,144.8
Unpaid dividend	-	-	-	-	-	-	116.4
Unclaimed dividend	16.1	25.6	25.6	26.4	26.5	21.5	21.6
Property, plant and equipment	2,520.6	2,217.2	2,059.7	2,275.3	2,495.0	2,596.0	2,565.4
Total assets	11,302.6	9,469.0	10,778.9	11,296.0	10,000.9	12,059.0	14,810.2
Total Debt	1,597.3	648.2	1,249.1	2,445.2	1,171.7	1,999.0	3,074.3
Long term financing (excluding current maturity)	487.2	117.1	202.2	255.2	280.2	354.2	386.1
Deferred income (including current maturity)	4.4	8.7	13.3	13.3	13.3	13.5	11.6
Deferred liabilities	279.8	73.6	-	23.7	142.1	128.7	410.3
"Short term financing (including current maturity of long-term financing) "	1,574.0	996.2	1,737.7	2,798.7	1,799.7	2,098.7	3,086.4
Reserves	6,649.8	6,248.2	7,192.1	6,231.9	6,179.8	6,837.4	7,825.0
Shareholders' equity	7,426.1	7,024.6	7,968.4	7,008.3	6,956.1	7,613.7	8,601.4
C - Summary of Consolidated Cash Flow Statement							
Cash and cash equivalents at the beginning of the year	(382.9)	(686.5)	(586.0)	(877.6)	(260.3)	(313.0)	(233.4)
Cash from Operations	34.4	144.6	1,232.5	(993.9)	428.2	2,421.6	808.5
Net cash (used in) / generated from operating activities	(382.8)	74.2	1,035.6	(1,399.4)	(79.9)	1,505.1	(48.8)
Net cash (used in) / generated from investing activities	(573.3)	858.9	80.6	429.9	402.8	154.6	(69.4)
Net cash generated from / (used in) financing activities	911.7	(629.5)	(1,216.7)	1,261.1	(940.2)	(1,607.0)	38.6
Net (decrease) / increase in cash and cash equivalents	(44.4)	303.6	(100.5)	291.6	(617.3)	52.7	(79.6)
Cash and cash equivalents at the end of the year	(427.3)	(382.9)	(686.5)	(586.0)	(877.6)	(260.3)	(313.0)
D - Other Data							
Cash and Bank balances	36.2	6.8	29.6	193.7	85.6	73.9	101.4
Depreciation and amortization	234.4	210.1	219.9	228.2	235.7	224.3	211.8
Capital expenditure	538.8	94.4	67.9	10.6	145.4	261.1	320.1
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	1,037.8	1,630.6	1,530.6	1,051.9	645.7	2,610.7	3,018.3

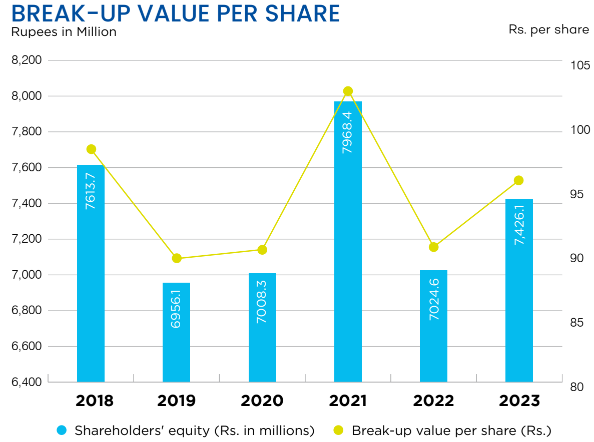
EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION AND AMORTIZATION (EBITDA)

Rupees in Million



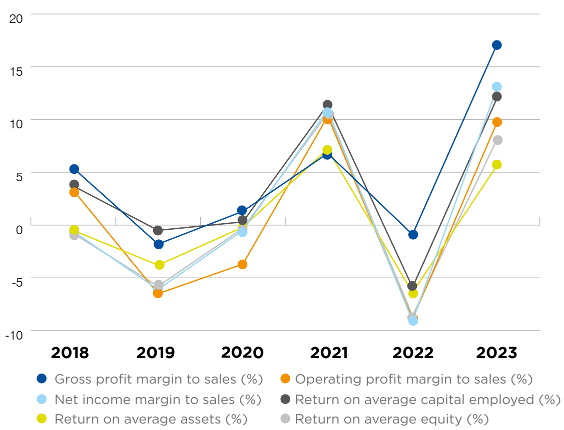
SHAREHOLDERS' EQUITY AND BREAK-UP VALUE PER SHARE

Rupees in Million



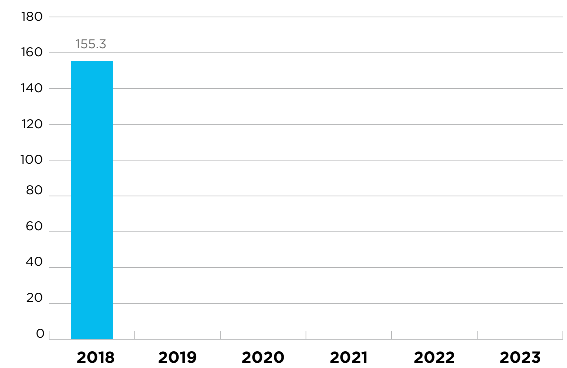
PROFITABILITY AND RETURN

Percentage



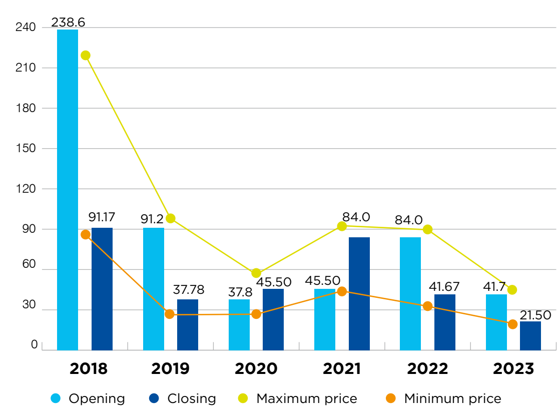
DIVIDEND (INCLUDING FINAL PROPOSED)

Rupees in Million



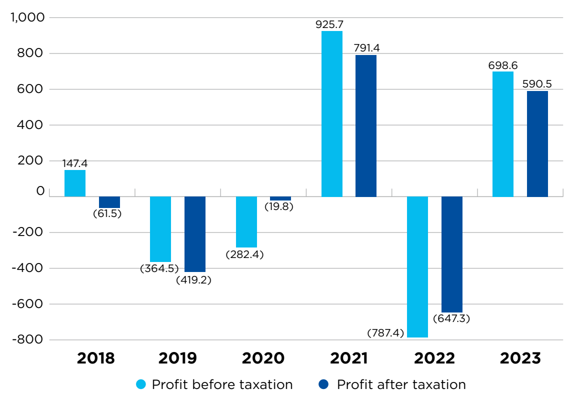
MOVEMENT IN STOCK PRICES

Price



PROFIT BEFORE AND AFTER TAXATION

Rupees in Million



OTHER PERFORMANCE INDICATORS

for the current and past financial year

	2023	2022
Production per employee		
- Steel Division (Rs. in tons per employee)	144.4	46.0
- Cotton Division (Rs. in Kgs per employee)	64,627.8	17,695.4
Plant availability (%)		
Steel division	95.0	47.7
CS Hadeed division	-	126.5
Cotton division	26.0	97.8
CS Energy division	-	106.5
Customer satisfaction index (%)	93.2	95.7

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 STATEMENT OF PROFIT OR LOSS:

The significant difference between the results of unconsolidated and consolidated financial statements mainly represents an unrecorded amount of share of profits from equity accounted investments.

The Group recorded Rs. 616 million as Share of profit, which has increased from the share of profit recorded in 2018 amounted to Rs. 85 million. In comparing 6 years result, Sales have decreased from Rs. 9,930 million in 2018 to Rs. 4,516 million in 2023, which includes sales amounting to Rs. 1,951 million (deemed revenue: Rs. 10,565.4 million) in which Hot Rolled Coil was supplied by the client. However, the Gross Profit increased by 44%, from Rs. 540 million in 2018 to Rs. 776 million in 2023. The Group reported Profit before tax (PBT) of Rs. 698 million, which is the 2nd highest profit in the preceding 6 years.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION:

With respect to statement of financial position, the investment in equity accounted investments was reduced from Rs. 3,088 million in 2018 to Rs. 2,948 million mainly due to receipt of dividend amounting to Rs. 1,183 million from associated company in 2022 and recognition of share of profit amounting to Rs. 616 million in 2023.

Furthermore, Current assets have decreased from Rs. 5,708.2 million in 2018 to Rs. 4,101.0 million in 2023, mainly due to significant decrease in stock-in trade and Taxation. Total assets of the group decreased from Rs. 12,059 million in 2018 to Rs. 11,303 million in 2023.

The decrease in total assets was compensated by decrease in trade and other payables and short-term borrowings from Rs. 3,761 million in 2018 to Rs. 2,726 million in 2023.

INDEPENDENT AUDITOR'S REPORT

A·F·FERGUSON&Co.

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 2023, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2023 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 2023, included in the balance of deferred tax asset (net) are amounts of Rs. 577.306 million and Rs. 331.600 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;

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 judgments, 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)	**Valuation of the Group's investment in share of two companies**	
	(Refer note 4, 6.5 and 20.2 to the annexed consolidated financial statements) The 'other long term investments' include Group's investments in shares of Shakarganj Food Products Limited and Central Depository Company of Pakistan Limited amounting to Rs 455.685 million and Rs 204.216 million respectively as at 30 June 2023. Fair values of these investments are not measured in an active market and are determined through the application of valuation techniques under accounting and reporting standards and use of unobservable inputs required for valuation that involve the exercise of judgment over assumptions and estimates used by the management expert. Due to the level of judgments involved in determining fair values of these unquoted investments, 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 valuation; • Reviewed report of management's expert which included the methods of valuation and details about the inputs to the valuation models; • Involved our internal valuation specialists to review the valuation methodologies and assumptions used by management's expert; • Discussed the rationale of the inputs to the valuation models and assessed its reasonableness; • 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.

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 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

A. F. Ferguson & Co
Chartered Accountants
Karachi
Date: October 05, 2023

UDIN: AR202310160tOdziwbMK

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

Rupees in '000	Note	2023	2022
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 reserves	8	1,050,821	1,050,980
Revenue reserves	8	5,598,995	5,197,264
		7,426,141	7,024,569
LIABILITIES			
Non-current liabilities			
Long term loans	9	424,748	50,382
Lease liabilities	10	62,424	66,759
Deferred income	11	3,837	686
Deferred liability - staff retirement benefits	46	279,790	73,562
		770,799	191,389
Current liabilities			
Trade and other payables	12	1,436,025	1,184,353
Unclaimed dividend		16,081	25,614
Mark-up accrued	13	79,061	38,824
Short term borrowings	14	1,289,519	861,162
Current portion of long term loans	9	270,228	112,785
Current portion of lease liabilities	10	14,249	22,222
Current portion of deferred income	11	538	8,042
		3,105,701	2,253,002
		3,876,500	2,444,391
Contingencies and commitments	15		
Total equity and liabilities		11,302,641	9,468,960

Rupees in '000	Note	2023	2022
ASSETS			
Non-current assets			
Property, plant and equipment	16	2,437,713	2,107,634
Right-of-use-assets	16	82,852	109,556
Intangible assets	17	155,322	154,101
Investment properties	18	79,038	82,789
Investment in equity accounted investees	19	2,948,286	2,332,187
Other long term investments	20	762,807	756,132
Long term deposits	21	27,143	29,100
Deferred taxation - net	22	708,451	676,230
		7,201,612	6,247,729
Current assets			
Stores, spares and loose tools	23	339,707	170,746
Stock-in-trade	24	1,268,967	1,190,096
Trade debts	25	464,043	175,214
Advances	26	173,372	68,409
Trade deposits and short term prepayments	27	16,689	28,280
Short term investments	28	834,227	779,945
Other receivables	29	294,952	111,934
Taxation - net	30	672,824	689,800
Cash and bank balances	31	36,248	6,807
		4,101,029	3,221,231
Total assets		11,302,641	9,468,960

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 2023

Rupees in '000	Note	**2023**	2022
Sales	32	5,282,780	8,300,430
Less: Sales tax		767,182	1,210,522
		4,515,598	7,089,908
Cost of sales	33	3,739,705	7,155,205
Gross profit / (loss)		775,893	(65,297)
Income / (loss) from investments - net	34	66,933	(206,436)
		842,826	(271,733)
Distribution and selling expenses	35	66,951	15,553
Administrative expenses	36	391,266	332,038
Other operating expenses	37	16,830	63,502
		475,047	411,093
		367,779	(682,826)
Other income	38	79,400	61,451
Operating profit / (loss) before finance costs		447,179	(621,375)
Finance costs	39	364,779	251,742
Share of profit in equity accounted investees - net of taxation	40	616,258	85,739
Profit / (loss) before taxation		698,658	(787,378)
Taxation	41	(108,081)	140,089
Profit / (loss) for the year		590,577	(647,289)
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss			
Proportionate share of other comprehensive loss			
of equity accounted investees		(159)	816
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		(35,314)	(63,330)
Loss on remeasurement of staff retirement benefit plans - net of tax		(153,532)	(234,048)
Other comprehensive loss for the year		(189,005)	(296,562)
Total comprehensive income / (loss) for the year		401,572	(943,851)
		(Rupees)	
Basic and diluted earnings / (loss) per share	42	7.61	(8.34)

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 2023

Rupees in '000	Note	**2023**	2022
Cash flows from operating activities			
Cash generated from operations	43	34,413	144,556
Tax (paid) / refund received		(59,905)	185,021
Finance costs paid		(309,603)	(221,397)
Contribution to gratuity and pension funds	46.1.3	(30,678)	(26,033)
Contribution to Workers' Profit Participation Fund		–	(11,003)
Long term deposits - net		(16,957)	3,082
Net cash (used in) / generated from operating activities		(382,730)	74,226
Cash flows from investing activities			
Capital expenditure		(535,488)	(91,637)
Acquisition of intangible assets		(3,374)	(2,825)
Proceeds from disposal of operating fixed assets		58,999	15,026
Investments - net		(213,738)	(317,438)
Dividend income received		96,951	1,252,132
Interest income received		23,354	3,623
Net cash (used in) / generated from investing activities		(573,296)	858,881
Cash flows from financing activities			
Proceeds from / (repayment of) long term loans - net		536,050	(129,460)
Payments against finance lease obligations - net		(44,407)	(44,895)
Proceeds from / (repayment of) short term loans obtained - net		429,549	(455,125)
Dividends paid		(9,533)	(14)
Net cash generated from / (used in) financing activities	43.2	911,659	(629,494)
Net (decrease) / increase in cash and cash equivalents		(44,367)	303,613
Cash and cash equivalents at beginning of the year		(383,039)	(686,652)
Cash and cash equivalents at end of the year	44	(427,406)	(383,039)

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 2023

Rupees in '000	Issued, subscribed and paid-up capital	Capital reserves		Total capital reserves	Revenue reserves			Total revenue reserves	Total
		Share premium	Others*		Fair value reserve	General reserve	Unappropriated (loss) / profit		
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
Total comprehensive income for the year ended 30 June 2023									
Profit for the year	–	–	–	–	–	–	590,577	590,577	590,577
Other comprehensive loss for the year	–	–	(159)	(159)	(35,314)	–	(153,532)	(188,846)	(189,005)
Total comprehensive income for the year	–	–	(159)	(159)	(35,314)	–	437,045	401,731	401,572
Balance as at 30 June 2023	776,325	1,020,908	29,913	1,050,821	(26,581)	3,642,000	1,983,576	5,598,995	7,426,141

* 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 is located at Bhone, District Jhang, 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 through 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 Holding 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 is 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 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 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 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') 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 the Subsidiary Company is located at principal office of the Holding Company. The principal activity of the Subsidiary Company is to build, own, operate and maintain 100MW solar power project (the Project) and to generate, accumulate, distribute, sell and supply electricity / power to PEPCO / DISCOS under the agreement with the Government of Pakistan or to any other consumer as permitted.

The Subsidiary Company has been granted Letter of Interest (LOI) by the Punjab Power Development Board (PPDB) on 10 February 2014 and currently the Subsidiary Company is in the phase of completing the requirements specified in LOI. Further, the Subsidiary Company has been allocated Land from PPDB 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 100MW Solar Power Plant on 29 April 2020. During the year ended 30 June 2021, the Subsidiary Company submitted the tariff petition to NEPRA on 22 July 2020 which is still awaited.

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 Holding Company's net sales aggregated to Rs. 4,515.598 million (2022: Rs. 7,089.908 million), out of which 75.20% was generated from Steel division, 22.37% percent from Cotton division and rest 2.43% percent i.e. Rs. 109.62 million were from other divisions.

Steel division net sales for 2023 amounted to Rs. 3,395.752 million (2022: Rs. 1,391.681 million), which includes sale of bare pipe orders to CHEC with respect to K-IV project.

Cotton division net sales for 2023 amounted to Rs. 1,010.226 million (2022: Rs. 2,695.372 million). Cotton division plant was shut down from March 31, 2023 till date.

During the year, KSE-100 index benchmark decreased by 0.21 percent closing at 41,452.68 points. The Group generated Income from Investment amounting to Rs. 66.933 million which includes dividend income amounting to Rs. 96.951 million and unrealized loss amounting to Rs. 44.801 million.

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 2023. 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 currency 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 the consolidated financial statements to the carrying amount of assets, liabilities, assumptions and estimation uncertainties that have a significant risk resulting in a material adjustment in the subsequent years are set forth below:

- Property, plant and equipment (refer note 6.2)
- 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 published accounting and reporting standards which became 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 Standards and amendments to published accounting and reporting standards that are not yet effective and have not been early adopted by the Group:

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 2023. 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 statement of 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 statement of 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 statement of 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 statement of profit or loss as incurred.

Depreciation

Depreciation is charged to the consolidated statement of 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 statement of profit or loss.

Right-of-use assets

The Right of use assets (ROUA) 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 in 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 statement of profit or loss on a straight line basis, at the rates specified in note 17.1 to these consolidated 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.

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 statement of 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 statement of 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 statement of profit or loss on the straight line method at the rates specified in the note 18 to these consolidated 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 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 statement 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 statement of 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:

- 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 (OCI). This election is made on an investment-by-investment basis.

FVTPL

All financial assets not classified as 'measured at amortized cost' or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI 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 statement of profit or loss. Any gain or loss on derecognition is recognized in consolidated statement of 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 statement of 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 statement of profit or loss.

Equity investments classified as FVOCI are subsequently measured at fair value. Dividends are recognized as income in consolidated statement of 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 statement of 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 statement of profit or loss.

Impairment of financial assets

The Group 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 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 statement of 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.

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 statement of 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 statement of 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 statement of cash flow.

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. No actuarial valuation of the compensated absences is carried out as management considers it's financial impact would be immaterial.

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 statement of 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 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 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 OCI. 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 statement of 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 statement of 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 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 statement of 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. 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. Payment is typically due to when the performance obligations are satisfied.

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 statement of 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 recognized in consolidated statement of profit or loss.

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 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 statement of 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 the group, 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

2023	2022		2023	2022
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:

	2023		2022	
	Percentage of holding	Number of shares	Percentage of holding	Number of shares
Crescent Steel and Allied Products Limited - Gratuity Fund	2.50%	1,938,354	2.48%	1,921,832
Crescent Steel and Allied Products Limited - Pension Fund	5.20%	4,038,578	5.20%	4,038,578
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 Crescent 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. RESERVE

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	**2023**	2022
9. LONG TERM LOANS			
Secured - Under shariah arrangement			
Long Term Sukuk Certificates	9.1	666,667	–
Less: Transaction Cost	9.1.1	(4,241)	–
		662,426	–
Secured - Under non-shariah arrangement			
Allied Bank Limited	9.2	–	72,350
Habib Metropolitan Bank Limited	9.3 & 9.5	–	55,945
JS Bank Limited	9.4 & 9.5	32,550	34,872
		694,976	163,167
Less: Current portion shown under current liabilities		270,228	112,785
		424,748	50,382

9.1 During the year, the Holding company issued 8,000 unlisted, privately placed & secured Sukuk certificates (SUKUK-Al-Istisna) on 11 October 2022, having face value of Rs. 100,000 each, amounting to Rs. 800 million. Aggregate amount of Rs. 800 million in connection with issuance of Sukuk-al-istisna were received on 11 October 2022. The Sukuk certificates carries profit at the rate of 6-months KIBOR + 2% per annum with semi-annual rental payments having tenure of three years from the issue date on arrear basis. Principal repayment installment will commence from April 2023.

9.1.1 This represents the cost incurred with respect to issuance of SUKUK certificates, amortized using effective interest rate.

9.2 During the year ended 30 June 2018, the Holding Company entered into loan arrangement with Allied Bank Limited of an amount of Rs. 300 million, out of which amount aggregating of 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 twenty four months from date of disbursement. During the year, the Holding Company has made repayment of Rs. 72.350 million (2022: Rs. 72.350 million). Mark-up is payable at the rate of 3 months KIBOR plus 1.5% per annum.

During the year ended 30 June 2023, mark-up on such arrangements was ranged between 15.28% to 19.38% (2022: 8.88% to 15.16%). The facility is secured against first joint pari passu hypothecation / equitable mortgage on plant, machinery and property of the Holding Company.

9.3 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 was 8.68% to 10.16% (30 June 2022: 8.68% to 10.16%) per annum.

9.4 During the year ended 30 June 2021, the Holding company entered into a loan arrangement with JS Bank Limited in which five tranches; two tranches in March 2021 and one tranche in April 2021, one in July 2021 and one in December 2021. 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% (30 June 2022: 8.49%) per annum.

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

10. LEASE LIABILITIES

Rupees in '000	Minimum lease payments 2023	Minimum lease payments 2022	Future finance costs 2023	Future finance costs 2022	Present value of minimum lease payments 2023	Present value of minimum lease payments 2022
Not later than one year	24,328	26,189	10,079	3,967	14,249	22,222
Later than one year and not later than five years	71,809	73,517	9,385	6,758	62,424	66,759
	96,137	99,706	19,464	10,725	76,673	88,981
Less: Current portion shown under current liabilities					14,249	22,222
					62,424	66,759

10.1 The Holding 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 (2022: three to five years) and the liability is payable by the month ranging from six to sixty months (2022: six to sixty months). The periodic lease payments include built-in rates of mark-up ranging between 11.51% to 25.61% (2022: 11.51% to 18.87%) per annum. Included in the gross present value of minimum lease payments, is a sum aggregating Rs. 57.512 million (2022: Rs. 71.715 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	2023	2022
11. DEFERRED INCOME			
Opening balance		8,728	13,273
Addition during the year:			
- related to government grant (concessional rate loan)		–	4,436
Income recognized during the year	38	(4,353)	(8,981)
		4,375	8,728
Less: Current portion shown under current liabilities		(538)	(8,042)
Closing balance		3,837	686

Rupees in '000	Note	2023	2022
12. TRADE AND OTHER PAYABLES			
Trade creditors		72,355	116,917
Bills payable		38	288,726
Commission payable		522	1,922
Accrued liabilities	12.1	611,814	405,949
Advances from customers		348,951	23,705
Infrastructure fee, sales tax and damages	12.2	287,643	272,530
Due to related parties	12.3	19,534	9,739
Payable to provident fund		127	2,313
Payable to staff retirement benefit funds		2,823	2,296
Retention money		2,980	111
Withholding tax payable		6,897	1,738
Workers' Profit Participation Fund	12.4	18,529	2,395
Workers' Welfare Fund		7,640	6,944
Others		56,172	49,068
		1,436,025	1,184,353
12.1 Accrued liabilities			
Salaries, wages and other benefits		23,536	34,602
Accrual for 10-C bonus		4,943	4,179
Compensated absences		20,811	16,882
Liquidated damages	12.1.1	223,955	183,198
Others	12.1.2	338,569	167,088
		611,814	405,949

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 (2022: Rs. 29.451 million).

12.1.3 The contract liabilities amounting to Rs. 15.445 million at the beginning of the year was recognized as revenue in the ordinary course of business.

12.2 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 01 July 2022	223,867	3,242	45,421	272,530
Charge for the year	15,113	–	–	15,113
Closing balance as at 30 June 2023	238,980	3,242	45,421	287,643

12.2.1 This provision has been recognized against the continuing charge of infrastructure fee/cess on the value of goods imported at a rate of up to one-point-two-five percent (1.25%), levied by the Government of Sindh 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 imposition of an Infrastructure Cess by the Government of Sindh was challenged by the Holding company in the Sindh High Court (SHC).

The petitions pending against all the versions of the law have been decided by the consolidated judgment dated 4 June 2021 whereby the Court has declared that the first four versions of the law up to the Sindh Finance (Second Amendment) Ordinance, 2001, and their applicability on the petitioners who litigated and were appellants in the earlier round has attained finality and is a past and closed transaction. The SHC judgement validated the recovery of cess/fee effective from 28 December 2006, through the subsequent versions of the law. The Honourable Division Bench of the SHC suspended its judgment till 3 September 2021 and interim arrangement of payment of fifty percent (50%) of the amount of cess and furnishing of bank guarantees for remaining 50% would continue, after which guarantees provided would be en-cashed and 100% of infrastructure cess would be payable.

The Holding company challenged the judgement of the SHC in the Honorable Supreme Court of Pakistan (SCP); the SCP granted a stay against the judgement of the SHC on 01 September 2021 and instructed that the amount equal to the levy shall be deposited with the Sindh Excise and Taxation Office (ETO) in the form of a Bank Guarantee, until such time that a detailed order is issued by the Court. A final judgement on the appeal filed remains pending. The Holding company continued to use the option of a 50% Bank Guarantee and 50% payment to the ETO until December 2022, at which point the Holding company has provided the ETO with Bank Guarantees covering full value of the levy.

As of 30 June 2023, the Holding company has provided bank guarantees amounting to Rs. 191.96 million (2022: Rs. 183.04 million) in favour of Excise and Taxation Department, GoS.

Current year charge has been estimated on the value of imports during the year and forms a component of cost of such imported items. Any subsequent adjustment with respect to increase or decrease in the estimate has been recognized in the consolidated statment of profit or loss. Based on the opinion of the Holding company's legal counsel, the management is confident of favourable outcome of litigation, however, on a prudent basis, full provision has been recognized.

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

12.2.3 The provision has been recognized on account of liquidated damages on delayed supply of bare pipes and coated pipes. On a prudent basis full long outstanding amount has been recognized.

Rupees in '000	Note	**2023**	2022
12.3 Due to related parties			
Premier Insurance Company Limited		–	454
Staff Benevolent Fund		–	2
Shakarganj Limited		19,534	9,283
		19,534	9,739
12.4 Workers' Profit Participation Fund			
Opening balance		2,395	2,904
Allocation for the year	37	16,134	10,494
		18,529	13,398
Amount paid to the trustees of the fund		–	(11,003)
Closing balance		18,529	2,395

13. MARK-UP ACCRUED

Mark-up accrued on:			
- Long term loans		37,309	3,385
- Short term borrowings	13.1	41,752	35,439
		79,061	38,824

13.1 This includes mark-up accrued amounting to Rs. 4.787 million (2022.: Rs. 13.484 million) on shariah based finance arrangement.

Rupees in '000	Note	**2023**	2022

14. SHORT TERM BORROWINGS

Secured from banking companies			
Running finances under mark-up arrangements	14.1	463,654	464,846
Short term loans	14.2	825,865	396,316
		1,289,519	861,162

14.1 Running finance / money market facility available from conventional side of various commercial banks under mark-up arrangements amounted to Rs. 1,150 million (2022: Rs. 1,350 million) out of which Rs. 300 million (2022: Rs. 300 million), Rs. 100 million (2022: Rs. 100 million) and Rs. 300 million (2022: 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 16.91% to 23.98% (2022: 8.31% to 16.31%) per annum.

14.2 Short term loan financing available from various commercial banks under mark-up arrangements amounted to Rs. 3,950 million (2022: Rs. 3,950 million) out of which Rs. 3,150 million (2022: Rs. 3,150 million), Rs. 350 million (2022: Rs. 350 million) and Rs. 205 million (2022: Rs. 205 million) are interchangeable with letters of credit, short term running finance facilities and letter of guarantee facility respectively. During the year, mark-up on such arrangements ranged between 13.66% to 24.14% (2022: 8.31% to 16.31%) per annum.

14.3 The facilities for opening letters of credit amounted to Rs. 4,750 million (2022: Rs. 4,750 million) out of which Rs. 300 million (2022: Rs. 300 million), Rs. 3,150 million (2022: Rs. 3,150 million) and Rs. 205 million (2022: Rs. 205 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 2023 amounted to Rs. 2,368.6 million (2022: Rs. 2,042.9 million). Amounts unutilized for letters of credit and guarantees as at 30 June 2023 were Rs. 4,251.0 million and Rs. 380.15 million (2022: Rs. 4,507.62 million and Rs. 470.032 million), respectively.

14.4 This includes an amount of Rs. 438 million (2022: Rs. 396.316 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 guarantee, Wakala, Murabaha, Istisna and Ijarah financing.

14.5 The above facilities are expiring on various dates with maturity period upto 31 December 2023. These facility are secured by way of mortgage of land and building, hypothecation of plant and machinery, stock-in-trade, trade debts and other current assets, pledge of shares and lien over import / export document (refer note 28.4).

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 Holding company has filed an appeal with Appellate Tribunal (Customs) against the order. No provision has been recognized in these financial statements as the case is under appeal and management considers that the same would be decided in the Holding company's favour.

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.

Furthermore, after the closure of the original petition, the SHC has decided the matter in the holding company favor, ruling against the SRB. However, the SRB has now filed a petition at the Supreme Court of Pakistan, arguing that sales tax on toll manufacturing before 30th June 2022 should fall under their jurisdiction.

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 Aggregate amount of guarantees issued on behalf of the Group against various contracts aggregated to Rs. 1,988.45 million (2022: Rs. 1,572.868 million). This includes guarantee issued by Islamic banks amounting to Rs. 257.84 million (2022: Rs. 214.58 million).

15.2.2 Commitments in respect of capital expenditure contracted for as at 30 June 2023 amounted to Rs. 34.659 million (2022: Rs. 14.619 million).

15.2.3 Commitments under letters of credit as at 30 June 2023 amounted to Rs. 498.92 million (2022: Rs. 242.385 million).

Rupees in '000	Note	**2023**	2022
16. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	16.1	1,934,958	1,922,295
Capital work-in-progress	16.4	502,755	185,339
		2,437,713	2,107,634
Right-of-use assets	16.1	82,852	109,556
		2,520,565	2,217,190

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 2023																
Balance as at 01 July 2022 (NBV)		249,226	32,569	375,033	3,013	3,506	1,173,024	4,783	8,138	8,376	64,627	1,922,295	91,254	18,302	109,556	2,031,851
Additions / transfers		-	-	4,472	1,081	-	131,869	9,072	-	3,928	114,870	265,292	-	43,046	43,046	308,338
Disposals / transfers (at NBV)	16.5 & 16.11	-	-	-	-	-	-	-	-	(34)	(45,802)	(45,836)	(48,060)	-	(48,060)	(93,896)
Depreciation charge	16.1.2	-	(1,685)	(26,810)	(1,530)	(900)	(139,691)	(2,138)	(1,886)	(4,902)	(27,251)	(206,793)	(16,626)	(5,064)	(21,690)	(228,483)
Balance as at 30 June 2023 (NBV)		249,226	30,884	352,695	2,564	2,606	1,165,202	11,717	6,252	7,368	106,444	1,934,958	26,568	56,284	82,852	2,017,810
Gross carrying value as at 30 June 2023																
Cost	16.3.1	249,226	43,065	667,762	97,626	27,481	3,145,663	81,473	35,383	73,727	168,523	4,589,929	81,382	111,668	193,050	4,782,979
Accumulated depreciation		-	(12,181)	(315,067)	(95,062)	(24,875)	(1,980,461)	(69,756)	(29,131)	(66,359)	(62,079)	(2,654,971)	(54,814)	(55,384)	(110,198)	(2,765,169)
Net book value		249,226	30,884	352,695	2,564	2,606	1,165,202	11,717	6,252	7,368	106,444	1,934,958	26,568	56,284	82,852	2,017,810
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	9,637	7,990	24,276	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)		-	-	-	-	-	(6,100)	(1,239)	-	(69)	(4,416)	(11,824)	-	(10,490)	(10,490)	(22,314)
Depreciation charge		-	(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	1,173,024	4,783	8,138	8,376	64,627	1,922,295	91,254	18,302	109,556	2,031,851
Gross carrying value as at 30 June 2022																
Cost		249,226	43,065	663,290	96,545	27,481	2,999,337	72,401	35,383	70,992	119,793	4,377,513	182,136	68,621	250,757	4,628,270
Accumulated depreciation		-	(10,496)	(288,257)	(93,532)	(23,975)	(1,826,313)	(67,618)	(27,245)	(62,616)	(55,166)	(2,455,218)	(90,882)	(50,319)	(141,201)	(2,596,419)
Net book value		249,226	32,569	375,033	3,013	3,506	1,173,024	4,783	8,138	8,376	64,627	1,922,295	91,254	18,302	109,556	2,031,851
Depreciation rate (% per annum)		-	1 - 5	5 - 10	5 - 10	10	5 - 20	10	5 - 20	10	33.33	10	20			

* Net book value of plant and machinery (owned) includes an aggregate amount of Rs. 23.354 million (2022: Rs. 0.215 million) representing net book value of capitalized spares.

16.1.1 During the year asset having net book value Rs. 45.226 million (2022: Rs. 10.49 million) transferred from lease assets to own assets due to maturity of lease term.

Rupees in '000	Note	**2023**	2022
16.1.2 The depreciation charge for the year has been allocated as follows:			
Cost of sales	33.1	204,062	185,388
Distribution and selling expenses	35	490	704
Administrative expenses	36	23,642	17,953
Intangible under development phase		289	289
		228,483	204,334

16.2 Property, plant and equipment as at 30 June 2023 include items having an aggregate cost of Rs. 1,489.545 (2022: Rs. 1,430.009 million) that have been fully depreciated and are still in use by the Holding Company.

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

Particulars	Location	Area	
Building			
Office premises	Saddar, Karachi	14,504.44	Sq feet
Building	Nooriabad, District Jamshoro	261,257.07	Sq feet
Building	Jaranwala, District Faisalabad	340,455	Sq feet
Building	Dalowal, District Faisalabad	30,484	Sq feet
Building	Bhone, District Jhang	78,098	Sq feet
Building	Bhone, District Jhang	7,515	Sq feet
Land			
Lease hold	Nooriabad, District Jamshoro	30.0	Acre
Freehold land	Dalowal, District Faisalabad	13.9	Acre
Freehold land	Jaranwala, District Faisalabad	35.5	Acre
Freehold land	Bhone, District Jhang	19.11	Acre

Rupees in '000	Note	**2023**	2022
16.4 Capital work-in-progress			
Advances to suppliers		78,795	62,135
Civil work	16.4.3 & 16.4.4	91,767	29,172
Plant and machinery	16.4.2	322,048	44,353
Others		10,145	49,679
	16.4.1	502,755	185,339

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 2022	48,580	2,727	94,032	40,000	185,339
Additions - net	–	89,040	312,857	–	401,897
Transfers to operating fixed assets	–	–	(84,481)	–	(84,481)
Balance as at 30 June 2023	48,580	91,767	322,408	40,000	502,755

16.4.2 This includes an amount of Rs. 26.4 million (2022: 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.

16.4.3 The Holding Company has recognized a provision for an amount of Rs. 20.619 million (2022: 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							
Motor Vehicle	1,985	423	1,562	1,684	122	Sold under buyback option	Mr.Mohammad Hayat
Motor Vehicle	1,655	455	1,200	1,150	(50)	Sold under buyback option	Mr.Talha Siddiqui
Motor Vehicle	16,439	548	15,891	15,891	-	Sale and Leased back	Pak Gulf leasing company
Motor Vehicle	17,590	586	17,004	17,004	-	Sale and Leased back	Pak Gulf leasing company
Motor Vehicle	4,570	76	4,494	4,494	-	Sale and Leased back	Pak Gulf leasing company
Motor Vehicle	4,570	76	4,494	4,494	-	Sale and Leased back	Pak Gulf leasing company
Others	49,490	48,299	1,191	14,282	13,091	Various	Various
2023	96,299	50,463	45,836	58,999	13,163		
2022	32,053	20,229	11,824	15,026	3,202		

16.5.1 There is no relationship between the buyer with the group or any of its directors.

17. INTANGIBLE ASSETS

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

Rupees in '000	Note	2023	2022
- Under use	17.1	1,427	3,580
- Under project development	17.2	153,895	150,521
		155,322	154,101

17.1 Intangible assets - under use (Computer Software)	Note	2023	2022
Net book value			
Net book value as at 1 July		3,580	5,848
Amortization	17.1.1	(2,153)	(2,268)
Net book value as at 30 June	17.1.2	1,427	3,580
Gross book value			
Cost		82,099	82,099
Accumulated amortization		(78,032)	(75,879)
Accumulated impairment loss		(2,640)	(2,640)
Net book value as at 30 June		1,427	3,580
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 2023 include items having an aggregate cost of Rs. 73.563 million (2022: Rs. 72.948 million) that have been fully amortized and are still in use of the Holding Company.

17.2 These include costs incurred by the subsidiary company - Solution de Energy (Private) Limited through its managing partner 'MDeCC' and other consultants on preliminary activities of the project including preparation of feasibility study reports, environmental study reports, interconnection study approvals and obtaining of electricity generation license from NEPRA. 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

		Land		Buildings			
Description Rupees in '000	Note	Freehold	Leasehold including improvements	On freehold land	On leasehold land	Office premises	Total
Net carrying value as at 30 June 2023							
Balance as at 01 July 2022 (NBV)		45,497	25,491	10,833	968	–	82,789
Depreciation charge	18.1	–	(2,369)	(1,300)	(82)	–	(3,751)
Balance as at 30 June 2023 (NBV)		45,497	23,122	9,533	886	–	79,038
Gross carrying value as at 30 June 2023							
Cost	18.2	45,497	44,835	13,000	1,758	29,830	134,920
Accumulated depreciation		–	(21,713)	(3,467)	(872)	(29,830)	(55,882)
Net book value		45,497	23,122	9,533	886	–	79,038

Description Rupees in '000	Note	Land Freehold	 Leasehold including improvements	Buildings 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		–	(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		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
Depreciation rate (% per annum)		–	3.11 - 10	10 - 20	5 - 10	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 situated in Karachi and Lahore as at 30 June 2023 is Rs. 380 million (2022: Rs. 404 million), which is determined by independent 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	4,854.17	Sq feet
Building	Port Qasim Authority, Karachi	415.60	Sq feet
Building	Ferozpur, Lahore	35,840	Sq feet
Land			
Freehold land	Ferozpur, Lahore	5.14	Acre
Freehold land	Gawadar	3	Acre

19. INVESTMENT IN EQUITY ACCOUNTED INVESTEES

2023 Number of shares	2022		Note	**2023** Rupees in '000	2022
		Quoted			
63,967,500	63,967,500	Altern Energy Limited (Chief Executive Officer - Mr. Umer Shehzad Sheikh)	19.1	2,918,012	2,332,187
35,011,347	35,011,347	Shakarganj Limited (Chief Executive Officer - Mr. Anjum M. Saleem)	19.1	30,274	–
		Unquoted			
3,430,000	3,430,000	Crescent Socks (Private) Limited (Chief Executive Officer - Mr. Shahryar Mazhar)	19.1	–	–
				2,948,286	2,332,187

19.1 Movement of investment in equity accounted investees is as follows:

Description Rupees in '000	Note	30 June 2023 Altern Energy Limited	Shakarganj Limited	Crescent Socks (Private) Limited	Total
Opening balance as at 1 July 2022		2,332,187	–	–	2,332,187
Share of profit	19.1.1	585,984	67,073	–	653,057
Share of equity	19.1.1	(159)	(36,799)	–	(36,958)
Closing balance as at 30 June 2023		2,918,012	30,274	–	2,948,286

Description Rupees in '000	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	85,739	–	–	85,739
Share of equity	816	–	–	816
Dividend received	(1,183,399)	–	–	(1,183,399)
Closing balance as at 30 June 2022	2,332,187	–	–	2,332,187

19.1.1 These figures are based on unaudited condensed interim financial information of these companies as at 31 March 2023. The latest financial statements / condensed interim financial information of these companies as at 30 June 2023 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 15.31% (2022: 13.03%). Based on valuation the recoverable amount exceeds the carrying amount and accordingly, no impairment was recorded.

Rupees in '000	**2023**	2022
19.2 Market value of investments in associates is as follows:		
Quoted		
Altern Energy Limited	926,249	1,010,047
Shakarganj Limited	1,534,197	1,400,454
	2,460,446	2,410,501

Percentage of holding	Note	**2023**	2022
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 company hold 16.69% and 0.91% respectively i.e. aggregate holding of 17.6% (2022: 17.6%) in the investee company. There is no common directorship in the investee company. However, the Group directly and / or indirectly has significant influence as per IAS 28 'Investments in Associates', therefore only for the purpose of the equity accounting as required under IAS 28 it has been treated as an associate.

19.4 The latest financial statements / condensed interim financial information of these companies as at 30 June 2023 are not presently available. The following is summarized financial information of material associated companies as at 31 March 2023 and for the twelve months ended 31 March 2023 based on their respective unaudited condensed interim financial information prepared in accordance with the accounting and reporting standards as applicable in Pakistan, modified for fair value and other adjustments and differences in Group's accounting policies:

	Altern Energy Limited		Shakarganj Limited	
Rupees in '000	**2023**	2022	**2023**	2022
For the period ended 31 March				
Revenues	19,380,376	14,730,032	30,737,388	28,517,311
Profit after tax	5,981,758	1,928,368	241,702	(703,426)
Other comprehensive (loss) / income	(1,511)	7,725	133,294	5,865,059
Total comprehensive income	5,980,247	1,936,093	374,996	5,161,633
Attributable to non-controlling interests of associates	2,653,019	1,444,309	327,170	49,930
Attributable to owners of the investee company	3,327,228	491,784	47,826	5,111,703
	5,980,247	1,936,093	374,996	5,161,633
As at 31 March				
Non current assets	12,569,024	13,365,738	21,944,379	23,099,370
Current assets	20,512,381	13,328,189	6,616,408	5,230,081
Non current liabilities	(1,332,316)	(1,083,423)	(4,474,383)	(4,200,827)
Current liabilities	(3,299,707)	(3,141,369)	(11,566,483)	(11,475,121)
Net assets	28,449,382	22,469,135	12,519,921	12,653,503
Attributable to non-controlling interests of associates	11,688,490	9,035,471	1,833,605	1,517,007
Attributable to owners of the investee company	16,760,892	13,433,664	10,686,316	11,136,496
	28,449,382	22,469,135	12,519,921	12,653,503
Reconciliation to Carrying amounts:				
Opening net assets	22,469,135	32,085,587	12,653,503	7,615,413
Profit / (loss) after tax	5,981,758	1,928,368	241,702	(703,426)
Other comprehensive (loss) / income	(1,511)	7,725	133,294	5,865,059
Reserves	-	-	(123,543)	
Dividend paid	-	(11,552,545)	-	-
Closing net assets	28,449,382	22,469,135	13,028,499	12,653,503
Group's interest in net assets of investee at end of the period	2,949,917	2,364,092	2,993,141	3,119,232
Fair value and other adjustments	(31,905)	(31,905)	(8,832)	(8,832)
Effect of difference in Group's accounting policy	-	-	(2,954,035)	(3,226,283)
Losses in excess of investment	-	-	-	115,883
Carrying amount of interest in equity accounted investees at end of the year	2,918,012	2,332,187	30,274	-

19.4.1 These figures are based on unaudited condensed interim financial information of these companies as at 31 March 2023. The latest financial statements / condensed interim financial information of these companies as at 30 June 2023 are not presently available.

19.4.2 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 15.31% (2022: 13.03%). Based on valuation the recoverable amount exceeds the carrying amount and accordingly, no impairment was recorded.

Rupees in '000	Note	**2023**	2022
20. OTHER LONG TERM INVESTMENTS			
Fair value through other comprehensive income (FVOCI)	20.1	102,906	143,510
Fair value through profit or loss (FVTPL)	20.2	659,901	612,622
		762,807	756,132

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.

2023	2022		Note	**2023**	2022
Number of shares		Name of investee company		Rupees in '000	
		Quoted			
7,977,178	7,977,178	The Crescent Textile Mills Limited	20.1.1	102,906	143,510

20.1.1 The Group 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 consolidated statement of profit or loss.

20.2 Fair value through profit or loss (FVTPL)

2023	2022		Note	**2023**	2022
Number of shares		Name of investee company		Rupees in '000	
		Unquoted			
18,814,423	18,814,423	Shakarganj Food Products Limited	20.2.1	455,685	406,372
9,625,000	8,250,000	Central Depository Company of Pakistan Limited (CDC)	20.2.1	204,216	206,250
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
				694,408	647,129
		Less: Provision for impairment		(34,507)	(34,507)
				659,901	612,622

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. Rs. 13.27 per share (2022: Rs. 11.28 per share), calculated on the basis of audited annual financial statements for the year ended 30 June 2022. 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	Note	2023	2022
21. LONG TERM DEPOSITS			
Security deposits			
- leasing companies		11,357	18,119
- others		15,786	10,981
		27,143	29,100
22. DEFERRED TAXATION - NET			
Deferred tax credits / (debits) arising in respect of :			
Taxable temporary differences			
Accelerated tax depreciation / amortization		216,681	225,351
Lease obligations - net		1,900	9,732
Fair value adjustment in unquoted investment through reserves		30,119	45,006
Discounting on long term deposit		3,407	–
Unrealized gain on fair value through profit or loss investments		63,024	34,907
Share of profit from equity accounted investees		168,663	124,744
		483,794	439,740
Deductible temporary differences			
Employee benefits - Defined benefit plan		(136,685)	(73,975)
Provision for slow moving stores, spares and loose tools		(24,097)	(29,626)
Provisions for doubtful trade debts, doubtful advances and others		(90,854)	(95,331)
Discounting on long term deposit		–	(1,735)
Realized losses on fair value through profit or loss		(5,777)	(3,562)
Unrealized gain on fair value through OCI		(4,535)	(14,198)
Deferred income		–	(226)
Provisions for impairment of fixed assets		(6,186)	(6,804)
Provision of Gas Infrastructure Development Cess		(4,858)	(5,344)
Excess of minimum tax over corporate tax	22.2	(331,600)	(286,289)
Tax loss	22.2	(577,306)	(586,168)
Provision for diminution in the value of investments		(10,347)	(12,712)
		(1,191,245)	(1,115,970)
		(708,451)	(676,230)

22.1 Break up of deferred tax reversal is as following:		2023	2022
Profit and loss		34,618	(380,189)
Other comprehensive income		(67,946)	(103,932)
Set-off of temporary differences with the Subsidiary Company		1,107	936
		(32,221)	(483,185)

22.2 The accumulated tax losses and excess minimum tax over corporate tax of the Holding Company as at 30 June 2023 aggregated Rs. 2,322.311 million (2022: 2,307.557 million) in respect of which the Holding Company has recognized deferred tax asset amounting to Rs. 908.906 million (2022: Rs. 872.457 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 minimum 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 Current tax charge is based on current tax rate of 29% and super tax at 1% for the year ended 30 June 2023. Accordingly, the Company has recorded deferred tax at 30%.

Rupees in '000	Note	**2023**	2022
23. STORES, SPARES AND LOOSE TOOLS			
Stores		59,762	29,056
Spare parts		354,552	227,913
Loose tools		5,718	3,557
		420,032	260,526
Less: Provision for slow moving items	23.1	80,325	89,780
		339,707	170,746
23.1 Movement in provision for slow moving items			
Opening balance		89,780	84,472
(Reversal) / provision made during the year - net		(9,455)	5,308
Closing balance		80,325	89,780
24. STOCK-IN-TRADE			
Raw materials - net			
Hot rolled steel coils (HR Coil)		284,762	261,583
Coating materials		328,884	46,205
Remelting scrap		11,999	43,308
Others		331,829	132,806
Raw cotton		–	230,531
Stock-in-transit		129,198	280,917
		1,086,672	995,350
Work-in-process	24.2 & 33.1	70,993	19,076
Finished goods - net	24.2 & 33.1	111,099	167,556
Scrap / cotton waste		203	8,114
		182,295	194,746
		1,268,967	1,190,096

24.1 Stock amounting to Rs. 0.158 million (2022: Rs. 0.158 million) is held by third party.

24.2 Stock-in-trade as at 30 June 2023 includes items valued at net realisable value (NRV). Reversal in respect of stock written down to NRV was amounting to Rs. 7.414 million (2022: Reversal of Rs. 14.897 million) has been recognized in cost of goods sold.

Rupees in '000	Note	2023	2022
25. TRADE DEBTS			
Secured			
Considered good		–	40,867
Unsecured			
Considered good	25.1	464,043	134,347
Considered doubtful		18,401	19,553
		482,444	153,900
Impairment loss on trade debts	25.2	(18,401)	(19,553)
		464,043	175,214

25.1 This includes an amount due from Pak Elektron Limited (related party) amounting to Rs. 40.101 million (30 June 2022: 45.306 million). Maximum aggregate amount outstanding at any time during the year calculated by reference to month end balances is Rs. 56.364 million (2022: Rs. 205.983 million).

Rupees in '000	Note	2023	2022
25.2 The aging of amount due from related parties:			
Not past due		16,771	19,564
Past due 1 - 30 days		12,599	19,485
Past due 30 - 180 days		10,669	6,195
Past due 180 days		62	62
		40,101	45,306
25.3 Movement in impairment loss on trade debts			
Opening balance		19,553	23,214
Reversal of impairment made during the year	38	(1,152)	(3,661)
Closing balance		18,401	19,553

25.4 The reversal in impairment loss on trade debts is due to recovery of credit impaired balance.

Rupees in '000	2023	2022
26. ADVANCES		
Unsecured		
Advances - considered good		
Staff	830	1,684
Suppliers for goods and services	170,592	65,409
Others	1,950	1,316
Advances - considered doubtful		
Suppliers for goods and services	47	47
Provision for doubtful advances	(47)	(47)
	–	–
	173,372	68,409

Rupees in '000	Note	2023	2022
27. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposits			
- leasing companies		–	3,494
- others	27.1	6,037	14,799
Prepayments		10,652	9,987
		16,689	28,280

27.1 These include cash margin on bank guarantees issued in favour of Punjab Power Development Board (PPDB) by the subsidiary company i.e. Solution De Energy (Private) Limited, amounting to Rs. 3.045 million (2022: Rs. 3.045 million).

Rupees in '000	Note	2023	2022
28. SHORT TERM INVESTMENTS			
Amortized cost	28.1	84,360	159,360
Fair value through profit or loss (FVTPL)	28.2	749,867	620,585
		834,227	779,945

28.1 This represents investment in term deposit receipt by Holding Company, carrying markup of 15.75 % per annum maturing upto March 26, 2024.

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.

2023	2022		Note	2023	2022
Number of shares		Name of investee company		Rupees in '000	
11,481,938	9,284,553	Quoted - Investments	28.3	749,867	620,585
1,996	1,996	Innovative Investment Bank Limited		2,777	2,777
		Less: Provision for impairment		(2,777)	(2,777)
				–	–
				749,867	620,585

28.3 Quoted - Investments

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

2023	2022	Name of investees	**2023**	2022
Number of shares / units			Rupees in '000	
–	8,600	Attock Refinery Limited	–	2,763
450,437	438,750	Avanceon Limited	19,839	34,183
201,000	201,000	D.G. Khan Cement Company Limited	10,311	12,563
470,000	470,000	Engro Fertilizer Limited	38,790	41,661
173,000	155,000	Engro Polymer and Chemical Limited	7,309	12,343
–	202,500	Fauji Cement Company Limited	–	1,417
202,500	100,000	Fauji Fertilizer Company Limited	19,934	22,320
–	12,000	Ferozsons Laboratories Limited	–	3,227
2,405,000	2,405,000	HBL Growth Fund - Class A	11,255	12,386
764,673	764,673	HBL Investment Fund - Class A	1,185	1,529
1,000,000	–	Pak Qatar Asset Management Company	100,146	–
1,478,378	–	MCB Arif Habib Savings and Investment Limited	150,249	–
202,700	202,700	International Industries Limited	14,846	21,026
213,000	361,000	International Steels Limited	8,633	21,428
349,596	224,100	Interloop Limited	12,327	13,670
–	26,490	Jubilee Spinning and Weaving Mills Limited	–	81
400,000	400,000	Kot Addu Power Company Limited	8,320	11,012
500,000	500,000	Kohinoor Energy Limited	15,375	19,150
37,700	34,000	Lucky Cement Limited	19,683	15,608
32,520	32,000	Mari Petroleum Company Limited	49,256	55,672
378,000	350,000	Meezan Bank Limited	32,647	39,542
39,144	22,800	Millat Tractors Limited	15,278	19,895
275,700	275,700	Oil and Gas Development Company Limited	21,505	21,689
123,400	130,000	Pakistan Oilfields Limited	49,579	52,755
426,840	426,840	Pakistan Petroleum Limited	25,243	28,816
301,800	301,800	Pakistan State Oil Company Limited	33,503	51,861
27,800	12,600	Systems Limited	11,213	4,355
303,750	243,000	Tariq Glass Limited	20,685	25,225
25,000	25,000	Thal Limited	4,050	6,741
700,000	700,000	The Hub Power Company Limited	48,706	47,719
	259,000	TRG Pakistan Limited		20,029
			749,867	620,666
		Less: Provision for impairment	–	(81)
11,481,938	9,284,553		749,867	620,585

28.4 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	**2023**	2022
Name of investees		
Altern Energy Limited (Long term investment)	836,148	833,633
The Crescent Textile Mills Limited (Long term investment)	81,946	114,279
Avanceon Limited	6,386	27,346
D.G. Khan Cement Company Limited	–	9,375
Engro Fertilizer Limited	33,297	39,179
Engro Polymer and Chemicals Limited	3,887	12,342
Fauji Cement Company Limited	–	978
Fauji Fertilizer Company Limited	19,934	22,320
Ferozsons Laboratories Limited	–	3,227
HBL Investment Fund - Class A	775	1,528
HBL Growth Fund - Class A	3,990	4,390
Interloop Limited	2,542	10,864
International Industries Limited	9,206	21,026
International Steel Limited	1,094	5,343
Lucky Cement Limited	7,309	10,604
Mari Petroleum Company Limited	17,615	38,275
Meezan Bank Limited	27,140	35,501
Millat Tractors Limited	–	10,471
Oil and Gas Development Company Limited	5,671	21,689
Pakistan Oilfields Limited	35,412	35,769
Pakistan Petroleum Limited	14,312	28,816
Pakistan State Oil Company Limited	13,983	48,416
Tariq Glass Industries Limited	3,405	20,762
The Hub Power Company Limited	48,706	39,197
Thal Limited	–	2,696
	1,172,758	1,398,026

28.5 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 (2022: 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	**2023**	2022

29. OTHER RECEIVABLES

	Note	2023	2022
Dividend receivable		886	886
Provision there against		(886)	(886)
		–	–
Rent receivable		45	–
Claim receivable		461	461
Due from related parties	29.2	4,920	5,179
Sales tax refundable	29.3	106,973	75,589
Margin on letter of credit and guarantee		179,482	15,350
Receivable from staff retirement benefits funds	46.1.3	–	12,242
Others		3,071	3,113
		294,952	111,934

29.1 This represents the amount 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	**2023**	2022
29.2 Due from related parties		
The Crescent Textile Mills Limited	249	386
Premier Insurance Limited	1	–
Shakarganj Food Products Limited	4,070	3,893
Crescent Socks (Private) Limited	600	900
	4,920	5,179

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	**2023**	2022
The Crescent Textile Mills Limited	613	386
Premier Insurance Limited	1	–
Shakarganj Food Products Limited	4,578	3,893
Crescent Socks (Private) Limited	600	1,500
	5,792	5,779
29.2.2 The aging of amount due from related parties:		
Not yet due	349	990
Past due 1 - 30 days	100	722
Past due 30 - 180 days	577	2,398
Past due 180 days	3,894	1,069
	4,920	5,179

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 Holding 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 was been conducted and order raising demand of Rs. 1.01 million was been issued in respect of Hadeed (Billet) Division [before amalgamation, it was Crescent Hadeed (Private) Limited)]. An appeal was preferred with the Comissioner Appeals which is pending adjudication.

29.3.4 During the year ended 30 June 2022, orders were issued under the Sales Tax Act, 1990, where demands aggregating Rs. 8.477 million have been raised in respect of Steel (Pipe). The Holding company has paid the amount to the Government Treasury, as disclosed in the Monthly Sales Tax Return for June 2023. Currently, the appeal is pending adjudication at the Commissioner Appeal Inland Revenue - FBR regarding the penalty and defauld surcharge. After consultation with legal advisor, the management considers that the appeal would be decided in the Holding company's favour.

29.3.5 In the previous years, the Holding company adopted fixed regime of sales tax for Hadeed (Billet) division whereby sales tax liability was discharged on the basis of units of electricity consumed at Rs. 13 per unit supported by judgement of the Lahore High Court in writ petition no. 243530/2018 instead of ad valorem basis. Subsequently, the department filed Intra Code Appeal (ICA) No. 23517/2019 before High Court which is sub-judice. No proceedings have been held since.

Rupees in '000	**2023**	2022
30. TAXATION - NET		
Advance taxation	3,654,206	3,625,110
Provision for taxation	(2,981,382)	(2,935,310)
	672,824	689,800

30.1 The income tax assessments of the Holding company have been finalized up to and including Tax Year 2022, 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), after the appeal filed before Appellate Tribunal Inland Revenue (ATIR) was dismissed in entirety. Department has now filed case in the Lahore High Court (LHC) challenging the tribunal's decision, which is pending adjudication.

(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 preferred before the Appellate Tribunal Inland Revenue by both FBR and the Holding company. ATIR decided the appeal in favour of the holding company. 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 Additional Commissioner Inland Revenue (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 ATIR 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 Holding company at the Commissioner (Appeals) level, whereas appeals have been preferred in Appellate Tribunal Inland Revenue (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 prefered 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 (A(CIR)), 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 (CIRA) 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.

(i) During the year ended 30 June 2022, Orders under section 4C of the Income Tax Ordinance 2001 were issued by the A(CIR) in respect of Tax Years 2022 whereby demands aggregating Rs. 126.462 million (approximately) were raised for Crescent against the Holding Company Limited. An expense of Rs. 54 million related to these demands has been recognized in the consolidated financial statements. For remaining, the holding company has obtained stay from LHC through writ petition. Currently, the appeal is pending adjudication at the Commissioner Appeal Inland Revenue (CAIR) - FBR for remaining issue. After consultation with legal advisor, the management considers that the appeal would be decided in the Holding Company's favour.

(j) During the year ended 30 June 2022,The tax department has revised the assessment due to an objection raised regarding the incorrect add-back of normal depreciation on the addition made in plant and machinery for the tax year 2016 for Hadeed (Billet) Division [before amalgamation, it was Crescent Hadeed (Private) Limited). The assessment order alleges that we claimed significant initial allowance and depreciation allowance whereas minimal amount added back as accounting depreciation. Appeal has been filed with CIRA and it is pending adjudicating. After consultation with legal advisor, the management considers that the appeal would be decided in the Holding Company's favour.

(k) During the year ended 30 June 2022, the Holding Company Ltd has been selected by the tax department for an audit under section 177 for the tax year 2020. A Pre Audit Report has been issued, highlighting observations and requesting data and supporting documentation. The holding company has submitted the required information to the Assistant/Deputy Commissioner of the Federal Board of Revenue (FBR) in response to the report. The case is pending at department level for hearing.

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	**2023**	2022
31. CASH AND BANK BALANCES			
With banks			
- in saving account	31.1	31,177	1,951
- in current accounts		5,071	4,366
	31.2	36,248	6,317
Cash in hand		–	490
		36,248	6,807

31.1 Mark-up rate on saving account ranged between 14.5% to 19.5% (2022: 6% to 12.25%) per annum.

31.2 This includes balances amounting to Rs. 1.227 million (2022: Rs. 0.067 million) with Shariah compliant banks.

Rupees in '000	Note	**2023**	2022
32. SALES - NET			
Local sales			
Bare pipes	32.1	1,569,411	1,241,016
Pipe coating		16,331	50,920
Coated pipes	32.2	2,201,088	82,003
Cotton yarn / raw cotton / polyester		1,153,309	3,125,181
Electricity sales		–	278,794
Steam sales		–	349,853
Steel billets		–	2,857,534
Others	32.3	147,187	225,872
Scrap / waste		195,454	89,257
		5,282,780	8,300,430
Sales tax		(767,182)	(1,210,522)
		4,515,598	7,089,908

32.1 This is presented net of liquidated damages amounting to Rs. 40.757 million (2022: 25.232 million).

32.2 This includes revenue amounting to Rs. 1,981.948 million, where HRC (Hot Rolled Coil) was supplied by the customer.

32.3 This includes revenue earned from manufacturing of metal structures by cutting, bending and assembling process.

32.4 Revenue is disaggregated by operating segments under note 45. Additionally revenue by major customer is disclosed in note 45.4 to these unconsolidated financial statements.

Rupees in '000	Note	**2023**	2022
33. COST OF SALES			
Steel segment	33.1	2,458,454	1,526,159
Cotton segment	33.1	1,074,020	2,419,791
Energy segment	33.1	62,209	747,986
Hadeed (Billet) segment	33.1	145,022	2,461,269
		3,739,705	7,155,205

Rupees in '000		Note	Steel segment 2023	Steel segment 2022	Cotton segment 2023	Cotton segment 2022	Energy segment 2023	Energy segment 2022	Hadeed (Billet) segment 2023	Hadeed (Billet) segment 2022	Total 2023	Total 2022
33.1	Cost of sales											
	Raw materials consumed		1,844,278	1,123,799	703,578	1,901,415	-	669,680	79,880	2,155,464	2,627,736	5,850,358
	Cost of raw cotton / polyester sold		-	-	46,137	36,765	-	-	-	-	46,137	36,765
	Packing materials consumed		-	-	8,443	24,152	-	-	-	-	8,443	24,152
	Stores and spares consumed		197,740	36,097	9,042	24,141	1,184	6,518	323	53,024	208,289	119,780
	Fuel, power and electricity		95,806	36,636	138,266	242,171	40	340	996	2,592	235,108	281,739
	Salaries, wages and other benefits	33.2	209,245	140,984	87,505	176,068	(139)	7,760	15,286	36,235	311,897	361,047
	Insurance		7,583	5,772	2,614	2,813	1,169	1,317	1,138	1,561	12,504	11,463
	Commission		-	-	3,759	7,952	-	-	-	-	3,759	7,952
	Repairs and maintenance		18,365	4,700	2,202	3,789	-	557	78	1,067	20,645	10,113
	Depreciation	16.1.2	75,138	55,417	19,358	20,365	59,949	60,270	49,617	49,336	204,062	185,388
	Rental under Ijarah financing		3,169	87,985	-	-	-	-	-	-	3,169	87,985
	Other expenses		55,747	32,323	(41)	8,909	6	1,544	(2,296)	161,287	53,416	204,063
			2,507,071	1,523,713	1,020,863	2,448,540	62,209	747,986	145,022	2,460,566	3,735,165	7,180,805
	Opening stock of work-in-process		5,171	15,591	13,905	10,206	-	-	-	-	19,076	25,797
	Closing stock of work-in-process	24	(59,954)	(5,171)	(11,039)	(13,905)	-	-	-	-	(70,993)	(19,076)
			(54,783)	10,420	2,866	(3,699)	-	-	-	-	(51,917)	6,721
	Cost of goods manufactured		2,452,288	1,534,133	1,023,729	2,444,841	62,209	747,986	145,022	2,460,566	3,683,248	7,187,526
	Opening stock of finished goods		117,265	109,291	50,291	25,241	-	-	-	703	167,556	135,235
	Closing stock of finished goods - net	24	(111,099)	(117,265)	-	(50,291)	-	-	-	-	(111,099)	(167,556)
			6,166	(7,974)	50,291	(25,050)	-	-	-	703	56,457	(32,321)
			2,458,454	1,526,159	1,074,020	2,419,791	62,209	747,986	145,022	2,461,269	3,739,705	7,155,205
33.2	Detail of salaries, wages and other benefits											
	Salaries, wages and other benefits	33.2.1	193,633	128,365	84,425	172,276	(139)	7,760	14,617	35,562	292,536	343,963
	Pension fund	33.2.2	7,439	5,965	1,529	1,312	-	-	-	-	8,968	7,277
	Gratuity fund	33.2.2	3,009	2,485	113	90	-	-	-	-	3,122	2,575
	Provident fund contributions		5,164	4,169	1,438	2,390	-	-	669	673	7,271	7,232
			209,245	140,984	87,505	176,068	(139)	7,760	15,286	36,235	311,897	361,047

33.2.1 This includes contribution amounting to Rs. 0.003 million (2022: Rs. 0.024 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	2023 Pension	2023 Gratuity	2022 Pension	2022 Gratuity
33.2.2 Staff retirement benefits				
Current service costs	6,356	4,652	55,996	(3,136)
Interest costs	23,546	11,755	161,736	(6,066)
Return on plan assets, excluding interest income	(20,934)	(13,285)	(210,455)	11,777
	8,968	3,122	7,277	2,575

Rupees in '000	Note	2023	2022

34. INCOME / (LOSS) FROM INVESTMENTS - NET

	Note	2023	2022
Dividend income	34.1	96,951	68,727
Realized gain / (loss) on sale of FVTPL investments - net	34.1	7,050	(13,160)
Unrealized loss on FVTPL investments - net	34.1	(44,801)	(269,766)
Rental income from investment properties	34.2	7,733	7,763
		66,933	(206,436)

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

Rupees in '000	Dividend income	Realized gain	Unrealized loss
Shariah compliant investee companies	69,077	(5,592)	(85,031)
Non - Shariah compliant investee companies	27,874	12,642	42,230
	96,951	7,050	(44,801)

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. 4.542 million (2022: Rs. 4.633 million).

35. DISTRIBUTION AND SELLING EXPENSES

		Steel segment		Cotton segment		Hadeed (Billet) segment		Total	
Rupees in '000	Note	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Salaries, wages and other benefits	35.1	5,960	5,300	2,510	1,933	1,235	947	9,705	8,180
Consultant Fee		40,677	-	-	-	-	-	40,677	
Travelling, conveyance and entertainment		619	137	27	16	11	5	657	158
Depreciation	16.1.2	490	704	-	-	-	-	490	704
Insurance		47	14	-	-	-	-	47	14
Postage, telephone and telegram		93	75	76	63	19	18	188	156
Advertisement		214	439	-	-	-	-	214	439
Bid bond expenses		576	517	-	-	-	-	576	517
Legal and professional charges		4,403	578	-	-	-	-	4,403	578
Others		8,103	2,826	1,467	1,617	424	364	9,994	4,807
		61,182	10,590	4,080	3,629	1,689	1,334	66,951	15,553

35.1 Detail of salaries, wages and other benefits

		Steel segment		Cotton segment		Hadeed (Billet) segment		Total	
Rupees in '000	Note	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Salaries, wages and other benefits		4,803	4,480	2,133	1,635	1,186	798	8,122	6,913
Pension fund	35.1.1	637	437	197	155	-	79	834	671
Gratuity fund	35.1.1	255	182	82	65	-	32	337	279
Provident fund contributions		265	201	98	78	49	38	412	317
		5,960	5,300	2,510	1,933	1,235	947	9,705	8,180

	2023		2022	
Rupees in '000	Pension	Gratuity	Pension	Gratuity
35.1.1 Staff retirement benefits				
Current service costs	591	502	5,163	(340)
Interest costs	2,191	1,268	14,911	(657)
Return on plan assets, excluding interest income	(1,948)	(1,433)	(19,403)	1,276
	834	337	671	279

36. ADMINISTRATIVE EXPENSES

Rupees in '000	Note	Steel segment 2023	Steel segment 2022	Cotton segment 2023	Cotton segment 2022	Energy segment 2023	Energy segment 2022	Hadeed (Billet) segment 2023	Hadeed (Billet) segment 2022	IID segment 2023	IID segment 2022	Total 2023	Total 2022
Salaries, wages and other benefits	36.1	147,719	102,268	26,480	25,139	-	3,464	8,642	13,993	13,066	11,809	195,907	156,673
Rents, rates and taxes		3,235	2,815	814	683	-	92	584	574	627	726	5,260	4,890
Travelling, conveyance													
and entertainment		5,043	3,646	910	780	-	96	150	594	301	232	6,404	5,348
Fuel and power		16,553	11,069	2,398	1,732	-	668	4,294	3,752	888	602	24,133	17,823
Postage, telephone and telegram		2,528	1,677	422	308	-	42	56	122	152	112	3,158	2,261
Insurance		1,389	1,607	254	311	1	42	80	113	133	125	1,857	2,198
Repairs and maintenance		11,195	9,582	824	959	-	178	726	1,097	576	791	13,321	12,607
Auditors' remuneration	36.2	4,358	3,658	851	724	87	145	-	137	524	525	5,820	5,189
Legal, professional and		-											
corporate service charges		51,969	15,119	9,054	3,740	12	440	-	762	2,379	2,914	63,414	22,975
Advertisement		2,168	1,586	38	10	-	22	-	33	114	86	2,320	1,737
Donations	36.3	25,986	54,104	170	128	-	758	-	1,116	1,332	2,908	27,488	59,014
Depreciation	16.1.2 & 18.1	17,543	13,005	3,042	2,085	2	298	1,950	1,773	4,856	4,543	27,393	21,704
Amortization of intangible assets	17.1.1	1,722	1,722	345	363	-	46	-	46	86	91	2,153	2,268
Printing, stationery and		-											
office supplies		2,472	2,593	456	623	-	46	1	94	232	234	3,161	3,590
Newspapers, subscriptions		-											
and periodicals		810	366	927	791	763	635	-	11	80	33	2,580	1,836
Others		4,461	7,479	942	2,021	(1)	290	899	1,334	596	801	6,897	11,925
		299,151	232,296	47,927	40,397	864	7,262	17,382	25,551	25,942	26,532	391,266	332,038
36.1 Detail of salaries, wages and other benefits													
Salaries, wages and other benefits		127,763	110,941	22,353	25,859	-	3,003	8,496	13,064	11,264	11,459	169,876	164,326
Pension fund	36.1.1	14,531	(5,385)	2,920	(1,099)	-	242	-	429	1,181	92	18,632	(5,721)
Gratuity fund	36.1.1	623	(7,196)	214	(494)	-	101	-	179	176	(120)	1,013	(7,530)
Provident fund contributions		4,802	3,908	993	873	-	118	146	321	445	378	6,386	5,598
		147,719	102,268	26,480	25,139	-	3,464	8,642	13,993	13,066	11,809	195,907	156,673

Rupees in '000	2023 Pension	2023 Gratuity	2022 Pension	2022 Gratuity
36.1.1 Staff retirement benefits				
Current service costs	13,203	1,510	(44,017)	9,171
Interest costs	48,917	3,815	(127,136)	17,740
Return on plan assets, excluding interest income	(43,488)	(4,312)	165,432	(34,441)
	18,632	1,013	(5,721)	(7,530)

Rupees in '000	Note	**2023**	2022
36.2 Auditors' remuneration			
Audit fee	36.2.1	3,036	2,851
Certifications, tax and other assurance services		1,421	1,429
		4,457	4,280
Out of pocket expenses		950	549
Sales tax		413	360
		5,820	5,189

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	
Rupees in '000			**2023**	2022
Mr. Ahsan M. Saleem	Director	The Citizens Foundation		
		Plot No. 20, Sector - 14,		
		New Brookes Chowrangi,		
		Korangi Industrial Area, Karachi	24,860	44,401
	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, Islamabad		
			24,860	49,901

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	2023	2022

37. OTHER OPERATING EXPENSES

Exchange loss		–	47,700
Provision for:			
- Workers' Profit Participation Fund	12.4	16,134	10,494
- Workers' Welfare Fund		696	–
- slow moving stores, spares and loose tools - net	23.1	–	5,308
		16,830	63,502

38. OTHER INCOME

Income from financial assets			
Return on deposits - from conventional banking		23,354	3,623
Unwinding of discount on long term deposit		2,638	21,760
		25,992	25,383
Income from non-financial assets			
Exchange gain		1,132	–
Gain on disposal of operating fixed assets		13,163	3,202
Deferred income amortized	11	4,353	8,981
Insurance commission		–	2,072
Land licensing fee		18,000	–
Liabilities written back		236	9,397
Reversal of impairment of trade debts	25.3	1,152	3,661
Reversal of provision for slow moving stores, spares and loose tools	23.1	9,455	–
Rent income		5,591	8,075
Others		326	680
		53,408	36,068
		79,400	61,451

39. FINANCE COSTS

Mark-up on short term loans - Shariah arrangement		42,283	58,122
Interest on Non-Shariah arrangement:			
- finance lease obligations		9,117	9,385
- long term loans		119,236	21,840
- running finances		133,792	102,910
- short term loans		52,435	53,716
Discounting on long term deposit		5,822	375
Bank charges		2,094	5,394
		364,779	251,742

Rupees in '000	**2023**	2022
40. SHARE OF PROFIT IN EQUITY ACCOUNTED INVESTEES - NET OF TAXATION		
Altern Energy Limited	585,984	85,739
Shakarganj Limited	30,274	–
	616,258	85,739
41. TAXATION		
Current		
- for the year	74,245	242,818
- for prior years	(782)	(2,718)
	73,463	240,100
Deferred	34,618	(380,189)
	108,081	(140,089)
41.1 Relationship between taxation expense and accounting profit / (loss)		
Profit / (Loss) before taxation	698,658	(787,378)
Tax at the applicable rate of 29% (2022: 29%)	202,611	(228,340)
Tax effect of inadmissible expenses / losses	33,438	19,753
Tax effect of income taxed at a lower rate	(131,716)	5,946
Tax effect arising due to super tax	4,530	65,270
Prior year tax effect	(782)	(2,718)
	108,081	(140,089)

41.2 Sufficient provision for tax has been made in these consolidated 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 returns filed and deemed assessed for last three years are as follows:

Rupees in '000	2022	2021	2020
Tax provision including effects of prior years	242,036	115,017	84,907
Tax assessed / return filed	242,036	115,017	84,907

Rupees in '000	**2023**	2022
42. BASIC AND DILUTED EARNINGS / (LOSS) PER SHARE		
Profit / (loss) for the year	590,577	(647,289)
	(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 / (loss) per share	7.61	(8.34)

Rupees in '000	Note	2023	2022

43. CASH GENERATED FROM OPERATIONS

Profit / (loss) before taxation		698,658	(787,378)
Adjustments for non cash charges and other items			
Depreciation on operating fixed assets and investment properties		232,234	207,796
Amortization of intangible assets	17.1	2,153	2,268
Charge / (reversal) for the year on staff retirement benefit funds	46.1.7	32,906	(2,448)
Dividend income	34.1	(96,951)	(68,727)
Unrealized loss on FVTPL investments - net	34.1	44,801	269,766
(Gain) / loss on sale of FVTPL investments - net	34.1	(7,050)	13,160
(Reversal of) / provision for slow moving stores, spares and loose tools		(9,455)	5,308
Reversal of impairment loss on trade debts - net	38	(1,152)	(3,661)
Provision for Workers' Welfare Fund	37	696	-
Provision for Workers' Profit Participation Fund	37	16,134	10,494
Return on deposits	38	(23,354)	(3,623)
Gain on disposal of operating fixed assets	38	(13,163)	(3,202)
Deferred income amortized	38	(4,353)	(8,981)
Discounting of long term deposit	39	5,822	375
Unwinding of discount on long term deposit	38	(2,638)	(21,760)
Liabilities written off	38	(236)	(9,397)
Finance costs	39	358,957	251,367
Share of profit from equity accounted investees - net of taxation	40	(616,258)	(85,739)
Working capital changes	43.1	(583,338)	378,938
		34,413	144,556

43.1 Working capital changes:

Changes in:		
Stores, spares and loose tools	(159,506)	(12,602)
Stock-in-trade	(78,871)	46,433
Trade debts	(287,677)	(34,480)
Advances	(104,963)	(26,345)
Trade deposits and short term prepayments	8,097	8,682
Other receivables	(195,260)	5,881
(Decrease) / increase in current liabilities		
Trade and other payables	234,842	391,369
	(583,338)	378,938

43.2 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	Unclaimed dividend	Total
	Note	9	10 & 13	14		
Opening balance as at 1 July 2022		163,167	88,981	396,316	25,614	674,078
Proceeds from long term loans		800,000	–	–	–	800,000
Repayment of long term loans		(263,950)	–	–	–	(263,950)
Proceeds short term borrowings		–	–	4,193,739	–	4,193,739
Repayment of short term borrowings		–	–	(3,764,190)	–	(3,764,190)
Dividend paid		–	–	–	(9,533)	(9,533)
Lease payments		-	(44,407)	–	–	(44,407)
		536,050	(44,407)	429,549	(9,533)	911,659
Lease liabilities entered during the year		–	42,206	–	–	42,206
Transaction cost on long term loan		(4,241)	–	–	–	(4,241)
Deposit adjusted with lease liability		–	(19,224)	–	–	(19,224)
Interest accrued on lease obligation		–	9,117	–	–	9,117
		(4,241)	32,099	–	–	27,858
Closing balance as at 30 June 2023		694,976	76,673	825,865	16,081	1,613,595

Rupees in '000	Note	2023	2022
44. CASH AND CASH EQUIVALENTS			
Running finances under mark-up arrangements	14	(463,654)	(464,846)
Term deposits receipt		–	75,000
Cash and bank balances	31	36,248	6,807
		(427,406)	(383,039)

45. SEGMENT REPORTING

45.1 Reportable segments

The Group's reportable segments under are as follows:

- Steel segment - It comprises of manufacturing and coating of steel pipes (note 1.1.2).
- 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 supplying electricity / power (note 1.1.6).

The Group's all segments are engaged in shariah compliant 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 2023

Rupees in '000	Steel segment	Cotton segment	Energy segment	Hadeed (Billet) segment	IID segment	Inter-segments elimination / adjustments	Total
Sales	3,395,752	1,010,226	-	109,620	-	-	4,515,598
Cost of sales	2,458,454	1,074,020	62,209	145,022	-	-	3,739,705
Gross profit / (loss)	937,298	(63,794)	(62,209)	(35,402)	-	-	775,893
Income from investments - net	4,053	-	-	-	62,880	-	66,933
	941,351	(63,794)	(62,209)	(35,402)	62,880	-	842,826
Distribution and selling expenses	61,182	4,080	-	1,689	-	-	66,951
Administrative expenses	299,151	47,927	864	17,382	25,942	-	391,266
Other operating expenses	16,830	-	-	-	-	-	16,830
	377,163	52,007	864	19,071	25,942	-	475,047
	564,188	(115,801)	(63,073)	(54,473)	36,938	-	367,779
Other income	76,117	8,503	66	(5,384)	98	-	79,400
Operating profit / (loss) before finance costs	640,305	(107,298)	(63,007)	(59,857)	37,036	-	447,179
Finance costs	333,790	19,842	1	6,328	4,818	-	364,779
Share of profit in equity accounted investees - net of taxation	-	-	-	-	616,258	-	616,258
Profit / (loss) before taxation	306,515	(127,140)	(63,008)	(66,185)	648,476	-	698,658
Taxation							108,081
Profit for the year							590,577

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)

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. Nil (2022: Rs. 168.183 million).

45.2.2 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, Energy, Hadeed (Billets) and IID segments. In addition, finance costs between Steel, Cotton and Hadeed 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. 1,959.605 million (2022: Rs. 1,176.179 million) of total Steel segment revenue of Rs. 3,395.752 million (2022: Rs. 1,391.681 million). Revenue from major customers of Cotton segment represents an aggregate amount of Rs. 408.966 million (2022: Rs. 1,101.296 million) of total Cotton segment revenue of Rs. 1,010.226 million (2022: Rs. 2,695.372 million). Revenue from major customers of Energy segment represent an aggregate amount of Rs. Nil. (2022: Rs. 537.305 million) of total Energy segment revenue of Rs. Nil. (2022: Rs. 705.488 million). Revenue from major customers of Hadeed (Billet) segment represent an aggregate amount of Rs. 104.778 million (2022: 2,440.542 million) of total Hadeed (Billet) segment revenue of Rs. 109.62 million (2022: Rs. 2,465.55 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 2023 and 2022 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 2023						
Segment assets for reportable segments	3,685,849	230,380	630,821	677,091	1,617,029	6,841,170
Investment in equity accounted investees	-	-	-	-	2,948,286	2,948,286
Unallocated corporate assets						1,763,582
Total assets as per consolidated statement of financial position						11,553,038
Segment liabilities for reportable segments	1,417,450	130,373	81,238	78,752	13,559	1,721,372
Unallocated corporate liabilities and deferred income						2,155,128
Total liabilities as per consolidated statement of financial position						3,876,500

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						9,468,961
Segment liabilities for reportable segments	877,422	185,161	88,067	152,113	55,847	1,358,610
Unallocated corporate liabilities and deferred income						1,085,782
Total liabilities as per consolidated statement of financial position						2,444,392

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 2023						
Capital expenditure	533,188	2,250	-	-	50	535,488
Depreciation and amortization	94,893	22,745	60,240	51,567	4,942	234,387
Non-cash items other than depreciation and amortization	318,530	24,991	(65)	8,882	(665,328)	(312,990)
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	144,046	19,211	3,947	38,535	(956,274)	(750,535)

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 2023. The projected unit credit method, using the following significant assumptions, has been used for the actuarial valuation:

	2023		2022	
	Pension	Gratuity	Pension	Gratuity
Financial assumptions				
- Discount rate used for interest cost				
in profit or loss charge	13.25%	13.25%	10.00%	10.00%
- Discount rate used for year end obligation	16.25%	16.25%	13.25%	13.25%
- Expected rate of increase in salaries	16.25%	16.25%	13.25%	13.25%
Demographic assumptions				
- Retirement assumption	Age 58		Age 58	
- Expected mortality for active members	SLIC (2001-05)		SLIC (2001-05)	

46.1.2 The amounts recognized in consolidated statement of financial position are as follows:

		2023			2022		
Rupees in '000	Note	Pension	Gratuity	Total	Pension	Gratuity	Total
Present value of defined benefit							
obligations	46.1.4	701,907	160,692	862,599	569,457	127,084	696,541
Fair value of plan assets	46.1.5	(464,006)	(118,803)	(582,809)	(495,895)	(139,326)	(635,221)
Liability / asset recognized in							
consolidated statement of							
financial position		237,901	41,889	279,790	73,562	(12,242)	61,320
46.1.3 Movement in the net defined							
benefit liability / (asset)							
Opening balance		73,562	(12,242)	61,320	(139,807)	(100,036)	(239,843)
Net benefit cost / (income) charged							
to consolidated statement							
of profit or loss	46.1.7	28,434	4,472	32,906	2,227	(4,676)	(2,449)
Remeasurements recognized in							
consolidated other comprehensive							
income	46.1.8	157,992	58,250	216,242	229,822	99,823	329,645
Contributions by the Holding							
Company	46.1.5	(22,087)	(8,591)	(30,678)	(18,680)	(7,353)	(26,033)
Closing balance		237,901	41,889	279,790	73,562	(12,242)	61,320
46.1.4 Movement in the present value of							
defined benefit obligations							
Opening balance		569,457	127,084	696,541	500,963	111,286	612,249
Current service costs		20,150	6,664	26,814	17,142	5,695	22,837
Interest costs		74,654	16,838	91,492	49,512	11,016	60,528
Benefits paid during the year		(12,063)	-	(12,063)	(11,692)	(2,256)	(13,948)
Remeasurement:							
Actuarial losses from changes in							
financial assumptions		13,364	63	13,427	12,351	59	12,410
Experience adjustments		36,345	10,043	46,388	1,181	1,284	2,465
Closing balance		701,907	160,692	862,599	569,457	127,084	696,541

Rupees in '000	2023 Pension	2023 Gratuity	2023 Total	2022 Pension	2022 Gratuity	2022 Total
46.1.5 Movement in the fair value of plan assets are as follows:						
Opening balance	495,895	139,326	635,221	640,770	211,322	852,092
Contributions by the Holding Company	22,087	8,591	30,678	18,680	7,353	26,033
Interest income on plan assets	66,370	19,030	85,400	64,427	21,387	85,814
Benefits paid during the year	(12,063)	-	(12,063)	(11,692)	(2,256)	(13,948)
Return on plan assets, excluding interest income	(108,283)	(48,144)	(156,427)	(216,290)	(98,480)	(314,770)
Closing balance	464,006	118,803	582,809	495,895	139,326	635,221
46.1.6 Actual return on plan assets	(41,913)	(29,114)	(71,027)	(151,863)	(77,093)	(228,956)

46.1.7 Following amounts have been charged in the consolidated statement of profit or loss in respect of these benefits:

Rupees in '000	2023 Pension	2023 Gratuity	2023 Total	2022 Pension	2022 Gratuity	2022 Total
Current service costs	20,150	6,664	26,814	17,142	5,695	22,837
Interest costs	74,654	16,838	91,492	49,512	11,016	60,528
Expected return on plan assets	(66,370)	(19,030)	(85,400)	(64,427)	(21,387)	(85,814)
Charge recognized in consolidated profit or loss	28,434	4,472	32,906	2,227	(4,676)	(2,449)

46.1.8 Following amounts of remeasurements have been charged in consolidated other comprehensive income in respect of these benefits:

Rupees in '000	2023 Pension	2023 Gratuity	2023 Total	2022 Pension	2022 Gratuity	2022 Total
Remeasurement:						
Actuarial losses from changes in financial assumptions	13,364	63	13,427	12,351	59	12,410
Experience adjustments	36,345	10,043	46,388	1,181	1,284	2,465
Return on plan assets, excluding interest income	108,283	48,144	156,427	216,290	98,480	314,770
Remeasurement loss charged in consolidated other comprehensive income	157,992	58,250	216,242	229,822	99,823	329,645

	2023			2022		
Rupees in '000	Pension	Gratuity	Total	Pension	Gratuity	Total
46.1.9 Total defined benefit cost recognized in consolidated statement of profit or loss and other comprehensive income	186,426	62,722	249,148	232,049	95,147	327,196
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	33	-		35	-	
Beneficiaries	78	78		74	75	
Vested / Non-Vested						
Vested benefits	636,521	139,274	775,795	521,274	111,770	633,044
Non - vested benefits	65,386	21,418	86,804	48,183	15,314	63,497
	701,907	160,692	862,599	569,457	127,084	696,541
Disaggregation of fair value of plan assets						
The fair value of the plan assets at reporting date for each category are as follows:						
Cash and cash equivalents (comprising bank balances and adjusted for current liabilities) - quoted	4,118	446	4,564	86,721	7,717	94,438
Debt instruments						
AA+	15,000	15,000	30,000	170,539	36,692	207,231
AA-	3,060	-	3,060	-	-	-
AAA	2,500	2,500	5,000	-	-	-
A1+	-	-	-	3,061	-	3,061
CCC+	118,397	2,614	121,011	-	-	-
C	117,648	45,000	162,648	-	-	-
	256,605	65,114	321,719	173,600	36,692	210,292
Equity instruments						
Cement	4,860	-	4,860	6,467	-	6,467
Chemicals	583	-	583	782	-	782
Commercial Banks	536	-	536	955	-	955
Engineering	86,829	41,675	128,504	168,706	80,083	248,789
Fertilizer	4,132	291	4,423	6,188	325	6,513
Insurance	63	-	63	55	-	55
Oil and Gas Exploration Companies	8,889	2,822	11,711	8,185	2,886	11,071
Oil and Gas Marketing Companies	498	-	498	777	-	777
Gas Distribution Companies	245	-	245	-	-	-
Pharmaceuticals	91	-	91	35	-	35
Power Generation and Distribution	17,980	6,958	24,938	17,171	6,817	23,988
Sugar and Allied Industries	5,082	1,497	6,579	4,639	1,366	6,005
Technology and Communication	1,124	-	1,124	1,042	-	1,042
Textile Composite	1,419	-	1,419	2,148	-	2,148
	132,331	53,243	185,574	217,150	91,477	308,627
Mutual funds						
Income Fund	66,258	-	66,258	18,423	3,440	21,863
Equity Fund	4,694	-	4,694	-	-	-
	464,006	118,803	582,809	495,895	139,326	635,221

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%	632,721	156,837
Discount rate -1%	785,726	165,198
Long term pension / salary increase +1%	717,054	165,179
Long term pension / salary decrease -1%	688,738	156,787
Long term pension increase +1%	775,974	–
Long term pension decrease -1%	638,105	–

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.

46.1.10 Expected future expense to be charged in unconsolidated statement of profit or loss for the year ending 30 June 2024:

Rupees in '000	Pension	Gratuity
Current service cost	26,062	8,570
Interest cost on defined benefit obligation	113,036	17,206
Interest income on plan assets	(76,588)	(11,272)
	62,510	14,504

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 2023 was Rs. 14.069 million (2022: Rs. 13.147 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.

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

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

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

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

Rupees in '000	30 June 2023								
	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	749,867	102,906	-	-	852,773	852,773	-	-	852,773
- Unlisted equity securities	659,901	-	-	-	659,901	-	-	659,901	659,901
	1,409,768	102,906	-	-	1,512,674	852,773	-	659,901	1,512,674
Financial assets not measured at fair value									
Term deposit receipt	-	-	84,360	-	84,360	-	-	-	-
Deposits	-	-	33,180	-	33,180	-	-	-	-
Trade debts	-	-	464,043	-	464,043	-	-	-	-
Other receivables	-	-	187,979	-	187,979	-	-	-	-
Bank balance	-	-	36,248	-	36,248	-	-	-	-
	-	-	805,810	-	805,810	-	-	-	-
Financial liabilities not measured at fair value									
Long term loans	-	-	-	694,976	694,976	-	-	-	-
Lease Liability	-	-	-	76,673	76,673	-	-	-	-
Trade and other payables	-	-	-	766,365	766,365	-	-	-	-
Unclaimed dividend	-	-	-	16,081	16,081	-	-	-	-
Mark-up accrued	-	-	-	79,061	79,061	-	-	-	-
Short term borrowings	-	-	-	1,289,519	1,289,519	-	-	-	-
	-	-	-	2,922,675	2,922,675	-	-	-	-

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	-	-	-	-
Term deposit receipt	-	-	159,360	-	159,360	-	-	-	-
Trade debts	-	-	175,214	-	175,214	-	-	-	-
Other receivables	-	-	24,103	-	24,103	-	-	-	-
Bank Balances	-	-	6,317	-	6,317	-	-	-	-
	-	-	412,387	-	412,387	-	-	-	-
Financial liabilities not measured at fair value									
Long term loans	-	-	-	163,167	163,167	-	-	-	-
Lease liability	-	-	-	88,981	88,981	-	-	-	-
Trade and other payables	-	-	-	877,041	877,041	-	-	-	-
Mark-up accrued	-	-	-	38,824	38,824	-	-	-	-
Short term borrowings	-	-	-	861,162	861,162	-	-	-	-
Unclaimed dividend	-	-	-	25,614	25,614	-	-	-	-
	-	-	-	2,054,789	2,054,789	-	-	-	-

The Group has not disclosed the fair values for all other financial assets and financial liabilities, as these are either short term in nature or reprice periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

Investment property fair value have been determined by professional valuers (level 3 measurement) based on their assessment of the market values as disclosed in note 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 by professional valuer in measuring Level 3 fair values at 30 June 2023 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:	- 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).
- Central Depository Company of Pakistan Limited	-Dividend growth model:	- Dividend growth rate	The estimated fair value would increase / (decrease) if:
	The valuation model considers the present value of future dividends, discounted using Weighted Average Cost of Capital.	- Weighted Average Cost of Capital	- The dividend growth rate were higher / (lower)
	The method has been changed from Net Asset Value method to Dividend Valuation method for better fair value measurement.		- 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 2022	
- Shakarganj Food Products Limited	406,372
- Central Depository Company of Pakistan Limited (CDC)	–
	406,372

Rupees in '000	
Fair value recognized in profit or loss during the year	
- Shakarganj Food Products Limited	49,313
- Transfer from level 2 to level 3	206,250
- Central Depository Company of Pakistan Limited (CDC)	(2,034)
	253,529
Balance at 30 June 2023	
- Shakarganj Food Products Limited	455,685
- Central Depository Company of Pakistan Limited (CDC)	204,216
	659,901

Sensitivity Analysis

For the fair value of unquoted equity investment, reasonably possible changes at 30 June 2023 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)	54,296	(54,288)
- Terminal growth rate (100 bps)	32,859	(28,481)
- Weighted Average Cost of Capital (100 bps)	(43,989)	51,084
Central Depository Company of Pakistan Limited		
- Dividend growth rate (100 bps)	9,918	(8,346)
- Weighted Average Cost of Capital (100 bps)	(7,525)	8,943

Transfer out of level 2

As at 30 June 2023, FVTPL unlisted equity security with a carrying amount of Rs. 206.25 million was transferred from level 2 to level 3 because during the year, no recent transactions for sale / purchase of share by other shareholders were performed. Therefore, it is used as level 3 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 counter-parties 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	**2023**	2022
Deposits	33,180	47,393
Term deposit receipt	84,360	159,360
Trade debts	464,043	175,214
Other receivables	187,979	24,103
Bank balances	36,248	6,317
	805,810	412,387

Trade and other receivables

To manage exposure to credit risk in respect of trade and other receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Sales tenders and credit terms are approved by the tender approval committee. Where considered necessary, advance payments are obtained from certain parties. Sales made to major customers are secured through letters of credit. The management has set a maximum credit period of 15 day 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	**2023**	2022
Steel segment	459,154	81,044
Cotton segment	59	4,296
Energy segment	4,636	4,636
Hadeed (Billet) segment	194	85,238
	464,043	175,214
The aging of trade debts at reporting date is		
Not past due	329,986	38,937
Past due 1 - 30 days	35,031	81,878
Past due 30 - 180 days	62,697	34,915
Past due 180 days	54,730	39,037
	482,444	194,767
Less: Impaired	18,401	19,553
	464,043	175,214

The movement in the allowances for impairment in respect of trade debts and advances is given in note 25.3.

The expected loss rates are based on the payment profiles of sales over a period of 60 months before 30 June 2023 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 counter-parties and approving credits.

Bank balances

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

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

	Rankings		Ranking	**2023**	2022
	Short term	Long term	Agency	Rupee in '000	
Mutual Funds					
HBL Growth Fund (A)	MFR 2-Star	-	VIS	11,255	12,386
HBL Investment Fund (A)	MFR 1-Star	-	VIS	1,185	1,529
Pak Qatar Cash Plan	AA	-	Pacra	100,146	-
MCB Cash Management Optimizer	AA+	-	Pacra	150,249	-
				262,835	13,915

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.

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 have debt security amounting to Rs. 84.360 million as 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	2023							
	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	694,976	-	694,976	136,526	136,458	195,731	207,504	18,758
Lease liabilities	76,673	-	96,137	21,295	20,806	31,012	22,176	-
Trade and other payables	766,365	-	766,365	766,365	-	-	-	-
Unclaimed dividend	16,081	16,081	-	-	-	-	-	-
Mark-up accrued	79,061	-	79,061	79,061	-	-	-	-
Short term borrowings	1,289,519	463,654	825,865	825,865	-	-	-	-
	2,922,675	479,735	2,462,404	1,829,112	157,264	226,744	230,527	18,758

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 loan	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

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:

	2023	
	USD	Euro
Foreign creditors	–	–
Outstanding letters of credit	1,398,513	26,720
Net exposure	1,398,513	26,720

	2022	
Rupees in '000	USD	Euro
Foreign creditors	–	–
Outstanding letters of credit	1,243,850	68,064
Net exposure	1,243,850	68,064

The following significant exchange rate has been applied:

	Average rate		Reporting date rate	
	2023	2022	**2023**	2022
USD to PKR	248.04	178.93	286.58	204.85
Euro to PKR	260.52	236.35	310.06	213.81

Sensitivity analysis

At the reporting date, if the PKR had strengthened by 10% against the USD and Euro with all other variables held constant, pre-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 consolidated statement of profit or loss

	2023	2022
USD	34,689	22,257
Euro	696	1,609
	35,385	23,866

The weakening of the PKR against USD and Euro would have had an equal but opposite impact on the pre 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:

	2023	2022	2023	2022
	Effective interest (Percentage)		Carrying amount (Rupees in '000)	
Financial liabilities				
Variable rate instruments:				
Long term loan	16.66 - 24.08	8.49 - 15.16	694,976	163,167
Lease liabilities	11.51 - 25.61	11.51 - 18.87	76,673	88,981
Short term borrowings	16.91 - 24.14	8.31 - 16.31	1,289,519	812,647

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 statement of profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have (increased) / decreased the consolidated profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2022.

	Profit and loss 100 bp	
Rupees in '000	Increase	Decrease
As at 30 June 2023		
Cash flow sensitivity - Variable rate financial liabilities	(20,612)	20,612
As at 30 June 2022		
Cash flow sensitivity - Variable rate financial liabilities	(11,133)	11,133

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

48.3.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). Other price risk arises from the Group's investment in units of mutual funds and ordinary shares of listed companies. To manage its price risk arising from aforesaid investments, the Group diversifies its portfolio and continuously monitors developments in equity markets. In addition the Group actively monitors the key factors that affect stock price movement.

A 10% increase / decrease in redemption and share prices at year end would have decreased / increased the Group's gain / loss in case of 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	**2023**	2022
Effect on profit	74,987	62,059
Effect on equity	10,291	14,351
Effect on investments	85,278	76,410

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	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Managerial remuneration	36,117	34,085	-	-	118,368	91,705	154,485	125,790
Fees	-	-	4,625	4,375	-	-	4,625	4,375
Contributions to								
- Gratuity fund	1,688	1,483	-	-	3,480	2,941	5,168	4,424
- Pension fund	4,053	3,560	-	-	10,872	8,158	14,925	11,718
- Provident fund	2,027	1,695	-	-	5,244	3,678	7,271	5,373
Others	8,820	7,383	-	-	3,725	3,467	12,545	10,850
	52,705	48,206	4,625	4,375	141,689	109,949	199,019	162,530
Number of persons	1	1	7	7	17	17	25	25

49.1 During the year remuneration paid to the non-executive Chairman of the Board of Directors amounted to Rs. 1.8 million (2022: Rs. 1.8 million).

49.2 The chief executive and ten executives are provided with free use of the holding 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 Name	Nature of relationship	Basis of relationship	Nature of transaction	2023	2022
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
			Payments made against services received	-	23,762
			Sales of electricity and steam	-	537,305
			Sales of raw cotton / polyester	-	45,207
			Purchase of raw material	-	608,946
			Advance against purchase of raw material	-	138,320
			Reimbursable expenses	9,982	12,284
Crescent Socks (Private) Limited	Related party associate	Subsidiary Company's	Rental income	1,200	900
			Payments received against services rendered	1,500	800
Shakarganj Food Products Limited	Related party	Subsidiary Company's related party	Reimbursable expenses	2,711	2,484
			Services rendered	3,059	3,031
			Rent	2,829	3,494
			Payments received	3,000	2,000
The Crescent Textile Mills Limited	Related party	Major Shareholder	Rent	1,970	4,580
			Payments received against services rendered	3,544	6,214
			Reimbursable expenses	1,436	1,776
			Dividend received	14,824	-
Premier Insurance Limited	Related party	Common directorship	Insurance premium	7,772	8,217
			Insurance premium paid	8,178	8,116
The Citizens' Foundation	Related party	Common directorship	Donation given	24,860	44,401
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
Pak Elektron Limited	Related party	Common directorship	Sales made	159,666	179,746
			payment received	164,872	205,983
Pak Qatar Asset Management Company	Related party	Common directorship	Units in Cash plan	100,146	-
			Participated in SUKUK certificates	120,000	-
			Loan repayment	20,000	-
			Profit repayment	13,298	-

Rupees in '000				**2023**	2022
Name	Nature of relationship	Basis of relationship	Nature of transaction		
Crescent Cotton Products - Staff Provident Fund	Retirement benefit fund	Employees benefit fund	Contribution made	1,392	2,397
Crescent Steel and Allied Products Limited - Gratuity Fund	Retirement benefit fund	Employees benefit fund	Contribution made	8,590	7,533
Crescent Steel and Allied Products Limited - Pension Fund	Retirement benefit fund	Employees benefit fund	Contribution made	22,087	18,680
Crescent Steel and Allied Products Limited - Staff Provident Fund	Retirement benefit fund	Employees benefit fund	Contribution made	11,734	9,976
Crescent Hadeed (Private) Limited - Staff Provident Fund	Retirement benefit fund	Employees benefit fund	Contribution made	772	772
CSAP - Staff Benevolent Fund	Staff welfare fund	Employees Welfare fund	Contribution made	5	24
Key management personnel	Related parties	Executives	Remuneration and benefits	194,394	157,720
Chairman of the Board	Related party	Chairman	Honorarium	1,800	1,800
Directors and their spouses	Related parties	Directors	Meeting fee	2,825	2,575

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 2023 and 2022 are included in issued, subscribed and paid-up capital (note 7.1), trade and other payables (note 12.3), 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 2022.

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 statement of financial position plus net debt.

51.1 Gearing ratio

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

Rupees in '000	Note	**2023**	2022
Total debt	51.1.1	2,061,168	1,113,310
Less: Cash and bank balances		36,248	6,807
Net debt		2,024,920	1,106,503
Total equity	51.1.2	7,426,141	7,024,569
Total capital		9,451,061	8,131,072
Gearing ratio		21.4%	13.6%

51.1.1 Total debt is defined as long term and short term borrowings, 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 (2022: 66,667 tons) annually on the basis of notional pipe size (whereas 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 42,888 tons (2022: 5,082 tons) line pipes of varied sizes and thickness. Actual production is equivalent to 68,095 tons (2022: 28,205 tons) when translated to the notional pipe size of 30" diameter.

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 2134 mm outside diameter.

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 51,795 meters (2022: 95,377 meters) of different diameter pipes and 305,098 square meters surface area was achieved during the year (2022: 96,677 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 (2022: 9,197,007 kilograms). Actual production converted into 20s count was 2,391,228 kilograms for 310 shifts (2022: 8,546,895 kilograms for 1,092 shifts).

52.3 Energy segment

The plant's installed production capacity was 118,856 MWh (2022: 118,856 MWh) and the actual production achieved during the year was Nil (2022: 23,679 MWh). Reason for underutilization was that no power was supplied to FESCO, Hadeed (Billet) segment (internal customer) and Shakarganj Limited (external customer).

52.4 Hadeed segment

The designed capacity of Plant is 85,000 mtons (2022: 85,000 mtons) of billets per annum, but the total production during the year was NIL (2022: 17,707.08 mtons) of billets. Unit would not be operated 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 the whole year because of no alternative power supply arrangements.

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 2023 were 434 (2022: 769) and weighted average number of employees were 602 (2022: 767).

The number of factory employees, including contractual employees, of the Group as at 30 June 2023 were 317 (2022: 691) and weighted average number of employees were 523 (2022: 688).

55 DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue in the Board of Directors meeting held on August 09, 2023.

Chief Executive	Director	Chief Financial Officer

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 2023, there were 3,054 shareholders on record of the Company's ordinary shares.

ANNUAL GENERAL MEETING

The annual shareholders meeting will be held on Thursday, October 26, 2023, at 11:00 am at the 503-E, Johar Town, Lahore. Shareholders as of October 20, 2023, 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 October 20, 2023, to October 26, 2023 (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 October 19, 2023, 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 2023 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 38th Annual General Meeting of the Company held on October 27, 2022, 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.

NOTICE OF 39TH ANNUAL GENERAL MEETING

Notice is hereby given that the 39th Annual General Meeting ("AGM") of the shareholders of Crescent Steel and Allied Products Limited (the "Company") will be held on Thursday, October 26, 2023 at 11:00 am, at the at 503-E, Johar 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 2023.

   The above financial statements and documents can be viewed/downloaded using the following link and QR enabled code:

   https://crescent.com.pk/uploads/media/annual-report-2023

2. To appoint the 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

Azeem Sarwar, FCA
Company Secretary

Lahore: October 05, 2023

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 at 503-E, Johar 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 October 24, 2023.

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 with a video link by the Company at the same email address that they emailed the Company with. The Login facility will remain open from the 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 October 20, 2023, to October 26, 2023 (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 October 19, 2023, 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 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 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 a 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 available on the website of the Company and the Company will supply hard copies of the aforesaid document to the shareholders on demand, free of cost, within one week of such demand. The shareholders who intend to receive the annual report including the notice of meeting through e-mail are requested to provide their written consent on the Standard Request Form provided in the annual report and also available on the Company's website: www.crescent.com.pk.

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 2023 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 into 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., May 31, 2017. The shareholders holding shares in physical form are requested to please convert their shares into 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.

3۔ ڈیویڈینڈ کی ای پیمنٹ

کمپنیز ایکٹ 2017ء کی دفعہ 242 کی پرویژنز کے مطابق فہرستی کمپنیوں کیلئے ضروری ہے کہ کوئی منافع منقسمہ قابل ادا نقد صورت میں فقط الیکٹرونک موڈ کے ذریعے براہِ راست مستحق حصص داران کی طرف سے منسوب بینک اکاؤنٹ میں کیا جائیگا۔ اس کے مطابق مادی حصص کے مالک حصص داران سے درخواست ہے درج بالا پتہ پر کمپنی کے شیئر رجسٹرار کو کمپنی کی ویب سائٹ پر دستیاب ای ڈیویڈینڈ فارم پر الیکٹرونک ڈیویڈینڈ مینڈیٹ فراہم کریں۔ سی ڈی سی میں حصص رکھنے کی صورت میں، یہ معلومات اپ ڈیٹنگ اور کمپنی کو ارسال کرنے کیلئے سی ڈی ایس پارٹیسپنٹس کو مہیا کی جانی چاہئیں۔ جمع نہ کروانے کی صورت میں، آئندہ کے تمام منافع کی ادائیگی روکی جاسکتی ہے۔

4۔ زکوٰۃ ڈیکلیریشن

کمپنی کے ارکان کو زکوٰۃ اینڈ عشر آرڈیننس 1980 کی شرائط میں زکوٰۃ ایگزیمپشن کے لئے کمپنی کے ہاں ڈیکلیریشن جمع کرانا ضروری ہے۔

5۔ مالی حسابات کی ترسیل

حصص داران جو مذکورہ بالا دستاویزات کی ہارڈ کاپیاں وصول کرنا چاہتے ہوں کمپنی سیکرٹری رشیئر رجسٹرار کو کمپنی کی ویب سائٹ پر دستیاب معیاری درخواست فارم ارسال کریں اور کمپنی حصص داران کو مطالبہ پر مذکورہ بالا دستاویزات ایسی طلب کے ایک ہفتہ کے اندر مفت مہیا کرے گی۔
حصص داران جو سالانہ رپورٹ بشمول اجلاس کے نوٹسز بذریعہ ای میل بھی وصول کرنا چاہتے ہوں سے درخواست ہے کہ سالانہ رپورٹ میں مہیا شدہ اور کمپنی کی ویب سائٹ www.crescent.com.pk پر بھی دستیاب معیاری درخواست فارم پر اپنی تحریری رضامندی فراہم کریں۔

6۔ ان کلیم ڈیویڈنڈ / شیئرز

حصص داران کے ان کلیم ڈیویڈنڈز، جو کسی وجہ سے اپنے ڈیویڈنڈ یا بونس شیئرز کلیم نہیں کر سکے یا اپنے مادی حصص حاصل نہیں کر سکے تھے، اگر کوئی ہوں، سے التماس ہے کہ ہمارے شیئر رجسٹرار میسرز کارپ ٹیک ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، 503-E، جوہر ٹاؤن لاہور سے اپنے ان کلیم ڈیویڈنڈ، اگر کوئی ہوں، کے بارے دریافت رحاصل کرنے کے لئے رابطہ کریں۔

7۔ مالی حسابات کی پلیسمنٹ

کمپنی 30 جون 2023ء کو ختم ہوئے سال کیلئے نظر ثانی شدہ جداگانہ اور مربوط سالانہ مالی حسابات معہ ان پر آڈیٹران اور ڈائریکٹران کی رپورٹس اور چیئرمین کی جائزہ رپورٹ اپنی ویب سائٹ www.crescent.com.pk پر رکھ چکی ہے۔

8۔ CDC اکاؤنٹس میں فزیکل شیئرز جمع کروانا

کمپنیز ایکٹ، 2017 کے سیکشن 72 کے مطابق، ہر موجودہ کمپنی اپنے فزیکل شیئرز کو بک انٹری فارم کے ساتھ تبدیل کرے گی جیسا کہ بیان کیا گیا ہے اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی طرف سے مطلع کردہ تاریخ سے، ایک مدت کے اندر کمپنیز ایکٹ، 2017 کے آغاز سے چار سال یعنی 31 مئی 2017۔ فزیکل شکل میں حصص رکھنے والے شیئر ہولڈر سے درخواست کی جاتی ہے کہ براہ کرم اپنے حصص کو بک انٹری فارم میں تبدیل کریں۔ اس مقصد کے لیے، شیئر ہولڈرز کسی بھی بروکرز یا سرمایہ کار کے اکاؤنٹ کے ساتھ براہ راست سی ڈی سی کے ساتھ سی ڈی سی کا ذیلی اکاؤنٹ کھول سکتے ہیں تا کہ اپنے فزیکل شیئرز کو اسکرپ لیس فارم میں رکھ سکیں۔ یہ انہیں کئی طریقوں سے سہولت فراہم کرے گا جس میں حصص کی محفوظ تحویل اور فروخت بھی شامل ہے، جب وہ چاہیں، کیونکہ پاکستان اسٹاک ایکسچینج لمیٹڈ کے موجودہ ضوابط کے مطابق فزیکل شیئرز کی تجارت کی اجازت نہیں ہے۔ یہ شیئر سٹرفکیٹ (سٹرفکیٹ) کو ذخیرہ کرنے اور گمشدہ یا چوری شدہ سٹرفکیٹ کو تبدیل کرنے کے ساتھ ساتھ حصص کی دھوکہ دہی سے منتقلی سے وابستہ خطرات اور اخراجات کو بھی کم کرتا ہے۔ فزیکل شیئرز کو بک انٹری فارم میں تبدیل کرنے کے طریقہ کار کے لیے، آپ اوپر دی گئی رابطہ معلومات پر ہمارے شیئر رجسٹرار سے رجوع کر سکتے ہیں۔

اطلاع 39واں سالانہ اجلاس عام

بذریعہ نوٹس ہذا مطلع کیا جاتا ہے کہ کریسنٹ اسٹیل اینڈ الائیڈ پروڈکٹس لمیٹڈ (کمپنی) کے حصص داران کا 39واں سالانہ اجلاس E-503 جوہر ٹاؤن لاہور میں اور ویڈیو لنک کے ذریعے 26 اکتوبر 2023 بروز جمعرات صبح 11:00 بجے درج ذیل عمومی امور کی انجام دہی کیلئے منعقد ہوگا۔

1۔ 30 جون 2023ء کو ختم ہوئے مالی سال کیلئے کمپنی کے نظرثانی شدہ جداگانہ اور مربوط سالانہ مالی حسابات معہ ان پر ڈائریکٹرز اور آڈیٹرز کی رپورٹس، چیئرمین کی جائزہ رپورٹ کو موصول کرنا، زیرغور لانا اور منظور کرنا۔

مندرجہ بالا مالیاتی گوشواروں اور دستاویزات کو درج ذیل لنک اور QR فعال کوڈ کا استعمال کرتے ہوئے دیکھا/ڈاؤن لوڈ کیا جا سکتا ہے۔

https://crescent.com.pk/uploads/media/annual-report-2023

2۔ کمپنی کے آڈیٹرز کا تقرر اور ان کے صلہ خدمت کا تعین کرنا۔ ارکان کو بذریعہ نوٹس ہذا مطلع کیا جاتا ہے کہ آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز نے ریٹائر ہونے والے آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو کمپنی کے آڈیٹرز کی حیثیت سے مقرر کرنے کی سفارش کی ہے۔

بحکم بورڈ

عظیم سرور، FCA

کمپنی سیکرٹری

لاہور: 05 اکتوبر 2023

نوٹس

1۔ مقام اور شرکت بذریعہ ویڈیو لنک

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی ضروریات کے پیش نظر، کمپنی کی جانب سے AGM میں شیئر ہولڈرز کی شرکت کے لیے درج ذیل انتظامات کیے گئے ہیں:

a) اے جی ایم میں شرکت کے خواہشمند شیئر ہولڈرز کے لیے اجلاس کا مقام E-503 جوہر ٹاؤن، لاہور ہوگا۔

b) کمپنی کے ڈائریکٹرز اور انتظامیہ ویڈیو لنک کے ذریعے اے جی ایم میں شرکت کر سکتے ہیں۔

c) شیئر ہولڈرز اپنے سمارٹ فونز/ٹیبلٹ/کمپیوٹر کا استعمال کرتے ہوئے اے جی ایم میں شرکت کر سکتے ہیں۔ ویڈیو لنک کے ذریعے اجلاس میں شرکت کے لئے، ممبران اور ان کے پراکسیز سے درخواست ہے کہ وہ 24 اکتوبر 2023 تک company.secretary@crescent.com.pk پر ای میل کے ذریعے اپنے کمپیوٹرائزڈ قومی شناختی کارڈ (دونوں اطراف)/پاسپورٹ، بورڈ ریزولوشن/پاور آف اٹارنی کی تصدیق شدہ کاپی (کارپوریٹ شیئر ہولڈرز کی صورت میں) کے ساتھ مندرجہ ذیل معلومات فراہم کر کے اپنا اندراج کریں۔

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

ضروری تصدیق کے بعد رجسٹرڈ ہونے والے ممبروں کو کمپنی کے ذریعہ اسی ای میل ایڈریس پر ایک ویڈیو لنک فراہم کیا جائے گا جس کے ساتھ وہ کمپنی کو ای میل کرتے ہیں۔ لاگ ان کی سہولت میٹنگ کے آغاز سے اس کی کارروائی مکمل ہونے تک کھلی رہے گی۔

2۔ کتابوں کی بندش اور پراکسیز

کمپنی کی حصص منتقلی کتابیں 20 اکتوبر 2023ء تا 26 اکتوبر 2023ء (بشمول ہر دو ایام) بند رہیں گی۔ کمپنی کے شیئر رجسٹرار دفتر میسرز کارپ ٹیک ایسوسی ایٹس (پرائیویٹ) لمیٹڈ E-503 جوہر ٹاؤن لاہور پر 19 اکتوبر 2023ء کو کاروبار کے اختتام تک موصولہ منتقلیاں اجلاس عام (AGM) میں شرکت کے استحقاق بولنے اور ووٹ دینے کے حق کیلئے بروقت تصور ہونگی۔

اس میٹنگ میں شرکت کرنے اور ووٹ دینے کا حقدار ممبر اپنی جگہ کسی دوسرے ممبر کو شرکت کرنے اور ووٹ دینے کے لیے اپنا پراکسی مقرر کر سکتا ہے اور اس طرح مقرر کردہ پراکسی کو بھی وہی حقوق حاصل ہوں گے، جو شرکت کرنے، بولنے اور ووٹ دینے کے حوالے سے ہیں۔ اے جی ایم میں جیسا کہ اراکین کے لیے دستیاب ہے۔ پراکسی فارم پر دو افراد گواہی دیں گے، جن کے نام، پتے اور CNIC نمبر فارم پر درج ہوں گے۔ ایک پراکسی کمپنی کا ممبر ہونا ضروری ہے۔

پراکسی اور پاور آف اٹارنی یا دیگر اتھارٹی کا تقرر کرنے والا آلہ جس کے تحت اس پر دستخط کیے گئے ہیں یا پاور آف اٹارنی کی نوٹیریل تصدیق شدہ کاپی کمپنی کے رجسٹرڈ آفس میں کم از کم 48 گھنٹے پہلے جمع کرائی جانی چاہیے۔ پراکسی فارم انگلش اور اردو زبانوں میں ممبران کو اے جی ایم کے نوٹس کے ساتھ بھیجے گئے ہیں۔

PATTERN OF HOLDING OF THE SHARES HELD BY THE SHAREHOLDERS

As at 30 June 2023

No. of Shareholders	Shareholding		Total Shares held
	From	To	
754	101	500	263,517
449	501	1,000	385,350
706	1,001	5,000	1,874,861
230	5,001	10,000	1,811,486
78	10,001	15,000	985,825
49	15,001	20,000	892,605
38	20,001	25,000	877,504
22	25,001	30,000	614,726
15	30,001	35,000	492,379
13	35,001	40,000	495,817
12	40,001	45,000	509,175
18	45,001	50,000	865,511
5	50,001	55,000	266,054
6	55,001	60,000	346,147
6	60,001	65,000	377,708
7	65,001	70,000	470,805
8	70,001	75,000	586,309
5	75,001	80,000	388,601
3	80,001	85,000	245,450
2	85,001	90,000	178,000
2	90,001	95,000	185,500
11	95,001	100,000	1,093,032
3	100,001	105,000	308,500
1	105,001	110,000	106,500
2	110,001	115,000	222,500
1	120,001	125,000	124,200
3	125,001	130,000	377,106
2	135,001	140,000	275,365
1	140,001	145,000	141,500
2	145,001	150,000	298,100
1	150,001	155,000	153,215
2	155,001	160,000	319,950
1	160,001	165,000	165,000
1	165,001	170,000	168,500
1	175,001	180,000	180,000
1	180,001	185,000	185,000
2	185,001	190,000	373,500
2	195,001	200,000	400,000
3	205,001	210,000	627,500
1	210,001	215,000	215,000
1	255,001	260,000	260,000

PATTERN OF HOLDING OF THE SHARES HELD BY THE SHAREHOLDERS

As at 30 June 2023

No. of Shareholders	Shareholding From	Shareholding To	Total Shares held
1	265,001	270,000	268,750
1	270,001	275,000	275,000
1	275,001	280,000	278,500
1	290,001	295,000	291,000
2	295,001	300,000	600,000
1	305,001	310,000	310,000
1	335,001	340,000	337,500
1	355,001	360,000	357,500
2	365,001	370,000	733,940
1	380,001	385,000	383,452
1	390,001	395,000	390,646
1	395,001	400,000	398,500
1	405,001	410,000	407,690
1	415,001	420,000	415,460
1	465,001	470,000	467,300
3	495,001	500,000	1,500,000
1	650,001	655,000	650,600
1	745,001	750,000	750,000
1	895,001	900,000	896,000
1	960,001	965,000	964,800
1	965,001	970,000	967,083
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	1,645,001	1,650,000	1,650,000
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	1,935,001	1,940,000	1,938,354
1	2,630,001	2,635,000	2,630,695
1	3,545,001	3,550,000	3,545,600
1	3,570,001	3,575,000	3,575,000
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
3,054			**77,632,491**

CATEGORIES OF SHAREHOLDING

As at 30 June 2023

Categories of Shareholder	Total	% age
Directors, Chief Executive Officer, Their Spouses and Minor Children		
CEO		
Ahsan Muhammad Saleem	967,083	1.25
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	0.11
Director's Spouse		
Shahnaz Ahsan Saleem	650,600	0.84
Directors, Chief Executive Officer, Their Spouses and Minor Children	**1,696,118**	**2.18**
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	1,938,354	2.50
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	0.23
Shakarganj Limited	180,000	1.57
Muhammad Amin Muhammad Bashir Limited	848	0.00
List of Associated Companies, Undertakings & Related Parties	**7,756,458**	**9.99**
Mutual Funds and Modarabas		
Unicap Modaraba	190	0.00
CDC - Trustee Atlas Stock Market Fund	291,000	0.38
CDC - Trustee NIT-Equity Market Opportunity Fund	383,452	0.49
CDC - Trustee ABL Pension Fund Equity Sub-Fund	500	0.00
Aba Ali Habib Securities Private Limited	65,500	0.08
Mutual Funds and Modarabas	**740,642**	**0.95**
National Investment (UNIT) Trust	**1,630,736**	**2.10**

CATEGORIES OF SHAREHOLDING

As at 30 June 2023

Categories of Shareholder	Total	% age
Banks, DFIs, NBFCs		
Saudi Pak Industrial & Agrl. Investment Co. Ltd.	110	0.00
Islamic Development Bank	4,743,956	6.12
Industrial Development Bank of Pakistan	707	0.00
Pak Libya Holding Co. (Pvt) Limited	133	0.00
Samba Bank Limited	2,381	0.00
IDBL (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	366,400	0.47
Innovative Investment Bank Limited	1,765	0.00
National Asset Management Company Limited	100	0.00
Pair Investment Company Limited	310,000	0.40
Banks, DFIs, NBFCs	**7,119,297**	**9.17**
Insurance Companies		
State Life Insurance Corporation Of Pakistan	2,630,695	3.39
Ghaf Limited	5,000	0.01
Adamjee Insurance Company Limited	72,000	0.09
Insurance Companies	**2,707,695**	**3.49**
Other Companies (Local and Foreign)	**21,955,470**	**28.28**
Public		
Local	34,014,475	43.82
Foreign	11,600	0.02
Total	**77,632,491**	**100**

FINANCIAL CALENDAR
RESULTS AND DIVIDEND ANNOUNCED FY 2023

RESULT

October 28, 2022	**January** 31, 2022	**April** 28, 2023	**August** 09, 2023
1st Quarter ending 30 September 2022 Approved and announced	2nd Quarter ending 31 December 2022 Approved and announced	3rd Quarter ending 31 March 2023 Approved and announced	Year ended 30 June 2023 Approved and announced

EXPECTED MEETING CALENDAR FY 2024:

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:

October 26, 2023	**October** 26, 2023*	**January** 31, 2024*	**April** 29, 2024*	**July** 31, 2024*
Annual General Meeting	1st Quarter ending 30 September 2023	2nd Quarter ending 31 December 2023	3rd Quarter ending 31 March 2024	Year ended 30 June 2024
June 27, 2024*				
FY25 Budget Approval				

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

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3.03	Risk Management Framework covering principal risk and uncertainties facing the company, risk methodology, risk appetite and risk reporting.	56-61
3.04	Specific steps being taken to mitigate or manage key risks or to create value from key opportunities by identifying the associated strategic objectives, strategies, plans, policies, targets and KPIs	56-61
3.05	Disclosure of a risk of supply chain disruption due to an environmental, social or governance incident and company's strategy for monitoring and mitigating these risks (is any).	58-59
4	**SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY (CSR)**	
4.01	Board's statement for adoption of best practices for CSR.	100
4.02	Board's statement about the company's strategic objectives on ESG (environmental, social and governance)/ sustainability reporting.	100
4.03	A chairman's overview on how the company's sustainable practices can affect their financial performance.	82-83
4.04	"Highlights of the company's performance, policies, initiatives and plans in place relating to the various aspects of sustainability and CSR as per best business practices including: a) environment related obligations applicable on the company; b) company progress towards ESG initiatives during the year; and c) company's responsibility towards the staff, health & safety."	68-73
4.05	Status of adoption/compliance of the Corporate Social Responsibility (Voluntary) Guidelines, 2013 issued by the SECP or any other regulatory framework as applicable.	396
4.06	Certifications acquired for best sustainability and CSR practices or have a membership of any environmental or social groups.	154-155
5	**GOVERNANCE**	
5.01	"Board composition: a) Leadership structure of those charged with governance. b) Name of independent directors indicating justification for their independence. c) Diversity in the board i.e. competencies, requisite knowledge & skills, and experience. d) Profile of each director including education, experience and involvement /engagement of in other entities as CEO, Director, CFO or Trustee etc. e) No. of companies in which the executive director of the reporting organization is serving as non-executive director.	74 84-87
5.02	A brief description about role of the Chairman and the CEO.	94
5.03	A statement of how the board operates, including a high-level statement of which types of decisions are to be taken by the board and which are to be delegated to management.	90-91
5.04	Chairman's Review Report on the overall performance of the board and effectiveness of the role played by the board in achieving the company's objectives.	82-83
5.05	Annual evaluation of performance, along with description of criteria used for the members of the board including CEO, Chairman and board's committees.	93-94
5.06	Disclosure if the board's performance evaluation is carried out by an external consultant once in three years.	Not Applicable
5.07	Details of formal orientation courses for directors.	90-91
5.08	Directors' Training Program (DTP) attended by directors, female executive and head of department from the institutes approved by the SECP and names of those who availed exemptions during the year	103
5.09	Description of external oversight of various functions like systems audit or internal audit by an external specialist and other measures taken to enhance credibility of internal controls and systems	102

5.10	Disclosure about related party transactions: a) Approved policy for related party transactions. b) Details of all related parties transactions, along with the basis of relationship describing common directorship and percentage of shareholding. c) Contract or arrangement with the related party other than in the ordinary course of business on an arm's length basis, if any along with the justification for entering into such contract or arrangement. d) Disclosure of director's interest in related party transactions. e) In case of conflict, disclosure that how such a conflict is managed and monitored by the board.	90 280-282 Not Applicable 260 90
5.11	"Disclosure of Board's Policy on the following significant matters: a) Governance of risk and internal controls b) Diversity (including gender), any measurable objectives that it has set for implementing the policy, and progress on achieving the objectives c) Disclosure of director's interest in significant contracts and arrangements d) Remuneration of non-executive directors including independent directors for attending board meetings and general meetings e) Retention of board fee by the executive director earned by him against his services as non-executive director in other companies. f) Security clearance of foreign directors g) Board meetings held outside Pakistan h) Human resource management including preparation of succession plan. i) Social and environmental responsibility j) Communication with stakeholders k) Investors' relationship and grievances. l) Employee health, safety and protection m) Whistle blowing policy including mechanism to receive and handle complains in a fair and transparent manner and providing protection to the complainant against victimization and reporting in Audit Committee's report. n) Safety of records of the company. o) Company's approach to managing and reporting policies like procurement, waste and emissions.	25 90-91 Not Applicable 24 Not Applicable Not Applicable Not Applicable 118-135 140-151 105-109 100, 109 138 24 170-171
5.12	Board review statement of the organization's business continuity plan or disaster recovery plan	95
5.13	Compliance with the Best Practices of Code of Corporate Governance.	103-104
5.14	a) Shares held by Sponsors / Directors / Executives; b) Distribution of shareholders (Number of shares as well as category, e.g. Promoter, Directors/ Executives or close family member of Directors/Executives etc.) or foreign shareholding.	387-388
5.15	"Salient features of TOR and attendance in meetings of the board committees (Audit, Human Resource, Nomination and Risk management).	90-91
5.16	Timely Communication: within 40 days - 6 marks (within 50 days - 6 marks in case of holding company who has listed subsidiary /subsidiaries) within 60 days - 3 marks	389
5.17	Audit Committee report should describe the work of the committee in discharging its responsibilities. The report should include: a) Composition of the committee with at least one member qualified as "financially literate and all members are non-executive / Independent directors including the Chairman of the Audit Committee. b) Committee's overall role in discharging its responsibilities for the significant issues in relation to the financial statements, and how these issues were addressed. c) Committee's overall approach to risk management and internal control, and its processes, outcomes and disclosure. d) Role of Internal Audit to risk management and internal control, and approach to Internal Audit to have direct access to Audit Committee and evaluation of Internal Auditor's performance. e) Review of arrangement for staff and management to report to Audit Committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommended instituting remedial and mitigating measures. f) An explanation as to how it has assessed the effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor; and if the external auditor provides non-audit services, an explanation as to how auditor's objectivity and independence is safeguarded. g) If Audit Committee recommends external auditors other than the retiring external auditors, before the lapse of three consecutive years, reasons shall be reported. h) he Audit Committee's views whether the Annual Report was fair, balanced and understandable and also whether it provided the necessary information to shareholders to assess the company's position and performance, business model and strategy. i) Results of the self-evaluation of the Audit Committee carried out of its own performance j) Disclosure of the number of whistle-blowing incidences reported to the Audit Committee during the year	101-102

5.18	Presence of the chairman of the Audit Committee at the AGM to answer questions on the Audit Committee's activities / matters that are within the scope of the Audit Committee's responsibilities	Not Applicable
5.19	Board disclosure on Company's use of Enterprise Resource Planning (ERP) software including: a) how it is designed to manage and integrate the functions of core business processes/ modules like finance, HR, supply chain and inventory management in a single system; b) Management support in the effective implementation and continuous updation; c) details about user training of ERP software; d) how the company manages risks or control risk factors on ERP projects; e) how the company assesses system security, access to sensitive data and segregation of duties	178-179
5.20	where an external search consultancy has been used in the appointment of the Chairman or a non-executive director, a disclosure if it has any other connection with the company.	Not Applicable
5.21	Chairman's significant commitments and any changes thereto.	Not Applicable
5.22	Disclosure about the Government of Pakistan policies related to company's business/sector in Directors' Report and their impact on the company business and performance.	Not Applicable
6	**ANALYSIS OF THE FINANCIAL INFORMATION**	
6.01	Analysis of the financial and non-financial performance using both qualitative and quantitative indicators showing linkage between: a) Past and current performance; b) Performance against targets /budget; and The analysis should cover significant deviations from previous year in operating results and the reasons for loss, if incurred and future prospects of profits.	194-200 290-297
6.02	"a) Analysis of financial ratios (Annexure I) b) Explanation of negative change in the performance against prior year."	194, 200, 290
6.03	Vertical and horizontal analysis of Balance Sheet, Profit and Loss Account and summary of Cash Flow Statement for last 6 years.	187-190 290-293
6.04	Graphical presentation of 6.02 and 6.03 above.	28
6.05	Methods and assumptions used in compiling the indicators.	Not Applicable
6.06	Cash Flow Statement based on Direct Method (separate Cash Flow for specific funds e.g. Zakat).	Not Applicable
6.07	Segmental review and analysis of business performance including segment revenue, segment results, profit before tax, segment assets and liabilities.	Not Applicable
6.08	"a) Share price sensitivity analysis using key variables (i.e. selling price, raw material cost, interest rate and currency) with the consequent impact on the company's earning. b) Composition of local versus imported material and sensitivity analysis in narrative form due to foreign currency fluctuations.	Not Applicable
6.09	Brief description and reasons for not declaring dividend despite earning profits and future prospects of dividend.	16-21
6.10	CEO presentation video on the company's business performance of the year covering the company business strategy to improve and future outlook. (Please provide relevant webpage link of the video in the company's annual report).	16-21
7	**Business Model**	
7.01	Describe the business model including inputs, business activities, outputs and outcomes in accordance with the guidance as set out under section 4C of the International Integrated Reporting Framework.	66-67
7.02	Explanation of any material changes in the entity's business model during the year	66-67
8	**Disclosures on IT Governance and Cybersecurity**	
8.01	The Board responsibility statement on the evaluation and enforcement of legal and regulatory implications of cyber risks and the responsibilities of the board in case of any breaches.	178-179
8.02	Disclosure related to IT governance and cybersecurity programs, policies and procedures and industry specific requirements for cybersecurity and strategy in place	178-179
8.03	Disclosures about how cybersecurity fits into the board's risk oversight function and how the board is engaging with management on this issue	178-179

8.04	Disclosure that at least one board-level committee is charged with oversight of IT governance and cybersecurity matters and how the board administers its IT risk oversight function related to these risks	178-179
8.05	"Disclosure about Company's controls and procedures about an "early warning system" that enables the company to identify, assess, address, make timely disclosures and timely communications to the board about cybersecurity risks and incidents. "	178-179
8.06	Disclosure of policy related to independent comprehensive security assessment of technology environment, including third party risks and when last such review was carried out.	178-179
8.07	Disclosure about resilient contingency and disaster recovery plan in terms of dealing with a possible IT failure or cyber breach and details about company's cyber insurance.	178-179
8.08	Disclosure of advancement in digital transformation on how the organization has leveraged 4.0 Industrial revolution (RPA, Block Chain, AI, Cloud Computing etc.) to improve transparency, reporting and governance	178-179
8.09	Disclosure about education and training efforts of the Company to mitigate cybersecurity risks.	178-179
9	**Future Outlook**	
9.01	Forward-looking statement in narrative and quantitative form including projections or forecasts about known trends and uncertainties that could affect the company's resources, revenues and operations in the short, medium and long term.	21
9.02	Explanation as to how the performance of the company meets the forward-looking disclosures made in the previous year.	21
9.03	Status of the projects in progress and were disclosed in the forward looking statement in the previous year.	21
9.04	"Sources of information and assumptions used for projections / forecasts in the forward-looking statement and assistance taken by any external consultant.	21
10	**Stakeholders Relationship and Engagement**	
10.01	Stakeholders engagement policy of the company and how the company has identified its stakeholders.	105
10.02	stakeholders' engagement process and the frequency of such engagements during the year. Explanation on how these relationships are likely to affect the performance and value of the company, and how those relationships are managed. These engagements may be with: a) Institutional investors; b) Customers & suppliers; c) Banks and other lenders; d) Media; e) Regulators; f) Local committees; and g) Analysts.	105-110
10.03	steps taken by the management to encourage the minority shareholders to attend the general meetings	105-109
10.04	investors' Relations section on the corporate website.	9
10.05	issues raised in the last AGM, decisions taken and their implementation status	380
10.06	statement of value added and its distribution with graphical presentation: a) Employees as remuneration; b) Government as taxes (separately direct and indirect); c) Shareholders as dividends; d) Providers of financial capital as financial charges; e) Society as donation; and f) Retained within the business.	181, 289
10.07	Steps board has taken to solicit and understand the views of stakeholders through corporate briefing sessions and disclosure of brief summary of Analyst briefing conducted during the year.	16-21
10.08	highlights about redressal of investors' complaints	380
11	**Striving for Excellence in Corporate Reporting**	
11.01	Board's responsibility statement on full compliance of financial accounting and reporting standards as applicable in Pakistan (i.e. International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB)).	92

11.02	Adoption of International Integrated Reporting Framework by fully applying the 'Fundamental Concepts', 'Content Elements' and 'Guiding Principles'.	92
11.03	BCR criteria cross referred with page numbers of the annual report	390-395
12	**SPECIFIC DISCLOSURES OF THE FINANCIAL STATEMENTS**	
12.01	Specific disclosures of the financial statements required under the Companies Act, 2017 and IFRSs (Annexure II).	210-284 302-379
Anexure II	**Specific Disclosures of the Financial Statements**	
1	Fair value of Property, Plant and Equipment.	Not Applicable
2	Segment analysis of gross income and profit before tax.	264
3	Particulars of significant/ material assets and immovable property including location and area of land.	238
4	Capacity of an industrial unit, actual production and the reasons for shortfall.	283-284 378-379
5	Forced sale value in case of revaluation of Property, Plant and Equipment or investment property.	Not Applicable
6	Specific disclosures required for shariah compliant companies/ companies listed on the Islamic Indices as required under clause 10 of the Fourth Schedule of the Companies Act, 2017.	Not Applicable
7	Disclosure requirements for common control transactions as specified under the Accounting Standard on 'Accounting for common control transactions' developed by ICAP and notified by SECP (through SECP S.R.O. 53 (I)/2022 dated January 12, 2022)	Not Applicable
8	Disclosure about Human Resource Accounting (includes the disclosure of process of identifying and measuring the cost incurred by the company to recruit, select, hire, train, develop, allocate, conserve, reward and utilize human assets).	Not Applicable
9	In financial statements issued after initial or secondary public offering(s) of securities or issuance of debt instrument(s) implementation of plans as disclosed in the prospectus/ offering document with regards to utilization of proceeds raised till full implementation of such plans	Not Applicable
10	Where any property or asset acquired with the funds of the company and is not held in the name of the company or is not in the possession and control of the company, this fact along with reasons for the property or asset not being in the name of or possession or control of the company shall be stated; and the description and value of the property or asset, the person in whose name and possession or control it is held shall be disclosed	Not Applicable
11	In describing legal proceedings, under any court, agency or government authority, whether local or foreign, include name of the court, agency or authority in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis of the proceeding and the relief sought.	235-236
12	Management assessment of sufficiency of tax provision made in the company's financial statements shall be stated along with comparisons of tax provision as per accounts vis a vis tax assessment for last three years.	262
13	Income tax reconciliation as required by IFRS and applicable tax regime for the year.	261
14	In respect of loans and advances, other than those to the suppliers of goods or services, the name of the borrower and terms of repayment if the loan or advance exceeds rupees one million, together with the collateral security, if any.	247
15	Standards, amendments and interpretations adopted during the current year along with their impact on the company's financial statements.	217
16	Standards, amendments and interpretations, not yet effective and not adopted along with their impact on the company's financial statements.	217

APPENDICES
GRI CONTENT INDEX

"The following table has been provided to help the reader in locating content within the document and specifies each of the GRI Standards used and lists all disclosures included in the report. Each disclosure is followed by a reference to the appropriate pages in the 2022 Sustainability Report or other publicly available sources."

Key

Statement of use	CSAPL has reported in accordance with the GRI Standards for the period 1 July 2022 to 30 June 2023.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard	No sector standard is available for our sector.

GRI Standard/ Other Source	Disclosure	Location	Requirement(s) Omitted	Reason	Explanation
GRI 2: General Disclosures 2021	2-1 Organizational details	08,28			
	2-2 Entities included in the organization's sustainability reporting	04			
	2-3 Reporting period, frequency and contact point	04			
	2-4 Restatements of information	04			
	2-5 External assurance	04	"Not seeking assurance this year"		
	2-6 Activities, value chain and other business relationships	32,67,170	"Not seeking assurance this year"		
	2-7 Employees	126	2-7b (iii)	Such Employees are not required	
	2-8 Workers who are not employees	-	2-8 a,b,c	Information unavailable	Information is not recorded as per GRI requirements. Expected reporting in 2024
	2-9 Governance structure and composition	74,78,86,90			
	2-10 Nomination and selection of the highest governance body	16			
	2-11 Chair of the highest governance body	74,103			
	2-12 Role of the highest governance body in overseeing the management of impacts	16,24			
	"2-13 Delegation of responsibility for managing impacts"	16			
	2-14 Role of the highest governance body in sustainability reporting	78			
	2-15 Conflicts of interest	100			
	2-16 Communication of critical concerns	24-26,100			
	2-17 Collective knowledge of the highest governance body	84			
	"2-18 Evaluation of the performance of the highest governance body "	94			
	2-19 Remuneration policies	94			
	2-20 Process to determine remuneration	94			
	2-21 Annual total compensation ratio	-	2-21a-c	"Confidentiality constrain"	Sensitive information

GRI Standard/ Other Source	Disclosure	Location	Requirement(s) Omitted	Reason	Explanation
GRI 2: General Disclosures 2021	2-22 Statement on sustainable development strategy	16			
	2-23 Policy commitments	22,24,100			
	2-24 Embedding policy commitments	105,174			
	2-25 Processes to remediate negative impacts	100			
	2-26 Mechanisms for seeking advice and raising concerns	100			
	2-27 Compliance with laws and regulations	101			
	2-28 Membership associations	11			
	2-29 Approach to stakeholder engagement	105			
	2-30 Collective bargaining agreements	123			
Material Topics					
GRI 2: General Disclosures 2021	3-1 Process to determine material topics	38			
	3-2 List of material topics	38-40			
ECONOMIC PERFORMANCE					
GRI 3: Material Topics 2021	3-3 Management of material topics	40,111			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	112			
	201-2 Financial implications and other risks and opportunities due to climate change	-		Information unavailable	CSAPL does not have mechanism in place to calculate financial implications of climate change.
	201-3 Defined benefit plan obligations and other retirement plans	133			
	201-4 Financial assistance received from government	112			
MARKET PRESENCE					
GRI 3: Material Topics 2021	3-3 Management of material topics	40,111			
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	124			
	202-2 Proportion of senior management hired from the local community	124			
Indirect Economic Impacts					
GRI 3: Material Topics 2021	3-3 Management of material topics	40,111			
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	140,143			
	203-2 Significant indirect economic impacts	140-143,147			
PROCUREMENT PRACTICES					
GRI 3: Material Topics 2021	3-3 Management of material topics	40,111			
GRI 204:Procurement Practices 2016	204-1 Proportion of spending on local suppliers	170			

GRI Standard/ Other Source	Disclosure	Location	Requirement(s) Omitted	Reason	Explanation
TAX					
GRI 3: Material Topics 2021	3-3 Management of material topics	40			
GRI 207:Tax 2019	207-1 Approach to tax	114			
	207-2 Tax governance, control, and risk management	115			
	207-3 Stakeholder engagement and management of concerns related to tax	115			
	207-4 Country-by-country reporting	115			
MATERIALS					
GRI 3: Material Topics 2021	3-3 Management of material topics				
GRI 301: Materials 2016	301-1 Materials used by weight or volume	176			
	301-2 Recycled input materials used	176			
	301-3 Reclaimed products and their packaging materials	165			
ENERGY					
GRI 3: Material Topics 2021	3-3 Management of material topics	40,111			
GRI 302: Energy 2016	302-1 Energy consumption within the organization	162			
	302-2 Energy consumption outside of the organization	162-163			
	302-3 Energy intensity	162-163			
	302-4 Reduction of energy consumption	162			
EMISSIONS					
GRI 3: Material Topics 2021	3-3 Management of material topics	40,111			
GRI 305: EMISSIONS 2016	305-1 Direct (Scope 1) GHG emissions	158-159			
	305-2 Energy indirect (Scope 2) GHG emissions	160			
	305-3 Other indirect (Scope 3) GHG emissions	160			
	305-4 GHG emissions intensity	161			
	305-7 Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions	159			
WATER AND EFFLUENTS					
GRI 3: Material Topics 2021	3-3 Management of material topics	40,111			
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	166-167			
	303-2 Management of water discharge related impacts	166-167			
	303-3 Water withdrawal	166-167			
	303-4 Water discharge	166-167			
	303-5 Water consumption	166-167			
EFFLUENT AND WASTE					
GRI 3: Material Topics 2021	3-3 Management of material topics	40,111			
GRI 306: EFFLUENT AND WASTE 2020	306-1 Waste generation and significant waste-related impacts	164-165			
	306-2 Management of significant wasterelated impacts	164-165			
	306-3 Waste generated	164-165			
	306-4 Waste diverted from disposal	164-165			
	306-5 Waste directed to disposal	164-165			

GRI Standard/ Other Source	Disclosure	Location	Requirement(s) Omitted	Reason	Explanation
ENVIRONMENTAL COMPLIANCE 2016					
GRI 3: Material Topics 2021	3-3 Management of material topics	40,111			
GRI 308 Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	170			
	308-2 Negative environmental impacts in the supply chain and actions taken	170			
Employment and Labor Relations					
GRI 3: Material Topics 2021	3-3 Management of material topics	40,111			
GRI 401 : EMPLOYMENT 2016	401-1 New employee hires and employee turnover	128			
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	133			
GRI 402: : Labor / Management Relations	402-1 Minimum notice periods regarding operational changes	123 (One month notice period)			
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016	405-1 Diversity of governance bodies and employees	123,126			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	123			
Health and Safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	40,111			
GRI 403: Occupation Health and Safety 2018	403-1 Occupational health and safety management system	138-139			
	403-2 Hazard identification, risk assessment, and incident investigation	138-139			
	403-3 Occupational health services	138-139			
	403-4 Worker participation, consultation, and communication on occupational health and safety	138-139			
	403-5 Worker training on occupational health and safety	138-139			
	403-6 Promotion of worker health	138-139			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	138-139			
	403-8 Workers covered by an occupational health and safety management system	138-139			
	403-9 Work-related injuries	138-139			
	403-10 Work-related ill health	138-139			
GRI 416: Customer Health and Safety 2016	416-2 Incidents of non-compliance concerning the health and Safety impacts of products and services	175			
TRAINING					
GRI 3: Material Topics 2021	3-3 Management of material topics	40,111			

GRI 404: TRAINING AND EDUCATION 2016	404-1 Average hours of training per year per employee	125			
	404-2 Programs for upgrading employee skills and transition assistance programs	125,131-132			
	404-3 Percentage of employees receiving regular performance and career development reviews	123-125			
GRI Standard/ Other Source	**Disclosure**	**Location**	**Requirement(s) Omitted**	**Reason**	**Explanation**
LOCAL COMMUNITIES					
GRI 3: Material Topics 2021	3-3 Management of material topics	40,111			
GRI 413: LOCAL COMMUNITIES 2016	413-1 Operations with local community engagement, impact assessments, and development programs	109			
	413-2 Operations with significant actual and potential negative impacts on local communities	109			
MARKETING AND LABELING					
GRI 3: Material Topics 2021	3-3 Management of material topics	40,111			
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	175			
	417-2 Incidents of non-compliance concerning product and service information and labeling	175			
	417-3 Incidents of non-compliance concerning marketing communications	175			

UN SUSTAINABLE DEVELOPMENT GOALS (SDGS)

SDGS		PAGE NO	GRI STANDARDS DISCLOSURE
1 NO POVERTY	End poverty in all its forms everywhere	124,140-141,147	202-1, 203-2, 413-2
2 ZERO HUNGER	End hunger, achieve food security and improved nutrition and promote sustainable agriculture	112,140-141,143-144,147	201-1, 203-1 , 203-2, 413-2
3 GOOD HEALTH AND WELL-BEING	Ensure healthy lives and promote well-being for all at all ages	112,109,138-139,143,158-60,161,164-167	2-27,203-1, 203-2, 305-1, 305-2, 305-3, 305-4, 305-7, 306-1, 306-2 , 403-2, 403-3
4 QUALITY EDUCATION	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.	125	404-1
5 GENDER EQUALITY	Achieve gender equality and empower all women and girls.	111-112,123-125,128,131,133,140-143	201-1, 202-1,203-1, 401-1, 401-2, 404-2,404-3, 405-1, 406-1
6 CLEAN WATER AND SANITATION	Ensure availability and sustainable management of water and sanitation for all.	162,164-165,166-167	303-1, 303-2, 303-3, 306-1, 306-2
7 AFFORDABLE AND CLEAN ENERGY	Ensure access to affordable, reliable, sustainable and modern energy for all.	112,140,143,162-164	201-1, 203-1 302-1, 302-2 , 302-3, 302-4
8 DECENT WORK AND ECONOMIC GROWTH	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	112,123-124,125-128,131-133,138-139,140,143,162-164,166-167,170-171,175,176-177	2-7,2-30, 201-1, 202-2, 204-1, 203-1, 203-2, 301-1, 301-2, 301-3, 302-1, 302-2, 302-3 ,302-4, 303-3, 401-1, 401-2, 403-1, 403-2, 403-3, 404-1, 404-2, 404-3,405-1
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Build resilient infrastructure, promote sustainable industrialization and foster innovation	112,140,143	201-1, 203-1

SDGS		PAGE NO	GRI STANDARDS DISCLOSURE
10 REDUCED INEQUALITIES	Reduce inequality within and among countries	123-124,125-128	2-7 ,401-1,404-3
11 SUSTAINABLE CITIES AND COMMUNITIES	Make cities inclusive, safe, resilient and sustainable	112,140-143	203-1
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Ensure sustainable consumption and production patterns	158-159,161,162-167,174-175,176-177	301-1,301-2,301-3, 302-1, 302-2,302-3, 303-3,305-1, 305-2,305-3,305-7,306-1,306-2, 417-1
13 CLIMATE ACTION	Take urgent action to combat climate change and its impacts	158-159,160,161,162-164	302-1,302-2,302-3,302-4, 305-1,305-2,305-3,305-4
14 LIFE BELOW WATER	Conserve and sustainably use the oceans, seas and marine resources	158-161,166-167	305-1, 305-2, 305-3, 305-4, 305-5, 305-7, 306-1
15 LIFE ON LAND	Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss	158-161	305-1, 305-2, 305-3, 305-4, 305-7
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Promote just, peaceful and inclusive societies	22,159,164,166-167,175	2-23,2-27, 416-2,417-2,417-3
17 PARTNERSHIPS FOR THE GOALS	Strengthen the means of implementation and revitalize the global partnership for sustainable development	69-73,65	Not applicable

DEFINITIONS AND FORMULAS

Term	Explanation
Absentee	An employee absent from work because of incapacity of any kind, not just as the result of work-related injury or disease. Permitted leave absences such as holidays, study, maternity etc. are excluded.
Base year	Used for comparison in the measure of business activity. The base year for the report is 2022.
Benefit	The direct benefit provided in the form of financial contributions paid by the organization or reimbursement of expenses to employee
Carbon dioxide (CO_2)	The measure used to compare the emissions from various types of greenhouse gas (GHG). The CO_2 equivalent for a gas is determined by multiplying the metric tonnes of the gas
Community development	A plan that details actions to minimize, mitigate, or compensate for adverse financial, social, and environmental impacts and find opportunities or actions to enhance the positive impacts of a project on the community
Defined benefit plan	Post-employment benefit plan other than a defined contribution plan
Defined contribution plan	Post-employment benefit plan under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions
Direct (Scope 1) GHG emissions	Direct GHG emissions occur from sources that are owned or controlled by an organization
Employee	An individual who is in an employment relationship with the organization, according to national law or its application
Employee turnover	Employees who leave the organization voluntarily or due to dismissal, retirement, or death in service
Foreign Suppliers	We consider foreign suppliers as those who are situated outside Pakistan.
Grievance mechanism	System consisting of procedures, roles and rules for receiving complaints and providing remedial actions
Governance body	Committee or board responsible for the strategic guidance of the organization, the effective monitoring of management, and the accountability of management to the broader organization and its stakeholders
Indirect Energy (Scope 2) GHG emissions	GHG emissions from the generation of purchased or acquired electricity, heating, cooling, and steam consumed by an organization
Injury	Non-fatal or fatal injury arising out of, or in the course of, work
Injury rate	The frequency of injuries, relative to the total time worked by all workers during the reporting period
Local Suppliers	We consider local suppliers as those who operate within the region of our significant locations of operations or are conducting business within Pakistan.
Local minimum wage	Minimum compensation for employment per hour, or other unit of time, allowed under law
Local communities	The local community can range from persons living adjacent to an organization's operations, to those living at a distance who are still likely to be impacted by these operations.
Management approach disclosure	Narrative description of how an organization manages its material topics and their related impacts
Material topic	A topic that reflects a reporting organization's significant economic, environmental and social impacts; or that substantively influences the assessments and decisions of stakeholders
Other indirect (Scope 3) GHG emissions	Indirect GHG emissions not included in energy indirect (Scope 2) GHG emissions that occur outside of the organization, including both upstream and downstream emissions
Significant locations of operations	We consider significant locations of operations which are near to our corporate offices in Karachi and Lahore and near our plant sites at Nooriabad, Bhone, Jaranwala and Dalowal.
Senior management	Top ranking members of the management of an organization that include the Chief Executive Officer (CEO) and other individuals reporting directly to the CEO

Formulas Used

A) Standards, methodologies, assumptions, and/or calculation tools used.
B) Source of the conversion factors used.

TYPE OF FUEL	CONVERSION FACTOR FOR CONVERTING IN GIGA JOULES (GJ)
Coal (metric tonne)	27
Crude oil (metric tonne)	44.8
Diesel (metric tonne)	43.33
Natural Gas (MMBtu)	1.054615
Electricity (kilowatt-hour)	0.0036

C) The organisation-specific metric used for the calculation of Emissions Intensity is sales turnover. Emissions intensity constitutes direct GHG emissions from self-generated energy from diesel oil and natural gas at 74.1 and 56.1 MT of CO2 per GJ as per base year (2022).

D) Indirect GHG emission factor for electricity purchased from WAPDA is 0.67 kg of CO2 eqv. /kWh and from that of KESC is 0.58 kg of CO2 eqv. /kWh. It has been assumed that the electricity at Nooriabad, Jaranwala and Bhone is supplied from WAPDA, while the electricity at the Head Office in Karachi is supplied by KESC as per IPCC standards and indirect

GHG emissions on management best estimates.

TYPE OF FUEL (IN GJ)	IPCC (INTERNATIONAL PANEL ON CLIMATE CHANGE) DEFAULT KG CO_2/GJ
Coal	96
Diesel Oil	74.1
Natural Gas	56.1

METRIC	CONVERSION IN LITRE
1 Cubic meter	1,000 liter
1 tonne of water	1,000 liter

METRIC	CONVERSION IN KG
1 metric ton	1,000 kilograms

Energy Intensity =
Absolute energy consumption* / organization-specific metric
GHG Emissions Intensity =
Absolute GHG Emissions* / Product or Sales quantity
Reused water (Gallons) =
Net production time x 90
Water consumption
Total water withdrawal - Total water discharge =
Water consumption
Percentage of reclaimed products and their packaging materials=
Products and their packaging materials reclaimed within the reporting period x 100/ Products sold within the reporting period

Percentage of recycled input materials used (%) =
Total recycled input materials used/ Total input materials used
Opening No. of Employees =
Closing - Outgoing + Incoming
Average No. Of Employees =
= (Opening + Closing) / 2
Rate of Employee Turnover =
(Outgoing / Average no. of Employees) x 100%
Training hours per employee:
Training hours / number of employees

In time into in cash conversion: Average Salary = Total Gross Salary of all Employees/ Total Number of Employees
Ratio of Entry Level Wage: Minimum Wage (Workers) - Male= Median of Entry Level Wage for Workers (Male) / Minimum Wage for the Period (Rs. 25,000)
Ratio of Median Wage of Management without Variable Allowances: Minimum Wage – Male/ Female= Median Wage of Management without Variable Allowances (Male/Female) / Minimum Wage for the Period (Rs. 25,000)
Ratio of Median Wage of Management with Variable Allowances: Minimum Wage – Male/ Female= Median Wage of Management with Variable Allowances (Male/Female) / Minimum Wage for the Period (Rs. 25,000)
Ratio of Median Wage of All Workers without Overtime: Minimum Wage – Male= Median Wage of All Workers without Overtime (Male) / Minimum Wage for the Period (Rs. 25,000)
Ratio of Median Wage of All Workers with Overtime: Minimum Wage – Male= Median Wage of All Workers with Overtime (Male) / Minimum Wage for the Period (Rs. 25,000)
Ratio of Median Wage of All Staff without Variable Allowances: Minimum Wage – Male/Female= Median Wage of All Staff without Variable Allowances (Male/Female) / Minimum Wage for the Period (Rs. 25,000)
Ratio of Median Wage of All Staff with Variable Allowances: Minimum Wage – Male/Female= Median Wage of All Staff with Variable Allowances (Male/Female) / Minimum Wage for the Period (Rs. 25,000)
Injury rate (Injuries/day) = Number of injuries / total number of days worked by the total workforce
Occupational Disease rate (Occupational disease cases / day) = Number of Occupational disease cases / total number of days worked by the total workforce
Lost day rate (Lost days / day) = Total lost days by the affected workers (due to occupational accidents and diseases) / total number of days scheduled to be worked by the workforce in the reporting period
Absentee rate = [Actual absentee days lost / total days scheduled to be worked by the workforce for the period] x 100%

Economic Performance:

PBT % of Sales: Profit before Tax/Total Sales
Gross Profit Margin: Sales Revenue/ Gross Income
Value generated per Share: Value generated/ Average Number of Shares Outstanding.
Value distributed per Share: Value generated/ Average Number of Shares Outstanding.

EMISSIONS RESULTS

External Test Results (January 2022).				
Measuring Parameters	Units	Testing Method	SEQS Limits	Test Results
A. Power House- Generators Emission				
a) Cummins 1400 Kva				
CO	Mg/ Nm3	ASTM D-6523	800	219
SO2	Mg/ Nm3	ASTM D-6522	1700	41
Oxides of Nitrogen	Mg/ Nm3	ASTM D-6522	600	312
Particulate Matter	Mg/ Nm3	40 CFR 60	300	24
Smoke	Ringelmann Scale	ASTM D-2156	2	1
Noise	Decibels	ASTM E-1686-17	85	79.8
b) Waukesha C94773/1				
CO	Mg/ Nm3	ASTM D-6523	800	171
Oxides of Nitrogen	Mg/ Nm3	ASTM D-6522	600	215
c) Waukesha C94773/2				
CO	Mg/ Nm3	ASTM D-6523	800	87
Oxides of Nitrogen	Mg/ Nm3	ASTM D-6522	600	174

External Test Results (January 2022).				
Measuring Parameters	Units	Testing Method	SEQS Limits	Test Results
d) Komatsu 100 Kva				
CO	Mg/ Nm3	ASTM D-6523	800	326
SO2	Mg/ Nm3	ASTM D-6522	1700	76
Oxides of Nitrogen	Mg/ Nm3	ASTM D-6522	600	295
Particulate Matter	Mg/ Nm3	40 CFR 60	300	38
Smoke	Ringelmann Scale	ASTM D-2156	2	1
Noise	Decibels	ASTM E-1686-17	85	81.3
B. Coating Plant Stripping Emission -Furnace/Heaters				
Main Gas Furnace				
CO	Mg/ Nm3	ASTM D-6523	800	171
Oxides of Nitrogen	Mg/ Nm3	ASTM D-6522	600	215
Pre-Heater 1				
CO	Mg/ Nm3	ASTM D-6523	800	65
Oxides of Nitrogen	Mg/ Nm3	ASTM D-6522	400	21
Pre-Heater 2				
CO	Mg/ Nm3	ASTM D-6523	800	66
Oxides of Nitrogen	Mg/ Nm3	ASTM D-6522	400	30
C. Vehicular Emission				
TCM-FD1605-3 8A505081				
Smoke	Ringelmann Scale	ASTM D-2156	2	2
CO	CO (%)	ASTM D-6523	6	0.8
Noise	Decibels	ASTM E-1686-16	85	73.15
TCM-FD1605-3 8A505190				
Smoke	Ringelmann Scale	ASTM D-2156	2	2
CO	CO (%)	ASTM D-6522	6	1
Noise	Decibels	ASTM E-1686-16	85	73.67
TRACTOR MF-240				
Smoke	Ringelmann Scale	ASTM D-2156	2	2
CO	CO (%)	ASTM D-6523	6	1
Noise	Decibels	ASTM E-1686-16	85	74.01
HI-ACE CZ-8036				
Smoke	Ringelmann Scale	ASTM D-2156	2	1
CO	CO (%)	ASTM D-6523	6	1.2
Noise	Decibels	ASTM E-1686-16	85	69.25

External Test Results (January 2022).				
Measuring Parameters	Units	Testing Method	SEQS Limits	Test Results
HI-ACE JF-6042				
Smoke	Ringelmann Scale	ASTM D-2156	2	1
CO	CO (%)	ASTM D-6523	6	0.6
Noise	Decibels	ASTM E-1124	85	71.65
CAR BWT-096				
Smoke	Ringelmann Scale	ASTM D-2156	2	1
CO	CO (%)	ASTM D-6523	6	0.4
Noise	Decibels	ASTM E-1686-16	85	68.16
CAR BWX-021				
Smoke	Ringelmann Scale	ASTM D-2156	2	1
CO	CO (%)	ASTM D-6523	6	0.3
Noise	Decibels	ASTM E-1686-16	85	69.17

D. Backup Generators (non-routine; only operative when KESC/WAPDA supply is down)
Following parameters are analyzed: CO, Oxides of Nitrogen, Smoke, SO2, Noise and Particulate matter

Glossary And Acronyms	
API	American Petroleum Institute
ASTM	American Society for Testing and Materials
CSR	Corporate Social Responsibility
CO2	Carbon dioxide
CO	Carbon monoxide
EPS	Earnings per share
GHG	Greenhouse gas
GJ	Gigajoule
GRI	Global Reporting Initiative
GWP	Global Warming Potential
HRC	Hot Rolled Coil
HSE	Health Safety and Environment
ISO	International Organization for Standardization
ICAP	Institute of Chartered Accountants of Pakistan
ICMAP	Institute of Cost and Management Accountants of Pakistan
LOI	Letter of Interest
MT	Metric ton
Mg/ Nm3	Milligrams per cubic meter
NEQS	National Environmental Quality Standards
NTDC	National Transmission and Despatch Company
OHSAS	Occupational Health and Safety Management System
PEPA	Pakistan Environmental Protection Act
PSX	Pakistan Stock Exchange
PPDB	Punjab Power Development Board
QMS	Quality Management System
SEQS	Sindh Environmental Quality Standards
SO2	Sulphur Dioxide
SOP	Standard Operating Procedure
UNEP	United Nations Environment Programme
WWF	World Wide Fund

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
CHEC-AFI	China Harbour Engineering Company – Al Fajr International Joint Venture	IAS	International Accounting Standards
		IASB	International Accounting Standards Board
CIO	Chief Information Officer	ICAP	Institute of Chartered Accountants of Pakistan
CIR	Commissioner Inland Revenue	ICMAP	Institute of Cost and Management Accountants of Pakistan
CIRA	Commissioner Inland Revenue Appeals	IFAS	Islamic Financial Accounting Standards
COVID-19	Coronavirus Disease of 2019	IFRIC	International Financial Reporting Interpretation Committee
CPEC	China Pakistan Economic Corridor	HR Coil	HR Coil Hot Rolled Coil
CSAPL	Crescent Steel and Allied Products Limited	HR&R	Human Resource and Remuneration
CSCL	CS Capital (Private) Limited	HSAW	Helical Sub-merged Arc Welded
CSR	Corporate Social Responsibility	HSE	Health, Safety and Environment
Dia	Diameter	IAS	International Accounting Standards
DISCOS	Distribution Companies	IASB	International Accounting Standards Board
DRP	Disaster Recovery Plan	ICAP	Institute of Chartered Accountants of Pakistan
DSC	Differential Scanning Calorimeter	ICMAP	Institute of Cost and Management Accountants of Pakistan
E&P	Exploration and Production	IFAS	Islamic Financial Accounting Standards
EBIT	Earnings before Interest and Taxation	IFRIC	International Financial Reporting Interpretation Committee
EBITDA	Earnings before Interest, Taxation Depreciation and Amortization	IFRS	International Financial Reporting Standards
		IID	Investment and Infrastructure Development
ECL	Expected Credit Loss	ISO	International Organization for Standards
EDB	Engineering Development Board of Pakistan	IT	Information Technology
EOBI	Employees' Old Age Benefit Institute	KG	Kilo Gram
EPS	Earning Per Share	KIBOR	Karachi Interbank Offer Rate
ERP	Enterprise Resource Planning	Lbs	Pounds
ERS	Expeditious Refund System	LC	Letter of Credit
FBR	Federal Board of Revenue	LED	Light Emitting Diode
FCF	Free Cash Flow	LHC	Lahore High Court
FCSS	Free Cash Flows to Firm Method	LNG	Liquefied Natural Gas

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	Metric tons	SCP	Supreme Court of Pakistan
MWh	Megawatt-Hour	SdeE	Solution de Energy (Private) Limited
NBV	Net Book Value	SECP	Securities and Exchange Commission of Pakistan
NRV	Net Realisable Value	SHC	Sindh High Court
OCI	Other Comprehensive Income	SITE	Sindh Industrial Trade Estate
OHSAS	Occupational Health and Safety Advisory Services	SMEDA	Small and Medium Enterprise Development Authority
OPS	Ounce Per Spindle	SP	Spiral Pipe
OSH&E	Occupational Safety, Health and Environment	SRB	Sindh Board of Revenue
PEPCO	Pakistan Electric Power Company	TCF	The Citizens Foundation
PICG	Pakistan Institute of Corporate Governance	THF	The Health Foundation
PKR	Pakistani Rupee	USD	United States Dollars
PNAC	Pakistan National Accreditation Council	USDA	United States Department of Agriculture
PPA	Power Purchase Agreement	WPPF	Workers' Profit Participation Fund
PRA	Punjab Revenue Authority	WWF	Workers' Welfare Fund
PSDP	Public Sector Development Programme	YoY	Year on Year
PSML	Pakistan Steel Mills Limited		
PSX	Pakistan Stock Exchange		

FORM OF PROXY
39TH 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, 26 October 2023 at 11:00 am at the 503-E, Johar Town, Lahore or through video-link and any adjournment thereof.

At witness my/our hand this_______________day of __________________2023.

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

39واں سالانہ اجلاس

میں مسمی / مسماۃ ________ بن / بنت ________ ساکن / ساکنہ ________

بحیثیت رکن (ممبر) کریسنٹ اسٹیل اینڈ الائیڈ پروڈکٹس لمیٹڈ

اور حامل ________ حصص بحوالہ فولیو نمبر ________ / سی ڈی سی شراکت داری شناختی نمبر ________ اور ذیلی اکاؤنٹ نمبر ________

/ سی ڈی سی انویسٹرا اکاؤنٹ نمبر ________ بذریعہ ہذا مسمی / مسماۃ ________ بن / بنت ________

ساکن / ساکنہ ________ حامل فولیو نمبر ________ / سی ڈی سی شراکت داری شناختی نمبر ________

اور ذیلی اکاؤنٹ نمبر ________ سی ڈی سی انویسٹرا اکاؤنٹ نمبر ________ کو اپنی جانب سے پراکسی مقرر کرتا ہوں / کرتی ہوں کہ بروز جمعرات مؤرخہ 26 اکتوبر 2023 بوقت صبح 11 بجے، 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 ________ 2023 کو میرے / ہمارے دستخط سے جاری ہوا۔

برائے مہربانی یہاں 50 روپے والی ریونیو اسٹیمپ چسپاں کریں

____

دستخط ممبر

نام ________

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر ________

پتہ ________

____

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 با قاعدہ پُر 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۔